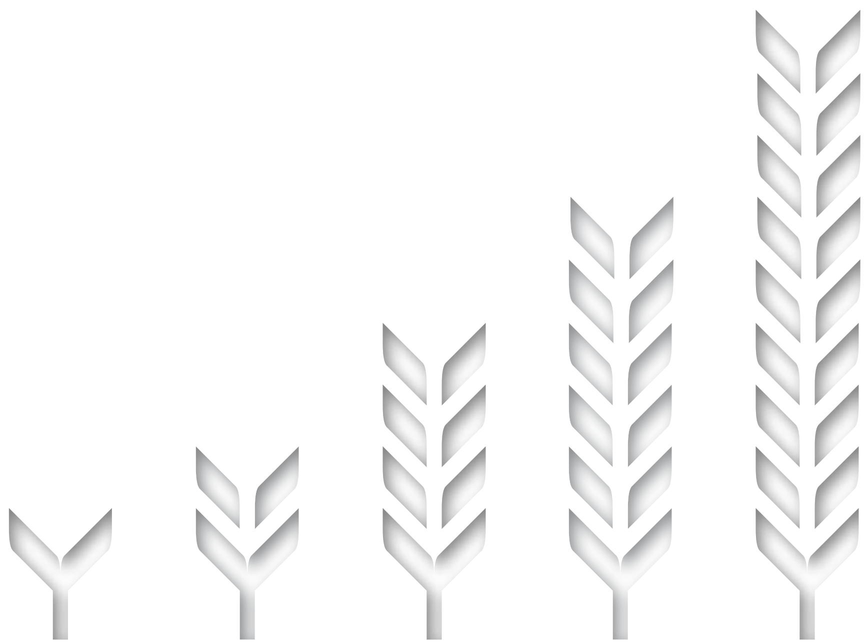
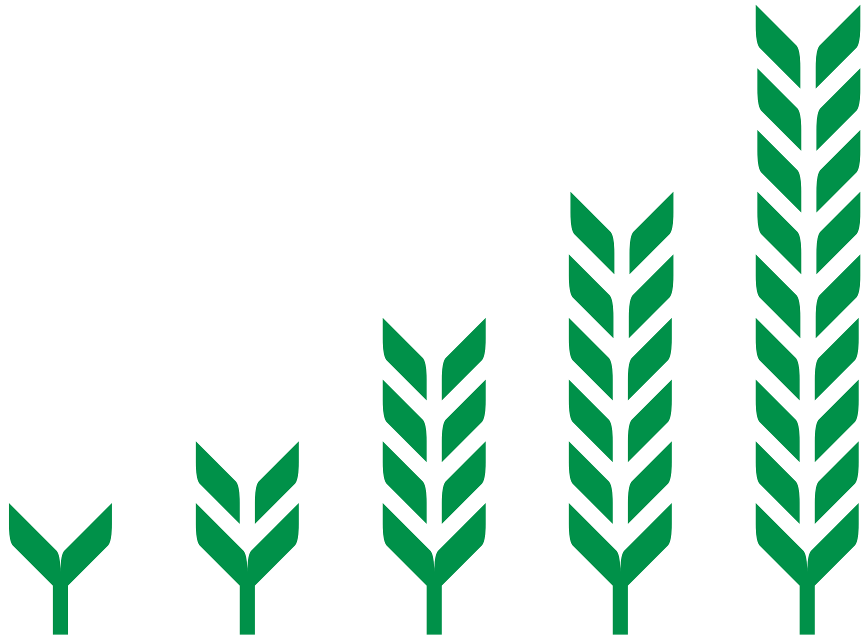


WHERE SUCCESS GROWS

BayWa AG
Annual Report
2012

Key Data at a Glance
BayWa Group

in € million	2009	2010	2011	**2012**
Revenues	7,260.2	7,903.0	9,585.7	**10,531.1**
Agriculture Segment	3,269.8	3,505.1	4,258.9	**5,051.9**
Agricultural Trade	2,359.9	2,529.0	3,029.6	**3,356.9**
Fruit	83.3	102.8	129.7	**468.3**
Agricultural Equipment	826.6	873.3	1,099.5	**1,226.7**
Energy Segment	1,837.5	2,358.5	3,111.8	**3,676.8**
Energy	1,825.0	2,103.7	2,805.9	**3,236.0**
Renewable Energies	12.5	254.8	306.0	**440.8**
Building Materials Segment	1,776.1	1,903.1	2,065.5	**1,740.4**
Building Materials	1,327.0	1,370.8	1,508.5	**1,740.4**
DIY & Garden Centres	449.1	532.3	557.1	**–**
Other Activities	376.9	136.3	149.4	**61.9**
EBITDA	209.7	228.2	251.3	**306.6**
EBIT	115.4	128.9	149.2	**186.8**
EBT	75.1	87.1	95.4	**122.6**
Consolidated net income	59.4	66.8	68.1	**118.0**
Profit share of minority interest	14.3	16.4	17.6	**21.3**
Profit share of shareholders of the parent company	45.0	50.4	50.5	**96.7**
Total assets (as per 31/12)	2,939.3	3,260.3	3,922.0	**4,457.4**
Non-current assets	1,427.2	1,434.4	1,623.4	**1,780.5**
Current assets	1,507.4	1,776.8	2,039.8	**2,444.4**
Non-current liabilities	691.8	905.9	1,179.4	**1,398.0**
Current liabilities	1,290.0	1,333.7	1,615.2	**1,947.3**
Equity	957.5	987.7	1,045.2	**1,085.1**
Equity ratio in %	32.6	30.3	26.6	**24.3**
Share capital (as per 31/12) in € million	87.3	87.6	87.9	**88.1**
Number of shares (as per 31/12) in million shares	34.1	34.2	34.3	**34.5**
Earnings per share in €	1.33	1.48	1.48	**2.82**
Dividend per share in €	0.40	0.50	0.60	**0.65**
Employees (as per 31/12) number	16,177	16,432	16,834	**16,559**



WHERE SUCCESS GROWS

BayWa AG
Annual Report
2012

BayWa

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1 The Company

2 BayWa and the Capital Market

3 Management Report on the Group

4 Consolidated Financial Statements

Letter to the Shareholders

Foreword by Klaus Josef Lutz, Chief Executive Officer

Dear Shareholders,

This year, BayWa celebrates its 90th anniversary. Over the course of its 90-year history, BayWa has successfully developed into what it is today on the basis of solid and reliable business and the ability to adapt to ever-changing conditions. Continuity in the management of the company has also always been a permanent fixture. Another factor of BayWa's success over the years has been the commitment and loyalty shown by Group employees and the way they identify with "their BayWa". BayWa has always stood out from the crowd by fulfilling people's fundamental requirements in terms of food, shelter, energy, heat and mobility using modern resources. We continually orient ourselves toward the latest requirements and conditions. BayWa has shaped and accompanied the structural shift in the agricultural, energy and construction industries. This requires a certain willingness to change and adapt among employees and at the company as a whole. People associate BayWa with reliability, solidity and innovative prowess. The fact that BayWa has made a profit in every single year of its existence is a testament to the company's success.

A further chapter was added to the success story in 2012. For the first time, the BayWa Group broke the €10-billion mark in revenues. EBIT also set a new record, rising significantly by 25.2% to €186.8 million, with BayWa segments contributing €169.5 million. The Management Report on the BayWa Group provides further in-depth information on financial year 2012. Here's a brief look at the year: In the fruit sector, we enjoyed great success following the takeover of Turners & Growers Limited, the market-leading fruit trading company in New Zealand. In our agricultural equipment business, the dual-brand strategy of AGCO and CLAAS proved to be extremely successful. The conventional energy business developed better than expected considering the decline in the heating oil market. The share of heating oil in the heating market is expected to decrease on the whole. We will find a business solution to this trend to ensure that we are able to remain profitable in this area in the future. Renewable energies shined once again in terms of revenues and overall result. The building materials trade benefitted from restructuring measures. BayWa successfully continued its strategy of innovation and internationalisation in 2012 – thanks in no small part to some 17,000 employees.

With our core segments, we are operating in a highly internationalised environment. We must act, not react, if we are to stand our ground in this climate. We were able to achieve major milestones in 2012/13 within the scope of our internationalisation strategy. After the takeover of global grain trading group Cefetra B.V. (Netherlands) and the acquisition of a majority share in another international company, northern German trading group Bohnhorst Agrarhandel GmbH (Lower Saxony), BayWa is now one of the world's top ten agricultural trading companies. BayWa operates throughout Europe and the USA with its renewable energies products and services. Renewable

Klaus Josef Lutz
Chief Executive Officer of BayWa AG

energies are a driving force behind innovation and internationalisation at BayWa and are an area in which geographical and technological diversification are among the most important factors for success. The project business encompasses wind power, solar energy and biomass.

In our international agriculture and energy business, we will ensure that we create a basis for sustainable development by consolidating our activities. All renewable energies operations are now housed under BayWa r.e. renewable energy GmbH. This is a clear signal that this business sector has a permanent home in the Group, with a unique name and brand. At the same time, BayWa r.e. renewable energy GmbH is also an indication of the consolidation process that we have imposed after years of dynamic growth. After the successful integration of Turners & Growers Limited in the Group – allowing German fruit from Lake Constance to be marketed in Asia for the first time – the next step is to take advantage of the momentum in internationalisation provided by the acquisitions of Cefetra and Bohnhorst and generate profits below the line for all involved. The teams in BayWa's Agriculture Segment and at Cefetra and Bohnhorst must pull together to succeed. Process and structures are being harmonised and aligned in order to allow them to do so. This will permit us to seize on this newfound dynamism in the agriculture sector as quickly and as efficiently as possible. After all, in order to lay the foundations for long-term successful cooperation, we must ensure intensive communication and engagement with different cultures.

Our employees, just as our shareholders, are being given a share of the outstanding performance of the company in 2012. The Board of Management and Supervisory Board will put forward a proposal to the Annual General Meeting of Shareholders to raise the dividend to €0.65 per share. Continuity in the company management has already been guaranteed – the Supervisory Board has renewed its trust in CFO Andreas Helber and myself by extending our contracts until 2017. Consistency and reliability are especially important given the unstable global economic climate. The unpredictable political situation in Italy, with its implications for the European sovereign debt crisis, and the difficulties in terms of US economic policy – especially the threat of falling off the fiscal cliff – are only two examples of the challenges we face. In spite of these difficult conditions, BayWa is still on the right track. There are countless examples throughout BayWa's 90-year history of how the company has been able to overcome crises. The pillars of this stability are solid business management and financial power. As an example, BayWa funded the latest acquisitions by selling selected properties. That corresponds with our mission to keep debt low and equity high. However, these property sales are by no means the start of a "sell-off" of company assets, as merely 14% of BayWa properties were sold. At BayWa, we stick to our principles – and that means doing the majority of our business within our own four walls.

The year of our 90th anniversary will also be a year of consolidation for BayWa, to enable us to generate profitable growth through the integration of our new acquisitions. Revenues will continue to rise in 2013 and 2014 on account of the new inclusions to the Group – Cefetra and Bohnhorst – as well as the anticipated positive development in other segments. This will provide us with a solid basis to increase EBIT successively in 2013 and 2014.

The management team is aware of its responsibility. We will continue to do our utmost to drive forward BayWa's profitability over the long term. To do this, my Board of Management colleagues and I can draw on the support of a highly motivated workforce. Open dialogue with our shareholders, customers and business partners is also of great importance to us. On behalf of all employees and the entire BayWa Group, I would like to sincerely thank you for your support and loyalty throughout 2012.

Your

Klaus Lutz

Klaus Josef Lutz
Chief Executive Officer of BayWa AG

▪ The Board of Management

The Board of Management

For detailed information, see Note (E.8.) in the Consolidated Financial Statements.
Allocation of operations as per 31 December 2012

The photo was taken in the BayWa jubilee truck, which is touring the country as a "mobile museum" to mark BayWa's 90th anniversary.

Roland Schuler
since 1 October 2002

Energy, Agricultural Equipment, BayWa r.e. renewable energy, coordination of the Württemberg region

Klaus Josef Lutz
since 1 July 2008
(Chief Executive Officer)

PR/Corporate Communication, Group Audit, Corporate Marketing, Corporate Business Development, Group Risk Management, Building Materials Segment, Personnel and Senior Executives, BayWa Foundation

Andreas Helber
since 15 November 2010

Finance, Investor Relations, Lending, Corporate Real Estate Management (CREM), Central Controlling, Information Systems, Law, Regional Administration Centres

Dr. Josef Krapf
Since 1 October 2002

Agricultural Trade, Fruit

The Supervisory Board

Manfred Nüssel

MSc Agriculture (University of Applied Sciences), Chairman;
President of Deutscher Raiffeisenverband e.V.

Ernst Kauer

MSc Agriculture, Vice Chairman;
Chairman of the Works Council of BayWa Headquarters

General Attorney Ök.-Rat Dr. Christian Konrad

Vice Chairman; Chairman of Raiffeisen-Holding Niederösterreich-Wien reg.Gen.m.b.H., Vienna
(until 4 May 2012)

Georg Fischer (until 31 Mar. 2012)

Master Mechanic for Agricultural Machinery

Dr. E. Hartmut Gindele

MSc Agriculture, farmer

Prof. Dr. h. c. Stephan Götzl

Association President, Chairman of the Board of Management of Genossenschaftsverband Bayern e.V.

Jürgen Hahnemann (since 1 Apr. 2012)

Warehouse manager

Otto Kentzler

MSc Engineering, President of the German Confederation of Skilled Crafts

Peter König

Secretary of the Union, ver.di, Bavaria

Stefan Kraft M.A.

Secretary of the Union, ver.di, Bavaria

Erna Kurzwarth

Regional Administration Centre Manager of BayWa AG

Dr. Johann Lang

MSc Engineering, farmer

Albrecht Merz

Member of the Board of Management of DZ Bank AG

Gunnar Metz

Chairman of the Main Works Council of BayWa AG

Gregor Scheller

Chairman of the Board of Directors of Volksbank Forchheim eG, member of the Board of Directors of Bayerische Raiffeisen-Beteiligungs-AG

Werner Waschbichler

Vice Chairman of the Works Council of BayWa Headquarters

Bernhard Winter

Head of Accounting Control Agriculture

Information on other mandates is included in the Notes to the Consolidated Financial Statements under (E.8.).

The Cooperative Council 1/2

Wolfgang Eckert (until 31 Dec. 2012)

MBA, Chairman; Member of the Board of Management of Fiducia IT AG (since 1 November 2012)

Members pursuant to Article 28 para. 5 of the Articles of Association

Manfred Nüssel

MSc Agriculture (University of Applied Sciences), Vice Chairman; President of Deutscher Raiffeisenverband e.V.

Dr. Johann Lang

MSc Engineering, farmer

Other members

Wolfgang Altmüller

MBA, Chairman of the Board of Directors of VR meine Raiffeisenbank eG

Dietmar Berger (until 1 Aug. 2012)

MSc Agricultural Engineering & Economics, President of Mitteldeutscher Genossenschaftsverband e.V. (until 23 May 2012)

Franz Breiteneicher

Managing Director of Raiffeisen-Waren GmbH Erdinger Land

Dr. Alexander Büchel (since 1 Jan. 2013)

Member of the Board of Directors of Genossenschaftsverband Bayern e.V.

Rudolf Büttner (since 28 Mar. 2012)

Managing Director of Raiffeisen-Waren GmbH Weissenburg-Gunzenhausen

Albert Deß

Member of the European Parliament

Martin Empl

MSc Agriculture, farmer

Manfred Geyer

Chairman of the Board of Directors of RaiffeisenVolksbank eG Gewerbebank

Wolfgang Grübler (since 2 Aug. 2012)

Chairman of the Board of Directors of Agrarunternehmen “Lommatzscher Pflege” e.G.

Erhard Gschrey (until 31 Dec. 2012)

Certified Public Accountant/Tax Consultant, Vice Chairman of the Board of Management of Genossenschaftsverband Bayern e.V.

Walter Heidl (since 2 Aug. 2012)

President of Bayerischer Bauernverband (since 3 May 2012)

Lothar Hertzsch (until 1 Aug. 2012)

MSc Agricultural Engineering & Economics, farmer

Franz-Xaver Hilmer

Managing Director of Raiffeisenbank Straubing eG

Karl Hippeli

Member of the Board of Management of VR Bank Würzburg eG

The Cooperative Council 2/2

Ludwig Hubauer (since 1 Jan. 2013)

Farmer

Konrad Irtel

Spokesman of the Board of Directors of VR Bank Rosenheim-Chiemsee eG

Martin Körner

MSc Engineering (University of Applied Sciences), farmer, fruit farmer

Franz Kustner

Farmer

Alois Pabst

Farmer

Hans Paulus

MSc Agriculture, Director Commodities Department of Raiffeisenbank im Stiftland eG

Josef Raffelsberger (until 31 Dec. 2012)

Farmer

Franz Reisecker (since 1 Jan. 2013)

Ök.-Rat Engineering, President of the Chamber of Agriculture of Upper Austria, farmer

Joachim Rukwied

MSc Engineering (University of Applied Sciences), President of the German Association of Farmers (since 27 June 2012) and the Regional Association of Farmers, Baden-Württemberg e.V.

Hermann Schultes (until 31 Dec. 2012)

President and National Councillor of the Chamber of Agriculture of Lower Austria, farmer

Gerd Sonnleitner

President of the German Association of Farmers (until 27 June 2012), the Bavarian Association of Farmers (until 3 May 2012) and the European Association of Farmers

Ludwig Spanner

Farmer

Dr. Hermann Starnecker (since 28 Mar. 2012)

Spokesman of the Board of Directors of VR Bank Kaufbeuren-Ostallgäu eG

Dr. Gerald Thalheim (since 2 Aug. 2012)

Spokesman of the Board of Directors of Mitteldeutscher Genossenschaftsverband e.V. (since 24 May 2012)

Wolfgang Vogel

President of Sächsischer Landesbauernverband e.V.

Thomas Wirth

Spokesman of the Board of Directors of Raiffeisenbank im Stiftland eG

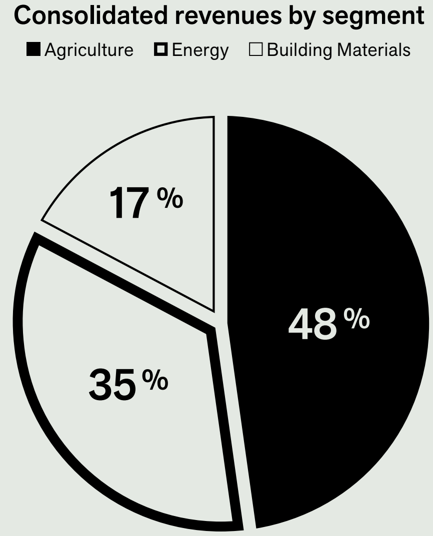
Maximilian Zepf

MBA, Member of the Board of Management of Raiffeisenbank Schwandorf-Nittenau eG

1

The Company

Consolidated revenues by segment



Group sites	Grain trading	New tractors sold
3,000	5.4 million t	4,661

Total number of employees	Dessert pome fruit trading	Energy from wind power projects
17,000	194,000 t	123 MW

1

The Company

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Contents

The Business Model of the BayWa Group

BayWa is a leading international trade and services group. The BayWa Group's business model is based on trading and efficient logistics in its three core segments: Agriculture, Energy and Building Materials. Supplementary services in all business units round off the Group's portfolio. With strong roots in its home markets Germany and Austria, the BayWa Group is currently represented worldwide following important acquisitions in 2012. Against the backdrop of the increasingly international flow of goods, BayWa will continue to pursue its internationalisation strategy.

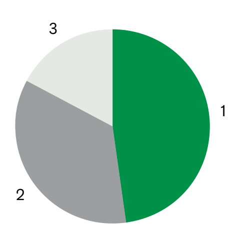
1
farmer
140
people

The world population now stands at 7 billion. Fulfilling the basic human needs for food, shelter, energy, mobility and warmth therefore offers opportunities for growth in the relevant markets. Every single farmer helps to satisfy world demand. In Germany, one agricultural operation provides food for 140 people, ten times as many consumers as 60 years ago. Exponential growth of the global population and the associated rise in the need for resources, particularly for food and energy, demand both higher agricultural productivity and more flexibility in supply in order to compensate for failed harvests and the fluctuating supply of fossil fuels in important producer countries.

Basic needs covered through Agriculture, Energy and Building Materials

BayWa covers people's basic needs in its three segments: Agriculture, Energy and Building Materials. BayWa's unique selling proposition in its core territories is based on a tightly-knit local structure and close access to its customers, combined with a high degree of product and market knowledge, trading expertise and an excellent logistics infrastructure. BayWa has broad access to regional and local customers for collection and sales. Access to suppliers, some exclusively, ensures that customers' needs are satisfied by also providing an extensive range of product-relevant services.

Share of consolidated revenues



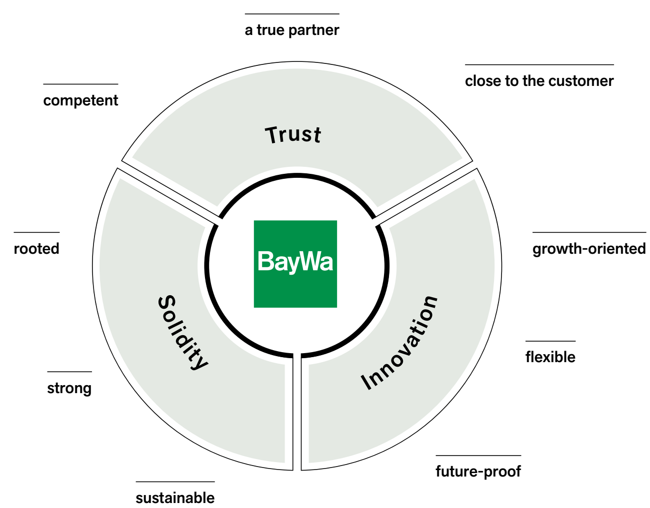
48% 1 ··· Agriculture
35% 2 ··· Energy
17% 3 ··· Building Materials

BayWa – international strength and a reliable local partner

Values never change

BayWa is firmly rooted in its traditional home markets, both today and in the future. However, changes in the national and international environment require continuous adjustments in order to be able to maintain its market position, take advantage of business opportunities and minimise risks. Due to the increasingly international flow of goods as well as consolidation among suppliers and customers, the BayWa Group must secure access to international procurement and sales markets in order to safeguard its position as a reliable partner for its local and regional customers. The focus of the BayWa strategy, therefore, is to continue developing the company across all segments on an ongoing basis, in particular by grasping new opportunities for growth in international markets. The values that BayWa stands for never change: long-term customer relationships that are built on partnerships and fostered through trust, solidity and innovation.

Clear orientation



Structure of the BayWa Group

Group	BayWa AG		
Segments	Agriculture	Energy	Building Materials
Business units	Agricultural Trade Fruit Agricultural Equipment	Energy BayWa r.e. renewable energy[1]	Building Materials

1 Business sector

Regional presence – one of BayWa's strengths

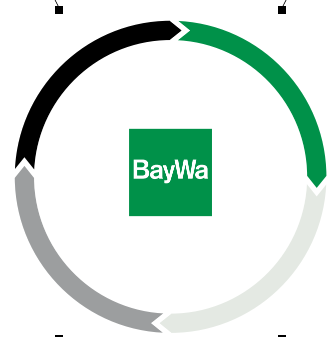
Strong customer loyalty through local market presence

The BayWa Group generated revenues of more than €10.5 billion with a workforce of around 17,000 employees in 2012. The Group's three core segments of Agriculture, Energy and Building Materials operate as decentralised units, each responsible for their own profitability, with their own locations and sales networks. A tight regional sales network in all three segments ensures proximity to the customer and promotes strong customer loyalty. This proximity often gives BayWa a unique selling proposition in its regions compared with competitors. BayWa continuously optimises its network of locations and the range of products and services offered, adapting its portfolio to changing customer needs and business requirements in order to maintain and strengthen this competitive advantage. BayWa's strong regional roots ensure it is a reliable partner for its customers and allows the company to bridge the gap between local producers and international markets. Ultimately, BayWa's business is determined by increasingly globalised markets and through growth in foreign countries.

BayWa's business activities

Customers
- Farmers
- End customers
- Industry
- Commerce
- Trade
- Financial investors

Markets
- Agriculture
- Energy/ renewable energies
- Building materials



Operating activities
- Trade
- Logistics
- Services
- Finance
- Project development

Unique selling proposition
- Customer proximity through full-coverage network for sales and logistics

Agriculture Segment

Growth in the global population and the rising standard of living in many parts of the world have led to changes in diet and an increased demand for agricultural products. As a result, farming is facing major challenges. In addition, the increasing interconnection of trade flows has also reached the agriculture sector. The resulting need for sustainable procurement and marketing practices can only be achieved through internationalisation. In light of the recent acquisitions, BayWa has evolved from a European into a global agricultural trading company.

Revenues in 2012	Number of employees in 2012	Share in consolidated revenues in 2012
€ 5,051.9 million	8,730 employees	48 %

Tightening of grain balance

Owing to the rising global demand for food and renewable resources, the agriculture sector has become an industry of the future. The competitive environment is characterised by increased concentration and consolidation. Against this background, BayWa's primary goals for the Agriculture Segment are to strengthen its position in the core markets and to maintain growth, particularly through international business expansion. Due to the increase in global demand, the grain balance, which equals the total supply less usage, has declined in recent years. In order to guarantee reliable access to agricultural commodities and improve the market opportunities for grain, BayWa needs to strengthen and expand the existing trading platform. Providing an infrastructure that aligns with the flow of goods is crucial for sustaining a competitive advantage in international markets.

The road to internationalisation

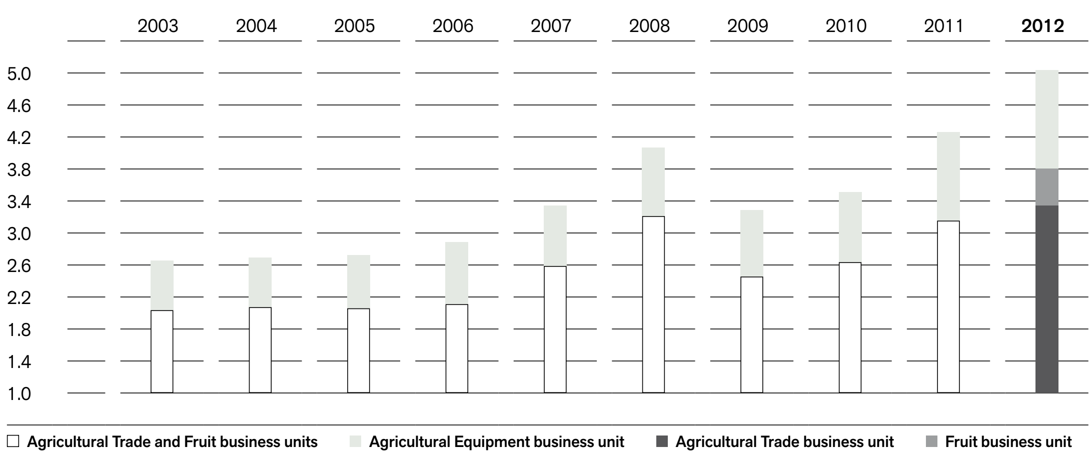
Access to agricultural commodities

At the end of 2012, BayWa acquired 100% of the international grain traders Cefetra, which has its head office in Rotterdam, the Netherlands, as well as a 60% majority stake in the Bohnhorst Group, which operates in northern and eastern Germany as well as in Poland. These acquisitions are an important step forward for the company, not only strengthening BayWa's position on the international grain market but also giving the company greater access to agricultural commodities and widening the company's logistics network. Cefetra B.V. is an international trader of agricultural commodities for feed, food and fuel products. The company traded approximately 20 million tonnes of commodities in 2011.

Structure of the Agriculture Segment

Segment	Agriculture		
Business units	Agricultural Trade	Fruit	Agricultural Equipment
Products/services	▪ Grain and oilseed ▪ Seed ▪ Fertilisers ▪ Crop protection ▪ Feedstuff ▪ Cultivation and advisory services	▪ Dessert pome fruit ▪ Soft and stone fruit ▪ Pome fruit from organic contract farming ▪ Tropical fruit ▪ Vegetable fruits	▪ Agricultural equipment for farmers, foresters, local authorities and commerce ▪ Agricultural buildings ▪ Customer service/workshop services ▪ Spare parts ▪ Leasing ▪ Brokerage services for financing and lease agreements

Revenues of the Agriculture Segment (in € billion)



Key operating data of the Agriculture Segment

	2009	2010	2011	**2012**
Agricultural Trade business unit (sales volume in ktonnes)				
Grain	4,832.1	5,013.8	4,909.5	5,396.4
Fertilisers	1,599.0	1,847.7	1,896.1	1,955.2
Seed	243.3	257.0	256.3	258.7
Feedstuff	2,089.8	2,316.7	2,372.1	2,374.2
Fruit business unit (sales volume in ktonnes)				
Dessert pome fruit	66.0	64.5	85.9	194.1
Soft and stone fruit	5.9	7.1	6.6	14.3
Tropical fruit				39.4
Vegetable fruits				12.6
Agricultural Equipment business unit (units)				
Number of tractors sold – new	3,038	3,168	3,850	4,661
Number of tractors sold – used	1,148	1,308	1,382	1,612

Cefetra has branches in the UK, Hungary and Poland. Thanks to its long-term commercial relationships with over 1,500 suppliers, it has access to a flexible supply chain. Cefetra also benefits from independence on the distribution side thanks to a highly diversified customer base with more than 700 customers in northwest and central Europe. Last but not least, secure access to three deep-sea ports enables the company to purchase global freight capacity and minimise logistics costs. Bohnhorst Agrarhandel GmbH has its head office in Steimbke, Lower Saxony, and has local collection, storage and logistics facilities in northern and eastern Germany as well as in Poland. The company mainly focuses on its activities as a grain trader. Bohnhorst has an excellent infrastructure, including access to several port locations, which enhances the BayWa Group's own network. Bohnhorst also deals in the fertiliser and feed sectors.

New agriculture centre Regensburg East port

These acquisitions will enable the BayWa Group to increase its grain trading volume to approximately 28 million tonnes annually. With approximately €10.0 billion in revenues from agricultural trading, BayWa has evolved from a European to a global player, gaining considerable weight in the international grain trade and promoting BayWa into the ranks of the top ten leading agricultural trading companies worldwide. BayWa's customers and partners will also benefit from international procurement and distribution as a result of improved selling opportunities.

These steps are further evidence that BayWa is forging ahead with the internationalisation strategy adopted in the previous year. The acquisition of over 73% in the New Zealand fruit company Turners & Growers Limited (Ltd) has enabled BayWa to significantly strengthen its position in the international fruit business and is now a major global supplier of pome fruit.

Investments in traditional core markets remain high

Besides expanding the international business, improving efficiency of BayWa locations in the core markets also remains a focus of the corporate investment strategy. This includes regular measures to increase intake, handling and warehouse capacities in order to raise productivity for BayWa and its customers to an equal extent. This enables the harvest intake to be conducted with considerably greater efficiency.

€14 million

invested in BayWa's largest agricultural centre

Examples of the investments carried out in the traditional core markets in 2012 include the modernisation of the Regensburg East port and Rain am Lech locations. With a total investment of around €14 million, Regensburg is now BayWa's largest grain intake and handling location. As a result of the modernisation programme, warehousing capacity increased from 21,000 to 71,000 tonnes and intake efficiency was raised from 150 to 500 tonnes an hour. The cleaning capacity increased to 300 tonnes per hour and the drying capacity for wet corn doubled to 1,600 tonnes a day. By increasing the loading capacity to 550 tonnes per hours, Regensburg East port has become a hub for Bavarian grain.
BayWa invested around €8 million in Rain am Lech in a new, high-performance agriculture centre with a warehousing capacity totalling 19,000 tonnes of grain and a fertilizer warehouse with a capacity of 5,000 tonnes. The grain intake capacity now amounts to 150 tonnes per hour. Besides this, the site has a fertiliser mixing plant, two crop protection facilities, a multi-purpose hall and a modern office building.

Focus on agricultural trade

48%

Agriculture Segment accounts for the largest share of consolidated revenues with its Agricultural Trade, Fruit and Agricultural Equipment business units.

BayWa is now one of Europe's largest full-line suppliers in the agriculture sector and also trades an increasing number of products worldwide. Agriculture is the BayWa Group's largest segment with a share of 48% in consolidated sales during the past year. Owing to the investments that have been made in 2012, this share is expected to increase to two-thirds of consolidated sales as of financial year 2013, making BayWa one of the largest agriculture companies worldwide. The three business units within the segment, Agricultural Trade, Fruit and Agricultural Equipment, cover virtually the whole agricultural value chain. The extensive product range is rounded off by advisory services and general services ranging from specialist questions relating to crop growing through to technical advice and service as well as aspects of running farming operations, marketing and sales.

The core markets of the Agriculture Segment are Germany and Austria. BayWa's Agriculture Segment in Germany is situated mainly in the federal states of Bavaria, Baden-Württemberg, Saxony, Saxony-Anhalt, Thuringia and southern Brandenburg at a total of 491 locations, 16 of which have their own ports. In Austria, BayWa is active in agribusiness via its subsidiaries located virtually throughout the entire country. Furthermore, the BayWa Group is represented through its own local companies in selected countries in Central and Eastern Europe, such as the Czech Republic, Slovakia, Poland, Slovenia, Croatia and Serbia. In the fruit business, BayWa's entered the New Zealand market through the acquisition of Turners & Growers(T & G) and has also gained access to the American continent, Australia and Asia as a result of T & G's international trading relations. Furthermore, BayWa's international activities in the agriculture sector will increase considerably in light of the recent acquisitions of Cefetra und Bohnhorst.

BayWa – a year-round strong partner to the farming industry

In the Agriculture Segment, BayWa supplies the farming industry with a full range of operating resources, including seeds, fertilisers and crop protection, as well as feedstuff for livestock farming. By working with selected renowned suppliers, BayWa ensures that the quality of resources and feedstuff sourced from third parties remains above average. The most important services in the business of agricultural trade include the collection, storage and sale of the harvest. BayWa's core competencies in providing these services lie in its in-depth product knowledge, logistics and the management of the flow of goods. The company's extensive expertise has made it a preferred partner of farmers for many years. With regard to selling crops, BayWa offers farmers a range of alternatives to immediate purchase, such as the option to store and purchase them at a later date or using the price hedging system Landea to help them secure their income.

Grain and oilseeds are BayWa's most important agricultural products with sales amounting to around 5.4 million tonnes in the grain year 2011/2012. BayWa focuses its activities in this business on the collection, processing, drying, storage and selling of produce. In terms of logistics, BayWa performs a central interface function between producers and processors, such as grain or oil mills, malt houses, animal feed plants, and trade and consumers, through its ability to concentrate large volumes of goods and transport them in homogenous lots. The Group maintains warehouse capacities of around 2.4 million tonnes for storage and sale at a later date.

The Group supplies seed to the farmers from its own seed production as well as through the sale of seed sourced externally, thereby ensuring that a full range is offered. In the sale of fertilisers and crop protection, the product mix and timely advance storage for use on the respective dates are particularly important. To guarantee an adequate supply of different fertilisers for the various crops, a growing number of BayWa locations have equipment for mixing fertilisers. This enables farmers to provide the right nutrition for the specific crops using fertilisers specially mixed for this purpose. With a trading volume of around 2.0 million tonnes of fertiliser a year, BayWa is a key distribution partner of the industry.

Fruit from BayWa goes global

Apples from New Zealand and Lake Constance: With Turners & Growers, we have become one of the leading worldwide suppliers of dessert pome fruit.

The New Zealand based company Turners & Growers (T & G) became part of the BayWa Group in March 2012. This acquisition has enabled BayWa to reinforce its position in the international fruit market and become one of the leading worldwide suppliers of pome fruit. With a market share of around 40%, T & G is the largest fruit and vegetable trader in New Zealand, providing the food industry with more than 200 varieties of fresh fruit produce. In the export business, the company has a unique international status through trading platforms in South America, the US, South Africa, Asia and Europe. Moreover, T & G holds 70% in Delica NZ, one of New Zealand's largest exporters of fresh and dessert fruit. It also owns the exclusive market rights to the global cultivation and sale of ENZA dessert fruit. Finally, T & G is an important grower of greenhouse tomatoes, apples, kiwi fruit, lemons and mandarines. This acquisition has given BayWa access to all the most important growth markets on all continents, particularly Asia. Business in Germany has also benefited from this transaction through supplementing the product range and securing the ability to supply different types of fruit throughout the year thanks to the different harvest seasons. In particular, BayWa's attractiveness as a full-line supplier to the food retail sector has been enhanced. At the same time, T & G's established sales channels create additional sales opportunities for German fruit in the international high-growth markets. As a result of this step, revenues in the fruit business unit have almost quadrupled in financial year 2012.

BayWa is a leading supplier of German dessert fruit for food retailers and, through its ten locations situated in the Lake Constance, Neckar and Rhineland Palatinate regions, including an organic fruit wholesale centre, is the biggest individual seller of German dessert pome fruit and the largest supplier of organically farmed pome fruit. The Fruit business unit has numerous collection points for dessert pome fruit, industrial pome fruit, organic fruit as well as soft and stone fruit. Furthermore, it makes an important contribution in Württemberg to conserving the orchards so typical of the landscape through its region-wide collection of fruit. Storage, sorting and packaging in the fruit wholesale markets is carried out in in accordance with international quality standards and using cutting-edge technology. The goods are prepared for sale in a variety of more than 200 packaging types and delivered to the customer through the business unit's own just-in-time logistics. As the contractual seller, BayWa also harvests, stores, sorts and packages fruit for Württembergische Obstgenossenschaft Raiffeisen eG and sells it to customers in Germany and abroad.

Agricultural equipment for farming and forestry operations as well as municipalities

With the exception of manufacturing, the Agricultural Equipment business unit spans the whole value chain of agricultural equipment. The product offering ranges from farming and forestry equipment, including cutting-edge milking and feeding equipment, equipment for municipalities, stable construction and equipment as well as other facilities, such as biogas for the generating of renewable energies, through to specialist agricultural equipment and replacement parts. The core competencies of the Agricultural Equipment business unit lie in its sales and services as a full-line supplier to farming and forestry, contractors, municipalities, local authorities and private customers. The business unit occupies a leading market position in its sales territories of Bavaria, Baden-Württemberg, Saxony, southern Brandenburg and Austria.

Agricultural Equipment business unit on the road to success with its dual-brand strategy CLAAS and AGCO

In response to the growing requirements of customers in the trading and servicing of sophisticated agricultural equipment, BayWa also sells the product ranges of AGCO (including the Fendt, Massey Ferguson, Valtra and Challenger brands) and CLAAS, both leading manufacturers of agricultural equipment, via two separate sales channels, each with their own locations. These measures serve to put the product spectrum of the respective manufacturer on a broader footing and improve advice for customers concerning complex and specialised agricultural equipment. The sale and servicing of the CLAAS brand is carried out by companies in which BayWa owns a majority and CLAAS a minority shareholding. The products manufactured by AGCO are offered and serviced in the various locations under the BayWa logo. In 2012, BayWa was appointed specialised distributors for the Massey Ferguson brand in Bayern and Saxony in order to improve the brand range in these regions. Maintenance and repairs will be carried out in specialised workshops that service both the Massey Ferguson and Fendt brands. The Group is the general importer for John Deere in Austria and also sells Lindner tractors. Since 2011, the product offering has included the full McHale range, an Irish company specialised in the harvesting of hay, haylage, silage and straw.

In the service business, BayWa offers original parts from all manufacturers as well as high-quality spare and wear parts under its own TECparts brand. The central warehouse in Schweinfurt stores more than 85,000 items, and ensures both the timely and high availability of spare parts. Spare parts will be even more readily available thanks to a new, larger warehouse to be built in 2013. A close network of more than 260 workshops and around 510 mobile service vehicles guarantees high standards of service. Modern customer service vehicles in particular ensure swift repair and maintenance on the field or in the farm-yard of the customer during harvesting. Customers also have access to a unique emergency breakdown service, which is available on a 24/7 basis. In addition, BayWa leases machinery and mediates financing and lease agreements.

Energy Segment

The Energy Segment is the second largest core business segment in the BayWa Group, and comprises two areas – conventional energy and renewable energies. Conventional energy focuses on the sales of fossil and renewable heating fuels. In particular, heating oil and wood pellets, as well as fuels and lubricants are sold. BayWa's activities in renewable energies are consolidated under the holding company BayWa r.e. renewable energy. In recent years, BayWa has established itself in strategic growth markets through the acquisition of companies in the areas of wind, solar power and biomass.

Revenues in 2012	Number of employees in 2012	Share in consolidated revenues in 2012
€ 3,676.8 million	1,564 employees	35 %

Conventional energy and renewable energies business account for **35%** of consolidated revenues

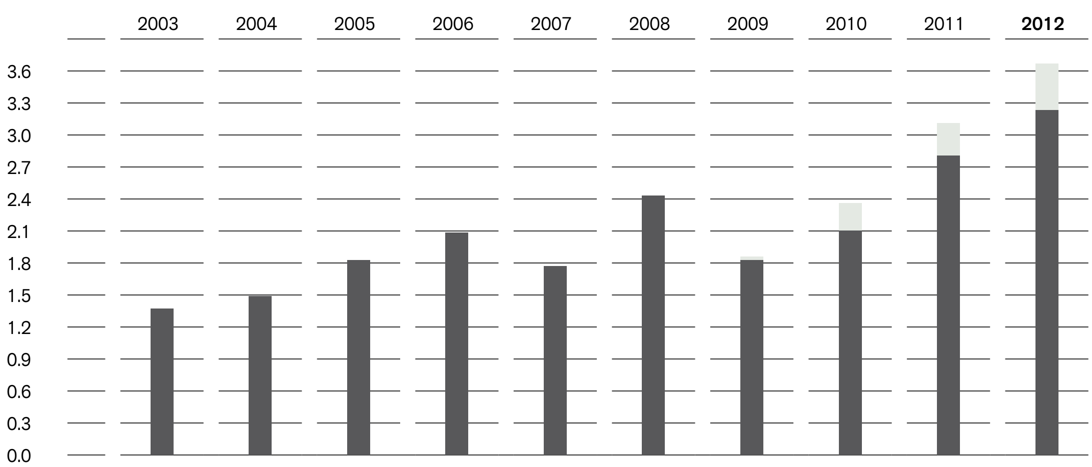
The Energy Segment contributes around 35% to consolidated revenues, making it BayWa's second largest core business segment. The main sales regions in the conventional energy business are southern and eastern Germany, and Austria. In the heating business, the market for heating oil continues to decline as a result of increased energy efficiency and the use of advanced heating technology with renewable energy sources. This trend is leading to increased competition and consolidation in the market. BayWa is taking an active role in this consolidation process in order to increase its market share as well as reduce overheads and costs through improvements in logistics.

Structure of the Energy Segment

Segment	Energy	
Business units	Energy	BayWa r.e. renewable energy[1]
Products/services	■ Heating oil ■ Diesel fuels ■ Otto fuels ■ Solid fuels ■ Lubricants ■ Green gas and green electricity	■ Biomass technology ■ Solar technology ■ Wind power ■ Other renewable energies

1 Business sector

Revenues of the Energy Segment (in € billion)



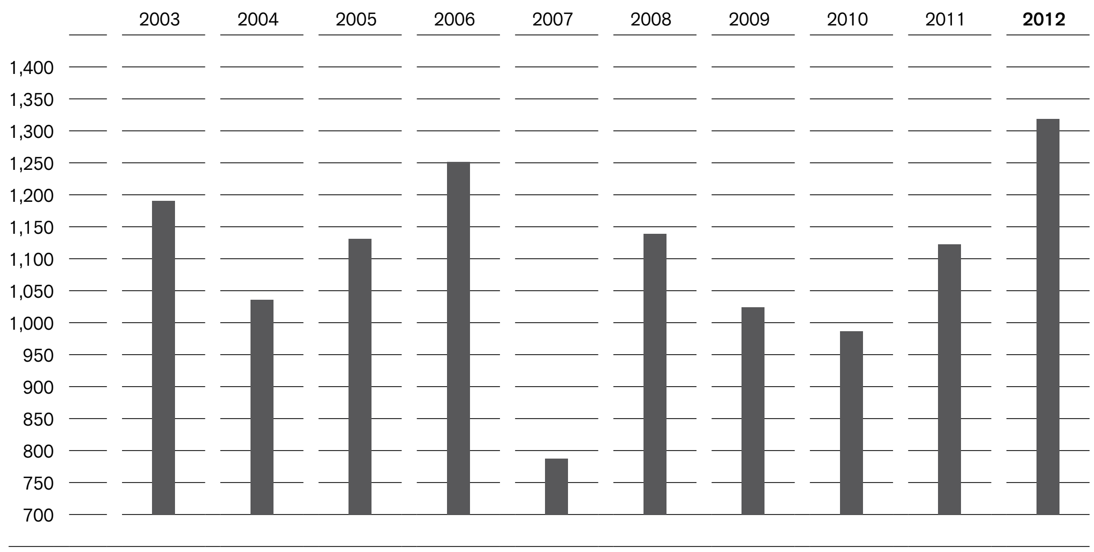
■ Energy business unit ■ BayWa r.e. renewable energy business sector

Key operating data of the Energy Segment

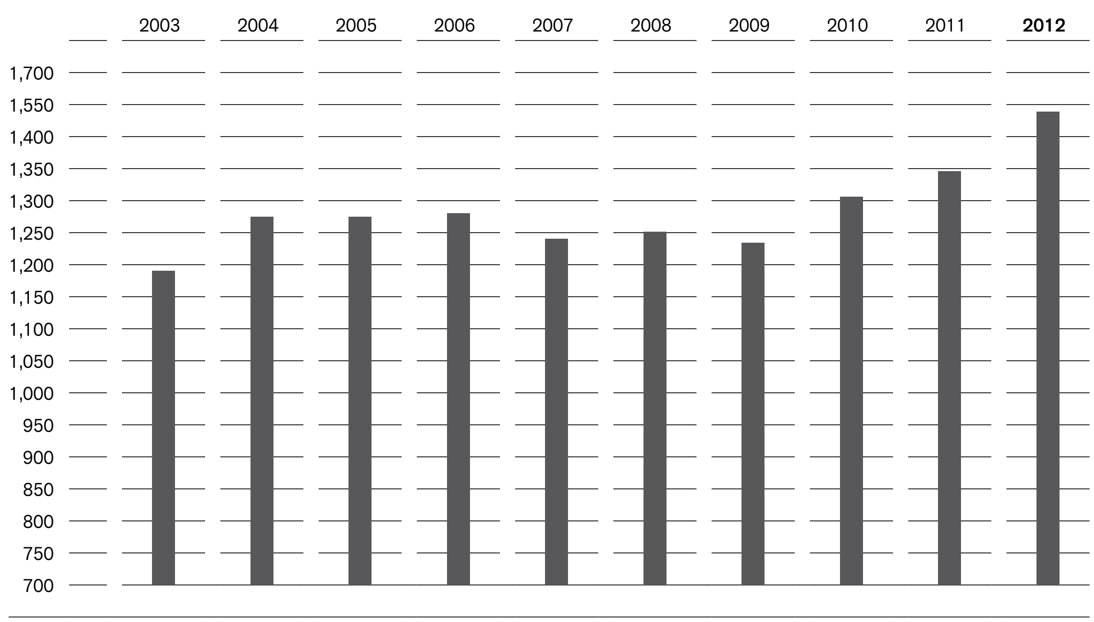
	2009	2010	2011	**2012**
Energy business unit (sales volume in ktonnes)				
Heating oil	1,021	982	1,124	1,336
Fuels	1,240	1,302	1,348	1,534
Lubricants	18	20	21	21
Wood pellets	151	193	220	259
Number of fuel stations	275	273	280	278
BayWa r.e. renewable energy business sector				
Wind, planned output capacity[1] in megawatts		28.5	80.6	122.7
Solar, planned output capacity[1] in megawatts		5.6	7.8	70.4
Biogas, planned output capacity[1] in megawatts		3.8	13.4	2.2
Solar, sold capacity in megawatt peak		95	143.9	147.0

1 Planned output capacity: sale or commissioning of plants in the respective financial year

Volume of heating oil (in ktonnes)

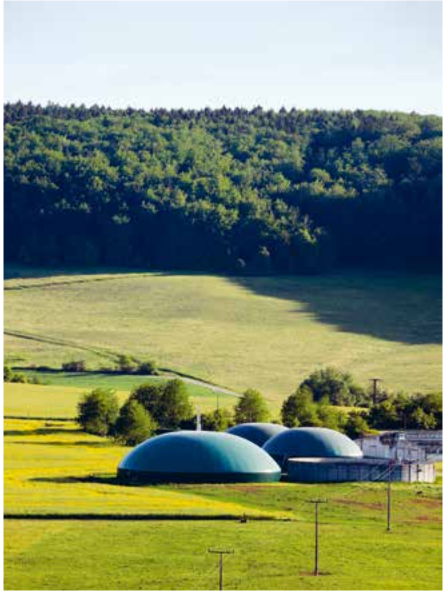


Volume of fuel (in ktonnes)



In contrast, sales of Otto and diesel fuel fluctuate in accordance with general economic conditions, which also has an impact on the distances travelled. BayWa operates 242 fuel stations in Germany under the names BayWa and AVIA, and another 36 fuel stations through its Austrian subsidiaries. In addition, GENOL, a wholesale company within the Group, supplies fuel to around 490 cooperative fuel stations in Austria. In its large customer business, BayWa delivers to municipalities, businesses and the mineral oil trade.

The sale of lubricants includes small and mid-sized companies as well as industrial customers. BayWa has been selling multi-purpose lubricants for over 50 years and is one of the largest suppliers in Germany in this product sector. Over 5 million litres of multi-purpose oil are sold every year on the domestic market. Most of these products are high-tech base oil lubricants. BayWa is also the market leader for environmentally friendly rapeseed oil-based lubricants. BayWa has also gained a unique position in the market for lubricants for biogas plants by offering a special product and service package that uses TECTROL Methaflexx, a special lubricant for gas engine oils. BayWa analyses the used oil and provides plant operators with data about the condition of the oil and the engine. Recommendations on optimum use are then made based on the findings of the laboratory. In addition, this data is also made available to the participating maintenance companies and engine manufacturers. BayWa is also the market leader in this segment, managing over 4,000 combined heat and power plants, and carrying out more than 12,000 used-oil analyses annually in Germany.



Innovation in the lubricants product segment: Special product and service package for biogas plants with a unique selling proposition.

BayWa r.e. renewable energy business sector

Owing to strategic expansion of its activities in the field of renewable energies since 2009, BayWa has created another sustainable business mainstay, which will also serve as a driver for the Group's path to internationalisation. As the future of renewable energies is still largely dependent on legal framework conditions, BayWa pursues a dual diversification strategy according to energy sources and countries. BayWa is currently involved in trading, planning, operation and sales of plants in the solar power, wind power, biomass and geothermal sectors in Europe and the USA.

Model for success: Double diversification strategy with solar, wind power and biomass coupled with geographic and international orientation.

BayWa r.e. renewable energy is a reliable and innovative partner when it comes to planning, financing, and building solar power plants. It provides support and services ranging from assessment of the locations and obtaining planning permission through to building and commissioning plants, and subsequently managing the technical operation of the plant. BayWa is able to enter into the project at any stage. Finally, BayWa trades in and sells photovoltaic systems and components to installers and customers.

In the wind power sector, BayWa r.e. renewable energy is involved in the development, operation and maintenance of numerous wind parks in Germany, other European countries and the USA. BayWa has extensive expertise in wind farms and turbines from all major manufacturers. Besides planning and executing its own projects, BayWa r.e. renewable energy also functions as a provider for private and municipal plant operators.

Of all the renewable energy sources, biomass currently makes the largest contribution to the generation of heat and is increasingly being used as an energy source for electricity and fuel. One of BayWa's focuses in this area is to improve performance in existing plants as well as to extend the range of usable matter to include organic waste. The range of products and services covers the entire value chain from the feasibility analysis and planning, construction and operation of the plants through to selling biomethane.

BayWa has expanded its renewable energies business through the acquisition of numerous companies since 2009. A focus of the activities in financial year 2012 has been on the consolidation of existing structures and businesses as well as a unified brand presence. Since September 2012, all companies now operate under the name and logo BayWa r.e. renewable energy. This marks a first step toward leveraging synergies and driving future growth. BayWa also effected a squeeze-out in 2012, thereby increasing its share in RENERCO Renewable Energy Concepts AG to 100%.

BayWa has established itself in the strategic growth markets solar power, wind power and biomass within a short space of time. Its involvement covers the entire value chain from planning, development and trade through to services for plant operation. In addition, BayWa forged ahead with the international diversification of its activities. In the renewable energies sector, BayWa is now represented in all major European countries and the USA. Total revenues in the Renewable Energies business sector in financial year 2012 amounted to €440.8 million, almost 51% of which were generated abroad.

Structure of the Renewable Energies business sector

Business sector: **BayWa r.e. renewable energy GmbH**

Business	Solar technology					Wind power				Biomass				
Companies	P/PM	T	I/GC	O/M	E/T	P/PM	I/GC	O/M	E/T	P/PM	T	I/GC	O/M	E/T
MHH Solartechnik GmbH	■	■	■											
MHH France S.A.S.	■	■												
MHH SOLAR DANMARK ApS	■	■												
Focused Energy LLC		■												
Dulas MHH Ltd.	■	■												
Tecno Spot S.r.l.	■	■												
RENERCO Renewable Energy Concepts AG[1]	■		■	■	■	■	■	■	■					
ECOWIND GmbH						■	■	■						
WKN USA, LLC						■	■	■						
L & L Rotorservice GmbH								■						
BayWa r.e. bioenergy GmbH	■		■	■	■					■		■	■	
BayWa r.e. green energy products GmbH														■
Schradenbiogas GmbH & Co. KG											■	■	■	■

▪ P/PM = Planning and Project Management ▪ T = Trade ▪ I/GC = Installation and General Contractor function
▪ O/M = Operation and Maintenance ▪ E/T = Energy Production and Trade

1 Additional projects in the field of geothermics

Building Materials Segment

The Building Materials Segment mainly comprises BayWa's retail trade activities at 275 locations in Germany and Austria, which provide building materials of all kinds for commercial and private customers. In addition to the sale of products, BayWa also offers a range of services, arranges qualified tradesmen, provides building site logistics and acts as a general contractor or recommends general contractors to carry out assignments from start to finish. During the construction phase, BayWa provides building services for the installation of heating, sanitary and ventilation systems, fitting doors and windows as well as laying tiles in residential and commercial buildings.

Revenues in 2012	Number of employees in 2012	Share in consolidated revenues in 2012
€ 1,740.4 million	4,868 employees	17 %

Building Materials Segment accounts for **17%** of consolidated revenues

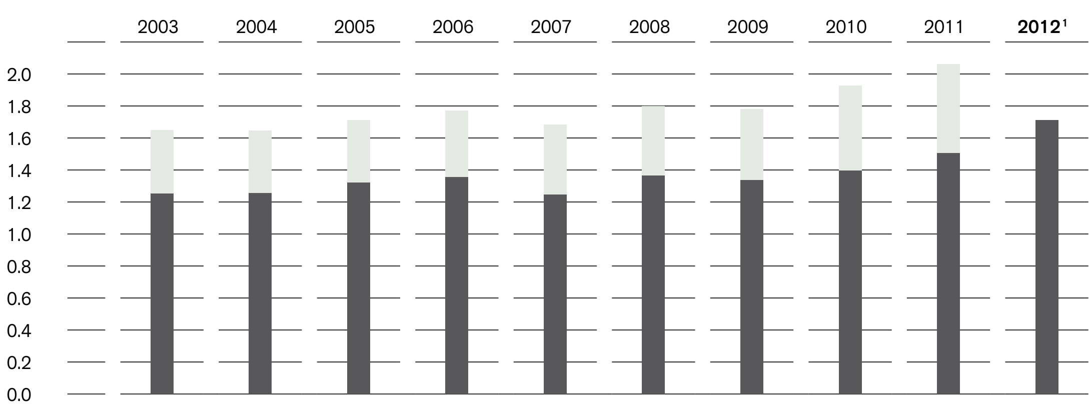
Since the start of 2012, the Building Materials Segment has essentially continued the activities of the Building Materials business unit and accounts for around 17% of consolidated revenues. Furthermore, this segment includes franchise partners in the building materials, DIY and garden centre business in Germany, Austria and several international markets.

Structure of the Building Materials Segment

Segment	**Building Materials**
Business unit	Building Materials
Products/services/ companies	Civil engineering, extensions, construction, building services engineering, energy-efficient building, associated services
Sales channel	Franchising[1]
	▪ BayWa Handels-Systeme-Service GmbH (BHSS), Munich ▪ AFS Franchise Systeme GmbH, Vienna ▪ IFS S.r.l., Bolzano

1 The range of building and garden materials, as well as the business unit's expertise, is marketed externally in franchising operations through Group companies.

Revenues of the Building Materials Segment (in € billion)



■ Building Materials business unit ■ DIY & Garden Centres business unit 1 DIY & Garden Centres in Germany hived off effective 1 January 2012

Key operating data of the Building Materials Segment

	2009	2010	2011	**2012**
Building Materials business unit				
Number of locations (including Austrian markets)	271	257	248	275
Surface area in thousand m² (all locations)	2,025	1,993	1,887	1,909

BayWa Building Materials on track

The German construction industry is the largest single market in the EU. Against the backdrop of an ageing building stock, rising requirements for energy efficiency and the growing use of renewable sources of energy, attractive growth prospects for the German construction sector – in respect of refurbishment and modernisation – have opened up. Furthermore, there has been a rise in the number of building permits issued and residential buildings completed since 2011. Market structures in Austria are similar. The existing franchise system has also provided a basis for significant growth in this sector. As Germany's number two in the building materials specialist retail trade, BayWa maintains a good competitive position in an otherwise highly fragmented market. With 230 locations in Germany and Austria, BayWa is one of the largest nationwide full-line suppliers in the building materials specialist trade in the German-speaking countries. Moreover, some 550 locations are operated by franchise partners. The focus of the business is on the regions of southern and western Germany and along the Rhine as well as throughout most of Austria. BayWa is a full-line supplier in the building materials retail business with a deep and wide product mix for the construction industry and private customers. The assortment ranges from construction steel and concrete, bricks and insulating materials through to windows, roof tiles and exterior plaster, supplemented by natural stone for gardens, tiles for use in the home as well as a wide range of products relating to interior design and fittings. BayWa assumes the role of logistics partner in the delivery of these products and also offers a wide range of building services.

Full-line provider of building materials, but also a specialist for the needs of different trades.

Everything from one source

Besides trading in products, the Building Materials Segment stands out through its competent advisory services and extensive range of services for tradespeople, such as training in the application, launch and marketing of products. BayWa offers complete packages for the energy refurbishment of buildings and functions as a one-stop provider by supplying quality products and arranging qualified tradesmen to carry out assignments. During the construction phase, BayWa provides just-in-time site logistics and arranges general contractors to carry out assignments from start to finish. Furthermore, BayWa offers advice on government-funded programmes for private individuals as well as on the preparation of thermal images and the issuing of Energy Performance Certificates for properties. BayWa is also able to arrange loans for renovation or refurbishing measures for private customers in cooperation with the cooperative banking association. Finally, the company provides building services for the installation of heating, sanitary and ventilation systems; installing photovoltaic systems, solar thermal systems and heat pumps; fitting doors and windows; as well as laying tiles in residential and commercial buildings.

Improvements in logistics: Lower overheads and greater availability

Restructuring measures show initial success

For the first time in several years, the Building Materials sector was able to cover the cost of capital in financial year 2011 following the implementation of restructuring measures. This strategy was pursued in a number of areas in financial year 2012 in order to achieve appropriate return on the capital employed. These measures included, for example, creation of a uniform management of retail spaces with the purpose of enabling standardised promotions across all locations. In addition, procurement has been centralised since 2012, and the supplier portfolio has been drastically reduced. This enabled BayWa to reduce administration costs. The central purchasing body also enables shared centralised fleet management, which in turn reduces logistic costs significantly. Finally, elimination of overlapping sales districts has helped to optimise the location network. Overall, these measures improved earnings in the segment.

Goals and Strategy

Over the course of its 90-year history, BayWa has evolved from a regional agricultural trader into one of the leading international trading and logistics groups. On account of the most recent acquisitions, the BayWa Group is currently one of the top ten agricultural trading companies worldwide. Against the backdrop of changing markets and growing globalisation, the primary goals of BayWa are to remain successful in important growth markets. BayWa pursues this strategy by expanding its international business and entering into new business areas, thereby enabling the Group to strengthen its position in the competitive environment and raise profitability.

Stable yet versatile

Shift in economic weight

Solidity, reliability and innovation – these are characteristics that customers associate with BayWa. BayWa aims to live up to this claim in the future as well. This means that the company must maintain stability while keeping up with changing market conditions. Dynamic developments in the market place considerable demands on the BayWa Group's ability to quickly adapt to new developments. The long-term trend of increased demand for food and energy is a driver for the BayWa Group's business activities. Furthermore, economic weight is shifting. Whereas growth in industrial economies is only moderate or has stagnated altogether, the strongest performing economies are now in Asia, South America, the Middle East, Eastern Europe and Africa, where growing populations and globalisation have led to above-average economic growth. At the same time, securing access to ever-scarcer resources is becoming increasingly important. The solution to these challenges lies in the ability to enter these growth markets, thereby broadening the supply base. BayWa is already pursuing this strategy. With the acquisitions of Cefetra and the Bohnhorst Group in the previous financial year, BayWa has been able to expand its access to the international grain markets to a significant extent. The BayWa Group is currently one of the top ten grain trading companies worldwide. However, increasing internationalisation also means that BayWa faces strong competition in the global market. The company must continuously improve performance and build on its strengths in order to maintain its competitive position. BayWa wishes to remain an attractive and reliable partner for its customers in the future as well. Growth is a key factor in fostering the Group's market position and benefiting from economies of scale. Interest rates are favourable for financing growth. Furthermore, the Group has increased its ability to generate internal funds through the sale of selected real estate portfolios and through active working-capital management. As the company is firmly rooted in the cooperative sector, long-term, sustainable growth is traditionally one of the Group's strategic goals. In the last 90 years, the market environment has changed drastically. BayWa has used this to its advantage, paving the way for long-term growth.

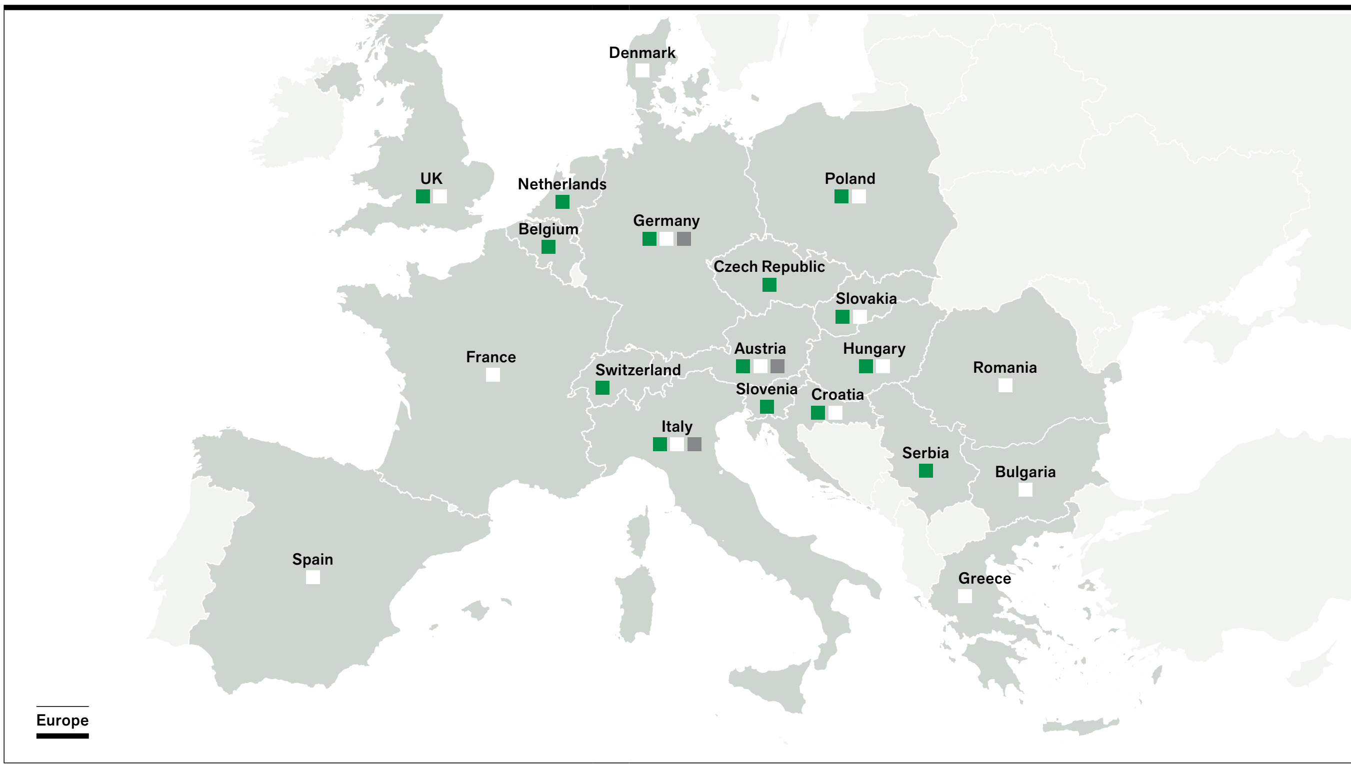
Key factor is
growth

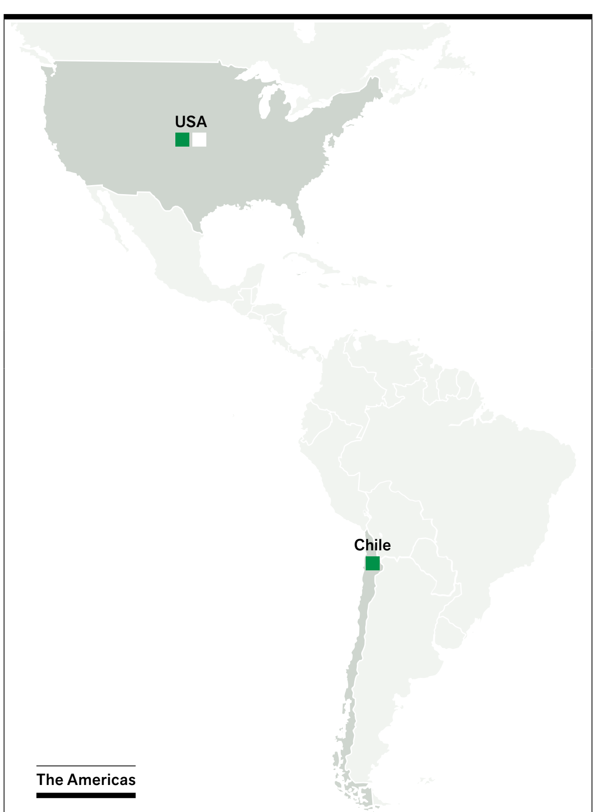
Core components of BayWa's strategy

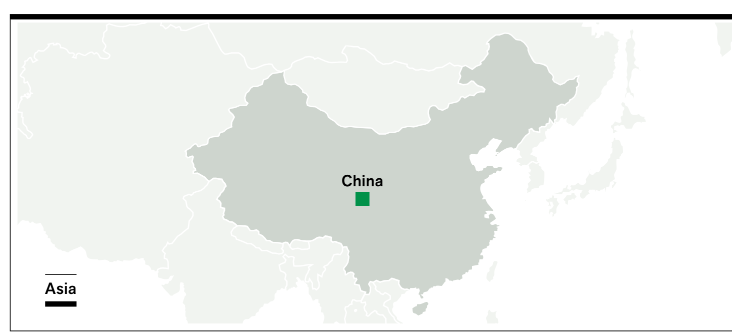
Profitability through
integration

The core components of BayWa's strategy are profitable growth of the company, continued internationalisation of business areas, ongoing cost optimisation, creation of business partnerships and cooperations, value-oriented management, and a sustainable forward-looking approach in its activities. This also includes expanding the range of digital products on offer. Following the major investments in recent years, another focus of corporate strategy is the achievement of synergies through integration of the newly acquired companies. This will raise profitability significantly in the future.

The BayWa Group worldwide







Countries in which the BayWa Group has places of business either itself or through participations (as of February 2013)

■ Agriculture Segment ☐ Energy Segment ■ Building Materials Segment

Profitable growth

In tune with the pace of the market

The globalisation of trade flows leads to the emergence of even larger companies – both on the part of the supplier and the consumer. At the same time, the demands on BayWa's performance continue to rise. In terms of growth, BayWa must keep up with the pace of the market in the medium to long term in order to secure the company's profitability and resulting investment capacity. Only then is BayWa in a position to satisfy the expectations of shareholders and other investors on a long-term basis.

Internationalisation of business

Greater stability

Growth in BayWa's home markets, Germany and Austria, has stagnated owing to demographic changes. As BayWa already has an excellent market share in these regions, the opportunities in these markets are limited. By following the path of internationalisation, the Group has unlocked potential for growth in attractive emerging markets. Diversification also makes BayWa more independent of developments in individual markets and lessens the impact of external factors that affect BayWa's performance, such as harvest failures as a result of bad weather, or changes in legislation relating to renewable energies in certain countries. This gives the Group greater stability.

Ongoing cost optimisation

Achieving synergies

Efficient organisation and ongoing cost optimisation are key factors for increasing profitability. Consolidating functions between the Group and its business units as well as achieving synergies help to raise efficiency. The areas of purchasing and procurement in particular have been the focus of cost optimisation. BayWa has already achieved economies of scale in several areas by placing bulk orders and drawing on a smaller number of high-quality suppliers. Intelligent logistics solutions likewise enable the group to reduce costs.

Partnerships and cooperations with other enterprises

Strong roots in the cooperative sector

BayWa's strong roots in the cooperative sector provide numerous points of contact to partner companies from primary agricultural cooperatives to cooperative banks. Common values such as reliability, fairness and stability are a solid foundation on which the partners build mutual success. For example, BayWa has been cooperating with a number of logistics and sales partners for many years. The Group will continue to form partnerships with suitable companies in the future in order to develop new business lines, establish new distribution channels or gain entry into new markets.

Value-based company management

Transparency through value-based management

BayWa's activities in its core segments, associated business units and business sectors are subject to different requirements with regard to operating assets, intermediate expenditure, equipment and human resources as well as necessary capital. BayWa introduced value-based management as a tool to manage the company and measure performance, thereby allocating EBIT and the cost of capital to the various operational units depending on the specific risks involved. Units with higher capital requirements in the long term or that pose higher risks are accorded a higher proportion of equity. The cost of equity is the required return that a stockholder demands from a listed company. BayWa procures capital at the average rate of interest. Value is created when the business unit generates a surplus on capital employed. This instrument allows BayWa to optimise the allocation of capital within the company based on transparent criteria and to raise the return on capital employed.

Sustainability

The concept of sustainability is firmly rooted in BayWa's corporate philosophy and business policy. Sustainable development is a matter of conviction. In light of the increase in the scarcity of resources with a concurrent rise in global demand for food and energy, sustainability is also becoming increasingly important. In its Agriculture, Energy and Building Materials Segments, BayWa offers its customers a wide range of products and services that support the responsible handling of resources. This includes contracts with growers of renewable raw materials; building materials for energy-efficient refurbishment of buildings; alternative sources of energy, such as wood pellets; or planning and building solar, wind and biogas plants. BayWa is not only committed to the issue of sustainability in respect of its customers, but is also determined to make a contribution to securing resources for future generations by equipping its own locations with regenerative energy systems. Responsible trading is the basis for a forward-looking business model in which BayWa strives to achieve a harmonious balance between business, the environment, corporate social responsibility and commitment to society through sustainable growth. With these goals in mind, BayWa set up a foundation in 1998 to mark its 75th anniversary. The foundation supports projects in science and research as well as education. The goal of the foundation is to provide people in poorer regions with access to education. It is also involved in initiatives to promote a balanced, healthy diet and supports ecologically responsible use of global resources with long-term projects in Germany as well as in developing nations in Africa and Asia.

Generating awareness for a healthy and balanced diet among future generations

The ongoing process of sustainability at BayWa

BayWa has already taken numerous measures to ensure sustainability both at Group level as well as in the business units. In line with its sustainability strategy, BayWa will develop a system of key performance indicators (KPIs) in the medium-term for the purpose of defining strategic goals and initiating and monitoring such measures. This also makes sustainability performance more tangible while making sustainability communication more transparent.

Agriculture Segment

Following the growth measures implemented in recent years, BayWa's aim is to raise the profitability of agribusiness. BayWa's already-strong position in the core markets and its expanding international network have given rise to three paths for strategic development: The Group aims to unlock further potential in grain trading by increasing cooperation between the respective departments at BayWa, Cefetra and Bohnhorst as well as by harmonising risk assessment procedures. The recent company acquisitions have also opened up new opportunities in procurement and sales, which specifically target entry into new markets, such as the UK bread market or the Spanish market for quality grain. The fruit market is also expanding, and BayWa continues to invest in its locations. As a result of the cooperation agreement with the producers' cooperative Württembergische Obstgenossenschaft Raiffeisen eG (WOG), the introduction of convenience products for commercial customers also adds value to the range of services on offer. Finally, BayWa aims to tap potential from cross-selling, in particular with regard to equipment. Besides these measures to integrate the new business activities in the BayWa Group, investments in modernisation of the agriculture locations in the core markets continue to be a focus of action. The main objectives here are to increase performance and productivity in order to remain a strong regional partner in agriculture in the future. On the agricultural equipment side, the main focus of development has been to consolidate the sales regions as well as to provide specialized sales and service for the brands on offer. The market for second-hand farming machines has opened up new sales potential for BayWa in selected European and non-European countries, thereby increasing the share of exports of used machinery mid to long term.

Energy Segment

BayWa's activities in the Energy Segment are divided into two areas: conventional energy and renewable energies. In its traditional trading in fossil-based heating fuels, fuels and lubricants, the Group pursues the strategy of increasing market share by taking over appropriate competitors. However, the market for fossil fuels in particular is declining as a result of improvements on the energy-efficiency front and the growing share of renewable energies. Against this background, BayWa is striving to enter into an entrepreneurial partnership in the heating business in order to increase its market share and simultaneously reduce overheads. A strategic focus of the fuels sector is to modernise existing fuel stations. In the lubricants sector, BayWa intends to strengthen its market position, attract new customer groups and improve service quality, as was the case with lubricants for biogas engines. The lubricants unit serves around 2,600 biogas plants with roughly 4,000 CHP engines, which corresponds to approximately one-third of all installations in Germany. Based on the knowledge drawn from this business operation, the technology can also be used in swimming pools, for example, enabling the company to approach new customers on both the domestic and international market. In the renewable energy business sector, BayWa r.e. renewable energy, business activities are focused on solar power, wind power and biomass; BayWa is involved in the planning and installation of projects in all three areas. Plants that are ready for operation are tested and subsequently sold to investors. Another focus of activities in this area is the so-called "repowering" projects, which serve to increase the output of existing plants. From the very beginning, BayWa has pursued an international strategy in the regenerative energies business sector in order to limit dependence on single international markets and their associated subsidy policies. In financial year 2012, national subsidiaries were set up in the respective countries, operating independently while consolidated under the umbrella brand BayWa r.e. renewable energy. BayWa r.e. renewable energy GmbH is the holding company for all activities in the area of regenerative energies.

Also in the portfolio: Repowering projects in wind power (image above)

Building Materials Segment

As the second-largest supplier of building materials and services in the German-speaking regions, BayWa is well-positioned in a highly competitive market and aims to uphold this position. The focus of strategic measures in the Building Materials Segment is to raise profitability in order to achieve an appropriate return on the capital employed. With this in mind, BayWa's building materials retail unit developed a comprehensive set of measures under the name "Project 2015" to achieve this goal. BayWa restructured the network of locations in 16 regions in financial year 2012, eliminating overlapping sales markets and creating more efficient units. Within the scope of the project, BayWa also designated six cross-functional support regions, which will provide the locations with assistance in logistical and advisory aspects. The introduction of shared centralised fleet management has helped to improve transportation capacity utilisation, for example, as well as to reduce transport costs. Other important steps during the last financial year included creation of uniform retail spaces and centralised management of these retail spaces. In addition, procurement has been centralised and the supplier portfolio has correspondingly drastically reduced. This not only helps to reduce administration costs but has also resulted in lower purchase prices due to larger bulk purchases from the remaining suppliers. As separate sales units oversee the various target groups, BayWa is able to position itself as a full-line supplier in the building materials business so that commercial and private customers in the construction industry have access to specialist support throughout the entire product range. Overall, the outlook for the Building Materials Segment is positive, and BayWa expects to achieve its profit goals in the medium term.

Conducting Sustainable Business

BayWa AG's model for sustainability and responsibility

BayWa AG is one of the leading trading and services companies worldwide in its segments of Agriculture, Energy and Building Materials. By conducting business on a sustainable basis, BayWa aims to secure this position and contribute to the company's long-term progress.

Assuming responsibility for the social and ecological effects of entrepreneurial action is a perquisite for economic success. By laying down and adhering to values, BayWa enhances its capacity for risk prevention and is able to detect potential cost savings and innovations early on and boost the company's reputation.

Trade throughout the generations

Origin in the cooperative movement – basis of corporate philosophy

BayWa's origins in the cooperative movement are the basis of the company's corporate philosophy. The fundamental principle of cooperatives is to achieve a balance of interests between companies, customers and suppliers. The focus thereby is on long-term success, aligning actions with the needs of future generations and responsible business conduct. BayWa has therefore been perceived and appreciated as a strong and reliable partner by its stakeholders since the company was founded. These values are also a benchmark for BayWa as an international company as well, incorporating all aspects of sustainability in its supply chain, products and services.

Building on its fundamental convictions and values, BayWa's sustainability strategy comprises four elements: environment, employees, market and quality of life.

Environment: Preserving resources

Responsible handling of resources

Responsible handing of resources is the focus of environmental sustainability. BayWa incorporates ecological goals in its entrepreneurial action to minimise the possible negative effects of its business activities on the environment. The careful use of resources ensures that there are sufficient stocks available for future generations. Furthermore, eco-friendly practices help to reduce costs and risks for the company.

This is why BayWa is committed to continuously improving its processes with regard to efficiency of resources and energy-saving potential while ensuring that its products – as well as those of its customers, partners and suppliers – comply with ecological criteria such as recognised environmental standards. Last but not least, BayWa raises employees' awareness on the responsible use of resources.

Environmental activities:

- BayWa's ecological guidelines are applicable to its employees as well as to buildings, plants, products and services. The guidelines specify how environmental standards can be integrated in day-to-day operations. Environmental issues are an integral part of training, for example. BayWa also gives preference to environmentally friendly products if their quality is equal to that of conventional products. The logistics process is continuously improved from an ecological point of view in order to enhance economic efficiency.
- BayWa aims to source all its energy needs from green electricity by January 2014, which will save around 70 kilogrammes of nuclear waste and 50,800 tonnes of CO_2 every year. This electricity complies to a large extent with the strict standards of the "OK Power" environmental label. At the beginning of 2013, 99.2% of BayWa's energy requirements already came from green electricity.
- BayWa pays special attention to efficient and environmentally friendly transport solutions to conserve resources in logistics. BayWa is currently gradually replacing its vehicle fleet with fuel-efficient models, and the goal of fleet management is to reduce CO_2 emissions. Having attained the "Cleaner Car Contracts" gold standard, the BayWa fleet has started fulfilling the climate targets even before the respective EU regulations come into force. The objective of the gold standard – to lower the average CO_2 emission from the whole fleet of new cars to 120 grams of CO_2 per kilometre in 2012 – was achieved. Furthermore, goods are transported by rail or ship wherever possible.
- BayWa is also committed to conserving the environment through its actions. Over the past two years, rooftop photovoltaic systems with a peak power totalling around 6.3 megawatt peak (MWp) have been installed on 53 buildings owned by BayWa, saving around 5,400 tonnes of CO_2 emissions.

Employees: A spirit of partnership

Excellent career prospects within the company

Having a team of motivated, hard-working employees is crucial to BayWa's success. Job security and respect in the workplace are essential for retaining employees in the long term and maintaining their performance. BayWa has positioned itself as an attractive employer by providing a variety of individual measures and programmes. It assumes responsibility for its employees by engendering a spirit of partnership. The BayWa Group offers traineeships across a wide range of occupations, with excellent career prospects within the company. Furthermore, BayWa offers apprenticeships beyond its own requirements, giving young people the chance to start their careers with suitable qualifications. BayWa attaches great importance to the prevention of occupational health and safety risks, offering extensive training to promote awareness of how to deal with risks in the workplace. The occupational health programme includes preventive measures as well as various measures to maintain the workforce's physical and mental health. Finally, BayWa is committed to achieving a balance between professional and private life so that its employees can make optimum use of their skills. All these activities also help to equip the company for the challenges that the demographic shift will bring in the future.

Employee activities:

Traineeships and professional development:

- With a trainee ratio of around 9%, BayWa employs more trainees than it actually requires and offers young people a solid career start. Besides this, BayWa cooperates with schools, holding training sessions for job applicants, for example.
- BayWa offers training and professional development programmes and also conducts regular employee assessments in order to evaluate their performance and potential for growth.

Occupational safety and health management:

- BayWa invests in its employees. The extremely low sickness absence rate of 2.6% confirms this. The company offers a six-point health programme, which focuses on the aspects of exercise, nutrition, mental fitness, stress management and work-life balance.
- Owing to the fact that back pain is one of the most common health complaints, BayWa offers a special training programme in association with TÜV and the health insurance organisation AOK in which participants learn how to lift and bend properly.
- BayWa also offers a preventive health programme for managers – assisted by a sports therapist, a doctor and other specialists – in order to prevent burnout.

- BayWa has received several awards for innovative technical solutions in the area of occupational safety:
  – Trade and Logistics Guild (Berufsgenossenschaft Handel und Warendistribution, BGHW) – Prevention Prize, 2011:
  In recent years, the demands on the capacity of storage containers have risen sharply. Gates have grown heavier, and working with a forklift has therefore become more dangerous. In order to prevent accidents, BayWa developed a special attachment for forklift trucks, which enables workers to use hydraulic lifting gear to open the swing gates to containers in complete safety.
  – BGHW – Prevention Prize, 2010:
  BayWa developed an edge protection holder designed to safeguard employees when loading building materials onto trucks. The telescopic connecting rod with lifting device helps workers to position the straps for securing palettes on the truck without the use of a ladder.
  – BGHW – Award in the category "Innovations in Prevention", third place, 2009:
  On the first day at work, every trainee in technical occupations receives a suitcase containing their own personal protective equipment, including protective goggles, a respiratory protection mask, ear plugs and protective gloves. The trainees also receive instruction on the most important aspects of occupational health and safety in order to engender a sense of personal responsibility and safety awareness in younger employees from the first day onwards.

Work and family life:

- Thanks to flexible work arrangements such as flexitime, sabbaticals or parental leave, BayWa supports its employees in the achievement of a work-life balance as well as in maintaining good health and performance in the long term.
- Parents who wish to return to work soon after the birth of their child receive a childcare subsidy of up to €200 a month. This can be granted for children up to the age of 6 and is offered to both full-time and part-time employees.
- BayWa also provides information and advice on the issues of childcare, caring for elderly relatives or finding day care.

The market: Sustainable business

Development to the benefit of all

stakeholders

In economic terms, BayWa acts sustainably by striving for steady development – geared to success in the long term – to the benefit of all the stakeholders of the company, i.e. its customers, employees and shareholders. Surveys conducted show that BayWa's customers have vested a great deal of trust in the company. At the same time, BayWa is perceived as a sustainable company. This view is based on the way the company uses natural raw materials, its local commitment and its long-term focus. By taking into account ecological and social criteria when selecting suppliers and products, BayWa helps its customers to live and work more sustainability. Furthermore, using and trading with sustainable products creates sustainable value for customers.

Activities in the market:

Agriculture Segment:

- Around 15% of all pome fruit harvested in the BayWa Fruit business unit is grown organically. Local family-run operations in the Ravensburg region produce largely in line with the requirements of the organic food associations Bioland and Naturland. Having an own organic fruit brand, "Bio-Obst vom Bodensee" (organic fruit from Lake Constance), BayWa backs regional products and encourages short supply chains. BayWa is the largest supplier of organically grown fruit in Germany.
- Among other initiatives in 2012, BayWa organised a widespread collection of used agricultural packaging materials for recycling. Materials such as silo foil, nets and twine were recycled by a certified company and put back into circulation. In addition, BayWa supports the industrial agricultural association Agrar e.V.'s packaging material system Pamira, which enables farmers to dispose of empty crop protection packaging at collections points for recycling.
- BayWa's range of cereal, seed, animal feed, sugar and hops are certified organic in accordance with the German directive DE-Öko-003.

Energy Segment:

- BayWa's ecoenergy products are certified neutral under the "OK Power" environmental label, for example. This label is awarded by the association EnergieVision e.V., which is an amalgamation of Öko-Institut, WWF Germany and the consumer protection commission of North Rhine-Westphalia.
- Through the BayWa r.e. renewable energy business sector, BayWa is increasingly active in the renewable energy area from organising projects through to the service aspect. In 2012, the business sector recorded just under €441 million in revenues and expanded its market position in Germany as well as on an international level.
- With Planto lubricants, BayWa offers a range of lubricants that are rapidly biodegradable and conform to high safety standards. The ecologically sound Planto lubricants have been tested and recommended by renowned manufacturers of construction and agriculture machines.

Building Segment:

- Energy refurbishment of pre-war buildings can save up to 80% of original energy consumption. BayWa therefore has more than 100 energy advisory specialists in the Building Materials Segment.
- BayWa Building Materials is an active member of natureplus, a label for building products that is issued by environmental organisations, construction biologists and testing institutes according to strict requirements, helping customers to decide in favour of healthy and environmentally sound building materials.
- As a specialised dealer in building materials, BayWa AG provides support and advice to tradesmen and private builders in cooperation with the Sentinel-Haus Institut (SHI) on the subject of building in line with healthy living standards as well as on implementing new and innovative concepts.

Creating quality of life

In harmony with social values

BayWa's core business is closely linked to people's basic needs and quality of life. BayWa has a special responsibility in this regard, and its understanding of this responsibility has shaped BayWa's value culture. Sustainability is firmly rooted in the management of the company. BayWa not only incorporates its ecological goals in its entrepreneurial action, but also ensures that all of its stakeholders – i.e. its customers, suppliers, employees, shareholders and social interest groups – maintain sustainable practices as well. In doing so, BayWa and its stakeholders aim to contribute to a sustainable agricultural system, the transformation in energy policy as well as environmentally friendly, energy-efficient building and living conditions. BayWa's actions are aligned to long-term progress and securing the company as a going concern in harmony with social values.

Another example of BayWa's commitment to society is the BayWa Foundation (www.baywastiftung.de), which promotes educational projects in Germany and abroad. For instance, the Foundation educates children and young people in German schools about healthy, balanced diets and raises their awareness of the agriculture industry as a food producer. The Foundation also supports young academics. BayWa offers grants to numerous students from the University of Hohenheim, Nürtingen-Geislingen University, Weihenstephan-Triesdorf University of Applied Sciences and the Technical University of Munich's Weihenstephan Centre of Food, Land Use and the Environment. In its international activities, the BayWa Foundation provides aid in the form of sustainable projects under the slogan of "Helping Others to Help Themselves", especially in Romania and Tanzania. Here the emphasis is on project results that do not simply dissipate but, instead, lay the foundation for better, sustainable and long-term development prospects.

What is special about the BayWa Foundation is that 100% of donations flow directly into projects, as BayWa AG assumes the administrative costs. Moreover, the Group doubles any amount donated to the Foundation, enabling as many projects as possible to go ahead.

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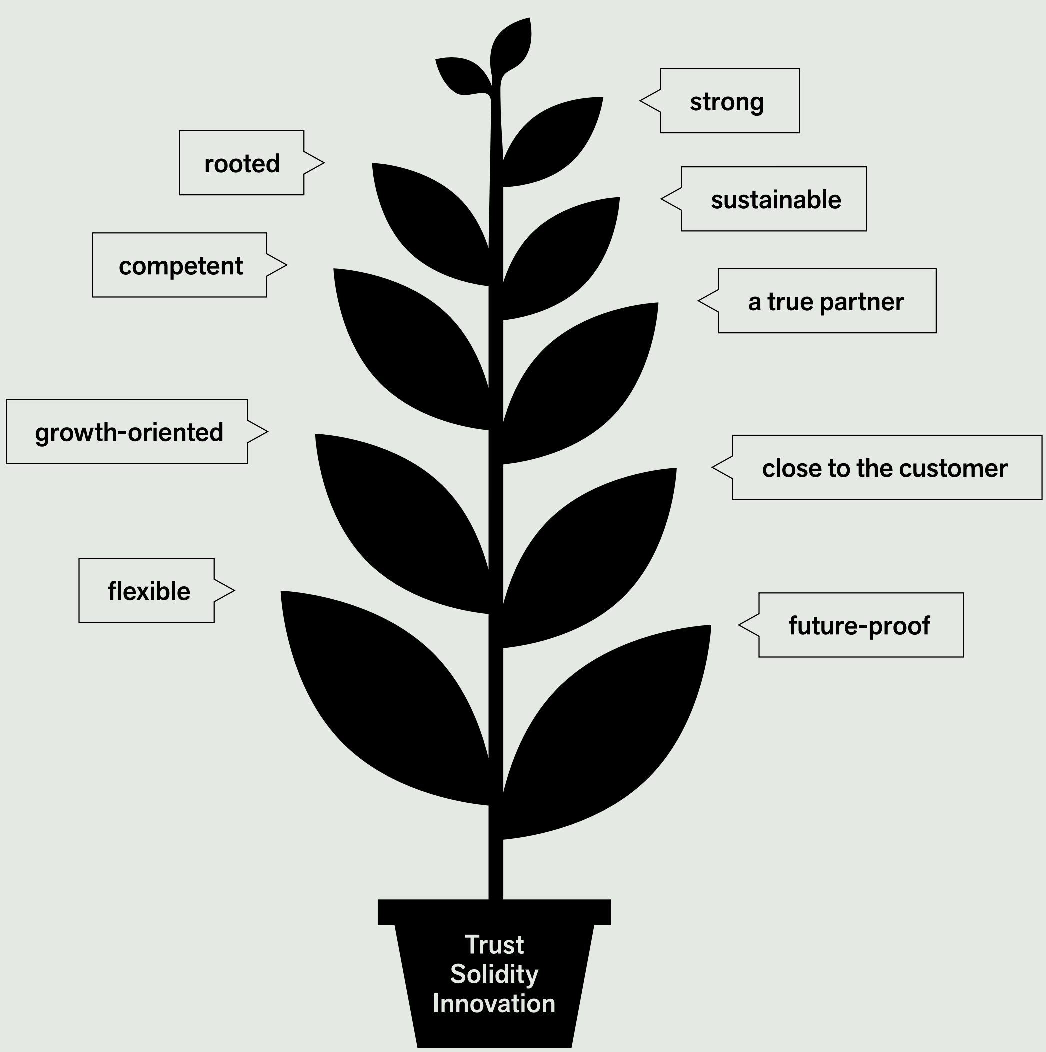
BayWa and the Capital Market



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BayWa and the Capital Market

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The Share

The German stock market gained over 29% measured on the basis of the DAX index in 2012. The BayWa share also performed well in 2012, increasing by around 19% on a year-by-year comparison. The company's ongoing growth and continued steps toward the implementation of its internationalisation and growth strategy fuelled investor interest, particularly in the second half of 2012.

German stock market resilient despite the Euro crisis

MDAX closes 2012 with a gain of

36%

Following a positive start to the beginning of year on the German stock market, increasing concerns about a worsening of the debt crisis in the Euro zone as well as its impact on the economies of countries in southern Europe led to a severe downturn in the markets in the second quarter. The DAX closed down 17% to 5,969 points by the start of June after having gained more than 21%, closing at 7,158 points from January to mid-March. It wasn't until the ECB announced it was going to introduce measures to support the fiscally challenged countries and stabilise the Euro that there was an upturn in the German stock market. The upward trend continued as the year progressed, with the DAX closing at 7,612 points, a gain of 29%, almost the highest level for that year. The MDAX showed a similar picture to the DAX, closing the year at 11,893 points, or a gain of 36%. Companies in the real estate, industry, consumer goods and media sectors performed particularly well on the MDAX.

Performance of the BayWa share

Annual high of

€ 35.81

BayWa's registered shares with restricted transferability performed well on the whole during the financial year 2012. The share price stood at €27.30 at the end of 2011, and climbed to around €30.00, its highest level in the first quarter, by the middle of February. By 5 June, the share price had dropped to €26.40, its lowest level of the year. This decline was largely parallel to overall stock price movements on the German stock market. Below-average forecasts for world cereal production caused the price of agricultural products to rise sharply from mid-June onwards, and this most likely had a positive effect on the BayWa share price. The price proceeded to rise sharply, reaching an interim high of €31.94 on 9 August. Following a phase of consolidation in the summer months of August and September, October saw the BayWa share price initially rise above the average for the MDAX after the announcement of the plan to buy the grain trading companies Cefetra and Bohnhorst. The share price reached an annual high of €35.81 on 6 November, closing the year at €32.60. In a year-on-year comparison, the BayWa share price gained 19% in value in 2012, and market capitalisation had increased by €186 million to approximately €1,124 million by the end of 2012.

Long-term price performance of the BayWa share (in €)[1]

	2003	2004	2005	2006	2007	2008	2009	2010	2011	**2012**
High	13.70	15.40	18.35	26.29	47.71	44.50	26.90	35.04	35.01	35.81
Low	4.60	11.62	12.70	16.51	23.05	17.92	14.15	24.95	24.05	26.40
Closing price	13.21	13.40	16.20	24.28	34.02	25.80	25.16	35.04	27.30	32.60
Market capitalisation (in € million)	443.4	452.9	548.6	823.2	1,154.1	874.4	855.9	1,193.5	937.7	1,124.0

1 XETRA prices: registered share with restricted transferability (sec. ident. no. 519 406); market capitalisation: both classes of shares (sec. ident. no. 519 400 and sec. ident. no. 519 406)

The closing price for registered shares not subject to restricted transferability stood at €36.10 on 28 December 2012. This represents an increase of 20.3% compared with the previous year-end.

The average trading volume of the BayWa bearer shares with restricted transferability climbed from around 43,800 in 2011 to some 46,300 shares per trading day in the reporting year. This corresponds to a 5.7% increase in volume compared with the average achieved in 2011.

Positioning of the BayWa shares in the MDAX

BayWa's registered shares with restricted transferability are traded on the regulated markets on the Frankfurt and Munich stock exchanges, in the XETRA trading system, as well as OTC on the stock exchanges of Berlin, Bremen, Düsseldorf, Hamburg and Stuttgart. The share fulfils the international transparency standards prescribed by Prime Standard. BayWa's shares were admitted to the MDAX with effect from 21 September 2009, which led to an increase in the number of analysts regularly covering BayWa AG. The following banks regularly analysed and assessed BayWa AG in financial year 2012:

Rating by the banks

	As per	Rating
Baader Bank AG	15/10/2012	Buy
Bankhaus Lampe	16/01/2013	Buy
Berenberg Bank	12/11/2012	Buy
Close Brothers Seydler Research AG	15/10/2012	Buy
Commerzbank AG	28/09/2012	Accumulate
Deutsche Bank AG	09/11/2012	Hold
Dr. Kalliwoda Research	19/09/2012	Buy
DZ Bank AG	12/11/2012	Buy
Equinet AG	15/01/2013	Buy
Hauck & Aufhäuser	08/11/2012	Hold
MainFirst Bank AG	02/10/2012	Buy
M. M. Warburg	22/02/2013	Hold

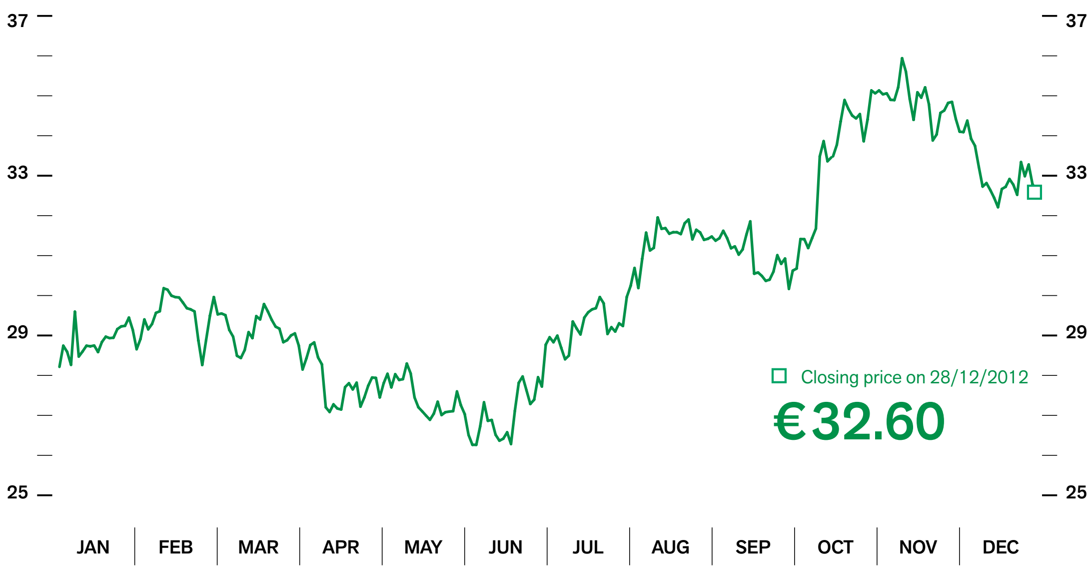
Employees use Employee Share Scheme

BayWa shares with an employee discount of

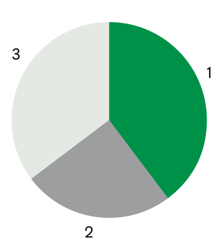
40%

For many years now, the Employee Share Scheme has promoted the entrepreneurial thought and action of the workforce. Moreover, it allows employees to participate in the development of BayWa's shares. In the summer of 2012, employees of BayWa AG and its Group companies were again given the opportunity to purchase BayWa's shares under special conditions. Within the limits permitted under the law on wages and income tax, those entitled to the shares of BayWa AG were able to subscribe at an employee discount of 40%. All in all, 108,092 registered shares with restricted transferability (previous year: 120,789) were issued as part of this share scheme. These shares are subject to a prohibition on sale (company lock-up period) until 31 December 2014. The capital increase from authorised capital was entered into the Commercial Register on 25 October 2012. The company received funds totalling €2,011,592.12 from this measure.

Share price performance from 01/01/2012 to 31/12/2012 – sec. ident. no. 519 406 (in €)



Shareholder structure of BayWa AG as at 31 December 2012



39.86% 1 ··· Free float
25.12% 2 ··· Raiffeisen Agrar Invest GmbH
35.02% 3 ··· Bayerische Raiffeisen-Beteiligungs-AG

BayWa share key data

	Registered shares with restricted transferability	Registered shares not subject to restricted transferability
Securities ident. no.	519 406	519 400
ISIN	DE 0005194062	DE 0005194005
Ticker symbol	BYW6	BYW
Reuters	BYWGa.DE	BYWG.DE
Bloomberg	BYW6:GR	BYW:GR
Stock market segment	Regulated Market/Prime Standard	Regulated Market/Prime Standard
Stock exchanges	Frankfurt, Munich, XETRA OTC in Berlin, Düsseldorf, Hamburg and Stuttgart	Frankfurt, XETRA
Index	MDAX	–
Number of shares	33,100,769 + 108,092 recently issued	1,243,251

Allocation of share capital

The share capital of BayWa amounts to €88,197,406.72. Compared with the previous year, liable capital increased by €276,715.52 owing to the subscription of employees shares. The share capital comprises 34,452,112 registered shares, divided into two different categories: the more-liquid registered shares with restricted transferability (securities identification no. 519 406) owing to their high number of 33.2 million, as well as 1.2 million shares not subject to restricted transferability (securities identification no. 519 400). The latter were largely created through issuance in the context of business combinations. The trading volume of this "smaller" category of shares is very limited owing to their low number.

Dividend increase

Proposed dividend:
€0.65

The Board of Management and Supervisory Board will propose to the Annual General Meeting of Shareholders a dividend of €0.65 per dividend-bearing share. The intention of the company management and supervisory bodies in distributing dividends is to enable the shareholders to participate in the growth of the BayWa Group in 2012. BayWa thus continues to uphold the steady, earnings-oriented dividend policy pursued in recent years. In relation to the BayWa Group's net income, adjusted for minority interest, the payout ratio – subject to approval by the Annual General Meeting of Shareholders – therefore amounts to 23.1% compared with 40.1% in the previous year. Measured against consolidated net income, the payout ratio stands at 18.9% (previous year: 29.4%).

Shareholder structure remains stable

The shareholder structure of BayWa AG pertaining to the registered shares both subject to and not subject to restricted transferability at year-end 2012 was as follows:

- As per 31 December 2012, Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, held 35.02% of the shares in accordance with their entry in the share register.
- Raiffeisen Agrar Invest GmbH, with headquarters in Vienna, held 25.12% of the voting rights.
- The proportion of free floating shares stood at 39.86% on the reporting date.

Investor Relations

Widespread uncertainty and caution in the capital markets has increased investors' need for information. The raft of increasingly stringent regulations also necessitates expert knowledge and communication skills. Furthermore, sustainability has become an increasingly important issue of public and corporate interest and will be an integral part of communication at BayWa in future. In order to meet these requirements, investor relations activities were stepped up in 2012. BayWa's Capital Market Day ended with record participation this year. BayWa continues to position itself as a reliable partner that is open to dialogue at all times.

Communication with the capital market

Trust
in the company's capital market through open and reliable communication

The aim is to consistently provide the various stakeholders in the capital market with information on the Group's performance as well as on its long-term outlook. Open and reliable communication with analysts, institutional investors, private investors and the financial press deepens the understanding of BayWa's business model. This, in turn, fosters the trust of the capital market in the company. The information provided is up-to-date and also covers all sustainability issues. Not least, the information aims to address potential investors whose investment decisions are based to a large degree on how ecologically and socially sustainable they are. The aim is to enhance how the company is perceived and to raise the awareness of BayWa's shares through addressing new types of investors.

All financial reports and company presentations are available in German and English on the company's website under **www.baywa.com/investor_relations/** or **www.baywa.com/en/investor_relations/**.

Furthermore, BayWa AG is a member of DIRK, a German investor relations association. DIRK has more than 300 members and develops standards for communication between participants in the capital market. As part of its investor relations activities, BayWa regularly takes part in presentations, discussion forums, workshops and conferences organised by DIRK. This ensures that the company is informed early on about current trends and requirements in the market as well as new developments on the legal front so that appropriate action can be taken.

Investor relations activities

Comparison between company's standpoint and external perception

The highlights of BayWa's investor relations activities in 2012 were three telephone conferences, which took place when the respective quarterly figures were released, and the annual Analysts' Conference. In addition, there was direct contact with analysts and institutional investors, both in the form of one-to-one discussions as well as at investor conferences. This is an important medium for explaining the prospects of the company in detail and enables an ongoing comparison between the company's standpoint and how it is perceived externally. In this context, how the capital market participants perceive both company developments as well as developments in the respective sectors is also particularly valuable to BayWa.

Nurturing contacts with existing and potential investors at home and abroad in order to enhance the flow of information between companies and the capital market is an integral part of BayWa's investor relations activities.

Number of one-to-one discussions increased

In order to keep the capital market informed and up-to-date about the company's business progress, in particular with regard to the expansion of its internationalisation strategy, BayWa increased the number of one-to-one discussions with fund managers and financial analysts in the reporting year, holding more than 230 meetings (previous year: 210). The meetings primarily took place at roadshows and capital market conferences.

BayWa took part in a number of capital market conferences in 2012:

- Cheuvreux German Corporate Conference, January 2012, Frankfurt am Main
- HSBC/SRI Clean Tech-Conference, February 2012, Frankfurt am Main
- Close Brothers Seydler Bank AG Small & Mid Cap Conference, February 2012, Frankfurt am Main
- Bankhaus Lampe Capital Market Conference, April 2012, Baden-Baden
- Deutsche Bank German, Swiss & Austrian Conference, May 2012, Frankfurt am Main
- Warburg Highlights, June 2012, Hamburg
- Close Brothers Seydler Bank AG Small & Mid Cap Conference, June 2012, Paris
- Berenberg/Goldman Sachs German Corporate Conference, September 2012, Munich
- UniCredit German Investment Conference, September 2012, Munich
- Baader Investment Conference, September 2012, Munich
- DZ Bank Equity Conference, November 2012, Frankfurt am Main
- German Equity Forum, November 2012, Frankfurt am Main

BayWa also held roadshows in the US, the UK, Switzerland, France, Belgium, Austria and certain Scandinavian countries in the reporting year in order to promote contact with international institutional investors. In addition, BayWa made initial contact with Australian investors in the financial centres Sydney and Melbourne.

All investors treated equally

Another focus of activities in 2012 was BayWa's participation in forums and conferences for private and small investors. These events are mainly organised by associations for private investors such as the "Deutsche Schutzvereinigung für Wertpapierbesitz" (DSW) and the "Schutzgemeinschaft für Kapitalanleger" (SdK), which represent the interests of private shareholders. By taking part in these events, BayWa corroborates its claim that it treats all investors equally.

Capital Market Day

Record attendance

at Capital Market Day

BayWa's Capital Market Day, which has been an integral part of communication with investors and analysts for some years now, took place in October 2012. The two-day event took place in 2012 in the town of Lindau on the shores of Lake Constance and saw a record number of attendees. BayWa's management presented information on the Group's strategic orientation and medium-term business prospects. The focus of the event was BayWa's expansion strategy in the Agriculture Segment as well as a tour of the apple sorting and packaging plant in Kressbronn.

BayWa's debt instruments

BayWa's external financing structure has been mainly aligned to the short term owing to the severe seasonal fluctuations in financial resources tied up in current assets. BayWa issued bonded loan for financing medium- and long-term growth for the first time in 2010 and 2011. Delaying the issuance of bonded loans serves to diversify the financing portfolio and smooth the maturity profile of liabilities. Furthermore, the combination of fixed and floating rates reduces the interest rate risk. The funds received were used to repay current liabilities without these credit lines being terminated. The bonds were well received by the market, as indicated by the fact that they were oversubscribed. BayWa did not raise additional finance from external sources during the reporting year.

Bonded loan 2011

	Nominal amount of loan in € million	Maturity	Interest
Bonded loan 1	33.000	12/12/2016	6-month Euribor plus 1.20%
Bonded loan 2	77.500	12/12/2016	3.20%
Bonded loan 3	40.500	12/12/2018	6-month Euribor plus 1.40%
Bonded loan 4	67.500	12/12/2018	3.77%

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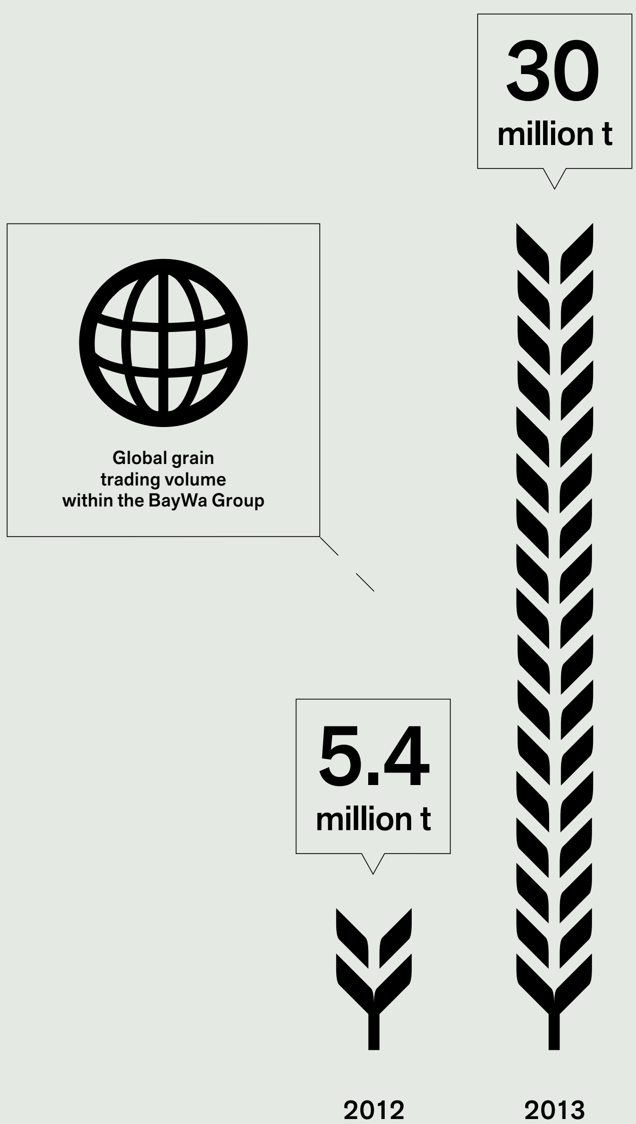
Management Report on the Group



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Management Report on the Group in Financial Year 2012

I. Summary of Performance in 2012

BayWa Group revenues up by just under 10%; EBIT increases by 25.2%

BayWa was able to continue its successful development into financial year 2012. An important step forward was made in the internationalisation of the company with the acquisition of New Zealand fruit company Turners & Growers Limited (Ltd). In addition, BayWa significantly strengthened its future position in the global grain trading market with the acquisition of Cefetra and Bohnhorst, which is slated to become effective as of financial year 2013. BayWa Group revenues rose by just under 10% to €10.5 billion, and the operating result (EBIT) significantly outperformed the previous year's figure, rising 25.2% to €186.8 million. Net income increased to €118.0 million in the reporting year, a year-on-year increase of 73.2%. The shareholders of BayWa AG are also to be given the opportunity of participating in this performance. Consequently, the Board of Management and Supervisory Board will put forward a proposal to the Annual General Meeting of Shareholders to raise the dividend to €0.65 per share.

Agriculture Segment's revenues up by 18.6%

In the Agriculture Segment, the Agricultural Trade, Fruit and Agricultural Equipment business units recorded double-digit revenues growth. Agricultural Trade was able to boost processing and sales volumes in all product areas with the sole exception of the feedstuff business, which remained at the previous year's level. In addition, higher prices for agricultural products and operating resources also made a contribution to the 10.8% increase in revenues to €3,356.9 million. The Fruit business unit saw its revenues almost quadruple to €468.3 million as a result of the first-time inclusion of New Zealand company Turners & Growers Ltd. In the Agricultural Equipment business unit, sales of 4,661 new sets of machinery was a new record for tractor sales and boosted revenues 11.6% to €1,226.7 million. In terms of EBIT, Agricultural Equipment saw a slight year-on-year decline to €54.3 million, due to the fact that the significant margins generated the previous year in trading grain and fertilisers were not quite able to be matched in the reporting year. By contrast, the Fruit business unit's EBIT rose significantly from €4.0 million the previous year to €17.9 million in the reporting year. This development is mainly attributable to Turners & Growers. The Agricultural Equipment business unit was also able to improve its operating result, with a 4.8% increase to €18.9 million. Overall, revenues in the Agriculture Segment increased by 18.6% to €5,051.9 million. EBIT rose by 16.7% to €91.0 million.

Revenues in the Energy Segment climb by 18.2%

In conventional energy business in the Energy Segment, heating oil and wood pellets sales volumes went up significantly during the reporting year, while fuels and lubricants saw moderate rises. Revenues increased during the reporting year by 15.3% to €3,236.0 million due to increases in sales volumes and the fact that heating oil prices remained above the previous year's prices for the entire year. The operating result benefitted particularly from considerably higher demand for heating oil after the early onset of winter, rising by 65.7% to €10.5 million. In financial year 2012, the Renewable Energies business sector benefitted from better-than-anticipated photovoltaic business and significant improvements in project business. The business sector's revenues rose by 44.1% to €440.8 million in financial year 2012. EBIT increased by 20.3% to €32.5 million. Overall, revenues in the Energy Segment rose year on year by 18.2% to €3,676.8 million and EBIT improved by 28.9% to €43.0 million.

Revenues in Building Materials Segment €1,740.4 million in 2012

In financial year 2012, the Building Materials Segment recorded a 15.7% decline in revenues to €1,740.4 million, mainly as a result of the deconsolidation of German DIY & Garden Centres effective as of 1 January 2012. EBIT for the segment fell year on year by 3.1% to €35.4 million. However, this decline is due to profit contributions from DIY & Garden Centres that are no longer included in the segment. By contrast, continued activities in the building materials trade were able to significantly improve their operating result in the reporting year compared to the previous year as a result of the restructuring measures that were implemented.

II. Business and General Conditions

Group structure and business activities

BayWa AG was established in 1923 and has its principal place of business in Munich. Through consistent growth and the continual expansion of its scope of services, BayWa has grown from its humble beginnings in agricultural cooperative trading to become one of the world's leading trade and logistics companies over the course of its 90-year history. Its business focus is Europe, but BayWa also maintains important activities in the USA and New Zealand and has an international trade network. The Group is structured into three separate segments – Agriculture, Energy and Building Materials – which are oriented toward the Group's scope of services comprising wholesale and retail trade, logistics and extensive associated advisory and general services in the sectors of agriculture, energy and construction. BayWa's core markets are Germany and Austria. Furthermore, BayWa has also opened up new markets such as the UK, USA and New Zealand over the past three years as a result of further strategic growth. Including its franchise and partner companies, the Group has around 3,000 sales locations in 18 countries.

New markets opened up, such as the UK, USA and New Zealand

The BayWa Group

	Revenues (in € million)	Employees (annual average)
Agriculture Segment	5,051.9	8,730
Energy Segment	3,676.8	1,564
Building Materials Segment	1,740.4	4,868
Other Activities	61.9	518
Total	**10,531.1**	**15,680**

The Agriculture Segment traditionally generates the largest share of the BayWa Group's revenues. In financial year 2012, this segment accounted for approximately 48% of consolidated revenues. The recent acquisitions will push this revenue share up to around two-thirds of consolidated revenues in 2013. In the agricultural sector, BayWa is one of Europe's largest full-line suppliers and also trades an ever-increasing number of its products worldwide. The Agricultural Trade business unit collects, stores and sells plant-based products and trades in agricultural resources such as seed, fertilisers and crop protection as well as feedstuff for animal husbandry. BayWa's Fruit business unit is an important full-line supplier to the food retail and wholesale industry in Germany. Subsidiary Turners & Growers is one of New Zealand's leading fruit suppliers and also serves parts of the Asian market and South America. Through the reciprocal marketing of products between Germany and New Zealand, BayWa is in the position to provide the retail industry with fresh fruit and dessert fruit all year round. The Agricultural Equipment business unit is a full-line supplier of agricultural equipment for farming and forestry operations, municipalities and commercial customers. Furthermore, the business unit maintains a closely linked network of in-house workshops and mobile service vehicles tailored to manufacturer brands to provide maintenance and repair services and supply replacement parts.

Agriculture Segment: 48% share in consolidated revenues

In financial year 2012, the Energy Segment accounted for around 35% of consolidated revenues. Business activities in this segment are divided into conventional energy and the Renewable Energies business sector. In terms of conventional energy, BayWa focuses its activities on heating oil, diesel and Otto fuels, lubricants and wood pellets in the German federal states of Bavaria, Baden-Württemberg, Hesse and Saxony and in Austria. BayWa r.e. focuses on trading, planning, building and subsequently selling turnkey solar plants, wind farms and biogas plants. In the Renewable Energies business sector, BayWa has a double diversification strategy in the renewable energies business in order to reduce reliance on certain renewable energy sources and respective national markets. With business activities in all major European markets as well as in the USA, this business sector is much more internationally oriented than business involving conventional energy carriers.

Energy Segment: 35% share in consolidated revenues

Building Materials Segment: 17% share in consolidated revenues

Approximately 17% of consolidated revenues are attributed to the Building Materials Segment. Following the carve-out of the DIY & Garden Centre business as of the start of 2012, this segment now mainly consists of business activities in the building materials trade and providing support to franchise partners in the building materials trade as well as in DIY and garden centres in Germany, Austria and a group of international markets. The BayWa Group is Germany's number two in the building materials trade and ranks among the leading suppliers in Austria. In Germany, BayWa has a total of 201 building materials locations together with 29 in Austria. The number of franchisees is currently 1,377.

158 fully consolidated companies, including parent company BayWa AG

BayWa AG heads up business operations in three segments, both directly and through its subsidiaries, which are included in the group of consolidated companies. In Eastern Europe, Spain, the UK, Italy, France, Austria, New Zealand and the US, the local subsidiaries are managed independently. Besides BayWa AG, the BayWa Group comprises 157 fully consolidated companies. Furthermore, 27 companies were included at equity in the financial statements of BayWa.

Corporate goals, strategy and management

BayWa sees itself as a strong partner for its customers. The fundamental features of the Group's brand concept are reliability, solidity and innovation.

BayWa's primary corporate goals are to secure the Group's sustainability and independence through responsible corporate governance toward customers, employees, other stakeholders and society as a whole. BayWa achieves these goals by continuing on its path of growth and raising its profitability to expand its competitive position as a leading supplier of products and services in the Agriculture, Energy and Building Materials Segments over the long term.

The key components of BayWa's strategy are derived from its corporate goals:

- Profitable growth of the Group
- Internationalisation of business
- Continuous improvement of cost structures
- Partnerships and cooperations with other enterprises
- Value-driven management of the company based on economic profit
- Sustainability of the Group's activities

Less reliance on developments in specific markets thanks to internationalisation

BayWa achieves its growth goals by organically developing existing business activities, by opening up new business sectors in domestic and international markets, and by acquiring new companies. By internationalising and geographically diversifying its business activities, BayWa will become more independent from developments in specific markets. At the same time, BayWa is expanding its scope to seize growth opportunities. The BayWa Group is picking up the pace of this strategy, particularly in the Agriculture Segment and with renewable energies. Moreover, BayWa is tapping new business opportunities through partnerships and cooperations with other companies. Further potential for future expansion lies in the development of digital offerings in the e-commerce sector and in the strengthening of the BayWa umbrella brand through the standardised presentation of Group companies.

The Group's expansion will result in economies of scale, which, combined with stringent cost management, will raise profitability. The key focus of strategic measures is the optimisation of on-site structures, the synchronisation of processes by applying best practice models, the greater use of existing sales structures and the strengthening of operating partnerships among Group companies.

Target equity ratio of 30%

On the financing front, the focus is on the efficient management of working capital. By securing longer-term financing for part of its working capital by issuing bonds and loans, BayWa has responded to changes in business structures, in particular to changes resulting from growth in the area of BayWa r.e. renewable energy. BayWa remains focused on maintaining a balanced capital structure. The acquisitions of Cefetra and Bohnhorst, for instance, were chiefly financed by releasing capital from the Group's real estate portfolio. While BayWa fell short of its target equity ratio of 30% as a result of recent acquisitions in order to seize growth opportunities, the Group nevertheless retains this target value over the medium and long term.

Value-oriented management based on economic profit and integrated risk management

The business units are managed and controlled using strategic and operational parameters, by applying a value-driven management approach based on economic profit and by following a strategy of integrated risk management. The key earnings figures EBITDA, EBIT and EBT form the primary basis for short-term operational management and control of the business units. In contrast, the value-driven management approach supports the medium- and long-term streamlining of the portfolio and the strategic improvement of capital allocation within the Group. Economic profit shows whether the ratio between the operating profit achieved and the risk-adjusted cost of capital is appropriate, i.e. whether the segment has earned its cost of capital. Return on average capital invested in the segments is calculated by applying the weighted average cost of capital (WACC) model. The return on invested capital (ROIC) of the segments is then measured against the respective cost of capital. There is economic profit if the return on invested capital is higher than the cost of capital specific to each business unit. The development of an efficient risk management system is particularly important to safeguard long-term economic success, especially in international business. The risk management system is monitored and managed by a Risk Board established in 2009 and headed up by the Chief Executive Officer.

Economic profit

in € million 2012	Agricultural Trade	Fruit	Agricultural Equipment	Conventional Energy	Renewable Energies	Building Materials
Net operating profit	54.3	17.9	18.9	10.5	32.6	35.4
Average capital invested[1]	828.7	199.7	351.5	0.7	363.9	477.2
ROIC (in %)	6.55	8.97	5.37	1,413.58	8.94	7.41
Weighted average cost of capital (WACC) (in %)	5.60	6.70	6.90	6.10	7.10	6.60
Difference (ROIC less WACC) (in %)	0.95	2.27	– 1.53	1,407.48	1.84	0.81
Economic profit by business unit	7.9	4.5	– 5.4	10.5	6.7	3.9

	Agriculture	Energy	Building Materials
Economic profit by segment	7.0	17.2	3.9

1 Intangible assets + property, plant and equipment + net working capital

All BayWa Group segments with positive economic profit

In financial year 2012, all three BayWa Group segments achieved positive economic profit (in other words, positive net income after respective capital costs). The Agriculture Segment recorded an economic profit of €7.0 million, of which Agricultural Trade contributed €7.9 million and Fruit €4.5 million. By contrast, the Agricultural Equipment business unit generated a negative economic profit of €5.4 million, as significant investments in restructuring CLAAS sales continued to have a burdening effect. The Energy Segment reached net income after capital costs of €17.2 million, €10.5 million from the conventional energy business and €6.7 million from the Renewable Energies business sector. The Building Materials Segment also recorded positive economic profit of €3.9 million in financial year 2012 as a result of successful restructuring measures.

Services, products and business processes

BayWa's Agricultural Trade business unit supplies the agricultural sector with seed, feedstuffs and operating resources throughout the entire agricultural year and collects, stores and sells harvested produce. For its harvesting activities, BayWa maintains a dense network of high-performance locations with significant transport, processing and storage capabilities that ensure seamless goods delivery, quality assurance, processing, correct storage and handling of agricultural products. Products are sold through in-house trade departments to local companies in the foodstuff, wholesale and retail industries and – particularly in the case of grain – to firms worldwide.

Additional sales opportunities for German fruit

In the Fruit business unit, BayWa is Germany's leading supplier of dessert fruit to the food retail industry and, with 10 locations, the largest single seller of dessert pome fruit and the largest supplier of organic pome fruit. Furthermore, BayWa also collects, stores, sorts, packages and sells fruit for customers in Germany and abroad as a marketer under contract. Subsidiary Turners & Growers (T & G) is a market-leading New Zealand fruit company and has a large network of trade partnerships to Asia and South America. Thanks to the acquisition of T & G, BayWa is in the position to provide food wholesalers and retailers with fruit the whole year round and seize additional sales opportunities for German fruit in international high-growth markets.

Full-line supplier and service provider

The Agricultural Equipment business unit is a full-line supplier of agricultural machinery, equipment and facilities for farming, stabling equipment, and cultivating grain and fodder products. Moreover, the Agricultural Equipment business unit also supplies versatile municipal vehicles, road-sweeping vehicles, mobile facilities for wood shredding and forklift trucks for municipal services and commercial operations. The range on offer for forestry extends from large machinery and equipment such as forestry tractors, wood splitting and chipping machinery, forest milling cutters and mulchers, cable winches, road and path construction machinery right through to small appliances such as chainsaws and brush cutters and the necessary protective clothing. Moreover, servicing machinery and equipment is guaranteed through a large network of workshops.

Conventional energy business with fossil-based sources of energy

BayWa's conventional energy business consists of selling fossil-based heating materials, fuels and lubricants. As these business activities consist purely of logistics and distribution without any large inventories, price changes only have a limited effect on the valuation of inventories. In the heating business, heating materials are primarily sold through in-house sales offices. Diesel and Otto fuels are sold through over 278 of the Group's fuel stations. In addition, supplies are delivered to the fuel station chains operated by partner companies and wholesalers. BayWa sells lubricants to customers in agriculture, metal-processing trades and industry. BayWa is a market leader for environmentally friendly plant-based lubricants.

Renewable energies business in solar, wind and biomass

Under the umbrella organisation of BayWa r.e. renewable energy, the Group covers the entire value chain when it comes to renewable energy, from planning, development and trade to services for the operation of plants in the photovoltaic, wind power and biomass sectors. Its offerings comprise photovoltaic plants and wind farms as well as plants for generating energy from biomass. BayWa also offers the operating resources and services associated with these plants. This business sector is currently represented in 11 countries around Europe as well as in the USA. By consolidating business activities and setting up separate management teams in the photovoltaic, wind power and biomass sectors, the foundations have been laid to eliminate overlapping activities, take advantage of synergies and thus participate in the anticipated market growth.

Focus on specific target groups

In the building materials trade, BayWa mainly caters to the needs of small and medium-sized companies, tradesmen, commercial enterprises and municipalities. Private building companies and house owners are also important customers. Against this backdrop, BayWa positions itself with a targeted focus on its customer groups when it comes to customer consulting services. The key success factors in this business are physical proximity to the customer, the product mix and the advisory services. In the case of conventional construction materials, being close to the customer is a significant competitive advantage. However, at the same time, the cost of transporting heavy or bulky construction materials with relatively low added value necessitates excellent location structures and optimum logistics.

Sales markets and competitive position

One of the leading companies in agricultural wholesale and retail

BayWa ranks among Europe's leading companies in agricultural wholesale and retail trading. It is anchored in agribusiness as part of the agricultural cooperatives trading structure, where it also has its roots. Shaped by their development over time, these structures cater to the needs of different regions in Germany and Austria. BayWa has approximately 1,000 locations, which form part of an extensive and dense network in its regional markets, particularly in Bavaria, Baden-Württemberg, Thuringia, Saxony and southern Brandenburg, as well as across the whole of Austria. The company maintains close business relations with around 500 cooperative warehouses in Austria. Numerous privately owned mid-sized trading enterprises, mainly operating locally, make up the competitive environment for agricultural products and agricultural equipment. In contrast, there are a number of wholesalers, represented nationwide, offering equipment and resources. All in all, BayWa has established a significant market position for itself in agricultural trading in Germany and Austria. BayWa has internationalised its fruit business even more through the acquisition of Turners & Growers (T & G), a producer and global exporter of fresh fruit based in New Zealand. T & G's existing sales structures offer the potential to open up additional sales markets, particularly in Asia.

In its conventional energy business, BayWa is active principally in southern Germany and Austria, where it has a good market position. The competitive environment is fragmented, and it is shaped mainly by mid-sized fuel traders. In addition, the large mineral oil trading companies also operate in this market. Having developed over time, there is now a close connection with agribusiness, as farmers are among the largest customer groups. The market for renewable energies is a regulated market where energy is produced and fed into the grid at prices set by the government. Developments in the market are therefore largely determined by changes in the structure and size of state subsidies. BayWa is well diversified, both in terms of its products and in its geographical locations, firstly through its offering in the three areas of photovoltaics, wind energy and biogas, and secondly through its activities in Germany, Denmark, France, the UK, Italy, Austria, Poland, Slovakia, Spain, the Czech Republic, Hungary and the USA.

Well diversified in renewable energies, both in terms of products and geographical locations

Being active in local markets and maintaining close contacts with commercial customers is of key importance for success in the building materials trade. The building materials market is strongly fragmented both in Germany and in Austria. In Germany, there are around 840 companies in total with some 2,100 locations specialised in the building materials trade. The majority of suppliers are mid-sized companies that work together in different types of cooperation partnerships. With 201 locations, BayWa takes second place in Germany and enjoys a strong market position in many regions. It is also on a strong footing in the most attractive regions of the Austrian market thanks to 29 locations of its own and an extensive network of franchise partners in the building materials trade. Moreover, BayWa is also active on a regional scale in DIY & Garden Centres in Austria. In Germany, Austria and Italy, BayWa also operates as a franchiser in DIY & Garden Centres.

Number two in the German building materials market

Fundamental legal and economic factors of influence

The Group's Agriculture Segment is strongly influenced by natural phenomena such as the weather. These phenomena are key determinants for the success of the harvest. This sensitivity has a direct impact on the offering and pricing in the markets for agricultural commodities and natural products. In recent years, the degree to which price trends in regional markets depend on international influences, such as droughts or poor harvests in other parts of the world, has become more marked. This also applies to the extent to which the price trends of individual agricultural commodities influence one another. Moreover, fluctuating exchange rates and transport prices are exerting a greater influence on pricing in regional markets due to increasing levels of international integration. The growing significance of agricultural commodities has also exacerbated price volatilities. Finally, changes in the legal framework conditions, especially in the field of renewable primary products and renewable energies, can trigger considerable adaptive reactions in the markets trading agricultural products. Similarly, regulations, for instance those issued by the EU, exert a major influence on pricing and structures in a number of relevant markets.

Regional markets more dependent on international influences

The conventional energy business is mainly influenced by volatile price trends in the crude oil markets. The prices of fossil-based heating materials, fuels and lubricants are also subject to considerable fluctuations, which naturally affect the demand for these products. In the case of renewable energies, rising prices for fossil-based fuels generally result in stronger demand. The sale of biodiesel, however, depends to a great extent on fiscal framework conditions and political decisions regarding blending quantities with traditional petroleum. This applies analogously to the demand for photovoltaic, wind power and biogas plants where, until the systems reach grid parity, return calculated from an economic standpoint is largely determined by the feed-in tariffs prescribed by law. Changes to relevant legislation can therefore have significant effects on investments in renewable energy.

High volatility of crude oil price in conventional energy

Changes in the economic and political environment in particular may have a positive or negative effect on the Building Materials Segment, especially in the case of government policies on residential construction subsidies or subsidy programmes to promote energy-efficient renovation. The development of the building materials trade generally follows overall building activity. Civil engineering and road construction in particular depend on public-sector spending. In the area of private construction, incentives such as government subsidies for renovation or refurbishment measures, favourable interest rates for financing, and changes in the feed-in tariffs for electricity generated by photovoltaic plants are what influence investment patterns. In addition, manifold regulations enshrined in construction laws and construction directives, such as energy conservation directives or the introduction of energy certification for buildings, construction approvals, public procurement law, as well as directives on fire and noise insulation, influence general investment propensity levels and the demand for certain products.

Changes in economic and political environments with implications for building materials

Macroeconomic conditions

Further slowdown in pace of global economic growth

The rate of the global economy's growth experienced a further slowdown in 2012. Global economic output rose by a mere 3.2% following 3.9% the previous year. Expansion in the gross domestic product of industrial nations averaged a mere 1.3%. Weak development as a result of the sovereign debt crisis in southern Europe had a particularly noticeable effect on the eurozone, which saw economic output fall by 0.4%. In the USA, economic growth quickened from 1.8% in 2011 to 2.3% in 2012. However, this growth was primarily driven by a stronger first half of the year, and the economy lost momentum in the second half-year on account of fiscal restrictions. Emerging and developing countries continued to generate above-average economic growth of 5.1%, with China leading the field with growth of 7.8%.

The German economy grew by 0.8% in 2012 and was therefore the most successful in the eurozone. However, the resurgence of the European sovereign debt crisis in the middle of the year and an unexpected slowdown in the global economy curbed economic development over the course of the second half of the year to a considerable extent. Exports increased by 4.1%, as the slowdown in the eurozone was countered by strong demand from other countries. Imports increased too, but, at 2.3%, their growth was not as significant as exports, primarily as a result of a 2.4% fall in investment activity. While public-sector spending increased by 1.2%, somewhat more than the previous year, consumer spending made a disproportionately low contribution to economic growth in 2012, as it grew by just 0.7%.

In Austria, macroeconomic growth in 2012 slowed to 0.6% following 2.7% in 2011. The low level of growth is predominantly down to the fact that capital investments and exports only increased moderately by 0.8% after the previous year's high growth rates of 7.3% and 7.9% respectively.

Trends in the agriculture sector

Prices of agricultural products remain stable at a high level

Prices for agricultural products remained at a relatively high level in Europe in 2012. In Germany, the producer price index for agricultural produce saw a year-on-year increase of just under 3% at the end of the third quarter. The main cause of this price development was the increasing scarcity of agricultural commodities around the world. In 2011/12, global grain production volumes increased year on year by a mere 5.2% to 2,316 million tonnes. However, in the second half of the year, severe droughts in important production regions such as the USA, Russia, Kazakhstan, Ukraine, Brazil and Argentina led to significant declines in harvests and a corresponding scarcity of supply. In Germany, the total grain harvest volume fell a good 6% year on year in grain year 2011/12. In regional terms, yields in the south and west of the country were more favourable than those in the north and east. Above-average price increases were seen with plant-based products in particular. As a result, the grain price index increased by some 17% year on year as of the end of September 2012.

With high production volumes across the EU, producer prices in the dairy industry were down around 5% year on year as of the end of September 2012. In Germany, the amount of milk collected by creameries increased year on year by around 1%. After they had fallen sharply by over 10% in the first half of 2012, milk prices recovered in the third quarter and, in October, more or less reached the price level seen at the beginning of the year. Whereas global meat production in 2012 rose by around 1%, Germany saw a 2% decline in its meat production levels. The production of pork and beef in particular saw negative development, while poultry production experienced a slight increase. Meat prices remained relatively stable between January and October 2012, maintaining the same high levels as the previous year. Marginal declines in price were only observed with poultry.

Prices for agricultural operating resources continued to rise in 2012. Energy and feedstuff prices increased particularly sharply, although increases in crop protection prices were more moderate. By contrast, prices for fertiliser developed inconsistently. With calcium fertilisers, increasing demand led to moderate price increases. However, nitrogen, potassium and phosphate fertilisers were available at more or less the previous year's prices. One of the likely reasons for this is less demand as a result of extreme weather conditions in North America, southern Europe and parts of Australia and India. Overall, substantially higher income in the agricultural sector more than compensated for cost increases in operating resources. According to preliminary figures produced by the German Farmers' Association, the German agricultural industry's net value added increased by around 10% to €14.5 billion in 2012. Operating income per worker rose to €27,100, up from €24,500 the previous year.

Improved net value added in German agriculture

After the record fruit harvests of the previous year, poor weather conditions in Germany in the first half of 2012 – particularly the late frost during the blooming period – led to harvest yields falling for almost all fruit types. The German apple harvest, for instance, dropped by approximately 2% year on year to 933,000 tonnes and fell short of the 1 million tonne mark, considered a normal harvest, by 7%. The stone fruit harvest in 2012 also fell significantly. A similar trend was seen in other EU countries. A high-quality harvest coupled with scarce supply resulted in higher fruit prices, meaning that sales revenues for fruit farmers rose year on year. In New Zealand, the 2012 fruit harvest was average in terms of size, and sales revenues were positive.

Better sales revenues for German fruit farmers

The predominantly positive revenue and income situation at many agricultural operations was good for investments in agricultural equipment in 2012. The ongoing structural change also tended to lead to greater demand for agricultural equipment. The number of agricultural operations fell by 0.5% to 299,100, another decline, but the average area of land under cultivation rose by 0.1% to 55.9 hectares per agricultural operation. Total revenues in the agricultural equipment sector increased by 9.7% in 2012 to around €7.7 billion. Agricultural machinery saw a particularly sharp rise, posting a 14.6% increase in revenues.

Greater demand for agricultural machinery

Trends in the energy sector

Alongside the structurally driven decline in the consumption of crude oil, the high heating prices during 2012 also restricted demand. Aside from the periods between April and the end of July and mid-October until mid-December, the price of crude oil was higher during 2012 that it had been the previous year, when prices had already been elevated. Reaching a peak of USD122 per barrel and a low of USD87 per barrel, price fluctuations were up year on year. At the start of 2012, the price initially rose sharply from USD105 per barrel to USD122 per barrel. From April, prices started to fall on the back of the resurgent European sovereign debt crisis and modest prospects for global economic growth, and it reached an all-year low of USD87 per barrel in June. From this level, the price of oil rapidly recovered to around USD110 per barrel.

Heating oil prices developed largely in line with oil prices; however, they outperformed previous year's prices throughout 2012. Overall sales of heating oil were therefore sluggish in the first nine months of 2012. In the fourth quarter of the year, demand increased significantly due to seasonal effects and on the back of slight declines in heating oil prices. Total fuel sales fell slightly in 2012, despite a 1.3% increase in the stock of vehicles. Sales of diesel fuels rose by around 1%, whereas sales of Otto fuels fell by 5%. Declines in fuel sales are likely to be linked to high prices. Moderate increases were observed in lubricant sales, mainly due to the positive economic environment for the metal-processing industry and, in particular, mechanical engineering in Germany.

Moderate increases in lubricant sales

Further increase in renewable energy capacities in line with Germany's energy transition policy

The expansion of wind power, photovoltaic and biomass capacities continued as a result of the German government's policy to promote renewable energy. Major energy companies are also reviewing their business models and offering decentralised supply solutions using renewable energy on an increasing basis. While wind power and biogas plants tend to be limited to large-scale commercial projects, demand for photovoltaic plants is increasing among commercial customers and, in particular, private households. Despite the gradual cuts to feed-in tariffs for photovoltaic energy, newly installed output, at 7,600 MW, was far higher than the target range of 2,500 MW to 3,500 MW aimed for by policymakers due to further significant drops in module prices in 2012. Bottleneck factors in the expansion of renewable energies are the financing of overheads through energy customers and the transfer capacity of the power grids. Following an initial cut to subsidies on 1 January 2012, they were reduced even further on 1 April in order to prevent an uncontrolled increase in EEG (German Renewable Energy Sources Act) allocation. From May, the feed-in tariff fell by 1.0% per month. In November 2012, a flexible cap was introduced whereby the monthly cuts to feed-in tariffs are increased or decreased every three months. These adjustments are made on the basis of the rate of new plant construction. Moreover, a total expansion target for subsidised photovoltaic energy of 52 GW was stipulated.

Output from newly installed wind power plants in the USA doubled

In terms of wind energy, around 2,439 MW of capacity was added in Germany in 2012 through new projects or repowering measures. This equates to a year-on-year increase of approximately 20%. The European wind power market also experienced further growth in 2012. In the USA, total output of newly installed wind power plants came to an estimated 13,200 MW in 2012, almost double the previous year's output of 6,800 MW. Government subsidisation of biomass energy was increased to up to €500 million for the period between 2009 and 2012. One key focus for subsidies is investing in existing housing stock and, by doing so, making a contribution to increasing the share of renewable energies in the overall heating supply. In the area of biomass energy, incentives are being offered to increase energy efficiency and to intensify use of biogenic residual and waste materials, and the so-called "heat-power coupling bonus" is being increased considerably. At the same time, for new plants with an output of over 5 MW, only energy generated as part of a heat-power coupling system is eligible for EEG remuneration. The aim of this restriction is to increase the amount of energy generated in this manner. For biomass, the aim is to cover 6% of total natural gas requirements in Germany with biomethane by 2020 and to increase this to 10% by 2030.

Trends in the construction industry

Building permits up 11%; strongest increases in multi-family housing construction

The construction industry benefited from a recovery in the residential construction sector in 2012, which remains the most important sector in the German construction industry, accounting for 58% of total business. The number of building permits rose by just under 11% to 246,600 units from 222,600 in 2011. The strongest growth was seen in the area of multi-family housing. Overall, real investment in residential construction was up 2.5% year on year. In contrast, non-residential construction saw activity fall by 3.8%. Investment in commercial building declined by 1.5% and in public-sector building by 14.0% in real terms in 2012 after a sharp rise the previous year. This significant decline is primarily due to the expiry of the subsidy programme that was part of the government's second economic stimulus package in 2011. Real civil engineering investment was down 6.1% year on year. Overall, commercial civil engineering fell 4.0%, and public-sector civil engineering by 8.0%. In total, real construction investment in Germany in 2012 fell 0.6% year on year, as construction activities took a major hit as a result of the early onset of winter in November.

In Austria, the growth dynamics of the construction sector dwindled noticeably in 2012 following the sharp 4.4% increase in construction investment in 2011. However, with an increase of 1.1%, construction investment outperformed the economy as a whole. The main growth factor was residential construction, which increased by 2.4%. After very strong growth in 2011, other construction activities stagnated in 2012 (+0.1%). The worsening downturn in macroeconomic prospects over the course of 2012 had a particular impact on this area. In terms of civil engineering, construction investment declined slightly by 0.2% as a result of government austerity measures.

III. Earnings, Financial Position and Assets

Earnings position

Development of the Agriculture Segment in 2012

Revenues up 10.8% in the Agricultural Trade business unit

The revenues of the BayWa Group, generated through agricultural produce and operating resources in its Agricultural Trade business unit, rose by 10.8% to €3,356.9 million in financial year 2012. The increase in revenues is due to both volume and price. Grain turnover, for instance, increased by 9.9% to approximately 5.4 million tonnes, and sales prices were up year on year. At just under 2 million tonnes, fertiliser sales went up by 3.1%; prices remained stable at the same time. Animal feed sales amounted to just under 2.4 million tonnes, on par with the previous year; revenues increased due to a rise in market prices. Prices increased moderately due to persistent cold weather in the spring. EBITDA (earnings before interest, tax, depreciation and amortisation) of the segment declined slightly by some €1.0 million, or 1.2%, to €81.1 million as the grain and fertiliser sales margin did not reach last year's very high level. EBIT (earnings before interest and tax) decreased by 3.2% year on year to €54.3 million due to depreciation and amortisation increasing by €0.8 million to €26.8 million. Net interest dropped by €3.0 million to €– 23.5 million compared to the previous year, owing to the significantly higher trading volume requiring financing. All in all, earnings before tax of the Agricultural Trade business unit dropped by €4.8 million, or 13.6%, to €30.7 million year on year.

Revenue growth as a result of inclusion of Turners & Growers

The Fruit business unit increased total revenues by €338.6 million to € 468.3 million in 2012. The majority of revenues growth in this business unit is attributable to the initial consolidation of Turners & Growers (T & G) since 31 March 2012. In addition, the Group managed to expand the original revenues in the fruit business. Dessert fruit as well as soft and stone fruit sales more than doubled compared to 2011. EBITDA climbed by €22.0 million to €28.0 million. Depreciation and amortisation went up from €1.9 million to €10.1 million, resulting in EBIT growing by €4.0 million to €17.9 million. Financial expenses went up from €0.4 million to €3.0 million. This rise mainly reflects the financing of the increase in T & G's working capital. Earnings before tax of the Fruit business unit grew from €3.6 million to €14.9 million in 2012.

Revenues up 11.6% in Agricultural Equipment business unit

Business in tractors and other agricultural machinery profited from the continuously positive income situation of farmers, the high level of orders on hand from 2011 and the implementation of the two-brand strategy with CLAAS and AGCO. Tractor sales reached a new record level, with 4,661 new units of machinery sold. This corresponds to a 21.1% rise compared to the previous year. All in all, revenues in the Agricultural Equipment business unit increased by €127.2 million, or 11.6%, to €1,226.7 million in 2012. EBITDA rose by €2.5 million, or 9.2%, to €30.0 million. This growth rate, which is slightly lower than that of revenues, is caused by both subsequent costs from the development of the CLAAS sales structure and upfront costs for Massey Ferguson sales. Depreciation and amortisation increased by €1.7 million to €11.1 million in 2012 due to the high investment volume in the previous year. EBIT therefore went up by 4.8%, or €0.9 million, to €18.9 million. Financing costs rose by €1.8 million to €11.1 million on account of the rise in sales of new machinery. In addition, advance sales in connection with the change in production of one tractor manufacturer as well as an increased amount of machinery in inventories at the end of the year due to the early onset of winter resulted in a rise in funds committed. At €7.2 million, earnings before tax of the Agricultural Equipment business unit in 2012 therefore were €1.5 million down year on year.

EBIT in Agriculture Segment up by 16.7%

Revenues in the Agriculture Segment grew by 18.6%, or €793.0 million, to €5,051.9 million in financial year 2012. There was an above-average increase in EBITDA, which soared by €23.6 million to €139.0 million, up 20.5%. Adjusted for depreciation and amortisation of €48.0 million, the segment's EBIT climbed by €13.0 million, corresponding to 16.7%, to €91.0 million. The segment's financing costs climbed by €8.1 million to €38.3 million. Overall, earnings before tax of the Agriculture Segment came to €52.8 million, up 10.4%, or €5.0 million, on the previous year's figure.

Development of the Energy Segment in 2012

Revenues in conventional energies rise by 15.3%

Sales of the Energy Segment through business with conventional sources of energy rose across almost all product categories in financial year 2012. Heating oil sales volumes grew by 18.8% and that of wood pellets by 18.0% compared with the previous year. Particularly in the case of heating oil, the early onset of winter and low household supplies combined with simultaneous slightly lower prices created a sudden boost in demand. Fuel sales went up by 13.8% and lubricant sales fell slightly by 0.2%. Total revenues from conventional energy increased by 15.3% to €3,236.0 million. The large sales volumes as well as the annual average increase in prices – particularly of heating oil and fuels – contributed to this revenues growth. EBITDA amounted to €19.7 million, which is 27.8% higher than the previous year's figure. Adjusted for depreciation and amortisation, which was only slightly up year on year, EBIT increased by 65.7% to €10.5 million.

44.1% increase in revenues from renewable energies

The Renewable Energies business sector, pooled under BayWa r.e. renewable energy, profited from stable solar and growing project business in 2012. In view of announced further cuts in feed-in tariffs, solar trading performed better than originally expected, with 147 megawatts (MW) in output sold. Demand was particularly high until mid-2012, whereas the feed-in tariff cuts resulted in a slowdown in the second half of the year. The project business focused on plant sales in 2012. Institutional investors' interest in renewable energies with stable and attractive long-term returns is continuously growing on account of low capital market returns. The second-largest solar park in Mecklenburg-Vorpommern in Stralsund-Barth, with a nominal output of 31.5 MW, is one example of the sale of completed systems in the solar business. This plant started operations in September 2012 and was sold at a profit in the fourth quarter. The solar park has around 130,000 solar modules on 40 hectares of land and produces electricity for around 7,600 households. In addition, Windpark Gunzenhausen in Central Franconia, Bavaria, with total installed output of 18 MW, was sold to an infrastructure fund for institutional investors. In the biomass business, Bavaria's largest biogas plant in Pliening was sold at the beginning of 2012. The plant feeds 38 million kilowatt hours of gas into Munich's municipal gas network, enough for around 2,000 households. Total revenues in the Renewable Energies business sector increased by 44.1% to €440.8 million in 2012. In terms of EBITDA, the business sector reported growth of 45.1% to €52.9 million. Depreciation and amortisation of the business sector went up from €9.3 million in 2011 to €20.3 million in financial year 2012 – primarily because of the consolidation for the full year of the numerous newly acquired companies. At 20.3%, EBIT therefore grew disproportionally lower than revenues. However, the BayWa r.e. renewable energy business sector generated EBIT of €32.5 million – the highest figure since it was established.

EBIT in the Energy Segment up 28.9%

Total revenues of the Energy Segment increased by €565.0 million, or 18.2%, to €3,676.8 million in financial year 2012. The segment's EBITDA climbed by 40.0% to €72.6 million. Adjusted for depreciation and amortisation, which at €29.6 million were up €11.1 million year on year, EBIT rose by 28.9% to €43.0 million. Financing costs went up by €6.2 million to €16.5 million. The main reasons for this development were the full-year refinancing of the company acquisitions, which were included in 2011's figures only on a pro rata basis, and the additional shares acquired in RENERCO Renewable Energy Concepts in 2012. Working capital also increased due to growth in the project development business. Earnings before tax of the Energy Segment climbed by 14.7%, or €3.4 million, to €26.6 million.

Development of the Building Materials Segment in 2012

Operational improvement in Building Materials business unit

Revenues of the Building Materials Segment decreased by 15.7% to €1,740.4 million in financial year 2012, mainly on account of the deconsolidation of the German DIY & Garden Centre business as of 1 January 2012. The continued operations in the Building Materials business unit improved year on year, on the other hand. However, the earnings contributions from the DIY & Garden Centre business, which are no longer included in the segment, were higher than the increase in operating result in the building materials trade, meaning that the segment's EBITDA and EBIT were down year on year. EBITDA of the Building Materials Segment therefore went down by 19.6% to €52.8 million. As depreciation and amortisation declined disproportionately by €11.7 million to €17.4 million, EBIT came to €35.4 million, just 3.1% less than in the previous year. The segment's financing costs also decreased considerably by 24.0%, or €3.0 million, to €9.5 million due to the drop in tied capital. Earnings before tax of the segment therefore increased by 7.8% to €25.9 million.

Development of the Other Activities Segment in 2012

In financial year 2012, Other Activities mainly comprised BayWa's participation Ybbstaler until 31 May 2012. Effective 1 June 2012, the Ybbstaler companies were integrated in a joint venture under the management of AGRANA Juice Holding GmbH. Ybbstaler was consequently also deconsolidated at BayWa as of 1 June 2012. Revenues of the Other Activities Segment therefore decreased by 58.5% to €61.9 million. EBITDA, on the other hand, went up by 41.9% to €78.9 million due to the disposal of the multi-storey building in which BayWa Headquarters was located. As a result, EBIT amounted to €62.1 million, a rise of 57.9%. Earnings before tax grew by 59.7% to €62.9 million.

Earnings position of the BayWa Group

In € million	2008	2009	2010	2011	**2012**	Change in % 2012/11
Revenues	8,794.6	7,260.2	7,903.0	9,585.7	10,531.1	9.9
EBITDA	258.1	209.7	228.2	251.3	306.6	22.0
EBITDA margin (in %)	2.9	2.9	2.9	2.6	2.9	–
EBIT	161.9	115.4	128.9	149.2	186.8	25.2
EBIT margin (in %)	1.8	1.6	1.6	1.6	1.8	–
EBT	103.5	75.1	87.1	95.4	122.6	28.5
Consolidated net income	76.7	59.4	66.8	68.1	118.0	73.2

Consolidated revenues in 2012 at around €10.5 billion

The BayWa Group raised its revenues by €945.4 million, equivalent to 9.9%, to €10,531.1 million in financial year 2012. At €338.6 million, revenues growth is attributable to the fruit business, with the initial consolidation of Turners & Growers having a particular effect. Organic growth in the Agricultural Equipment business unit within BayWa r.e. renewable energy of €262.1 million was another main contributor to consolidated revenues growth. In the Agricultural Trade business unit and conventional energy business, revenues growth was generated by a rise in sales volumes as well as, in particular, increased market prices for agricultural produce, operating resources and mineral oil products.

Other operating income rose by a total of €75.5 million to €205.4 million year on year. This increase resulted in particular from the rise in other income of €49.6 million (previous year: €37.7 million) – including profit from the deconsolidation of the Ybbstaler companies – as well as a rise in income from asset disposals of €45.2 million (previous year: €23.4 million). The latter includes the accounting profit from the sale of the multi-storey building of BayWa Headquarters. In addition, income from letting and leasing rose to €44.5 million (previous year: €27.1 million), mainly on account of the leasing of DIY & Garden Centre properties. Furthermore, income from price gains went up to €11.5 million (previous year: €4.1 million), income from regular cost reimbursement to €23.4 million (previous year: €16.0 million), income from payments received on receivables written down to €4.8 million (previous year: €2.9 million) and income from recurring advertising subsidies to €5.0 million (previous year: €3.6 million). Total remaining other income came to €22.2 million, up €3.5 million year on year, and included gains from negative goodwill from the recognition of the acquisition of Turners & Growers Ltd amounting to €9.1 million.

Cost of materials increased by €852.5 million to €9,355.6 million in the reporting year due to the initial consolidation of Turners & Growers as well as the rise in market prices in the agricultural and energy business. Net of the cost of materials, gross profit went up by €121.6 million, or 9.3%, to €1,425.3 million in 2012.

Personnel expenses amounted to €718.7 million

Personnel expenses rose by 5.4%, equivalent to €36.7million, to €718.7 million, principally owing to rising employee numbers as well as adjustments under collective bargaining agreements in the Group.

Other operating expenses amounted to €418.6 million in 2012, up €36.2 million, or 9.5%, year on year. The main items leading to this rise were: cost of legal and professional advice and audit fees of €34.4 million (previous year: €22.6 million), costs for the vehicle fleet of €63.4 million (previous year: €54.2 million), rental and lease income of €37.8 million (previous year: €32.2 million), currency-induced losses of €9.7 million (previous year: €4.2 million) and expenses for staff hired externally of €22.4 million (previous year: €18.5 million). Total remaining other operating expenses came to €250.9 million, up €0.2 million year on year.

EBITDA rose by €55.2 million, or 22.0%, to €306.6 million in financial year 2012.

At €119.8 million, scheduled depreciation and amortisation in the BayWa Group was €17.6 million higher than in 2011 owing to the greater investment volume and additions to the group of consolidated companies.

Group EBIT up 25.2%

The BayWa Group's EBIT increased by €37.6 million to €186.8 million, which is an increase of 25.2%.

The financial result comprises income from participating interests, which is allocated to EBITDA and EBIT, and net interest. Income from participating interests went up by €6.5 million to €18.6 million in financial year 2012 due to the income from the joint ventures Ybbstaler and collected dividends being included for the first time. Lower net interest, down €10.4 million to €– 64.1 million, is essentially due to the financing of ongoing investments and acquisitions, and higher working capital due to the market price hikes for agricultural produce and operating resources.

28.5% increase in earnings before tax

The BayWa Group's earnings before tax increased by €27.2 million to €122.6 million, which is an increase of 28.5%. The Agriculture Segment contributed €5.0 million, the Energy Segment €3.4 million and the Building Materials Segment €1.9 million to this rise. Other Activities' contribution to income was up €23.5 million year on year, primarily due to the profit from the disposal of BayWa Headquarters and the deconsolidation of the Ybbstaler companies.

The BayWa Group paid €4.6 million in income taxes, €22.7 million less than in the previous year as the reduction of the pension fund interest rate was able to be structured as a tax deductible. The tax rate therefore comes to 3.8% in the reporting year (previous year: 28.6%).

Consolidated net income at €118.0 million

After deduction of income taxes, the BayWa Group generated net income of €118.0 million in financial year 2012 (previous year: €68.1 million); compared with the previous year's figure, this represents an increase of 73.2%. The share in profit due to shareholders of the parent company went up from €50.5 million in the previous year to €96.7 million in the reporting year.

Earnings per share of €2.82

Earnings per share (EPS), which is calculated from the portion of the result attributable to the shareholders of the parent company in relation to the average number of shares outstanding of 34,324,520 (dividend-bearing shares minus treasury shares), climbed from €1.48 in the previous year to €2.82 in the reporting year.

Financial position

Financial management

The aim of financial management within the BayWa Group is to secure the cash and cash equivalents required for the purpose of conducting regular business at all times. This task includes hedging against interest rate risk, currency risk and merchandise-related market risks by using suitable derivatives instruments.

Forward exchange transactions and swaps are used selectively to hedge receivables and liabilities denominated in a foreign currency. These measures served exclusively to hedge underlyings from customary business.

Forward exchange transactions and swaps are used solely to hedge existing and future receivables and liabilities denominated in foreign currency from the purchase and sale of goods. Hedging transactions in the BayWa Group are designed to reduce the risks from fluctuating exchange rates. The volume of open positions arising from the respective underlyings, and the resulting cash flows form the basis for currency hedges. Terms reflect those of the underlyings.

No increase in speculative risk positions in financial operations

In the BayWa Group, financial management has been set up as a service centre for the operating units and not as a profit centre in its own right. In accordance with this conservative approach to providing services, the use of fungible financial products to generate original profit contribution in financial operations has been waived. In particular, there are no speculative risk positions in our financial operations.

Daily financial management is focused on liquidity management through cash pooling within the whole Group and the same-day provision of liquidity. The Treasury Department uses suitable IT systems and appropriate treasury management software for this purpose.

Decentralised procurement of funds

The procurement of funds is organised decentrally and based on the principle that the national entities refinance in local currency of the respective country. This applies mainly to activities in Eastern Europe, the USA and New Zealand. Apart from this, however, the BayWa Group conducts its business mainly in euros. Treasury is responsible for the centralised monitoring of group-wide financial exposures.

Internal control system in financial management

Financial management is subject to the most stringent requirements imposed by an internal control system, which includes the documentation of transactions, a hierarchy of approval and resolution procedures, comprehensive application of the principle of dual control as well as the segregation of Treasury front and back offices.

The most important financing principle of the BayWa Group consists in observing the principle of matching maturities. Short-term debt is used to finance the working capital. Investments in property, plant and equipment as well as acquisitions are funded from equity, bonded loans and other long-term loans. In addition, the project companies in the Renewable Energies business sector have access to separate non-recourse financing (without the lenders having access to the BayWa Group's assets and cash flows).

Around 50% of borrowings portfolio secured against interest rate risk

Interest rate risks inherent in short-term debt are covered by BayWa in the context of its risk management through the use of simple derivative instruments. Around 50% of the borrowings portfolio is to be secured against interest rate risk through the respective hedging instruments. This partial hedging takes account of the seasonally-induced strong fluctuations in financing requirements.

Long-term interest rates were hedged naturally by issuing the bonded loan in 2011, as a fixed-interest as well as a variable-interest rate tranche was issued.

BayWa evolved from the cooperatives sector with which it remains closely connected through its shareholder structure as well as through the congruence of the regional interests of banks and commerce. These historical ties form the basis for a special kind of mutual trust. Particularly in the face of the great uncertainty still prevailing in the financial markets, both sides benefit from this partnership. The cooperative banks boast a particularly strong primary customer and deposit portfolio, which is made available for the preferential financing of stable business models.

Along with its integration into the cooperative financial association, the broad transnational diversification of the bank portfolio and the financial instruments, in particular, lower the financing risk within the BayWa Group.

Capital structure and capital base

In € million	2008	2009	2010	2011	**2012**	Change in % 2012/11
Equity	915.1	957.5	987.7	1,045.2	1,085.1	3.8
Equity ratio (in %)	29.8	32.6	30.3	26.6	24.3	–
Short-term borrowing[1]	1,505.8	1,290.0	1,366.7	1,697.4	1,974.2	16.3
Long-term borrowing	644.9	691.8	905.9	1,179.4	1,398.0	18.5
Debt	2,150.7	1,981.8	2,272.6	2,876.8	3,372.3	17.2
Debt ratio (in %)	70.2	67.4	69.7	73.4	75.7	–
Total capital (equity plus debt)	3,065.8	2,939.3	3,260.3	3,922.0	4,457.4	13.7

1 including liabilities from non-current assets held for sale

BayWa is striving to achieve an equity ratio of at least 30% in the medium to long term. The equity base is a very sound foundation for a trading company and a stable platform for business to develop. In the reporting year, the equity ratio of 24.3% fell below this threshold due to the borrowing of additional capital to finance running investments and the acquisitions to realise future opportunities for growth. In addition, the equity ratio declined as a result of a change in the measurement of pension provisions, which was implemented against the backdrop of the substantial reduction in interest rate level in 2012 for the benefit of a more relevant balance sheet. The corridor method previously applied for the recognition of actuarial gains and losses was replaced by a method in which actuarial gains and losses are offset against equity without affecting profit or loss, and a new reserve for accrued actuarial losses of €–124.8 million was recognised. As this reserve results from a change of parameters not within the Company's control when calculating personnel provisions, and pension provisions in particular, BayWa's capital management uses an equity ratio of 27.1%, which has been adjusted for this effect.

Short-term borrowing is used exclusively to finance short-term funds tied up in working capital. The status of short-term borrowing disclosed at year-end regularly reflects the highest level of utilisation. Due to seasonal influences, borrowings rise through preliminary storing of operating resources and through buying up harvest produce in the fourth quarter of the financial year. The rise in current financial liabilities by €311.3 million year on year is mainly attributable to the increase in inventories alongside a higher price level for agricultural produce and operating resources as well as the initial inclusion of Turners & Growers in BayWa's consolidated financial statements. On the assets side of the balance sheet, the ensuing increase in business volume is reflected particularly in the "inventories" and "other receivables and other assets" items. The increase in non-current liabilities must be seen mainly in connection with the financing of investments in growth and acquisitions in the financial year.

Total assets climb by €535.4 million

As of 31 December 2012, the BayWa Group's total assets climbed by €535.4 million in comparison with the previous year's figure. Non-current liabilities rose by €218.6 million in the reporting year. The main reasons for this rise were the €100.4 million increase in the cash value of pension provisions on account of lower interest rates as well as the rise of €75.8 million in non-current financial liabilities, including around €50.0 million from the initial inclusion of Turners & Growers Ltd in the consolidated financial statements.

Cash flow statement and development of cash and cash equivalents

In € million	2008	2009	2010	2011	**2012**
Cash flow from operating activities	215.5	243.9	–9.4	–27.5	150.0
Cash flow from investing activities	–143.9	–127.5	–113.5	–222.6	–193.7
Cash flow from financing activities	–73.5	–112.8	131.6	273.9	37.4
Cash and cash equivalents at the end of the period	16.1	19.7	28.2	87.0	83.2

Cash flow from operating activities increased by €177.5 million in financial year 2012 to €150.0 million. Alongside the substantially higher consolidated net income, other factors in the increase of cash flow were the lower year-on-year increase in inventories and receivables and the increase in liabilities not allocable to investing or financing activities. A counter-effect was an increase in non-cash income.

In the reporting year, cash outflow from investing activities remained at a high level of €193.7 million; however, this figure fell slightly year on year by €29.0 million. Outgoing payments for investments in property, plant and equipment and intangible assets, investments in financial assets, and for company acquisitions increased by €53.8 million to €340.4 million in 2012. Due to minor payments for investments in intangible assets, property, plant and equipment and investment property, this effect is mainly the result of the acquisition of Turners & Growers. This was offset by higher incoming payments compared to the previous year's figure of €146.8 million (previous year: €64.0 million) from the disposal of intangible assets and property, plant and equipment. This rise is primarily due to the sale of the BayWa Headquarters.

The cash flow from financing activities fell year on year by €236.5 million to €37.4 million, chiefly as a result of much lower utilisation of borrowed funds from long-term borrowing and bonded loans. The positive balance was achieved through the utilisation of €61.3 million of borrowed funds and equity contributions of €2.0 million, despite distribution of dividends of €25.9 million in financial year 2012.

In an overall analysis of the incoming and outgoing cash payments from operating activities, investment and financing activities, and in consideration of changes to the group of consolidated companies and changes in foreign exchange rates, cash outflow from investing activities was largely covered by the incoming cash flow from operating activities and financing activities. As a result, cash and cash equivalents at the end of the reporting year came to €83.2 million, which is €3.8 million lower than in the previous year.

Financial base and capital requirements

Funds from measures to streamline portfolios

The BayWa Group's financial base is primarily replenished by funds from operating activities. In the reporting year, market-price-induced funds committed to inventories and to receivables portfolios were compensated by greater utilisation of external financing. Moreover, the Group receives funds from measures to streamline portfolios, such as the disposal of real estate not essential to operations or non-strategic financial participation and sale-and-leaseback transactions.

Capital requirements are defined by investment financing and the ongoing financing of operations, the repayment of financial liabilities and ongoing interest payments. The overall view of liquidity and debt is determined through the calculation of adjusted net liquidity or net debt and used for internal financial management as well as for external communication with financial investors and analysts. Net liquidity and net debt is calculated from the sum total of cash and cash equivalents less outstanding commercial paper, bank debt and finance lease obligations, as reported in the balance sheet.

Matched to funds committed, financing structure largely short term

Matched to funds committed, the financing structure remains largely short term. Along with short-term borrowing, the Group finances itself by way of a multi-currency Commercial Paper Programme in an amount of €300 million; on the reporting date, drawdowns with an average term of 114 days came to €276.0 million (previous year: €130 million). At the end of 2012, demand in the commercial paper segment was stronger than in the previous years. Investors requested terms of up to six months. In response to the rise in demand for commercial papers issued by BayWa, the programme was increased from €300 million to €400 million in September. By the end of the reporting period, €135.5 million (previous year: €113.7 million) had been financed from the ongoing Asset Backed Securitisation Programme.

Investments

In financial year 2012, the BayWa Group invested around €156.8 million in intangible assets (€11.7 million) and property, plant and equipment (€145.1 million) together with its acquisitions. These investments were primarily for the purpose of repair and maintenance of buildings, facilities and office fixtures and fittings, as modern locations and seamlessly operating facilities are a precondition for efficient logistics processes.

In spite of the real estate portfolio released for sale in 2012, BayWa will, in future, continue to invest in modern site infrastructure. This includes investments in land and buildings, wherever such investments are expedient and prudent. By contrast, real estate no longer used for operations is consistently sold off. The proceeds accruing from these transactions are used to reduce debt or to finance the Group's growth.

Around €24.6 million invested in new commercial real estate

Investments of around €24.6 million were made in new business premises, focused on the completion of these locations in 2012. BayWa invested around €3.2 million in the second construction phase of the new agricultural centre in Rain am Lech with grain warehousing capacity of 19,000 tonnes and fertiliser warehousing capacity of 5,000 tonnes. The intake capacity for grain is now 150 tonnes per hour. In addition, the site also has a fertiliser mixing plant, two crop protection facilities, a multi-purpose building and a modern office building.

Around €2.4 million was invested in the expansion of the Schweinfurt Hafen site in the reporting year. This investment allowed crop and fertiliser warehousing capacity to be significantly increased. Local farmers now have access to a grain warehouse with a 26,000-tonne capacity and a fertiliser warehouse with a 7,000-tonne capacity.

Furthermore, €4.2 million was also invested in expanding the grain facilities at the Heilbronn agricultural site.

The Building Materials business unit built a building materials store in the town of Kitzingen in Lower Franconia, Germany. The site includes a 1,100-m^2 packaged goods warehouse and a 400-m^2 showroom. Total investment volume was around €1.9 million.

€130.6 million invested in company acquisitions

In the financial year, outgoing payments of €130.6 million were made for company acquisitions.

Around 68% of the BayWa Group's total investment volume was attributable to the Agriculture Segment. The large share of investment in the Agriculture Segment is reflected in the international expansion of the Fruit business unit. Just over 23% and just under 4% of total investment volume flowed into the Energy Segment and the Building Materials Segment respectively. Just under 5% of total investment was attributable to Other Activities.

Asset position

Non-current assets up by 9.7%

In the reporting year, non-current assets increased year on year by 9.7%, or €157.1 million, to €1,780.5 million. Additions to intangible assets and property, plant and equipment amounting to €368.8 million within the scope of investment activities and changes to the group of consolidated companies in core business were offset by disposals of €49.1 million and transfers into investment property and the sale of non-current assets amounting to €225.6 million. Together with the write-downs during the financial year of €115.7 million, intangible assets and property, plant and equipment were reduced by a total of €20.6 million. Shares in companies recognised at equity increased by €76.4 million to €92.9 million largely as a result of shares in YBBSTALER AGRANA JUICE GmbH and in BayWa Bau- & Gartenmärkte GmbH & Co. KG as well as of equity shares added as a result of the initial consolidation of T & G. The increase in investment property to €86.2 million is due to the addition of property leased by BayWa Bau- & Gartenmärkte GmbH & Co. KG. Furthermore, the increase in non-current assets was caused by a €34.1-million rise in deferred tax assets. Through the expansion of business activities, both current and non-current liabilities and other assets rose to €963.1 million. Inventories rose to €1,432.6 million, primarily as a result of market prices.

There was an overall increase in the BayWa Group's balance sheet which had risen 13.7% or €535.3 million to €4,457.4 million by the reporting date of 31 December 2012.

Matching maturities in financing as important quality criterion

Traditionally, BayWa has always placed an emphasis on ensuring matching maturities in the financing of assets. Current liabilities of €1,947.3 million, consisting of current financial liabilities, trade payables, tax and other liabilities along with current provisions, are offset by current assets of €2,444.4 million. By the same token, there is around 140% coverage for non-current assets amounting to €1,780.5 million through equity and long-term borrowing of €2,483.1 million. Ensuring matched maturities in financing is an important quality criterion for the financing partners of BayWa in the context of raising short-term funds.

Composition of assets

In € million	2008	2009	2010	2011	**2012**	Change in % 2012/11
Non-current assets	1,305.6	1,427.2	1,434.4	1,623.4	1,780.5	9.7
of which land and buildings	680.6	663.3	650.1	642.0	530.1	
of which financial assets	172.6	226.5	212.6	210.6	232.8	
of which investment property	75.2	78.8	71.6	63.6	86.2	
Non-current asset ratio (in %)	42.6	48.6	44.0	41.4	39.9	
Current assets	1,755.5	1,507.4	1,776.8	2,039.8	2,444.4	19.8
of which inventories	1,101.3	905.0	1,062.3	1,165.4	1,432.6	
Current asset ratio (in %)	57.3	51.3	54.5	52.0	54.8	
Assets held for sale/disposal groups	4.7	4.7	49.1	258.8	232.5	
Total assets	3,065.8	2,939.3	3,260.3	3,922.0	4,457.4	13.7

General statement on the business situation of the Group

Outstanding result in financial year 2012

At the time the Management Report of the BayWa Group was drawn up, the Board of Management continued to view the development of business as positive. In the Agriculture Segment, performance in 2012 benefitted from the expansion of the international business and good prices for agricultural products. In the energy business, both the conventional energy business and the Renewable Energies business sector boosted EBIT considerably. The Building Materials Segment achieved a considerably higher result on account of the launched restructuring measures. In financial year 2012, the BayWa Group performed extremely well overall, achieving an excellent result; it has a well-balanced forward-looking business portfolio to underpin its success in the future.

Employees

Acquisitions and hiving off of business unit with implications for personnel structure

As in the previous year, the reporting year 2012 was also marked for the BayWa Group by new company acquisitions and spin-offs both in Germany and abroad. The integration of 1,109 T & G employees and the hiving off of BayWa DIY & Garden Centres in Germany had a significant effect on BayWa's personnel structure. On 31 December 2012, there were therefore 16,559 employees in the service of the Group, which corresponds to a year-on-year decrease of 275 employees (–1.6%). In terms of an annual average, the number of employees rose year on year by 89 to 15,680.

Development of the average number of employees in the BayWa Group

					Change	
	2009	2010	2011	**2012**	2012/11	in %
Agriculture	6,486	6,637	6,859	8,730	1,871	27.3
Energy	972	1,192	1,387	1,564	177	12.8
Building Materials	6,463	6,562	6,698	4,868	– 1,830	– 27.3
Other Activities	1,391	829	647	518	– 129	– 19.9
BayWa Group	15,312	15,220	15,591	15,680	89	0.6

Personnel management instruments

BayWa uses a system of cutting-edge analyses and indicators to manage and control its capacities and to optimise the deployment of its workforce. These instruments are a cornerstone for planning but are also used by personnel management to control operational workflows. Over the past few years, the BayWa Group has gradually expanded, and so have the requirements and challenges BayWa Group employees and managers have to fulfil and overcome. In an international Group, both opportunities to improve foreign language skills and training courses to systematically develop intercultural competencies are of great importance. The necessary personnel development measures were incorporated into the BayWa seminar programme this year.

Achieving a work-life balance and occupational health

Subsidies for childcare costs

Occupational welfare in everyday working life

Achieving a balance between professional and private life is a huge challenge for many people in modern society. For this reason, a work-life balance is strongly promoted at BayWa through the offering of multiple options for part-time work for fathers and mothers. Enabling parents to return to working life is supported through a childcare subsidy of up to €200 a month. In financial year 2012, it was decided to once again considerably expand these offers as from 1 January 2013. In the past, childcare was subsidised until the age of three; now this will be expanded to also include children between three and six. It was further decided to grant part-time employees the same subsidy as full-time employees. The maximum childcare subsidy for children up to the age of three is €200, and an additional €100 is paid for children between three and six who do not yet have to attend school. In addition, the BayWa Group offers support for home care and elder care together with pme Familienservice GmbH, its cooperation partner. The offer of support ranges from information about the topic of nursing care insurance and the search for and selection of various care offerings through to recommending professional carers. Even more emphasis was placed on the issue of promoting the health of employees in 2012. The conceptual foundations were laid for integrating occupational welfare into everyday working life, a key topic being a prophylactic approach to promoting good health. Various models in the context of health protection were offered in training sessions and seminars. Managerial staff can take part in one-day workshop to sensitise them to the issue of work-life balance, stress management and healthy eating habits. The seminar content was supplemented by adding modules to promote well-being for staff. With the appointment of an addiction officer, BayWa employees now have an expert to go to should they need advice or even professional assistance on this issue.

Further training as a key success factor

Consistently high trainee ratio of around 9%

The training and achieving of qualifications by employees is an integral part of the BayWa Group's personnel strategy. With trainee numbers averaging around 950 and a consistent trainee ratio of around 9%, the parent company BayWa in particular belongs to the group of large companies that offer many training programs in German-speaking countries. The proportion of employees who have completed their training at BayWa in managerial positions is 45%, which is above average. Through the integration of national participations into the BayWa online career portal, applicants have much easier access to job offers throughout the BayWa Group. In 2012, BayWa received over 20,000 applications.

Integration of employees with serious disabilities within the Group

The integration of employees with serious disabilities into the working world is part of the corporate social responsibility particularly incumbent on large companies, which can make a special contribution. BayWa fulfils this responsibility by offering suitable positions to more than 300 employees with serious disabilities. Moreover, BayWa maintains a partnership with a rehabilitation centre for severely disabled people.

Corporate social responsibility (CSR) activities

BayWa is committed to its social responsibility. The guidelines on social responsibility are defined in the company's Articles of Association, its corporate guidelines, ethical principles and under its regulations on corporate governance.

BayWa volunteers help out at Special Olympics

BayWa practices values accepted in society in its daily activities throughout the whole Group and ensures their sustainable integration into business and society through ongoing dialogue with the public at large, stakeholders and interested parties. For example, 60 BayWa volunteers helped out at the Special Olympics 2012 in Munich within the scope of a corporate volunteering project. This project allowed BayWa to offer its employees the chance to become involved in volunteer work for the first time. This ultimately serves to enhance the image and the value of the BayWa brand and to limit entrepreneurial risk. CSR measures therefore underpin the business development of the Group.

Good corporate management is ensured throughout the Group by applying the recommendations set out under the German Corporate Governance Code. BayWa's understanding of economic responsibility includes transparent communication as part of its investor relations activities, maintaining ongoing dialogue with the various stakeholders, securing profitable growth in all business units and subsidiaries, as well as having an efficient risk and complaints management. Fair conduct towards one another, both within the company as well as with business partners, has been anchored in a set of ethical principles and is lived throughout the group.

BayWa fulfils its ecological responsibility, both through its own activities and in its dealings with customers and suppliers. Within the Group itself, ecological aspects are taken account of through the use of renewable energies and renewable primary materials as well as environmentally compatible products, measures to curb the consumption of energy, waste management and efficient transport logistics. The customers and suppliers of BayWa are given support in their observance of environmentally sound principles through consultancy and other services.

Sustainable personnel development, employment and job security, as well as health management, are an integral part of the social responsibility of the Group to society at large and to its employees. BayWa ranks among the leading companies in respect of training and continual professional development and has thus laid the cornerstone for its long-term success in human resource development.

BayWa matches every donation to BayWa Foundation

The BayWa Foundation, established in 1998, is an example of BayWa AG's commitment to society and the environment. The BayWa Foundation places special importance on sustainability in its educational products which focus on renewable energies, food and nutrition in Germany, Romania, Asia and Africa. The guiding principle behind these projects is helping others to help themselves in order to ensure that the outcome and impact of projects do not simply dissipate, but that the foundations are laid for better, sustainable and long-term potential for further development. The BayWa Foundation receives 100% of all donations, as BayWa assumes its administration costs. Moreover, each euro donated is matched by BayWa and therefore doubled so that as many projects as possible can be implemented. In addition to its support of the BayWa Foundation, BayWa donates to social and cultural facilities and promotes the involvement of employees in associations, politics and society.

Reporting pursuant to Section 315 para. 4 of the German Commercial Code (HGB)

Composition of subscribed capital

The subscribed capital of BayWa AG amounted to €88,197,406.72 on the reporting date and is divided up into 34,452,112 registered shares with an arithmetical portion of €2.56 each in the share capital. Of the shares issued, 33,100,769 are registered shares with restricted transferability and 108,092 recently registered shares with restricted transferability (dividend-bearing employee shares from 1 January 2013 onwards). 1,243,251 shares are not registered shares with restricted transferability. With regard to the rights and obligations transferred by the shares (e.g. the right to a portion of the unappropriated retained earnings or to participate in the Annual General

Meeting of Shareholders), reference is made to the provisions laid down under the German Stock Corporation Act (AktG). There are no special rights or preferences.

Restrictions on voting rights and the transfer of shares

Pursuant to Section 68 para. 2 of the German Stock Corporation Act, in conjunction with Article 6 of BayWa AG's Articles of Association, the purchase of shares with restricted transferability by individuals and legal entities under civil and public law requires the approval of the Board of Management of BayWa AG. BayWa holds a small portfolio of registered shares (19,500 units), which, pursuant to Section 71b of the German Stock Corporation Act, do not carry voting rights as long as they are in BayWa's possession. There are no other restrictions that relate to the voting rights or the transfer of shares.

Holdings that exceed 10% of the voting rights

On the reporting date, the following shareholders held stakes in the capital that exceeded 10% of the voting rights:
- Bayerische Raiffeisen-Beteiligungs-AG, Beilngries
- Raiffeisen Agrar Invest GmbH, Wien

Legal requirements and provisions of the Articles of Association on the appointment or dismissal of members of the Board of Management and on amendments to the Articles of Association

In supplementation of Section 84 et seq. of the German Stock Corporation Act, Article 9 of the Articles of Association of BayWa AG also requires members of the Board of Management to be appointed by the Supervisory Board. Members of the Board of Management are appointed for a maximum term of five years, and reappointment is permitted. The Supervisory Board appoints the Chairman of the Board of Management.

Pursuant to Section 179 of the German Stock Corporation Act in conjunction with Article 21 of the Articles of Association, amendments to the Articles of Association are always passed by the Annual General Meeting of Shareholders.

Authorisation of the Board of Management relating in particular to the option of issuing or buying back shares

Subject to approval by the Supervisory Board, the Board of Management is authorised to raise the share capital on or before 29 May 2013 by up to a nominal amount of €10,000,000 through the issuance of new registered shares against cash contribution. The authorisation can be used in part amounts. Shareholders' subscription rights are excluded. Subject to approval by the Supervisory Board, the Board of Management is authorised to determine the further content and conditions under which the shares are to be issued.

Furthermore, subject to the approval of the Supervisory Board, the Management Board is authorised to raise the share capital one or several times on or before 31 May 2015 by up to a nominal amount of €4,110,215.68 through the issuance of new registered shares with restricted transferability against cash contribution to the employees of BayWa AG and of affiliated companies within the meaning of Section 15 et seq. of the German Stock Corporation Act. Shareholders' subscription rights are excluded. Subject to approval by the Supervisory Board, the Board of Management is authorised to determine the further content and conditions under which the shares are to be issued.

Moreover, subject to approval by the Supervisory Board, the Board of Management is authorised to raise the share capital one or several times on or before 31 May 2016 by up to a nominal amount of €12,500,000 through the issuance of new registered shares with restricted transferability against cash contribution. The authorisation can be used in part amounts. Shareholders' subscription rights are excluded. Subject to approval by the Supervisory Board, the Board of Management is authorised to determine the further content and conditions under which the shares are to be issued.

Furthermore, the Board of Management is authorised to offer held shares to third parties within the framework of the acquisition of or investment in companies or the combinations of business and to withdraw part or all of the shares without requiring a further resolution to be passed by the Annual General Meeting.
The Board of Management has not been further authorised by the Annual General Meeting of Shareholders to buy back shares. There are no agreements within the meaning of Section 315 para. 4 items 8 and 9 of the German Commercial Code.

IV. Opportunity and Risk Report

Opportunity and risk management

Responsible opportunity and risk management

The policy of the BayWa Group is geared toward weighing the opportunities against the risks of entrepreneurship in a responsible way. The management of opportunities and risks is an ongoing task of entrepreneurial activity designed to ensure the long-term success of the Group. This enables the BayWa Group to innovate, secure and improve what is already in place. The management of opportunities and risks is closely aligned to the BayWa Group's long-term strategy and medium-term planning. The Group's decentralised regional organisation and management structure enable it to identify trends, requirements, and the opportunities and risk potential of frequently fragmented markets at an early stage, analyse them and take action that is both flexible and market oriented. Moreover, the systematically intense screening of the market and of peer competitors is carried out with a view to identifying opportunities and risks. This is flanked by ongoing communication and the goal-oriented exchange of information between the individual parts of the Group, which leverages additional opportunities and synergy potential.

Principles of opportunity and risk management

BayWa exploits opportunities that arise in the context of its business activities but, at the same time, also enters into entrepreneurial risks. The identification of entrepreneurial opportunities, the safeguarding of the assets and the enhancing of enterprise value therefore necessitate an opportunity and risk management system.

The principles underlying the system set in place within the BayWa Group to identify and monitor risks specific to the business have been described in a risk management manual approved by the Board of Management. In addition, the Internal Audit Department regularly audits the internal risk management system that supports the processes. ISO certifications for the standardisation of workflows and for risk avoidance, and the concluding of insurance policies supplement the Group's management of risk.

Corporate policy and ethical principles

Moreover, the BayWa Group has established binding goals and a code of conduct in its corporate policy that have been implemented throughout the Group. They regulate the individual employees' actions when applying the corporate values as well as their fair and responsible conduct towards suppliers, customers and colleagues.

Opportunity and risk management within the BayWa Group

At the BayWa Group, risk management is an integral component of the planning and management and control processes. The Group's strategy aims, on the one hand, to make optimum use of opportunities while, on the other hand, identifying business-related risks. A comprehensive risk management system records and monitors both the development of the Group and any existing weak points on an ongoing basis. The risk management system covers all segments and is included as a key component of reporting. A particularly important task of risk management is to guarantee that risks to the Group as a going concern are identified and kept to a minimum. This enables Group management to react swiftly and effectively. All units have risk officers and risk reporting officers who are responsible for implementing the reporting process.

Risk reports form the cornerstone of risk management system

A cornerstone of the risk management system is the risk reports that are regularly prepared by the operating units. These reports are subject to evaluation by the Board of Management and by the heads of the business units. The systematic development of existing and new systems with a built-in warning component makes an indispensable contribution to strengthening and consistently building up a groupwide opportunity and risk culture.

A key component and, at the same time, an evolution of the opportunity and risk management is the "Risk Board" which was implemented in financial year 2009. Presided over by the Chief Executive Officer, the Risk Board, which consists of operations managers and support staff, meets to discuss and assess operational opportunities and risks on an ongoing basis. Minuted meetings are used to develop an understanding of the opportunities and risks and form the basis of the risk measurement applied to operational decisions.

The reporting process classifies opportunities and risks into categories and estimates their probable occurrence and potential financial impact. The system is based on individual observations, supported by the relevant management processes, and forms an integral part of core activities. It starts with strategic planning and proceeds through to procurement, sales and distribution and, finally, to the management of receivables. As an extension of the planning process that takes place in the business sectors and in procurement, sales organisations and centralised functions, the opportunity and risk management system serves to detect and assess potential divergences from expected developments. In addition to identifying and evaluating key developments influencing business, this system facilitates the prioritisation and implementation of activities. As a result, the BayWa Group can make better use of the opportunities while reducing the risks.

Macroeconomic opportunities and risks

General economic factors have an influence on consumer behaviour and investment patterns in BayWa's core markets. However, these environmental factors exert less of an impact on BayWa than on other companies. The BayWa Group's business model is geared primarily to satisfying fundamental human requirements, such as the need for food, shelter, mobility and the supply of energy. Accordingly, the impact of cyclical swings is likely to be less strong than in other sectors. At the same time, a company as well positioned as BayWa is even able to turn certain opportunities arising in times of crisis to its advantage through, for instance, the identification and acquisition of takeover candidates with a view to building up or expanding existing or new areas of business. BayWa is, however, unable to fully decouple from any severe setbacks to international economic development such as the potential for an escalation of the eurozone debt crisis.

Cyclical fluctuations lower than in other sectors

Sector and Group-specific opportunities and risks

Changes in the political framework conditions such as, for example, changes in the regulation of markets for individual agricultural products or tax-related government subsidies of energy carriers, as well as volatile markets harbour risks. At the same time, however, they open up new prospects. Extreme weather conditions can have a direct impact on offerings, pricing and trading in agricultural produce and also downstream on the operating resources business. Global climate changes also have a long-term effect on agriculture. The global demand for agricultural products, particularly grain, continues to grow, which may give rise to a sustained price uptrend. As a result of its agricultural activities in fruit farming, the Group is exposed to a financial risk from the difference in time between cash outflow for purchasing, farming and maintenance of trees or vines as well as the costs for harvesting, and cash inflow from the sale of fruit. This risk is taken into consideration through active monitoring and controlling of net working capital. The development of income in the agriculture sector filters through directly to investment capacity and propensity and therefore to the sale of high-end agricultural machinery.

Political and economic factors exert the main influence on demand in the construction sector. Political factors of influence are, for instance, special depreciation for listed buildings and measures to promote energy efficiency. At the same time, the ageing housing stock in Germany will encourage growing demand for modernisation and renovation. In the energy business, renewable energy carriers are particularly affected by changes in promotional measures. Following several cuts to feed-in tariffs for photovoltaic electricity in 2012, further adjustments have been discussed for the second half of 2013 alongside ongoing monthly reductions. Against this backdrop, developing revenues and profit is facilitated through risk diversification in markets that still depend on subsidy policies.

Price opportunities and risks

Ongoing risk monitoring

BayWa trades in merchandise that displays very high price volatility, such as grain, fertilisers and mineral oil, especially in its Agriculture and Energy segments. The warehousing of the merchandise and the signing of delivery contracts governing the acquisition of merchandise in the future means that BayWa is also exposed to the risk of prices fluctuating. Whereas the risk inherent in mineral oils is relatively low due to BayWa's pure distribution function, fluctuations in the price of grain and fertilisers may incur greater risks, also owing to their warehousing, if there is no maturity matching in the agreements on the buying and selling of merchandise. If there are no hedging transactions existing at the time when agreements are signed, the ensuing risk is monitored on an ongoing basis and controlled by the respective executive bodies. Whenever necessary, appropriate measures to limit risk are initiated. BayWa also operates as a project developer in the field of renewable energies. This business harbours a risk that, for instance, the planning and building of solar power plants, wind farms and biogas plants are delayed and that they may be connected to the grid later than originally planned. In such cases, if the deadline for the further reduction in feed-in tariffs is not adhered to, there is a price risk, as the plant can no longer be sold at the price originally envisaged because the economic parameters have changed.

Currency opportunities and risks

Hedging of positions denominated in a foreign currency

BayWa's activities are largely located in the eurozone. If foreign currency positions arise from goods and services transactions, these are always hedged without delay. Payment obligations from company acquisitions denominated in a foreign currency are hedged at the time when they arise. Speculative borrowing or investing funds in foreign currencies is prohibited.

Share price opportunities and risks

The BayWa Group's investment portfolio comprises direct and indirect investments in listed companies. Equity investments are continuously monitored on the basis of their current market values.

Interest rate opportunities and risks

Interest rate risks result from the Group's floating-rate financing, particularly from the issuing of short-dated commercial paper and short-term loans. Short-term debt is used mainly to finance working capital. To reduce the interest rate risk, BayWa uses derivatives instruments in the form of interest rate caps and swaps.

Legal and regulatory opportunities and risks

Changes in the regulatory environment can affect the Group's performance. Changes to legal frameworks in the agricultural industry and business with renewable energies are particularly of note here. Negative impacts emanate from the rearrangement, reduction or abolition of funding measures. Conversely, new regulatory and legislative developments influencing bioenergy can also result in opportunities. In the construction sector, changes to building or fiscal regulations may also have an impact on the development of business.

The companies of the Group are exposed to a number of risks in connection with litigation in which they are currently involved or may be involved in the future. Lawsuits come about in the course of normal business activities, in particular in relation to the assertion of claims from services and deliveries that are not up to standard or from payment disputes. BayWa forms reserves for the event of such legal disputes if the occurrence of an obligation event is probable and the amount can be adequately estimated. In the individual case, actual utilisation may exceed the reserve amount.

Credit risks

Important financing function in respect of agricultural trading partners

As part of its entrepreneurial activities, the BayWa Group has an important function as a source of finance for its agricultural trading partners. In the context of so-called cultivation contracts, the Group is exposed to a financing risk arising from the upfront financing of agricultural resources and equipment, the repayment of which is made through acquiring and selling the harvest. Moreover, BayWa grants financing to commercial customers, particularly in the construction sector, in the form of payment terms of a considerable scope. Beyond this, there are the customary default risks inherent in trade receivables. Risks are kept to a minimum by way of an extensive debt monitoring system that spans all business units. To this end, credit limits are defined through a documented process of approval and monitored on an ongoing basis.

Liquidity risks

The liquidity risk is the risk that the BayWa Group may not – or only to a limited extent – be able to fulfil its financial obligations. In the BayWa Group, funds are generated by operations and by borrowing from external financial institutions. In the reporting year, for instance, market-price-induced higher levels of funds committed to inventories and receivables portfolios were compensated by greater utilisation of external sources of finance. In addition, financing instruments, such as multi-currency commercial paper programmes or asset-backed securitisation, are used as well as bonded loans. Existing credit lines are therefore measured to an extent deemed sufficient to guarantee business performance at all times – even in the event of growing volume. The financing structure therefore takes account of the pronounced seasonality of business activities. Owing to the diversification of the sources of financing, the BayWa Group does not currently have any risk clusters in liquidity. The BayWa Group's financing structure with predominantly matching maturities ensures that interest-related opportunities are reflected within the Group.

Rating of the BayWa Group

BayWa Group raises credit facilities

The banking sector has awarded the BayWa Group a very positive rating. This achievement is due to the solidity of the company as well as to its long and successful history and high enterprise value, underpinned by assets such as real estate. In 2012, the BayWa Group was able to raise its credit facilities. For reasons of cost effectiveness, BayWa deliberately dispenses with the use of external ratings.

Opportunities and risks associated with personnel

Extensive training and continuous professional development

As regards personnel, the BayWa Group competes with other companies for highly qualified managers as well as for skilled and motivated staff. The Group companies continue to require qualified personnel in order to secure their future success. Excessively high employee fluctuation, the brain drain and failure to win junior staff loyalty may have a detrimental effect on the Group's business performance. BayWa counteracts these risks by offering its employees extensive training and continuous professional development in order to secure expertise. Management based on trust, the tasking of employees in line with their natural talents and abilities, as well as the definition of and adherence to our ethical principles create a positive working environment.

At the same time, BayWa AG promotes the ongoing vocational training and development of its employees. With more than a thousand trainees as of the end of 2012, the Group ranks among the most important training providers, specifically at the regional level. BayWa recruits a large majority of its future specialist and managerial employees from the ranks of these trainees. Long years of service to the company are testament to the great loyalty shown by BayWa personnel to "their" company. This attitude creates stability and continuity and also secures the transfer of expertise down the generations.

IT opportunities and risks

The use of cutting-edge IT characterises the entire business activity of the BayWa Group. All key business processes are supported by IT and mapped using state-of-the-art software solutions. In a trading company with high numbers of employees, having work processes supported electronically is imperative. The continuous monitoring and reviewing of processes mapped electronically, however, involves more than the mere implementation of new IT components. It is always accompanied by an optimisation of process workflows, as a result of which opportunities in the form of synergies and cost savings potential can be identified and realised. At the same time, the risk inherent in the system rises in tandem with the growing complexity and dependency on the availability and reliability of the IT systems.

Data protection officer segregated in organisational terms

To realise the opportunities and minimise the risks, the IT competence of the BayWa Group is consistently kept at the highest level. The resources are combined under RI-Solution GmbH, a company belonging to the Group that provides the Group companies with IT services to the highest standard. Extensive precautionary measures such as firewalls, virus protection updated on a daily basis, disaster recovery plans and training in data protection serve to safeguard data processing. Segregated in organisational terms, a data protection officer monitors compliance with security and data protection standards.

Assessment of the opportunity and risk situation by Group management

Limited and manageable risks

An overall assessment of the current opportunity and risk situation shows that there are no risks that could endanger the Group as a going concern. There are currently no such risks discernible for the future either. All in all, the risks to the BayWa Group are limited and manageable.

Along with potentially non-influenceable or only indirectly influenceable global policy risks and macroeconomic risks, operational risks are also the focus of monitoring. As far as the latter are concerned, the BayWa Group has taken appropriate measures to manage and control these risks.

Internal Control System for monitoring accounting processes

Professional and certified control system

The Internal Control System (ICS), which monitors accounting processes, is also a key component of opportunity and risk management. The BayWa Group has set in place a professional control system, which has been certified in many areas, comprising measures and processes to safeguard its assets and to guarantee the presentation of a true and fair view of the result of operations.

The annual consolidated financial statements are drawn up through a centralised process. Compliance with legal provisions and regulations pertaining to the Articles of Association during this process is guaranteed by the prescribed accounting standards. Corporate Accounting acts as a direct point of contact for the managers of the subsidiaries in matters pertaining to reporting and the annual and interim financial statements and draws up the consolidated financial statements in accordance with IFRS.

A control system that monitors the accounting process ensures the complete and timely capturing of all business transactions in accordance with the statutory provisions and the regulations laid down under the Articles of Association. Moreover, it serves to guarantee that stocktaking is duly and properly performed and that assets and liabilities are recognised, valued and disclosed appropriately. The control system uses both IT-based and manual control mechanisms to fully ensure the regularity and reliability of accounting. Suitable control mechanisms, such as strict compliance with the principle of dual control and analytical analyses, have been installed in all processes relevant for accounting. In addition, Internal Audit, which is independent of these processes, audits all accounting-related processes.

The obligation of all subsidiaries to report their figures every quarter on an IFRS basis in a standardised reporting format to BayWa enables target-performance divergences to be identified swiftly, thereby offering an opportunity of taking action at short notice.

Corporate Accounting monitors all processes relating to the consolidated financial statements as part of quarterly reporting, such as the capital, liabilities, expenses and income consolidation and the elimination of inter-company results, in conjunction with the reconciliation of the Group companies.

The departments and units of the Group involved in the accounting process are suitably equipped in terms of quantity and quality, and training courses are regularly conducted.

Committed to a corporate code of conduct

The integrity and responsibility of all employees in respect of finance and financial reporting is ensured through taking each employee under obligation to observe the code of conduct adopted by the respective company.

The employing of highly qualified specialist personnel, specific and regular training and continuous professional development, as well as stringent functional segregation in financial accounting in the preparing and booking of vouchers and in controlling guarantee compliance with local and international accounting rules in the annual and consolidated financial statements.

V. Significant Events after the Reporting Date

Following the approval of the respective anti-trust authorities in December 2012, BayWa AG, Munich, acquired 100% of shares in global grain trading company Cefetra B.V., Rotterdam, the Netherlands, effective as of 3 January 2013, the day the purchase price was paid. Cefetra B.V. shares were previously held by ForFarmers Group B.V., Lochem, the Netherlands; agricultural cooperative Agrifirm Group B.V., Apeldoorn, the Netherlands; and AgruniekRijnvallei Holding B.V., Wageningen, the Netherlands. The company trades grain on a global scale with its subsidiaries in the UK, Poland and Hungary and is a market leader in the compound feed sector (soy, grain and rapeseed meals). The company has storage and port sites throughout Europe, as well as a sourcing network in Poland. Cefetra Group revenues in 2012 amounted to €4.9 billion, and the company employed 210 people, with an average EBIT over the last five years of around €26 million. The purchase price for 100% of shares in Cefetra B.V. amounted to around €125 million. For BayWa AG, the acquisition of Cefetra B.V. is a significant milestone in its international growth strategy in the Agriculture Segment. This acquisition is a further step towards expanding BayWa AG's global position as a European grain trader.

Significant milestone in the acquisition of Cefetra

BayWa AG, Munich, is also to acquire a majority stake in the northern German agricultural trading group Bohnhorst Argrarhandel GmbH, Steimbke. Approval was granted by the respective anti-trust authority on 7 February 2013. BayWa AG will acquire a 60% stake in Bohnhorst Agrarhandel GmbH for around €36 million. €12 million of the purchase price is based on a long-term profit-related earn-out agreement. 40% of Bohnhorst's shares will remain with the seller, Helmut Bohnhorst jr., who will also continue as the company's managing director. Bohnhorst Agrarhandel GmbH is an international agricultural trading group with a large presence and sourcing, warehousing and logistics sites in northern and eastern Germany and Poland. Two sites are located on the Baltic coast, and others are on important waterways such as the Weser, Elbe and the Mittelland Canal. The company generated revenues of around €486 million in 2011 with an average EBIT over the last five years of €13 million. The company's business activities are focused on grain trading, which accounted for €310 million of revenues in 2011 alone. It also trades operating resources and feedstuff. By acquiring shares in Bohnhorst Agrarhandel GmbH, the BayWa Group is expanding its business activities in the agricultural sector in the areas of northern and eastern Germany in particular.

Majority stake in international agricultural trading group Bohnhorst

VI. Remuneration Report

The remuneration report is part of the Management Report on the Company and explains the system of remuneration for members of the Board of Management and the Supervisory Board.

Remuneration of the Board of Management

The remuneration system, including the main contractual components, is reviewed by the Supervisory Board once a year and adjusted if necessary.

Since 1 January 2010, the remuneration of members of the Board of Management has comprised an annual fixed salary, a short-term variable component (annual bonus) and a long-term variable component (known as the bonus bank). The ratio of fixed to variable short-term remuneration and long-term variable remuneration is roughly 50 to 20 to 30 based on full (100%) achievement of goals. The non-performance-related component comprises an annual fixed salary and benefits, such as the use of a company car and contributions to accident and health insurance. Short-term variable remuneration takes the form of an annual bonus. The amount of this bonus depends on the extent to which objectives, determined by the Supervisory Board and geared to individually agreed goals and to the successful development of the company's business (earnings before tax), are achieved. If the targets are achieved, the agreed bonuses are paid out in full. If the targets are exceeded, the bonus will be increased but only up to a maximum amount (cap) of 150%. If the targets are not fulfilled, the bonus will be reduced proportionately. Both negative and positive developments are therefore taken into account in calculating short-term variable remuneration.

The long-term variable component takes the form of what is known as a bonus bank. The bonus bank will be supplemented or charged on a yearly basis depending on the extent to which objectives, linked to the success of the company (earnings before tax) and determined by the Supervisory Board for three years in advance, have been achieved, overachieved or underachieved. If objectives are overachieved, the amount which can be transferred to the bonus bank is capped at 150% of the target figure. If there is a credit balance on the bonus bank, one third will be provisionally paid out for financial year 2012 to the respective member of the Board of Management. The remaining two thirds of the credit balance on the bonus bank remain in the bonus bank. However, in contrast to previous years, the amount will now be paid linearly; in other words, the amount carried in the bonus bank will be paid out provisionally to members of the Board of Management in equal instalments across three financial years, provided there is a sufficient credit balance on the bonus bank and after calculating negative bonuses. If, owing to payments made in previous years or a charge reducing the bonus bank, there is a negative balance on the bonus bank, the respective Board members are obliged to pay back the provisional payments made in the two preceding years. Both negative and positive developments are therefore also taken into account in calculating long-term variable remuneration. Alongside the agreed cap on both components of remuneration, there is also a cap imposed for extraordinary developments.

In addition, there are pension commitments for the members of the Board of Management. These commitments are based partly on the most recent fixed salary (30%), and partly on the number of years of service to the company (with increases limited to 35% and 50% of the salary most recently received). The retirement age has been set at 65 years (full year). Since 1 December 2012, all obligations from pension commitments have been transferred to an external pension fund in the form of an earned entitlement, or to a provident fund. Running payments made to the pension fund or provident fund are included in the overall remuneration disclosed for the Board of Management.

There are no commitments in the employment contract of the Board members if service to the company is prematurely terminated. There are also no Change of Control clauses.

The total remuneration of the Board of Management for financial year 2012 comes to €5.140 million (previous year: €5.238 million); of this amount, €2.342 million (previous year: €2.268 million) is variable. Contributions amounting to €0.670 million (previous year: €0.402 million) were paid in benefits after termination of the employment contract (pensions).

The remuneration of the Board of Management is not itemised. Instead, it is divided up into fixed and variable/performance-related amounts and disclosed once a year in the Notes to the Consolidated Financial Statements. The relevant resolution was passed by the Annual General Meeting of Shareholders in accordance with Section 286 para. 5 of the German Commercial Code on 18 June 2010 (Code Item 4.2.4).

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is based on the responsibilities and the scope of tasks of the members of the Supervisory Board as well on as the Group's financial situation and performance.

Since 1 January 2010, members of the Supervisory Board have received fixed annual remuneration of €10,000, payable at the end of the year, plus variable remuneration of €250 for each cash dividend portion of €0.01 per share approved by the Annual General Meeting of Shareholders which is distributed in excess of a share in profit of €0.10 per share. Variable remuneration is due and payable at the end of the Annual General Meeting of Shareholders which has passed a resolution on the aforementioned cash dividend portion.

The Chairman of the Supervisory Board receives three times the amount and the Vice Chairman twice the amount of remuneration paid as described in the paragraph above. Additional fixed remuneration of €2,500 is paid for committee work. The chairmen receive three times the respective amount.

Supervisory Board members who serve on the Supervisory Board and/or its committees for only part of the financial year will receive remuneration on a proportionate basis.

In addition, they are reimbursed for their expenses and value added tax which falls due during their activities as member of the Supervisory Board or its committees. Moreover, Supervisory Board members will be included in any D&O insurance taken out in the interest of the company covering personal liability in an appropriate amount. The company pays the insurance premium.

The total remuneration of the Supervisory Board comes to €0.562 million (previous year: €0.538 million), of which €0.275 million is variable (previous year: €0.250 million).

Disclosure of remuneration paid to the members of the Supervisory Board in the Notes to the Consolidated Financial Statements has not been itemised (reason given in the Declaration of Conformity).

VII. Outlook

Macroeconomic outlook

Accelerated rate of macroeconomic growth expected in 2013 and 2014

The global economy is expected to experience an accelerated rate of growth in 2013 and 2014. According to the most recent forecasts published by the International Monetary Fund (IMF), global economic performance is set to rise by 3.5% in 2013 and 4.1% in 2014. In industrial nations, macroeconomic growth will remain modest at around 1.4% in 2013 and only increase in tempo to 2.2% in 2014. In the USA, overall growth of 2.0% in 2013 will be weaker than in the previous year. The reason behind this development in the USA is that a noticeable improvement in the US economy is only expected in the second half of the year. An accelerated rate of growth of 3.0% is forecast for 2014. Within the eurozone, negative effects such as those emanating from southern Europe will continue to hamper development, meaning that a 0.2% decline in economic output is anticipated for 2013. Only in 2014 is an increase of 1.0% expected. In contrast, emerging and developing countries are forecast to grow more rapidly than the global economy as a whole, with growth rates of 5.5% and 5.9% in 2013 and 2014 respectively.

Growth of 0.9% forecast for Germany in 2013

According to the German Institute for Economic Research (DIW Berlin), the German economy is only due to expand by 0.9% in 2013 as a result of a weak start to the year. More dynamic economic development is expected over the course of the rest of the year, as German exports will be boosted by improved framework conditions. USA, Asia and – albeit to a lesser extent – eastern Europe should have positive effects on German exports, as current fiscal policy in many of these countries is expansionary. In 2014, the rate of macroeconomic growth is forecast to increase to 2.2%. Rising employment levels and increasing real income are set to have a positive effect on consumer spending in 2013, with an increase of 1.1% anticipated for 2013. This trend will continue into 2014 and trigger a further 1.5% rise in consumer spending. In 2013 and 2014, public-sector spending is expected to grow by 1.5% and 1.3% respectively. After DIW Berlin only forecast a moderate increase in capital investment of 0.9% in 2013, this figure is expected to rise considerably to 5.4% in 2014.

The Austrian economy is expected to recover over the course of 2013 and 2014 after the period of stagnation in the second half of 2012. It is likely to achieve real growth of 1.0% in 2013, rising to 1.8% in 2014. Positive impulses are set to come from exports, which are expected to increase by 3.8% in 2013 and 6.0% in 2014. Against this backdrop, it is also anticipated that investment activity will pick up momentum; increases in gross capital investment of 1.5% and 2.0% are forecast for 2013 and 2014 respectively. Consumer spending is also expected to contribute to economic growth in 2013 and 2014, with growth rates of 0.7% and 1.0% respectively.

Outlook for the development of the industries

Outlook for the agricultural industry

Long-term prospects for the agricultural industry are characterised by the constant increase in global demand for agricultural products. Population growth is leading to a decline in available agricultural land per capita. Meeting global food requirements therefore necessitates an increase in yield per hectare and agricultural productivity. Business with agricultural operating resources and equipment has also benefitted from this development. Global agricultural stocks are declining overall, and, in such an environment, a relatively stable price trend for agricultural commodities can be expected in normal grain years. However, due to globalisation and the increasing interconnection of markets for agricultural products, unusually good or poor harvests in certain regions and certain years lead to an increased range of price fluctuation.

Current forecasts for grain year 2012/13 show a decline in global harvest volumes compared with grain year 2011/12. A grain harvest of 2,241 million tonnes is expected, a 3% fall year on year (previous year: 2,316 million tonnes). Due to the increase in consumption to an estimated 2,284 million tonnes, inventories will decrease by around 43 million tonnes to 423 million tonnes. This means that the coverage of the inventory stocks will be reduced from 74 days to 68. In the European Union, consumption (including exports of 22.6 million tonnes) is forecast to decline by just under 2% to 294.6 million tonnes in grain year 2012/13. As the volume of available grain (initial inventories plus harvest volume and imports) decreases by around 3% to 327.0 million tonnes, inventory stocks in the EU will continue to fall by around 4.5 million tonnes to 32.4 million tonnes. In Germany, current forecasts for grain year 2012/13 show a year-on-year increase in grain production of around 8%.

Another contraction in grain inventories

Despite the significant year-on-year increase in prices, feedstuff is expected to show a relatively stable development as alternative uses in energy production lead to additional demand and falling prices at the same time.

In terms of agricultural operating resources, demand is forecast to remain stable for seed and crop protection. Previous experience shows that slight price fluctuations can be expected, and price increases should be slightly greater than increases in relation to inflation. Due to the high producer prices, more extensive use of fertilisers can be anticipated in 2013, with prices either remaining stable or rising slightly. However, price developments could be irregular – just as in the previous year – depending on the type of fertiliser.

Following a smaller harvest in the reporting year, it is expected that the fruit harvest in Germany will normalise in 2013. This also applies to other western European countries. Slight declines in fruit prices are anticipated as a result of an average harvest in Europe. Revenues and profit are forecast to develop stably overall. In New Zealand, harvest volume is anticipated to increase moderately year on year. Due to increasing exports to Asia, fruit prices are expected to either remain stable or rise slightly.

Favourable medium- to long-term prospects for agricultural trade

Medium- and long-term prospects for agricultural production and agricultural trade remain favourable. Europe is benefitting from balanced climatic conditions, high levels of expertise in production technology and well-equipped farms.

Environment for agricultural equipment to remain positive

The agricultural-equipment environment is likely to remain positive in Germany in 2013. Based on the current price development trends for important agricultural products, farms can be expected to remain on stable, clearly positive financial footing for 2013. With 38% of farms intending to invest in the near future, investment propensity is slightly down year on year from 40%. However, aggregated investment volume has increased by approximately €1.2 billion to €6.7 billion. Investments in farm buildings have seen the most significant rise, followed by farm and animal housing equipment. Investment in machinery and equipment and in renewable energies has remained at the same level as the previous year. Medium- and long-term prospects also continue to be positive for agricultural equipment, as the ongoing intensification of agricultural production will also require the increased use of technology if the necessary improvements in efficiency are to be achieved.

Outlook for the energy industry

Sales of fuels and lubricants reliant on the economic climate

Sales of fuels and lubricants in the conventional energy sector are chiefly reliant on the respective economic climate. By contrast, demand for fossil fuels is subject to fluctuations significantly influenced by weather conditions and price levels. In terms of the price of crude oil, it is expected that price fluctuations will range between USD100 and USD120 per barrel in 2013. The ongoing modest global economic climate should contribute to the crude oil price tending to remain in the lower part of the range, at least in the first half of the year. The slight increase in demand and boosts in supply from non-OPEC nations – such as the USA – are likely to limit the upwards price trend in the second half of the year, which could lead to families increasing their stock levels. However, a structural decline, particularly in terms of heating oil, in the upper single-digit percentile range per year has been observed over the past few years. This can be traced back to improvements in energy efficiency in housing stock and the increasing use of gas and renewable energies for heating and hot water supply. The sale of wood pellets is likely to rise further in 2013, boosted by an increase in the number of heating systems installed and ongoing brisk interest in this sort of environmentally compatible energy.

"Energy Concept 2050" driving force behind positive development in renewable energies

The primary factor behind the positive development in renewable energies in Germany is the "Energy Concept 2050" launched by the German government, which aims to increase the proportion of power generated from renewable sources to 80% by the year 2050. This policy has laid the foundations for sustainable development. Similar policies exist at a EU-wide level, such as the plan to cover 30% of energy generation requirements through renewable sources by the year 2020.

These policies necessitate significant investment, which opens up further potential for growth for the Renewable Energies business sector. Short-term fluctuations on this growth path will emanate from political adjustments to subsidies to limit the effects on energy prices. After 7.6 gigawatts of photovoltaic plants were constructed in 2012, exceeding the political goal of 2.5 to 3.5 gigawatts by a significant margin, the monthly reductions in feed-in tariffs that have been in effect since November 2012 will cause photovoltaic plants to lose their appeal over the course of 2013. Against this backdrop, it can be expected that photovoltaic plant construction volume will return towards the range targeted by policymakers and the trend towards off-grid, autonomous solutions could intensify. Following considerable growth of around 20% in Germany in 2012, the volume of wind farm construction is expected to remain at similar levels in 2013. After installed capacity of new wind farms almost doubled in 2012, a moderate decline is forecast in the USA for 2013.

Outlook for the construction industry

Real growth in investment in residential construction of 3.5%

Prospects are likely to improve for the construction sector in Germany in 2013. Against the backdrop of further increases in building permits in 2012, a real growth in investment in residential construction of around 3.5% is expected over the course of 2013 – albeit with strong regional differences. This will cause the proportion of residential construction to rise to around 59% of overall construction investment. Moderate growth of 1.1% is expected in non-residential construction. This recovery will be carried forward by public-sector construction and civil engineering, which, after a considerable decline in 2012, is expected to expand by 5.0% in 2013. In contrast, commercial construction and civil engineering will remain stable year on year. Overall, building investment in 2013 will increase by 2.5%.

In Austria, building activity is only expected to rise by 0.6% in 2013. Growth in residential construction and other construction of 1.0% and 0.8% will be the primary contributing factors. Civil engineering activity is expected to contract by 0.6%.

Anticipated development of BayWa's segments

Outlook for the Agriculture Segment

The market and price situation of agricultural products is expected to remain stable over the first half of 2013. Prices, particularly grain prices, will stay at a high level in the second half of the year given the forecast average harvest volume as global grain stocks are likely to remain scarce.

For BayWa, the key focus of 2013 following the acquisitions of T & G, Cefetra and Bohnhorst will be the integration of these companies into the Group. Collection, trade and operating resources volumes will increase considerably through the incorporation of Cefetra and Bohnhorst. As a result, additional market opportunities will arise through close cooperation between BayWa trade departments and Cefetra and Bohnhorst, particularly when it comes to grain trading. Furthermore, Cefetra opens the door for further marketing opportunities on the UK feedstuff market.

Expansion in grain processing volume to around 28 million tonnes

For BayWa's Agricultural Trade business unit, the integration of Cefetra and Bohnhorst up to 2014 will result in grain processing volume expanding to around 28 million tonnes. This will be coupled with a corresponding increase in revenues. Since both Cefetra and Bohnhorst are profitable companies, the operating result in this business unit will also increase. At Cefetra, gross income from existing stocks from the previous year's harvest is still to be allocated to 2012 in accordance with the purchase agreement. Furthermore, costs attributed to the integration of the new companies will have a certain negative impact on 2013. The full extent of the two acquisitions' effect on earnings will therefore be determined in 2014.

Increased revenues and improved operating result expected with fruit

The full-year inclusion of T & G in 2013 after slightly less than 10 months of inclusion in 2012, as well as the continued organic growth of the company, will also result in additional contributions to revenues and profit. Overall, increased revenues and an improved operating result (EBIT) for the Fruit business unit are anticipated for 2013. This trend will continue in 2014.

Over the first half of 2013, agricultural equipment will benefit from the high level of orders from the previous year. In addition, the early onset of winter in 2012 led to deliveries being shifted into 2013. A moderate decline is expected in the second half of the year compared with the record figures from the second half of 2012. The realignment of the business, with separate brand management of AGCO (with the Fendt, Massey Ferguson, Valtra and Challenger brands) and CLAAS, chiefly implemented during 2012, has provided BayWa with positive impetus. Furthermore, the sales territory was able to be expanded through the assumption of business activities of individual agricultural machinery traders. BayWa is anticipating that revenues and the operating result in agricultural equipment will remain stable at a high level over the course of 2013 throughout the entire product range. In view of medium-term trends for the agricultural industry as a whole, high agricultural investment propensity can also be expected in the future, in which BayWa will be able to participate in 2014 thanks to its established market position.

Agricultural investment propensity to remain high in the future

Overall, BayWa is anticipating significant increases in sales volumes of around €10 billion in 2013 in the Agriculture Segment. The operating result will also rise. A further improvement in operating result is also expected in 2014, as the measures to integrate the new companies will have been concluded by then. Revenues and profit expectations are primarily dependent on the development of agricultural commodity prices, over which BayWa only has limited influence.

Outlook for the Energy Segment

Robust economic development positive for lubricant sales

Against the backdrop of relatively positive economic framework conditions, it is expected that consumption levels in the fuel business will remain stable at least. The robust development of the German economy means that slight increases in lubricant sales are anticipated. In addition, BayWa is opening up new customer groups by offering highly specialist TECTROL multifunctional oils and lubricants. Overall, the lubricant business will continue to grow in 2013. In the sale of heating oil, BayWa is counteracting the structural decline in demand by expanding its market share to retain its sales volume at a stable level. A further focus has been put on improving flexibility of supply capacities in order to reduce costs. Based on current prices, revenues and profit across all product areas in the conventional energy business are expected to remain stable year on year in 2013.

BayWa r.e. renewable energies benefits from international orientation

The Renewable Energies business sector will continue on its growth path in 2013. This business unit benefits from its international orientation, as declines in the photovoltaic industry in Germany and other European countries are able to be compensated for by growth in other markets such as Denmark. In the USA, BayWa will continue expanding in 2013 through the completion of two large-scale wind park projects and through Focused Energy LLC, Santa Fe entering the photovoltaic system project business. Furthermore, positive impetus can be anticipated from planned subsidies to promote renewable energy. In the UK, the expansion of the wind power project business will contribute to further growth of the business sector.

In the Energy Segment, further revenues and operating result growth is forecast for 2013 and 2014 on the basis of the anticipated developments in individual areas.

Outlook for the Building Materials Segment

Building materials trade well on track

The Building Materials Segment will be able to benefit from the favourable development of the industry in Germany and moderate growth in Austria in 2013, meaning that revenues can be expected to increase. The building materials trade at BayWa in 2013 is well set up to increase the result thanks to the restructuring programmes and measures to improve results that have already been initiated. As a result of the progressive implementation of the measures, a further improvement of the operating result is likely in 2014.

Outlook for the BayWa Group

Prospects remain positive for 2013 and 2014

Prospects for the BayWa Group continue to be positive for 2013 and 2014. The Group's revenues will increase considerably in 2013. The primary reason for this will be the inclusion of new companies Cefetra and Bohnhorst. Other business units will also develop positively and contribute to the growth of the company. At the same time, 2013 will also be a year of consolidation for BayWa. The key focus is on the integration of newly acquired companies into Group processes and structures. BayWa has set itself ambitious goals, however its main target is to strengthen profitability sustainably in order to safeguard the independence and future viability of the company over the long term. The Group's operating result (EBIT) is to be consistently increased over the course of 2013 and 2014. That being said, 2013 will be a transitional year as adjustment costs will arise to a certain extent during the integration of the new Group companies. The non-recurrence of the adjustment costs in 2014 as well as continued organic growth will increase the operating result even more in 2014.

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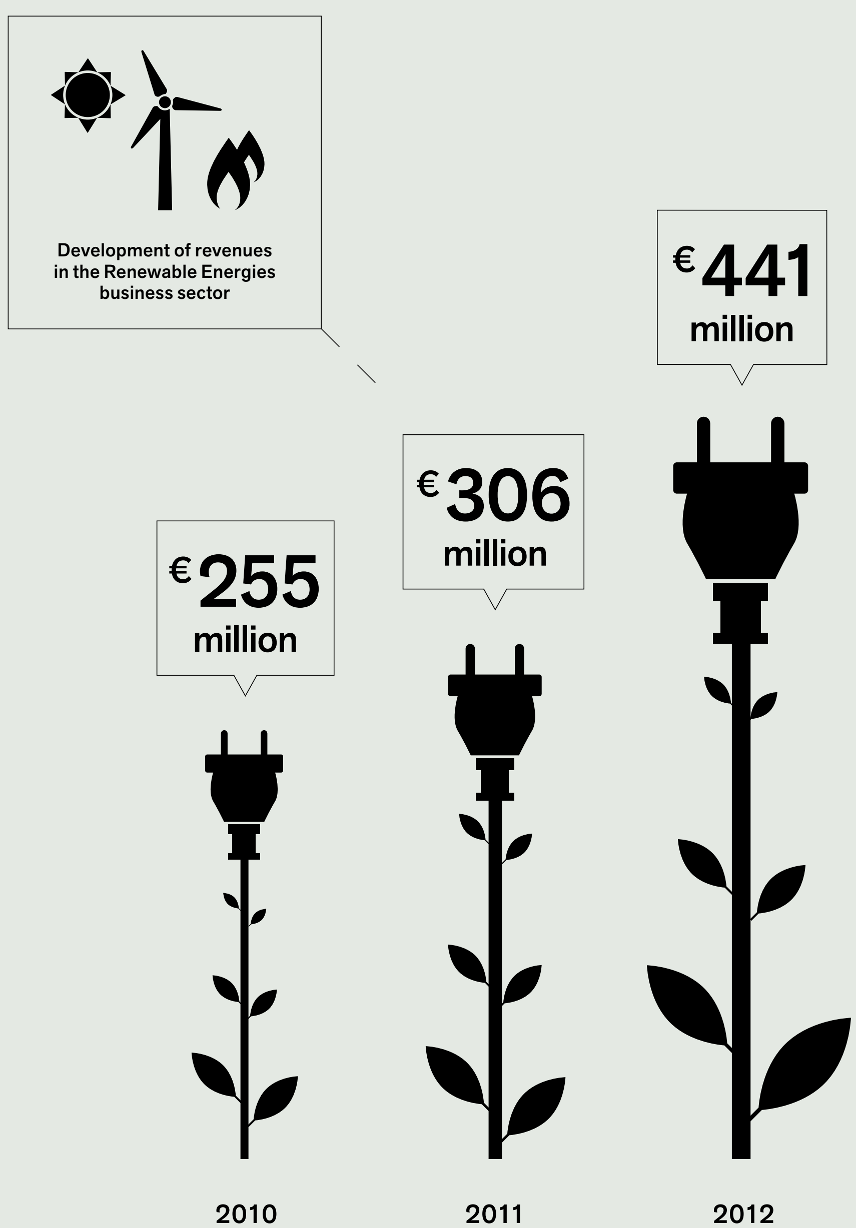
Consolidated Financial Statements



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Consolidated Financial Statements

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Affirmation by the Legally Authorised Representatives

We hereby affirm that, to the best of our knowledge and in accordance with the generally accepted accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and the result of operations of the Group, and that the Management Report on the Group presents a true and fair description of the development of the Group's business, including its performance, and of the material risks and opportunities inherent in the prospective development of the Group.

Munich, 28 February 2013

BayWa Aktiengesellschaft
The Board of Management

Klaus Josef Lutz
Andreas Helber
Dr. Josef Krapf
Roland Schuler

Consolidated Balance Sheet as at 31 December 2012

Assets

In € million	Note	**31/12/2012**	31/12/2011 Adjusted	01/01/2011 Adjusted
Non-current assets				
Intangible assets	(C.1.)	139.830	119.038	64.134
Property, plant and equipment	(C.2.)	1,068.484	1,109.851	917.019
Participating interests recognised at equity	(C.3.)	92.939	16.533	45.733
Other financial assets	(C.3.)	232.799	210.595	212.607
Biological assets	(C.4.)	10.500	–	–
Investment property	(C.5.)	86.218	63.587	71.639
Tax assets	(C.6.)	5.487	6.658	7.564
Other receivables and other assets	(C.7.)	31.624	18.665	16.810
Deferred tax assets	(C.8.)	112.590	78.474	98.849
		1,780.471	**1,623.401**	**1,434.355**
Current assets				
Securities	(C.3.)	1.938	1.811	1.841
Inventories	(C.9.)	1,432.558	1,165.428	1,062.329
Biological assets	(C.4.)	0.693	–	–
Tax assets	(C.6.)	50.333	43.059	21.478
Other receivables and other assets	(C.7.)	875.618	742.512	662.941
Cash and cash equivalents	(C.10.)	83.239	86.997	28.208
		2,444.379	**2,039.807**	**1,776.797**
Non-current assets held for sale/disposal groups	(C.11.)	**232.503**	**258.800**	**49.104**
Total assets		**4,457.353**	**3,922.008**	**3,260.256**

Shareholders' equity and liabilities

In € million	Note	31/12/2012	31/12/2011 Adjusted	01/01/2011 Adjusted
Equity	(C.12.)			
Subscribed capital		88.147	87.871	87.562
Capital reserve		94.612	91.536	88.441
Revenue reserves		511.693	559.899	559.873
Other reserves		167.300	105.277	85.313
Equity net of minority interest		**861.752**	**844.583**	**821.189**
Minority interest		223.386	200.623	166.509
		1,085.138	**1,045.206**	**987.698**
Non-current liabilities				
Pension provisions	(C.13.)	519.793	419.343	422.246
Other non-current provisions	(C.14.)	88.474	75.600	64.372
Financial liabilities	(C.15.)	640.973	565.126	269.077
Financial lease obligations	(C.16.)	8.273	5.289	2.157
Trade payables and liabilities from inter-group business relationships	(C.17.)	4.301	0.012	45.262
Other liabilities	(C.18.)	10.614	13.090	2.284
Deferred tax liabilities	(C.19.)	125.569	100.928	100.468
		1,397.997	**1,179.388**	**905.866**
Current liabilities				
Pension provisions	(C.13.)	29.908	28.475	27.534
Other current provisions	(C.14.)	136.000	116.480	106.287
Financial liabilities	(C.15.)	893.822	582.526	537.675
Financial lease obligations	(C.16.)	3.831	1.750	0.558
Trade payables and liabilities from inter-group business relationships	(C.17.)	761.165	750.148	549.495
Other liabilities		53.260	56.651	39.404
Deferred tax liabilities	(C.18.)	69.310	79.142	72.732
		1,947.296	**1,615.172**	**1,333.685**
Liabilities from non-current assets held for sale/disposal groups	(C.20.)	**26.922**	**82.242**	**33.007**
Total shareholders' equity and liabilities		**4,457.353**	**3,922.008**	**3,260.256**

Consolidated Income Statement for 2012

Continued operations

In € million	Note	2012	2011 Adjusted
Revenues	(D.1.)	10,531.119	9,585.677
Inventory changes		39.442	88.844
Other own work capitalised		4.947	2.324
Other operating income	(D.2.)	205.443	129.985
Cost of materials	(D.3.)	– 9,355.640	– 8,503.124
Gross profit		**1,425.311**	**1,303.706**
Personnel expenses	(D.4.)	– 718.742	– 682.035
Depreciation and amortisation		– 119.796	– 102.173
Other operating expenses	(D.5.)	– 418.569	– 382.383
Result of operating activities		**168.204**	**137.115**
Income from participating interests recognised at equity	(D.6.)	3.206	1.386
Other income from shareholdings	(D.6.)	15.356	10.658
Interest income	(D.7.)	5.358	4.576
Interest expenses	(D.7.)	– 69.483	– 58.301
Financial result		**– 45.563**	**– 41.681**
Result of ordinary activities (EBT)		**122.641**	**95.434**
Income tax	(D.8.)	– 4.649	– 27.310
Consolidated net income		**117.992**	**68.124**
of which: due to minority interest	(D.9.)	21.286	17.640
of which: due to shareholders of the parent company		96.706	50.484
EBIT		**186.766**	**149.159**
EBITDA		**306.562**	**251.332**
Basic earnings per share (in €)	(D.10.)	**2.82**	**1.48**
Diluted earnings per share (in €)	(D.10.)	**2.82**	**1.48**

Consolidated Statement of Comprehensive Income – Transition

In € million	2012	2011 Adjusted
Consolidated net income	**117.992**	**68.124**
Changes in the fair value of assets classified as “available for sale”		
Net gain/loss from revaluation of financial assets in the “available for sale” category during the reporting period	– 2.034	– 5.189
Reclassifications due to disposal of financial assets in the “available for sale” category during the reporting period	–	–
Actuarial gains/losses from pension obligations and provisions for severance pay recognised in the reporting period	– 103.827	– 3.321
Differences from currency translation	2.074	– 1.946
Gains and losses recognised directly in equity	– 103.787	– 10.456
of which: due to minority interest	– 1.536	– 1.416
of which: due to shareholders of the parent company	– 102.251	– 9.040
Consolidated total result for the period	**14.205**	**57.668**
of which: due to minority interest	19.750	16.224
of which: due to shareholders of the parent company	– 5.545	41.444

Consolidated Cash Flow Statement for 2012

Note (E.1.)

In € million	2012	2011 Adjusted
Consolidated net income	117.992	68.124
Write-downs/write-ups of non-current assets		
Intangible assets	15.860	12.807
Property, plant and equipment	99.815	85.797
Other financial assets	0.052	1.168
Investment property	4.107	2.120
Other non-cash related expenses/income		
Changes in deferred taxes	–14.534	–4.834
Equity result minus dividend and capital repayment	–2.974	6.530
Expenses relating to share-based payment through profit and loss	1.340	1.361
Other	–46.219	–8.147
Increase/decrease in non-current provisions	–3.466	–4.664
Cash-effective expenses/income from special items		
Gain/loss from the disposal of financial assets	–1.712	–0.203
	170.261	**160.059**
Increase/decrease in current and medium-term provisions	10.623	7.657
Gain/loss from asset disposals	–38.921	–8.954
Increase/decrease in inventories, trade receivables and other assets not allocable to investing or financing activities	–196.828	–291.225
Increase/decrease in trade payables and other liabilities not allocable to investing or financing activities	204.894	105.010
Cash flow from operating activities	**150.029**	**–27.453**
Outgoing payments for company acquisitions (Note B.1.)	–130.570	–63.632
Incoming payments from the divestiture of companies (subsidiaries; Note B.1.)	1.087	8.537
Incoming payments from the disposal of intangible assets, property, plant and equipment and investment property	129.938	36.513
Outgoing payments for investments in intangible assets, property, plant and equipment and investment property	–157.726	–205.556
Incoming payments from the disposal of other financial assets	15.612	18.916
Outgoing payments for investments in other financial assets	–51.991	–17.426
Cash flow from investing activities	**–193.650**	**–222.648**
Incoming payments from equity contributions	2.012	2.043
Dividend payments	–25.924	–19.883
Incoming payments from borrowing of (financing) loans	79.702	294.645
Outgoing payments from redemption of (financing) loans	–18.387	–2.936
Cash flow from financing activities	**37.403**	**273.869**
Payment-related changes in cash and cash equivalents	–6.218	23.768
Cash and cash equivalents at the start of the period	86.997	28.208
Inflow/outflow of funds due to changes in the group of consolidated companies and in exchange rates	2.460	35.021
Cash and cash equivalents at the end of the period	**83.239**	**86.997**

In € million	2012	2011 Adjusted
Additional information		
The cash flow from operating activities comprises the following cash flows:		
Income tax payments	– 28.676	– 32.937
Interest received	5.136	4.056
Interest paid	– 43.725	– 32.782
Dividend received and other income assumed	10.050	12.564

Of the interest paid in the year under review, €12.342 million (2011: €5.254 million) is attributable to financing activities and €31.383 million (2011: €27.528 million) to operating activities. Income tax payments are accounted for as follows: €2.701 million (2011: €2.526 million) by the cash flow from investing activity and €25.975 million (2011: €30.411 million) by the cash flow from operating activities. Dividend received and other income assumed is attributable to investing activities, as in the previous year. Of the interest received, €1.195 million (2011: €0.972 million) is attributable to investing activities and €3.941 million (2011: €3.084 million) to operating activities.

Outgoing payments for company acquisitions included in the cash flow from investing activities are as follows:		
Purchase price of company acquisitions	– 117.262	– 68.252
Purchase prices paid (including contingent purchase price components from company acquisitions in previous years)	– 130.570	– 63.632
Cash and cash equivalents assumed from company acquisitions	10.068	33.912
Net cash flow from the acquisition of companies	– 120.502	– 29.720

Please see Note B.1. of the Consolidated Financial Statements for details on the assets and liabilities of the subsidiaries and/or operating units over which control is obtained or lost, summarised by each major category.

4 ▪ Consolidated Financial Statements ▪ Consolidated Statement of Changes in Equity

Consolidated Statement of Changes in Equity

Note (C.11.)

In € million	Subscribed capital	Capital reserve	Revenue reserve revaluation	Other revenue reserve	Other reserves	Equity net of minority interest	Minority interest	Equity
As per 01/01/2011 – original amounts	**87.562**	**88.441**	**0.358**	**576.755**	**85.313**	**838.429**	**167.095**	**1,005.524**
Adjustment due to changed accounting policies and valuation methods	–	–	–	– 17.240	–	– 17.240	– 0.586	– 17.826
As per 01/01/2011 – adjusted amounts	**87.562**	**88.441**	**0.358**	**559.515**	**85.313**	**821.189**	**166.509**	**987.698**
Differences resulting from changes in the group of consolidated companies	–	–	–	– 2.471	– 1.939	– 4.410	20.730	16.320
Capital increase against cash contribution/share-based payments	0.309	3.095	–	–	–	3.404	–	3.404
Changes in the fair value of assets classified as "available for sale"	–	–	– 5.110	–	–	– 5.110	– 0.079	– 5.189
Change in actuarial gains/losses from pension obligations and provisions for severance pay	–	–	–	– 3.002	–	– 3.002	– 0.320	– 3.322
Dividend distribution	–	–	–	–	– 17.043	– 17.043	– 2.840	– 19.883
Differences from currency translation	–	–	–	–	– 0.929	– 0.929	– 1.017	– 1.946
Transfer to revenue reserve	–	–	–	10.609	– 10.609	–	–	–
Consolidated net income	–	–	–	–	50.484	50.484	17.640	68.124
As per 31/12/2011 // 01/01/2012	**87.871**	**91.536**	**– 4.752**	**564.651**	**105.277**	**844.583**	**200.623**	**1,045.206**
Differences resulting from changes in the group of consolidated companies	–	–	–	– 6.458	17.738	11.280	8.402	19.682
Capital increase against cash contribution/share-based payments	0.276	3.076	–	–	–	3.352	–	3.352
Changes in the fair value of assets classified as "available for sale"	–	–	– 2.616	–	–	– 2.616	0.582	– 2.034
Change in actuarial gains/losses from pension obligations and provisions for severance pay	–	–	–	– 100.756	–	– 100.756	– 3.070	– 103.826
Inter-company profits from elimination with associates recognised in equity	–	–	–	28.616	–	28.616	–	28.616
Dividend distribution	–	–	–	–	– 20.534	– 20.534	– 5.390	– 25.924
Differences from currency translation	–	–	–	–	1.121	1.121	0.953	2.074
Transfer to/withdrawal from revenue reserve	–	–	–	33.008	– 33.008	–	–	–
Consolidated net income	–	–	–	–	96.706	96.706	21.286	117.992
As per 31/12/2012	**88.147**	**94.612**	**– 7.368**	**519.061**	**167.300**	**861.752**	**223.386**	**1,085.138**

Notes to the Consolidated Financial Statements
as at 31 December 2012

Drawn up in accordance with the International Financial Reporting Standards (IFRS)/International Accounting Standards (IAS) adopted within the European Union, as well as in accordance with the additional information required under Section 315a para. 1 of the German Commercial Code (HGB).

(A.) Background to the BayWa Consolidated Financial Statements

(A.1.) General information, accounting and valuation methods

BayWa AG has its principal place of business in Arabellastrasse 4, 81925 Munich, Germany. The BayWa Group is a group of trading and services companies with core activities in the following lines of business: Agricultural Trade, Fruit, Agricultural Equipment, Energy, Renewable Energies and Building Materials. The Agricultural Trade business unit comprises trading in agricultural produce and operating resources. The Fruit business unit combines all activities of the Group in the business of fruit growing and trading. The Agricultural Equipment business unit offers a full range of agricultural equipment and services. The Energy business unit has an extensive network which ensures the supply of heating oil, fuels, lubricants and wood pellets to commercial and private customers. In the Renewable Energies business unit, the Group offers customers services geared to project management for wind power, biogas facilities and solar power plants, on the one hand, and operates its own wind and biogas plants to produce electricity, on the other. The range of products and services under Renewable Energies is rounded off by the sale of solar panels. The Building Materials business unit comprises building materials sales activities as well as the operation of DIY and garden centres of the Austrian Group companies.

Effective 1 January 2012, BayWa AG transferred the majority of its DIY & Garden Centres to a joint venture with Semer Beteiligungsgesellschaft mbH, Salzburg, Austria. Semer Beteiligungsgesellschaft mbH operates DIY and garden centres in Germany and Austria through HELLWEG Die Profi-Baumärkte GmbH & Co. KG, Dortmund. As contractually agreed, the inventories and selected property, plant and equipment and directly allocable liabilities of 56 DIY & Garden Centres belonging to BayWa AG were transferred to BayWa Bau- & Gartenmärkte GmbH & Co. KG, Dortmund (formerly: Munich), a company established for this purpose, with effect from 1 January 2012. Following the contribution of the assets, Semer Beteiligungsgesellschaft mbH acquired 50% of the limited partnership interest in BayWa Bau- & Gartenmärkte GmbH & Co. KG. BayWa AG will initially retain the remaining 50% of limited partnership interests, which will be sold in stages to Semer Beteiligungsgesellschaft mbH over a period up until 31 December 2021. The entire real estate of the transferred DIY & Garden Centres was not assigned to the new company but remained in the ownership of BayWa AG. Since the transfer, this real estate is now being let to the BayWa Bau- & Gartenmärkte GmbH & Co. KG. Since the date of acquisition of the limited partnership interests by Semer Beteiligungsgesellschaft mbH, BayWa Bau- & Gartenmärkte GmbH & Co. KG has been reported at equity within the BayWa Group. In the previous year, the assets and liabilities of the transferred DIY & Garden Centres were recognised as a disposal group pursuant to IFRS 5 in BayWa AG's consolidated financial statements. Following the spin-off, the DIY & Garden Centres business sector is no longer recognised as a sub-segment of the Building Materials Segment in these consolidated financial statements. Since then, the DIY & Garden Centre activities in Austria remaining with the Group have been regarded as part of the previous Building Materials sub-segment, which now corresponds to the Building Materials Segment.

The Consolidated Financial Statements as at 31 December 2012 were drawn up in compliance with the International Financial Reporting Standards (IFRS) as applicable within the European Union. The standards of the International Accounting Standards Board (IASB), London, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) valid on the reporting date were fully taken account of. The consolidated financial statements therefore give a true and fair view of the assets, financial position and result of operations of the BayWa Group.

Moreover, the consolidated financial statements accord with the supplementary provision set out under Section 315a para. 1 of the German Commercial Code (HGB).

The financial year of the BayWa Group covers the period from 1 January to 31 December. The financial statements of BayWa AG and its Group companies are prepared in accordance with the balance sheet date of the consolidated financial statements. The financial statements of Deutsche Raiffeisen-Warenzentrale GmbH, Frankfurt am Main; Raiffeisen Beteiligungs GmbH, Frankfurt am Main; Frisch & Frost Nahrungsmittel-Gesellschaft m.b.H., Hollabrunn, Austria; Allen Blair Properties Limited, Wellington, New Zealand; Fresh Vegetable Packers Limited, Christchurch, New Zealand; Mystery Creek Asparagus Limited, Hamilton, New Zealand; and Worldwide Fruit Limited, Spalding, UK, constitute an exception, as these companies are accounted for using the equity method. All of the above companies have different reporting dates, which are 31 March and 30 June. The interim financial statements of all companies as at 31 December 2012 form the basis for consolidation.

The accounting implemented within the group of BayWa AG is carried out in accordance with the accounting and valuation principles uniformly applied by the whole Group; they are described under Notes C. and D. in the explanations on the balance sheet and the income statement. Individual items have been disclosed separately in the balance sheet and in the income statement to enhance transparency. They are broken down and explained in the Notes to the Consolidated Financial Statements. The consolidated financial statements have been prepared in euros. Unless otherwise indicated, amounts are shown in millions of euros (€ million; rounded up to three decimal points).

(A.2.) Estimates and assumptions by management

The preparation of the consolidated financial statements necessitates that, to a certain extent, assumptions are made and estimates used which have an impact on the amount and disclosure of assets and liabilities capitalised, the income and expenses and the contingent liabilities. Estimates are necessary, particularly in respect of the measurement of property, plant and equipment and intangible assets, as well as inventories, in connection with purchase price allocation, the recognition and measurement of deferred tax assets, the recognition and measurement of pension provisions and other reserves, as well as the carrying out of impairment tests in accordance with IAS 36.

In the case of pension provisions, the discount factor, along with wage and salary and pension trends, are important parameters for estimates. An increase or decrease in the discount factor affects the net present value of the obligations arising from pension plans.

Impairment tests on goodwill are based on future-oriented assumptions. From today's standpoint, justifiable changes in these assumptions would not result in the book values of the cash generating unit (CGU) exceeding their recoverable amount, thereby triggering impairment. The underlying assumptions are influenced primarily by the market situation of the CGU.

Deferred tax assets on loss carryforwards are recognised provided that future tax advantages are likely to be realised within the next three years. The actual taxable profits in future periods, and thus the actual usability of deferred tax assets, may diverge from the estimate at the time when the deferred tax is capitalised.

In respect of property, plant and equipment, assumptions were made relating to the uniform, group-wide establishing of useful economic lives. Divergences from the actual economic life are therefore possible but are estimated to be fairly low.

Estimates of the future earnings potential, location, planting, age, variety and production capacities of the fruit plantations are required for determining the fair value of the biological assets.

Estimates have been made in respect of inventories, especially in the context of write-downs on the net realisable value. Estimates of the net realisable value are based on the substantive information available at the time when the likely recoverable amounts of inventories were estimated. These estimates take account of changes in prices and costs which are directly associated with events after the reporting period, in as much as these events serve to elucidate the conditions already prevailing by the end of the reporting period.

The measurement of the recoverability of receivables is also subject to assumptions which are based in particular on empirical values on recoverability.

The operating expenses of "investment property" are also subject to estimates based on empirical values.

All assumptions and estimates are based on the conditions prevailing and judgements made on the reporting date. In addition, consideration has been given to the economic development and the business environment of the BayWa Group. If, in future business periods, framework conditions should develop otherwise, there may be differences between actual and estimated amounts. In such cases, the assumptions and, if necessary, the book value of the assets and liabilities affected will be adjusted on subsequent reporting dates. At the time when the consolidated financial statements were prepared a material change in the underlying assumptions and estimates was not anticipated.

(A.3.) Impact of new accounting standards

Accounting standards applicable for the first time in financial year 2012

In financial year 2012, the following standards and interpretations were applicable for the first time. These new standards had very little or no influence on the presentation of the net assets, financial position and result of operations or on earnings per share of the BayWa Group.

In January 2011, the IASB published an amendment to IFRS 1 (First-time Adoption of International Financial Reporting Standards) so as to add to guidelines for the first-time application of IFRS in cases of hyperinflation. These guidelines apply to companies that are either re-adopting IFRS for their financial statements or that are adopting IFRS for the first time.

Also in January 2011, the IASB issued another amendment to IFRS 1 to delete the references to fixed dates for the first-time adoption of IFRS. These amendments resulted in the deletion of the fixed adoption dates and they exempt first-time adopters from having to re-measure certain transactions that took place before the date IFRS were applied for the first time pursuant to IFRS.

In October 2010, the IASB included new reporting duties in IFRS 7 (Financial Instruments: Disclosures) as part of its extensive review of off-balance-sheet activities. The objective of these amendments is to increase transparency for readers of the financial statements regarding the risks from the transfer of financial assets in which the transferring party retains a continued share.

In January 2011, the IASB published amendments to IAS 12 (Income Taxes) with regard to deferred taxes and the realisation of underlying assets. The amendments led to an exemption from the general principle of IAS 12, which states that fiscal consequences resulting from a company's plans on how to realise the book value of an asset must be taken into account when measuring deferred taxes. For investment property measured pursuant to IAS 40 (Investment Property), in particular, the rebuttable presumption is made that the book value will be fully realised by a sale. The amendments answer concerns that in IAS 12, the application of the general principle regarding the realisation of an asset is difficult for investment property measured at fair value or prone to subjective influences, as the company may intend to hold the asset for an indefinite or undefined period during which it expects to receive rental income as well as appreciation.

According to the amendments, deferred tax liabilities or assets are measured on the basis of fiscal consequences resulting from the realisation of the full book value of the investment property through a sale – if this assumption is not rebutted. However, this assumption can be rebutted if the investment property has a finite useful life and is part of a business model aiming at realising most of the economic value of the investment property over its term.

For companies holding investment property measured pursuant to the fair value model stated in IAS 40 and that can sell investment property tax-free within their legal group, the application of this amendment leads to these companies no longer being permitted to recognise deferred taxes for the temporary differences resulting from changes in fair value (unless the assumption of sales is rebutted). The reason for this is that the realisation of the full book value from a sale does not have any fiscal consequences – regardless of whether the company intends to use the property for generating rental income in the period leading up to the sale.

The application of the amendment results in a change to the accounting method for depreciable investment properties. Whereas in the past, deferred taxes were determined under the assumption that the book value of the property would be realised from its use, the measurement base now has to be changed if the assumption of sale cannot be rebutted. If the measurement base has to be changed and the effect is material, the comparable figures must be adjusted accordingly, as all amendments must be applied retrospectively.

Standards, interpretations and amendments which have been published but not yet applied

The IASB and IFRS Interpretations Committee have issued the following standards, amendments of standards and interpretations that are not yet mandatorily applicable. The application of these IFRS and interpretations is contingent on their having been adopted by the EU through an IFRS endorsement process. These accounting standards were not applied at an earlier date within the BayWa Group.

The IASB published IFRS 9 (Financial Instruments), with rules on the classification and measurement of financial assets, in November 2009 and rules on the classification and measurement of financial liabilities in October 2010. The release of these standards marks the completion of the first part of a three-phase project on the full revision of accounting for financial instruments. IFRS 9 defines two instead of four measurement categories for asset-side financial instruments. This categorisation is based, on the one hand, on the company's business model and, on the other, on the contractual cash flows of the respective financial assets. In respect of structured projects with embedded derivatives, the standard provides for an obligation to establish whether derivatives must be separated from the host contract, and any separation reported now only applies to non-financial host contracts. Structured products with the financial host contracts must be classified in their entirety and measured. The mandatory initial application of IFRS 9 was postponed through an amendment to the "Mandatory Effective Date of IFRS 9", passed in December 2011, to annual periods starting on or after 1 January 2015. At the same time, the obligation to provide information on the initial application of IFRS 9 was amended under IFRS 7. Endorsement under European law is still pending. In view of the complexity of the scope addressed by IFRS 9, issuing a reliable, detailed statement on its impact is currently not possible. It is, however, assumed that these amendments will have no significant impact on the presentation of the net assets, financial position and result of operations of the BayWa Group.

In May 2011, the IASB released four new standards: IFRS 10 (Consolidated Financial Statements), IFRS 11 (Joint Arrangements), IFRS 12 (Disclosure of Interests in Other Entities) and IFRS 13 (Fair Value Measurement). In addition, amendments to two already existing standards, specifically IAS 27 (Separate Financial Statements) and IAS 28 (Investments in Associates and Joint Ventures) were published. The standards are to be adopted mandatorily in annual periods beginning on or after 1 January 2014, once they have been endorsed under European law. The impact of the amendments on the presentation of the net assets, financial position and result of operations is currently being reviewed.

The objective of IFRS 10 (Consolidated Financial Statements) is to establish principles for the segregation of the group of consolidated companies irrespective of the type of shareholding. These principles are based on a control concept with extensive instructions on application which are integrated into the new standard. IFRS 10 therefore replaces the full scope of the corresponding regulations set out under IAS 27 (Consolidated and Separate Financial Statements) and SIC 12 (Consolidation – Special Purpose Entities).

IFRS 11 (Joint Arrangements) regulates the accounting for joint arrangements under which joint control can be exercised with a third party. Accounting focuses on the rights and obligations of the arrangement, rather than its legal form which was formerly the case. Joint arrangements are differentiated by the categories of joint operations and joint ventures. In the case of joint operations, accounting must reflect the proportionate assets and liabilities corresponding to the rights and obligations of the individual party in future. The share in joint ventures must be disclosed using the equity method in future. The standards set out under IAS 31 (Interests in Joint Ventures) regulating accounting for shares in joint ventures and SIC 13 (Jointly Controlled Entities – Non-Monetary Contributions by Venturers) have been replaced by IFRS 11.

The new version of IAS 28 (Investments in Associates and Joint Ventures) revised by the IASB now regulates accounting for investment in joint ventures by applying the equity method, along with accounting for investments in associated companies.

IFRS 12 (Disclosure of Interests in Other Entities) regulates disclosure requirements pertaining to interests in other entities, including subsidiaries, joint arrangements, associated companies and unconsolidated structured entities. The disclosure requirements are intended to facilitate the identification of the nature of the interests in the entities cited and the associated risks, as well as the effects of those interests on the financial position, financial performance and cash flows.

As a consequence of the amendments under IFRS 10 (Consolidated Financial Statements) and IFRS 12, the IASB published a revised version of IAS 27 (Separate Financial Statements) which exclusively addresses accounting for interests in subsidiaries, associated companies and joint ventures in IFRS separate financial statements.

In IFRS 13 (Fair Value Measurement), the IASB defines fair value and sets out a framework for measuring fair value and disclosures about fair value measurements. The standard focuses on how fair value is to be measured rather than when, with fair value defined as a price that would be received on selling an asset or paid on transferring a liability. Upon initial application IFRS 13 is to be applied prospectively. Adoption is mandatory in annual periods beginning on or after 1 January 2013. These resulting reporting obligations will have little impact on the presentation of the net assets, financial position and result of operations.

In June 2011, the IASB published amendments to IAS 1 (Presentation of Financial Statements). These amendments require a separate presentation of the items not affecting net income stated in Other Comprehensive Income depending on whether they are to be reclassified subsequently to the income statement. Companies must apply the amendments for annual periods starting on or after 1 July 2012. These amendments will have little impact on the presentation of the net assets, financial position and result of operations.

In June 2011, the IASB also published amendments to IAS 19 (Employee Benefits). Accordingly, BayWa ceased to apply the corridor method previously in use which involved the subsequent recognition of actuarial gains and losses through profit and loss in later periods. In future, net pension obligations under defined benefit pension plans and changes in these obligations owing to actuarial gains and losses are to be reported in full directly without effect on net income. Moreover, the net interest expense from defined benefit pension plans is to be calculated on the basis of a net liability, specifically the balance of pension obligations and the fair value of plan assets. Accordingly, the interest rate applicable to the return anticipated on plan assets reported through profit and loss no longer needs to be estimated. Instead it must correspond to the discount rate applied to pension obligations. The method used to calculate this interest rate will remain unchanged. In the case of future plan changes, the adjusted past service cost must be immediately reported through profit and loss. Furthermore, the regulations on the recognition and measurement of termination benefits paid to employees have changed. The amendments are to be mandatorily applied to annual periods beginning on or after 1 January 2013. Under the amendment, actuarial gains and losses, accounted for to date within the BayWa Group using the corridor method, must therefore be stated in equity without effect on income and the net pension obligation fully disclosed. In view of the steep drop in interest rates in 2012, the BayWa Group retrospectively replaced the corridor method with the direct recognition of actuarial gains and losses in equity (IAS 19.93 et seq.) in the reporting year so as to provide a more meaningful picture of the balance sheet. This constitutes a change in reporting methods pursuant to IAS 8. BayWa implemented this change in anticipation of material amendments of IAS 19 (2011). The non-amortised actuarial loss accrued in previous years was offset against equity without affecting profit or loss in this respect. Please refer to Note B.6. of these notes for further information. Further effects of the amendment on the presentation of the net assets, financial position and result of operations are currently being reviewed.

The IFRIC 20 interpretation (Stripping Costs in the Production Phase of a Surface Mine) was published in October 2011. IFRIC 20 defines the recognition, the initial and subsequent measurement of assets in connection with stripping costs in the production phase in surface mining necessary to gain access to mineral ore deposits. The interpretation enters into force for annual periods beginning on or after 1 January 2013. This amendment will have no impact on the presentation of the net assets, financial position and the result of operations.

In December 2011, the IASB published supplementary standards on “Offsetting Financial Assets and Financial Liabilities”, a companion to IAS 32 (Financial Instruments: Presentation) and “Disclosures – Offsetting Financial Assets and Financial Liabilities”, relating to IFRS 7 (Financial Instruments: Disclosures). The amendment under IAS 32 clarifies details in connection with the right of set-off at any time and same-date settlement criteria. The amendment to IFRS 7 requires presentation in a table of the reconciliation of gross and net amounts and other rights of set-off that do not fulfil set-off criteria for accounting purposes in the future. These amendments are mandatorily and retrospectively applicable to interim and annual periods from 1 January 2013 onwards (IFRS 7 amendment) and 1 January 2014 (IAS 32 clarifications). The amendments will have no major impact on the presentation of the net assets, financial position and result of operations of the BayWa Group.

In March 2012, the IASB published amendments to IFRS 1 regarding government loans. The amendments provide relief for first-time IFRS adopters by allowing a prospective application of IAS 39 or IFRS 9 and IAS 20.10A (Accounting for Government Grants and Disclosure of Government Assistance) for low-interest government loans that are still outstanding on the date of transition to IFRS. This amendment is to be mandatorily applied to annual periods beginning on or after 1 January 2013. The amendment will have no impact on the presentation of the net assets, financial position and result of operations of the BayWa Group.

As part of its annual improvement programme, the IASB amended five standards in May 2012. An amendment of IFRS 1 pertains to the repeated application of IFRS 1 and clarifies that a company that has already applied IFRS in previous reporting periods, but whose most recent annual financial statements do not include an explicit and unqualified confirmation of compliance with IFRS and that is preparing its annual financial statements for the current period pursuant to IFRS, may choose to either apply IFRS 1 again or, alternatively, apply IFRS retrospectively in compliance with IAS 8 as if it had never ceased to apply them. The company must state the reasons why it interrupted the application of IFRS, why it commenced application, and why it did not choose the repeated application of IFRS 1, if the latter is applicable.

IFRS 1 also includes an amendment with regard to borrowing costs that clarifies that according to previous accounting regulations, capitalised borrowing costs prior to the transition to IFRS may be recognised without adjustment at the time of first-time adoption. Borrowing costs incurred after the date of initial application of IFRS and pertaining to qualified assets under construction must be recognised pursuant to the provisions of IAS 23 (Borrowing Costs). It also clarifies that a first-time adopter may choose to apply IAS 23 early, before the date of initial application of IFRS.

An amendment to IAS 1 (Presentation of Financial Statements) includes a clarification to the effect that a company must prepare a third balance sheet as of the opening balance sheet date of the previous year's period if it applies an accounting method retrospectively or has adjusted or reclassified items in the annual financial statements retrospectively, and if this retrospective application, adjustment or reclassification has material effects on the information contained in the opening balance sheet. Corresponding disclosures do not have to be made for this third balance sheet. The amendments furthermore clarify that no additional comparable figures for reporting periods going back further than the comparable period required by IAS 1 have to be provided. Nonetheless, a company may choose to voluntarily provide individual parts of the annual financial statements for additional periods, including the related disclosures in the notes, if such additional information was prepared pursuant to IFRS. This does not, however, result in an obligation to provide all parts of the annual financial statements for these additional periods.

Also as part of the IASB's annual improvement project, an amendment was made to IAS 16 (Property, Plant and Equipment) for classifying maintenance devices. The amendment clarifies that replacement parts, spare or replacement devices and maintenance devices must be recognised pursuant to IAS 16 if they fulfil the definition of property, plant and equipment. Otherwise, they are classed as inventories.

In addition, a clarification was added to IAS 32 (Financial Instruments: Disclosures) regarding tax effects from distributions to investors as well as transaction costs. This details that the tax effects from dividend distributions to investors as well as from transaction costs related to equity transactions must be exclusively recognised pursuant to IAS 12.

The amendments to IFRS as part of the IASB's annual improvement project described above must be obligatorily applied for annual periods starting on or after 1 January 2013. The implemented amendments will have no or no significant impact on the presentation of the net assets, financial position and result of operations of the BayWa Group.

(B.) Information on Consolidation

(B.1.) Group of consolidated companies – fully consolidated companies pursuant to IAS 27

Under the principles of full consolidation, all domestic and foreign subsidiaries in which BayWa holds, either directly or indirectly, a controlling interest (Control Concept) and where the subsidiaries are not of secondary importance have been included in the consolidated financial statements, alongside BayWa AG.

	Share in capital in %	Comment
Agriculture Segment		
Bayerische Futtersaatbau GmbH, Ismaning, Germany	72.7	
BOR s.r.o., Choceň, Czech Republic	92.8	
CLAAS Südostbayern GmbH, Töging, Germany	90.0	
CLAAS Nordostbayern GmbH & Co. KG, Weiden, Germany	90.0	
CLAAS Main-Donau GmbH & Co. KG, Vohburg, Germany	90.0	
CLAAS Württemberg GmbH, Langenau, Germany	80.0	
EUROGREEN GmbH, Betzdorf, Germany	100.0	
EUROGREEN Schweiz AG, Zuchwil, Switzerland	100.0	
EUROGREEN CZ s.r.o., Jiřetín pod Jedlovou, Czech Republic	100.0	
Eurogreen Italia S.r.l., Milan, Italy	51.0	Initial consolidation on 01/01/2012
F. Url & Co. Gesellschaft m.b.H., Unterpremstätten, Austria	100.0	
URL AGRAR GmbH, Vienna, Austria	100.0	Demerger on 01/01/2012
Frucom Fruitimport GmbH, Hamburg, Germany	100.0	
Garant-Tiernahrung Gesellschaft m.b.H., Pöchlarn, Austria	100.0	
Greenpower Handels GmbH, Mondsee, Austria	100.0	Initial consolidation on 14/03/2012
LTZ Chemnitz GmbH, Hartmannsdorf, Germany	90.0	
Raiffeisen Waren GmbH Nürnberger Land, Hersbruck, Germany	52.0	
Raiffeisen Kraftfutterwerke Süd GmbH, Würzburg, Germany	85.0	
Raiffeisen Agro d.o.o., Belgrade, Serbia	100.0	
Sempol spol. s r.o., Trnava, Slovakia	100.0	
TechnikCenter Grimma GmbH, Mutzschen, Germany	70.0	
Turners & Growers Group		
Turners & Growers Limited, Auckland, New Zealand	73.1	Initial consolidation on 31/03/2012
Aeneid Thirteen Limited, Auckland, New Zealand	100.0	Initial consolidation on 31/03/2012
Delica Limited, Auckland, New Zealand	70.0	Initial consolidation on 31/03/2012
ENZA Limited, Auckland, New Zealand	100.0	Initial consolidation on 31/03/2012
ENZA Orchards Limited, Auckland, New Zealand	100.0	Initial consolidation on 31/03/2012
Fruit Distributors Limited, Auckland, New Zealand	100.0	Initial consolidation on 31/03/2012
Inglis Horticulture Limited, Auckland, New Zealand	100.0	Initial consolidation on 31/03/2012
Status Produce Limited, Auckland, New Zealand	100.0	Initial consolidation on 31/03/2012
Turners & Growers (Fiji) Limited, Suva, Republic of Fiji	70.0	Initial consolidation on 31/03/2012
Turners & Growers Fresh Limited, Auckland, New Zealand	100.0	Initial consolidation on 31/03/2012
Turners and Growers Horticulture Limited, Auckland, New Zealand	100.0	Initial consolidation on 31/03/2012
Delica Australia Pty Ltd, Pakenham, Australia	85.0	Initial consolidation on 31/03/2012
Delica Domestic Pty Ltd, Pakenham, Australia	70.0	Initial consolidation on 31/03/2012
Delica North America Inc., Torrance, USA	75.0	Initial consolidation on 31/03/2012
Fresh Food Exports 2011 Limited, Mangere, New Zealand	75.0	Initial consolidation on 31/03/2012
ENZA Commercial Holdings Limited, Auckland, New Zealand	100.0	Initial consolidation on 31/03/2012
ENZA Finance Limited, Auckland, New Zealand	100.0	Initial consolidation on 31/03/2012
ENZA Fresh Inc., Seattle, USA	100.0	Initial consolidation on 31/03/2012
ENZA Group Services Limited, Auckland, New Zealand	100.0	Initial consolidation on 31/03/2012
ENZA Investments USA Inc., Seattle, USA	100.0	Initial consolidation on 31/03/2012

	Share in capital in %	Comment
ENZA Pipfruit Limited, Auckland, New Zealand	100.0	Initial consolidation on 31/03/2012
ENZACOR Pty Ltd, Pymble, Australia	100.0	Initial consolidation on 31/03/2012
ENZAFOODS New Zealand Limited, Auckland, New Zealand	100.0	Initial consolidation on 31/03/2012
ENZAFRUIT Marketing Limited, Auckland, New Zealand	100.0	Initial consolidation on 31/03/2012
ENZAFRUIT New Zealand (Continent) NV, Sint-Truiden, Belgium	100.0	Initial consolidation on 31/03/2012
ENZAFRUIT New Zealand (UK) Limited, Luton, UK	100.0	Initial consolidation on 31/03/2012
ENZAFRUIT New Zealand International Limited, Auckland, New Zealand	100.0	Initial consolidation on 31/03/2012
ENZAFRUIT Products Inc., Seattle, USA	100.0	Initial consolidation on 31/03/2012
ENZATree Limited, Auckland, New Zealand	100.0	Initial consolidation on 31/03/2012
Taipa Water Supply Limited, Kerikeri, New Zealand	65.0	Initial consolidation on 31/03/2012
Building Materials Segment		
AFS Franchise-Systeme GmbH, Vienna, Austria	100.0	
Bauzentrum Westmünsterland GmbH & Co. KG, Ahaus, Germany	100.0	
BayWa Handels-Systeme-Service GmbH, Munich, Germany	100.0	
BayWa Vorarlberg HandelsGmbH, Lauterach, Austria	51.0	
IFS S.r.l., Bolzano, Italy	51.0	
Energy Segment		
AWS Entsorgung GmbH Abfall & Wertstoff Service, Boppard, Germany	90.0	
Aufwind Nuevas Energías S.L.U., Barcelona, Spain	100.0	
Aufwind BB GmbH & Co. Zweiundzwanzigste Biogas KG, Regensburg, Germany	100.0	
BayWa r.e España S.L.U., Barcelona, Spain	100.0	
BayWa r.e. renewable energy GmbH (formerly: BayWa r.e GmbH), Munich, Germany	100.0	
BayWa r.e Mozart, LLC, San Diego, USA	100.0	
WKN Wagner, LLC, San Diego, USA	100.0	
BayWa r.e Service GmbH, Munich, Germany	100.0	
BayWa r.e USA LLC, Santa Fe, USA	100.0	
BayWa-Tankstellen-GmbH, Munich, Germany	100.0	
Diermeier Energie GmbH, Munich, Germany	100.0	
Dulas MHH Ltd., Machynlleth Powys, UK	90.0	
ECOWIND Group		
ECOWIND Handels- & Wartungs-GmbH, Kilb, Austria	90.0	
ECOwind d.o.o., Zagreb, Croatia	100.0	
Eko-Energetyka Sp. z o.o., Rezesów, Poland	51.0	
Puterea Verde S.r.l., Sibiu, Romania	75.5	
Windpark Pongratzer Kogel GmbH, Kilb, Austria	100.0	
Wind Water Energy ood, Varna, Bulgaria	76.0	
Focused Energy LLC, Santa Fe, USA	80.0	
GENOL Gesellschaft m.b.H. & Co. KG, Vienna, Austria	71.0	
L & L Rotorservice GmbH, Basdahl, Germany	100.0	
L & L Vermögensverwaltungs GmbH, Basdahl, Germany	100.0	
MHH France S.A.S., Toulouse, France	90.0	
MHH Solartechnik GmbH, Tübingen, Germany	100.0	
MHH SOLAR DANMARK ApS, Svendborg, Denmark	100.0	Initial consolidation on 01/05/2012
Net Environment S.L.U., Barcelona, Spain	100.0	
BayWa r.e. bioenergy GmbH (formerly: r.e Bioenergie GmbH), Regensburg, Germany	100.0	
BayWa r.e. green energy products GmbH (formerly: r.e Biomethan GmbH), Regensburg, Germany	100.0	
Real Power S.L.U., Barcelona, Spain	100.0	Initial consolidation on 01/01/2012
Schradenbiogas GmbH & Co. KG, Gröden, Germany	94.5	
Tecno Spot S.r.l., Bruneck, Italy	70.0	Initial consolidation on 01/02/2012

	Share in capital in %	Comment
Tecnospot Solar USA Inc., Los Angeles, USA	100.0	Initial consolidation on 01/02/2012
Tecnospot Construction Services Inc., Los Angeles, USA	80.0	Initial consolidation on 01/02/2012
Ge-Tec GmbH, Lienz, Austria	100.0	Initial consolidation on 01/02/2012
TESSOL Kraftstoffe, Mineralöle und Tankanlagen GmbH, Stuttgart, Germany	100.0	
WAV Wärme Austria VertriebsgmbH, Vienna, Austria	89.0	
Wingenfeld Energie GmbH, Hünfeld, Germany	100.0	
WKN USA Group		
WKN USA, LLC, San Diego, USA	70.0	
WKN Montana II, LLC, San Diego, USA	100.0	
WKN Ravel, LLC, San Diego, USA	100.0	
WKN Vivaldi, LLC, San Diego, USA	100.0	
WKN Chopin, LLC, San Diego, USA	100.0	
WKN Amadeus, LLC, San Diego, USA	100.0	
RENERCO Group		
RENERCO Renewable Energy Concepts AG, Munich, Germany	100.0	
RENERCO Beteiligungs GmbH, Grünwald, Germany	100.0	
RENERCO Energies SAS, Paris, France	100.0	
RENERCO Energy UK Ltd., London, UK	100.0	
RENERCO GEM 1 GmbH, Munich, Germany	100.0	
RENERCO GEM 2 GmbH, Munich, Germany	100.0	
RENERCO GEM 4 GmbH, Munich, Germany	100.0	Initial consolidation on 01/12/2012
renerco plan consult GmbH, Munich, Germany	100.0	Initial consolidation on 01/12/2012
GEM WIND FARM 1 Ltd., London, UK	100.0	
GEM WIND FARM 2 Ltd., London, UK	100.0	
GEM WIND FARM 3 Ltd., London, UK	100.0	
GEM WIND FARM 4 Ltd., London, UK	100.0	Initial consolidation on 01/12/2012
RENERCO Polska Sp. z o.o., Warsaw, Poland	100.0	
RENERCO Solar GmbH, Munich, Germany	100.0	
Aludra Energies SARL, Strasbourg, France	100.0	Initial consolidation on 01/12/2012
BayWa r.e. Wind GmbH, Munich, Germany	100.0	Initial consolidation on 01/12/2012
Cubiertas Solares Carrocerías S.L.U., Madrid, Spain	100.0	Initial consolidation on 08/03/2012
Cubiertas Solares Parking S.L.U., Madrid, Spain	100.0	Initial consolidation on 08/03/2012
Les Eoliennes de Saint Fraigne SAS, Strasbourg, France	100.0	
Livas 1 Energeiaki EPE, Kalamata, Greece	94.0	
Neuilly Saint Front Energies SAS, Bègles, France	70.0	
Parco Solare Smeraldo S.r.l., Brixen, Italy	100.0	
Parque Eólico La Carracha S.L.U., Saragossa, Spain	74.0	
Parque Eólico Plana de Jarreta S.L.U., Saragossa, Spain	74.0	
SEP du Midi 2 SNC, Mulhouse, France	100.0	Initial consolidation on 08/02/2012
SEP SAG Intersolaire 3 SNC, Mulhouse, France	100.0	Initial consolidation on 08/02/2012
SEP SAG Intersolaire 5 SNC, Mulhouse, France	100.0	Initial consolidation on 08/02/2012
Silverworld System S.L.U., Madrid, Spain	100.0	Initial consolidation on 01/08/2012
Solarpark Aquarius GmbH & Co. KG, Munich, Germany	100.0	Initial consolidation on 01/12/2012
Solarpark Aries GmbH & Co. KG, Munich, Germany	100.0	Initial consolidation on 01/11/2012
Solarpark Gemini GmbH & Co. KG, Munich, Germany	100.0	Initial consolidation on 01/05/2012
Sunshine Movement GmbH, Munich, Germany	100.0	Initial consolidation on 28/02/2012
Umspannwerk Gürtelkopf GmbH & Co. KG, Munich, Germany	100.0	
Umspannwerk Klein Bünsdorf GmbH & Co. KG, Munich, Germany	100.0	
Windpark Everswinkel GmbH & Co. KG, Grünwald, Germany	100.0	
Windpark Everswinkel II GmbH & Co. KG, Grünwald, Germany	100.0	
WP EWL Infrastruktur GmbH & Co. KG, Munich, Germany	100.0	
Windpark GHN Grundstücksverwaltung GmbH & Co. KG, Grünwald, Germany	100.0	Initial consolidation on 01/08/2012

	Share in capital in %	Comment
Windpark Kamionka GmbH, Grünwald, Germany	100.0	
FW Kamionka Sp. z o.o., Kamionka, Poland	100.0	
Windpark Namborn GmbH & Co. KG, Munich, Germany	100.0	
WP SDF Infrastruktur GmbH & Co. KG, Grünwald, Germany	99.0	
Windpark Wegeleben GmbH & Co. KG, Munich, Germany	100.0	
Wind am Speckberg GmbH, Munich, Germany	100.0	
Windpark Wilhelmshöhe GmbH & Co. KG, Grünwald, Germany	100.0	Initial consolidation on 31/01/2012
Other Activities Segment (including financial participations)		
Agroterra Warenhandel und Beteiligungen GmbH, Vienna, Austria	100.0	
BayWa Finanzbeteiligungs-GmbH, Munich, Germany	100.0	
DRWZ-Beteiligungsgesellschaft mbH, Munich, Germany	64.3	
BayWa Pensionsverwaltung GmbH, Munich, Germany	100.0	Initial consolidation on 03/12/2012
Raiffeisen-Lagerhaus Investitionsholding GmbH, Vienna, Austria	100.0	
RI-Solution GmbH Gesellschaft für Retail-Informationssysteme, Services und Lösungen mbH, Munich, Germany (for short: RI-Solution)	100.0	
RWA International Holding GmbH, Vienna, Austria	100.0	
Unterstützungseinrichtung der BayWa AG in München GmbH, Munich, Germany	100.0	
Cross-segment subsidiaries		
"UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria (for short: UNSER LAGERHAUS) (Segments: Agriculture, Energy, Building Materials)	51.1	
Raiffeisen-Agro Magyarország Kft., Székesfehérvár, Hungary (Segments: Agriculture, Energy)	100.0	
Raiffeisen-Lagerhaus GmbH, Bruck an der Leitha, Austria (Segments: Agriculture, Energy, Building Materials)	89.9	
RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria (for short: RWA AG) (Segments: Agriculture, Energy, Building Materials, Other Activities)	50.0	Majority voting interest
RWA SLOVAKIA spol. s r.o., Bratislava, Slovakia (Segments: Agriculture, Energy)	100.0	

In financial year 2012, Eurogreen Italia S.r.l., Milan, Italy; MHH SOLAR DANMARK ApS, Svendborg, Denmark; BayWa Pensionsverwaltung GmbH, Munich, Germany; Aludra Energies SARL, Strasbourg, France; BayWa r.e. Wind GmbH, Munich, Germany; RENERCO GEM 4 GmbH, Munich, Germany; GEM WIND FARM 4 Ltd., London, UK; Real Power S.L.U., Barcelona, Spain; renerco plan consult GmbH, Munich, Germany; Solarpark Aquarius GmbH & Co. KG, Munich, Germany; Solarpark Aries GmbH & Co. KG, Munich, Germany; Solarpark Gemini GmbH & Co. KG, Munich, Germany; Windpark GHN Grundstücksverwaltung GmbH & Co. KG, Grünwald, Germany; and Windpark Wilhelmshöhe GmbH & Co. KG, Grünwald, Germany, all companies established in financial year 2012 or before, became part of the fully consolidated group for the first time. Those companies established in previous years had not been included in BayWa AG's consolidated financial statements up to that point as they were of only minor importance overall.

Effective 1 January 2012, the agribusiness of F. Url & Co. Gesellschaft m.b.H., Unterpremstätten, Austria, was transferred to URL AGRAR GmbH, Vienna, Austria, as part of a spin-off. RWA International Holding GmbH, Vienna, Austria, holds 99.9% and Agroterra Warenhandel und Beteiligungen GmbH, Vienna, Austria, 0.1% of the shares in URL AGRAR GmbH. The newly formed company has been included in BayWa AG's consolidated financial statements since the date of the spin-off in accordance with the standards applicable to full consolidation.

The former Group companies Voss GmbH & Co. KG, Coesfeld, Germany, and bs Baufachhandel Brands & Schnitzler Verwaltungs-GmbH & Co. KG, Mönchengladbach, Germany, were combined with BayWa AG with effect from 1 January 2012. In addition, ZES Zentrale Einkaufs-Service GmbH, Munich, Germany, was merged with BayWa AG effective 29 February 2012. These companies are therefore no longer reported separately as part of the group of consolidated companies in BayWa AG's consolidated financial statements as of 31 December 2012.

BayWa AG acquired the agricultural equipment and workshop business of Agrartechnik Georg Utz, Schwend, Germany, by way of an asset deal through its subsidiary CLAAS Nordostbayern GmbH & Co. KG, Weiden, Germany, with effect from 1 January 2012, so as to expand its business activities. The cost of purchase of the assets transferred on 1 January 2012 came to €0.630 million.

The agreed purchase prices break down as follows:

In € million	Purchase price
Intangible assets	0.430
Property, plant and equipment and inventories	0.200
Total purchase price	**0.630**

The intangible assets purchased correspond to the customer base purchased. There was no goodwill from the acquisition.

BayWa AG acquired the diesel and heating oil business of Gustav Baumann GmbH, Coburg, Germany, by way of an asset deal with effect from 1 January 2012, so as to expand its business activities. The cost of purchase of the assets transferred on 1 January 2012 came to €0.060 million.

The agreed purchase prices break down as follows:

In € million	Purchase price
Intangible assets	0.060
Property, plant and equipment and inventories	–
Total purchase price	**0.060**

The intangible assets purchased correspond to the customer base purchased. There was no goodwill from the acquisition.

BayWa AG acquired part of the filling station and mineral oil business of Leberzammer GmbH & Co. KG, Gunzenhausen, Germany, by way of an asset deal with effect from 1 January 2012, so as to expand its business activities. The cost of purchase of the assets transferred on 1 January 2012 came to €0.160 million.

The agreed purchase prices break down as follows:

In € million	Purchase price
Intangible assets	0.125
Property, plant and equipment and inventories	0.035
Total purchase price	**0.160**

The intangible assets purchased correspond to the customer base purchased. There was no goodwill from the acquisition.

Effective 31 January 2012, BayWa AG acquired the assets and liabilities of Windpark Uetze through the group company Windpark Wilhelmshöhe GmbH & Co. KG, Grünwald, Germany, as part of an asset deal, so as to expand its business activities. Windpark Wilhelmshöhe GmbH & Co. KG was included for the first time in BayWa AG's consolidated financial statements at the acquisition date. The purchase cost of the net assets transferred on 31 January 2012 comes to €9.887 million.

The net assets acquired in connection with the asset deal comprise the following:

In € million	Book value	Fair value adjustments	Fair value
Intangible assets	–		–
Property, plant and equipment	21.240		21.240
Financial assets	–		–
Inventories	–		–
Receivables	1.278		1.278
Deferred tax assets	–		–
Cash and cash equivalents	0.683		0.683
Non-current liabilities	12.460		12.460
Current liabilities	0.854		0.854
Deferred tax liabilities	–		–
	9.887		**9.887**
Total purchase price			**9.887**

There was no goodwill from the acquisition.

BayWa AG acquired the agricultural engineering and maintenance businesses of AGRO HAIDER GmbH & Co. KG, Mengkofen, Germany, and AGRO HAIDER e.K., Mengkofen, Germany, with sites in Mengkofen (Ettenkofen), Oberaltaich and Moos (Langenisarhofen) through its subsidiary CLAAS Südostbayern GmbH, Töging, Germany, within the scope of an asset deal, effective 1 April 2012, so as to expand its business activities. The cost of purchase of the assets transferred on 1 April 2012 came to €3.799 million.

The agreed purchase prices break down as follows:

In € million	Purchase price
Intangible assets	0.500
Property, plant and equipment and inventories	3.299
Total purchase price	**3.799**

The intangible assets purchased correspond to the customer base purchased. There was no goodwill from the acquisition.

BayWa AG acquired all shares in Greenpower Handels GmbH, Mondsee, Austria, through its subsidiary EUROGREEN GmbH, Betzdorf, Germany, effective 1 March 2012 within the scope of a share deal.

Greenpower Handels GmbH, Mondsee, Austria, is a system provider for the maintenance, intensive maintenance, laying, regeneration and reconstruction of lawns, and sells a comprehensive range of products such as special lawn fertilisers and seeds as well as lawn maintenance machinery. In the last financial year before being acquired by EUROGREEN GmbH, Greenpower Handels GmbH generated revenues of more than €1 million.

Under the control concept, EUROGREEN GmbH has had a controlling influence over this company since 14 March 2012, the date when the purchase price was paid. The company has therefore been fully included in the consolidated financial statements as of this date.

The purchase costs of the acquired shares came to €1.00.

The transaction costs incurred in connection with the acquisition of the shares amount to €0.004 million. These costs are included in the income statement under other operating expenses.

The net assets acquired in connection with the purchase of Greenpower Handels GmbH comprise the following:

In € million	Book value	Fair value adjustments	Fair value
Intangible assets	0.080	0.024	0.104
Property, plant and equipment	0.077		0.077
Financial assets	–		–
Inventories	0.118	0.014	0.132
Receivables	0.176		0.176
Deferred tax assets	–		–
Cash and cash equivalents	0.001		0.001
Non-current liabilities	0.015		0.015
Current liabilities	0.545		0.545
Deferred tax liabilities	–	0.030	0.030
	–0.108	**0.008**	**–0.100**
Goodwill			0.100
Total purchase price			–

If the purchase of the company had been concluded by the first day of the financial year, the share in consolidated revenues would have been €0.006 million higher and the consolidated profit attributable to investors €0.089 million lower.

Since 14 March 2012, the date of its initial inclusion in the group of consolidated companies, Greenpower Handels GmbH has generated revenues of €1.255 million and net loss of €0.107 million.

BayWa AG, Munich, took over 73.1% of the shares in Turners & Growers Limited (T & G), Auckland, New Zealand, by way of a share deal, thus expanding its international position in the fruit market as well as adding fruit growing to its range of business activities. T & G's presence on five continents will enable BayWa AG to expand its offer in the fruit business and gain access to the world's high-growth markets, particularly in Asia where T & G is already established. T & G is New Zealand's leading distributor, marketer and exporter of premium fresh fruit. In addition, the company holds the exclusive brand rights for the global cultivation and sale of the Jazz and Envy apple varieties as well as the ENZAGreen, ENZAGold and ENZARed kiwi varieties. Delica Limited, Auckland, New Zealand – New Zealand's largest exporter of fresh fruit and sole exporter of ENZA dessert fruit to Asia – is also being included in the group of consolidated companies as a result of this deal. T & G operates as a trading platform for apples in South America, the US, South Africa, Asia and Europe.

Under the control concept, BayWa AG has had a controlling influence over Turners & Growers Limited and its subsidiaries since 9 March 2012, the date on which the purchase price for the acquired shares was paid. Inclusion in BayWa AG's consolidated financial statements as part of full consolidation commenced on 31 March 2012 for reasons of materiality and practicability.

The purchase costs of the acquired shares came to €97.766 million. This corresponds with the purchase price fixed during a public takeover offer, which was paid in March.

The transaction costs incurred in connection with the acquisition of the shares amount to €3.900 million. These costs are included in the income statement under other operating expenses.

The net assets acquired in connection with the purchase of Turners & Growers Limited and its subsidiaries break down as follows:

In € million	Book value	Fair value adjustments	Fair value
Intangible assets	10.889	– 6.632	4.257
Property, plant and equipment, including biological assets	185.465	– 11.052	174.413
Financial assets	10.056	0.019	10.075
Inventories, including current biological assets	37.382	– 6.396	30.986
Receivables	60.167	– 1.925	58.242
Deferred tax assets	–	5.124	5.124
Cash and cash equivalents	8.295		8.295
Non-current liabilities	50.164	8.237	58.401
Current liabilities	73.700	829	74.529
Deferred tax liabilities	15.523	– 3.202	12.321
	172.867	**– 26.726**	**146.141**
Proportionate net assets			106.829
Negative goodwill			– 9.063
Total purchase price			**97.766**
Portion in net assets attributable to non-controlling shares			39.312

The negative goodwill of €9.063 million was recognised under other operating income through profit and loss and is attributable, in particular, to business risks that could not be recognised when allocating the purchase price.

The portion in the net assets of €39.312 million attributable to the non-controlling shares of Turners & Growers Limited includes the fair value of assets and liabilities received which are attributable to minority interest.

If the purchase of the company had been concluded by the first day of the financial year, the share in consolidated revenues would have been €89.781 million higher and the consolidated profit attributable to investors €3.290 million lower.

Since 31 March 2012, the date of its initial inclusion in the group of consolidated companies, Turners & Growers Limited and its subsidiaries have generated revenues of €322.383 million and net income of €11.108 million.

BayWa AG acquired 70% of the shares in Tecno Spot S.r.l., Bruneck, Italy, by way of a share deal through its lower-tier subsidiary MHH Solartechnik GmbH, Tübingen, Germany, with effect from 1 February 2012. The transaction marks the Group's entry into the Italian photovoltaic wholesale business. Tecno Spot S.r.l. is a wholesale company specialising in photovoltaic systems. Founded in 1998, the company is an established premium supplier which covers the entire system integration value chain in the wholesale business for photovoltaic plants. It is a high-growth enterprise with a strong footing in the market. In financial year 2010, it sold more than 50 megawatts worth of photovoltaic plants and generated revenues of around €146 million. Tecno Spot S.r.l. has been represented in Austria through its subsidiary GE-Tec GmbH, Lienz, and also operates in the US market through Tecnospot Solar USA, Inc., Los Angeles, and Tecnospot Construction Services Inc., Los Angeles, since 2008.

Under the control concept, MHH Solartechnik GmbH has had a controlling influence over Tecno Spot S.r.l. and its subsidiaries since 1 February 2012, the date when the purchase price was paid. The company has therefore been fully included in the consolidated financial statements as of this date.

The acquisition costs of the purchased shares came to €19.434 million and include the contractually agreed purchase price component which was disbursed in July (€8.000 million) as well as a purchase price retention of €0.750 million. In addition, the purchase agreement on the acquisition of the shares in the company includes purchase price components the future payment of which is contingent on the EBIT achieved by Tecno Spot S.r.l. and its subsidiaries in the financial years from 2012 to 2014. The payments to be made in subsequent years on the basis of the contingent purchase price components are within a range of €0.000 up to a maximum of €14.490 million. In view of the positive performance of the companies anticipated when it was acquired, a purchase price totalling €19.434 million has been recognised, including contingent purchase price components.

The transaction costs incurred in connection with the acquisition of the company amount to €0.592 million. These costs are included in the income statement under other operating expenses.

The net assets acquired in connection with the purchase of Tecno Spot S.r.l. and its subsidiaries break down as follows:

In € million	Book value	Fair value adjustments	Fair value
Intangible assets	0.056	7.523	7.579
Property, plant and equipment	0.187		0.187
Financial assets	–		–
Inventories	2.241	0.075	2.316
Receivables	7.961		7.961
Deferred tax assets	–		–
Cash and cash equivalents	1.735		1.735
Non-current liabilities	3.428		3.428
Current liabilities	5.140		5.140
Deferred tax liabilities	–	2.140	2.140
	3.612	**5.458**	**9.070**
Proportionate net assets			6.349
Goodwill			13.085
Total purchase price, including contingent purchase price components			**19.434**
Portion in net assets attributable to non-controlling shares			2.721

The portion in net assets of €2.721million attributable to the non-controlling shares in Tecno Spot S.r.l. comprises the fair value of the assets and liabilities attributable to minority interest.

If the purchase of the company had been concluded by the first day of the financial year, the share in consolidated revenues would have been €0.799 million higher and the consolidated profit attributable to investors €0.749 million lower.

Since 1 February 2012, the date of its initial inclusion in the group of consolidated companies, Tecno Spot S.r.l. and its subsidiaries have generated revenues of €54.937 million and net income of €0.731 million.

Under a purchase agreement dated 8 November 2011, BayWa AG acquired 100% of the shares in both L & L Rotorservice GmbH, Basdahl, Germany, and L & L Vermögensverwaltungs GmbH, Basdahl, Germany, through its lower-tier subsidiary BayWa r.e Service GmbH, Munich, Germany, by way of a share deal. Under the control concept, BayWa r.e Service GmbH has had a controlling influence over this company since 13 December 2011, the date when the purchase price was paid. The company has therefore been fully included in the consolidated financial statements as of this date.

The purchase costs of the acquired shares came to €1.269 million. This amount includes, on the one hand, the contractually agreed, purchase price component of €0.869 million paid out in December. On the other, the purchase agreement on the acquisition of the shares in the companies includes purchase price components contingent on the EBIT achieved by L & L Rotorservice GmbH in financial years 2012 and 2013. The payments to be made in subsequent years on the basis of the contingent purchase price components are within a range of €0.000 up to a maximum of €0.400 million. In view of the performance of the company anticipated when it was acquired, a purchase price totalling €1.269 million was recognised, including contingent purchase price components.

The transaction costs incurred in connection with the acquisition of the shares amount to €0.170 million. These costs were included in the income statement for financial year 2011 under other operating expenses.

The net assets acquired in connection with the purchase of L & L Rotorservice GmbH and L & L Vermögensverwaltungs GmbH break down as follows:

In € million	Book value	Fair value adjustments	Fair value
Intangible assets	0.715	1.219	1.934
Property, plant and equipment	2.275		2.275
Financial assets	0.005		0.005
Inventories	0.665		0.665
Receivables	0.336		0.336
Deferred tax assets	0.197		0.197
Cash and cash equivalents	0.049		0.049
Non-current liabilities	2.768		2.768
Current liabilities	1.302		1.302
Deferred tax liabilities	–	0.343	0.343
	0.172	**0.876**	**1.048**
Goodwill			0.221
Total purchase price, including contingent purchase price components			**1.269**

BayWa AG acquired 100% of the shares in Sunshine Movement GmbH, Munich, Germany, through its lower-tier subsidiary RENERCO Renewable Energy Concepts AG, Munich,Germany, by way of a share deal for the purpose of expanding its future renewable energies project business. Under the control concept, RENERCO Renewable Energy Concepts AG has had a controlling influence over this company since 28 February 2012. The initial consolidation of the company therefore took place on this date within the scope of full consolidation.

The preliminary purchase costs of the shares amounted to €0.025 million, which includes the contractually agreed purchase price component paid out in February.

No transaction costs were incurred in connection with the acquisition.

The net assets acquired in connection with the purchase of Sunshine Movement GmbH comprise the following:

In € million	Book value	Fair value adjustments	Fair value
Intangible assets	–		–
Property, plant and equipment	–		–
Financial assets	–		–
Inventories	–		–
Receivables	–		–
Deferred tax assets	–		–
Cash and cash equivalents	0.025		0.025
Non-current liabilities	–		–
Current liabilities	–		–
Deferred tax liabilities	–		–
	0.025		**0.025**
Goodwill			–
Total purchase price			**0.025**

Since 28 February 2012, the date of its initial inclusion in the group of consolidated companies, Sunshine Movement GmbH has generated revenues of €0.000 million and a loss of €0.005 million.

If the purchase of the company had been concluded by the first day of the financial year, there would have been no impact on the consolidated revenues and the consolidated profit attributable to investors.

BayWa AG acquired 100% of the shares in Cubiertas Solares Carrocerías S.L.U., Madrid, Spain, and Cubiertas Solares Parking S.L.U., Madrid, Spain, through the group company Sunshine Movement GmbH, Munich, Germany, by way of a share deal for the purpose of expanding its future renewable energies project business. Under the control concept, Sunshine Movement GmbH has had a controlling influence over these companies since 8 March 2012. The initial consolidation of the company therefore took place on this date within the scope of full consolidation. BayWa AG acquired 100% of the shares in Silverworld System S.L.U., Madrid, Spain, through the group company Sunshine Movement GmbH, Munich, by way of a share deal, effective 1 August 2012. Under the control concept, Sunshine Movement GmbH has had a controlling influence over this company since 1 August 2012. The initial consolidation of the company therefore took place on this date within the scope of full consolidation.

The accumulated purchase costs of the acquired shares came to €0.008 million. This amount includes the contractually agreed purchase price components.

No transaction costs were incurred in connection with the acquisitions.

The net assets acquired in connection with the purchase of Cubiertas Solares Carrocerías S.L.U., Cubiertas Solares Parking S.L.U. and Silverworld System S.L.U. break down as follows:

In € million	Book value	Fair value adjustments	Fair value
Intangible assets	–		–
Property, plant and equipment	–		–
Financial assets	–		–
Inventories	–		–
Receivables	0.001		0.001
Deferred tax assets	–		–
Cash and cash equivalents	0.007		0.007
Non-current liabilities	–		–
Current liabilities	–		–
Deferred tax liabilities	–		–
	0.008		**0.008**
Goodwill			–
Total purchase price			**0.008**

If the purchase of the companies had been concluded by the first day of the financial year, there would have been no impact on the consolidated revenues and the consolidated profit attributable to investors.

Since 8 March 2012, the date of its initial inclusion in the group of consolidated companies, Cubiertas Solares Carrocerías S.L.U. has generated revenues of €0.000 million and a loss of €0.000 million and Cubiertas Solares Parking S.L.U. generated revenues of €0.000 million and a loss of €0.002 million. Since 1 August 2012, the date of its initial inclusion in the group of consolidated companies, Silverworld System S.L.U. has generated revenues of €0.000 million and a loss of €0.061 million.

BayWa AG acquired 100% of the shares in SEP du Midi 2 SNC, Mulhouse, France, SEP SAG Intersolaire 3 SNC, Mulhouse, France, and SEP SAG Intersolaire 5 SNC, Mulhouse, France, through its lower-tier subsidiaries RENERCO Renewable Energy Concepts AG, Munich, (99%) and RENERCO Solar GmbH, Munich, (1%) by way of a share deal for the purpose of expanding its future renewable energies project business. Under the control concept, the Group has had a controlling influence over these companies since 8 February 2012. The initial consolidation of the company therefore took place on this date within the scope of full consolidation.

The accumulated purchase costs of the acquired shares came to €0.029 million. This amount includes the contractually agreed purchase price components.

No transaction costs were incurred in connection with the acquisitions.

The net assets acquired in connection with the purchase of SEP du Midi 2 SNC, SEP SAG Intersolaire 3 SNC and SEP SAG Intersolaire 5 SNC break down as follows:

In € million	Book value	Fair value adjustments	Fair value
Intangible assets	0.057	0.340	0.397
Property, plant and equipment	0.055		0.055
Financial assets	–		–
Inventories	–		–
Receivables	0.009		0.009
Deferred tax assets	–		–
Cash and cash equivalents	0.006		0.006
Non-current liabilities	–		–
Current liabilities	0.343		0.343
Deferred tax liabilities	–	0.095	0.095
	−0.216	**0.245**	**0.029**
Goodwill			–
Total purchase price			**0.029**

If the purchase of the companies had been concluded by the first day of the financial year, there would have been no impact on the consolidated revenues and the consolidated profit attributable to investors.

Since 8 February 2012, the date of its initial inclusion in the group of consolidated companies, SEP du Midi 2 SNC has generated revenues of €0.000 million and a loss of €0.010 million. SEP SAG Intersolaire 3 SNC has generated revenues of €0.000 million and a loss of €0.063 million, and SEP SAG Intersolaire 5 SNC has generated revenues of €0.000 million and a loss of €0.055 million.

RENERCO Renewable Energy Concepts AG, Munich, sold 100% of its shares in Windpark Selmsdorf II GmbH & Co. KG, Grünwald, Germany, on 2 January 2012. The effect of this transaction on the consolidated financial statements is as follows:

Consideration received

In € million	02/01/2012
Consideration received in the form of cash and cash equivalents for 100% of the shares	1.087

Assets and liabilities derecognised owing to control relinquished

In € million	02/01/2012
Non-current assets	
Intangible assets	–
Property, plant and equipment	0.200
Financial assets	–
Deferred tax assets	–
	0.200
Current assets	
Inventories	–
Receivables and other assets	0.038
Cash and cash equivalents	–
	0.038

In € million	02/01/2012
Non-current liabilities	
Non-current provisions	–
Financial liabilities	–
Trade payables and other liabilities	–
	–
Current liabilities	
Current provisions	0.001
Financial liabilities	0.244
Trade payables and other liabilities	–
	0.245
Net assets on the disposal date	**–0.007**

Disposal gain on derecognition of the Group company

In € million	02/01/2012
Consideration received for 100% of the shares	1.087
Net assets relinquished	0.007
Disposal gain	**1.094**

The disposal gain is disclosed under other operating income in the income statement.

Incoming net cash and cash equivalents from the sale of the Group company

In € million	02/01/2012
Purchase price settled through cash and cash equivalents	1.087
Less cash and cash equivalents paid out in connection with the disposal	–
	1.087

RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria, transferred the group company Ybbstaler Fruit Austria GmbH, Kröllendorf, Austria, which it holds through its subsidiaries RWA International Holding GmbH, Vienna, Austria, and Agroterra Warenhandel und Beteiligungen GmbH, Vienna, Austria, and which operates in the fruit juice concentrate sector, together with its subsidiary Ybbstaler Fruit Polska Sp. z o.o., Chelm, Poland, to a joint venture with AGRANA Juice Holding GmbH, Gleisdorf, Austria, effective 1 June 2012. As consideration for the companies incorporated into the joint venture RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria, received 49.99% in the YBBSTALER AGRANA JUICE GmbH joint venture based in Kröllendorf, Austria (renamed AUSTRIA JUICE GmbH, Kröllendorf, Austria on 22 December 2012), via its subsidiary RWA International Holding GmbH, Vienna, Austria. The shares in AUSTRIA JUICE GmbH have been reported within the BayWa Group at equity since that date. The combination of the two fruit juice concentrate companies takes account of changing conditions in markets where concentrate manufacturers and beverage filling companies have been undergoing a process of accelerating consolidation in recent years. Putting these two companies together will strengthen their competitiveness against the backdrop of the growing globalisation of fruit juice concentrate markets and is another important development in the internationalisation of the BayWa Group. Approval by the antitrust authorities for the joint venture was granted on 4 April 2012.

The effect of the transitional consolidation on the consolidated financial statements is as follows:

Consideration received

In € million	01/06/2012
Consideration received for 100% of the shares consisting of 49.99% of the shares in YBBSTALER AGRANA JUICE GmbH	46.489

Assets and liabilities of Ybbstaler Fruit Austria GmbH and Ybbstaler Fruit Polska Sp.z o.o. derecognised owing to control relinquished

In € million	01/06/2012
Non-current assets	
Intangible assets	0.400
Property, plant and equipment	26.001
Financial assets	0.041
Deferred tax assets	0.325
	26.767
Current assets	
Inventories	40.090
Receivables and other assets	29.599
Cash and cash equivalents	9.623
	79.312

In € million	01/06/2012
Non-current liabilities	
Non-current provisions	1.821
Financial liabilities	–
Trade payables and other liabilities	0.366
Deferred tax liabilities	1.272
	3.459
Current liabilities	
Current provisions	2.882
Financial liabilities	31.767
Trade payables and other liabilities	33.037
	67.686
Net assets at incorporation date	**34.934**

Gain from the disposal of group companies

In € million	01/06/2012
Consideration received for 100% of the shares	46.489
Net assets relinquished	– 34.934
Inter-company profits eliminated through to incorporation date	0.159
Gain from transitional consolidation	**11.714**

The gain from transitional consolidation is disclosed under other operating income in the income statement.

Outgoing net cash and cash equivalents from the disposal of the group companies

In € million	01/06/2012
Purchase price settled through cash and cash equivalents	–
Less cash and cash equivalents paid out in connection with the disposal	– 9.623
	– 9.623

Owing to their generally secondary importance, 59 domestic and 93 foreign subsidiaries were not included in the group of consolidated companies. The recognition of these companies in the group of consolidated companies was carried out at amortised cost. The aggregated annual results and aggregated equity (unconsolidated HB 1 values based on the individual financial statements) of these companies in financial year 2012 are set out below:

Unconsolidated affiliated companies	In € million	Share in % in relation to the sum total of all fully consolidated companies
Net income	3.147	6.03
Equity	30.127	1.71

(B.2.) Associated companies pursuant to IAS 28

The following 27 (previous year: 14) associated companies over which the BayWa Group has a controlling influence, i.e. a proportion of voting rights of at least 20% and a maximum of 50%, or over whose business management or supervisory functions the BayWa Group exerts a significant influence, and which are not jointly held companies or companies of secondary importance, are recognised under the equity method.

	Share in capital in %	Comment
Fruit business unit		
Allen Blair Properties Limited, Wellington, New Zealand	33.0	Initial consolidation on 31/03/2012
David Oppenheimer & Company I, LCC, Seattle, USA	15.0	Initial consolidation on 31/03/2012
David Oppenheimer Transport Inc., Wilmington, USA	15.0	Initial consolidation on 31/03/2012
Delica Pty Ltd, Pakenham, Australia	50.0	Initial consolidation on 31/03/2012
Fresh Vegetable Packers Limited, Christchurch, New Zealand	41.0	Initial consolidation on 31/03/2012
Fruitmark NV/SA, Sint-Truiden, Belgium	50.0	Initial consolidation on 31/03/2012
McKay Shipping Limited, Auckland, New Zealand	25.0	Initial consolidation on 31/03/2012
Mystery Creek Asparagus Limited, Hamilton, New Zealand	14.0	Initial consolidation on 31/03/2012
Premier Fruit New Zealand Limited, Auckland, New Zealand	50.0	Initial consolidation on 31/03/2012
Wawata General Partner Limited, Nelson, New Zealand	50.0	Initial consolidation on 31/03/2012
Worldwide Fruit Limited, Spalding, UK	50.0	Initial consolidation on 31/03/2012
Energy Segment		
Aufwind BB GmbH & Co. Zwanzigste Biogas KG, Regensburg, Germany	49.0	
Aufwind Schmack Első Biogáz Szolgáltató Kft., Szarvas, Hungary	48.3	
CRE Project S.r.l., Matera, Italy	49.0	
Süddeutsche Geothermie-Projekte GmbH & Co. KG, Munich, Germany	50.0	
Süddeutsche Geothermie-Projekte Verwaltungsgesellschaft mbH, Munich, Germany	50.0	
EEV Beteiligungs GmbH, Grünwald, Germany	49.0	
Heizkraftwerke-Pool Verwaltungs-GmbH, Munich, Germany	33.3	
Heizkraftwerk Cottbus Verwaltungs GmbH, Cottbus, Germany	33.3	
EAV Energietechnische Anlagen Verwaltungs GmbH, Staßfurt, Germany	49.0	
Other Activities Segment (including financial participations)		
AHG Autohandelsgesellschaft mbH, Horb am Neckar, Germany	49.0	
BayWa Bau- & Gartenmärkte GmbH & Co. KG, Dortmund (formerly: Munich), Germany	50.0	Initial consolidation on 01/01/2012
BayWa Grundbesitz GmbH & Co. KG, Munich, Germany	99.0	Initial consolidation on 25/09/2012 50% share in voting rights
Deutsche Raiffeisen-Warenzentrale GmbH, Frankfurt am Main	37.8	
Raiffeisen Beteiligungs GmbH, Frankfurt am Main	47.4	
Frisch & Frost Nahrungsmittel-Gesellschaft m.b.H., Hollabrunn, Austria	25.0	
AUSTRIA JUICE GmbH (formerly: YBBSTALER AGRANA JUICE GmbH), Kröllendorf, Austria	50.0	Transitional consolidation on 01/06/2012

Apart from holdings and loans granted, as listed below, there are no material business relations maintained with the companies cited above.

Associated companies	Loan status on 31/12/2012 in € million	Term	Interest rate
CRE Project S.r.l.	1.200	Open-ended	No interest
Fresh Vegetable Packers Limited	0.041	Open-ended	8%
Fruitmark NV/SA	0.052	Open-ended	No interest
Worldwide Fruit Limited	0.305	July 2013	No interest
Mystery Creek Asparagus Limited	0.157	Open-ended	No interest
Süddeutsche Geothermie-Projekte GmbH & Co. KG	13.200	Repayment on the sale of plants	6-month Euribor plus 200 basis points
BayWa Bau- & Gartenmärkte GmbH & Co. KG	13.800	May 2021	4.5%

The shares of these companies have been recognised at the cost of purchase, taking account of changes in the net assets of the associated companies since the purchase of the shares.

Summary of financial information about the companies included under the equity method:

In € million	Allen Blair Properties Limited	David Oppenheimer & Company I, LLC	David Oppenheimer Transport Inc.
Total assets	8.608	50.107	1.311
Revenues	1.186	22.379	1.678
Net income/loss	0.496	2.457	0.645
Assets	8.608	50.107	1.311
Liabilities	0.540	47.430	0.671
Share in annual result	0.378	0.209	0.097
Book value of the financial asset	2.026	1.673	0.096

In € million	Worldwide Fruit Limited	Fresh Vegetable Packers Limited	Fruitmark NV/SA
Total assets	23.007	2.134	6.188
Revenues	128.405	0.746	27.176
Net income/loss	1.553	0.059	0.930
Assets	23.007	2.134	6.188
Liabilities	20.338	0.237	3.761
Share in annual result	0.479	0.017	0.316
Book value of the financial asset	2.098	0.438	0.534

In € million	Delica Pty Ltd	McKay Shipping Limited	Mystery Creek Asparagus Limited	Wawata General Partner Limited
Total assets	0.517	4.788	2.130	4.490
Revenues	5.777	3.533	0.006	0.539
Net income/loss	0.304	1.204	−0.078	0.045
Assets	0.517	4.788	2.130	4.490
Liabilities	0.152	2.504	1.742	4.516
Share in annual result	0.157	0.197	−0.002	0.592
Book value of the financial asset	0.640	0.960	0.008	1.850

In € million	Premier Fruit New Zealand Limited	Raiffeisen Beteiligungs GmbH	BayWa Bau- & Gartenmärkte GmbH & Co. KG
Total assets	0.044	2.647	131.560
Revenues	–	–	253.807
Net income/loss	–	0.153	−4.952
Assets	0.044	2.647	131.560
Liabilities	–	1.885	108.512
Share in annual result	–	0.068	–
Book value of the financial asset	–	1.594	14.002

In € million	Aufwind BB GmbH & Co. Zwanzigste Biogas KG	Aufwind Schmack Első Biogáz Szolgáltató Kft.*	Frisch & Frost Nahrungs-mittel-Gesellschaft m.b.H
Total assets	6.007	22.539	42.779
Revenues	1.120	–	74.146
Net income/loss	– 1.181	– 0.144	0.523
Assets	6.007	22.539	42.779
Liabilities	7.512	22.679	28.664
Share in annual result	–	– 0.104	– 0.193
Book value of the financial asset	–	1.639	4.483

In € million	BayWa Grundbesitz GmbH & Co. KG	AUSTRIA JUICE GmbH	AHG Autohandels-gesellschaft mbH
Total assets	81.609	511.643	121.933
Revenues	0.000	185.283	366.010
Net income/loss	– 1.597	3.431	1.089
Assets	81.609	511.643	121.933
Liabilities	79.990	429.207	114.691
Share in annual result	– 0.799	1.715	0.205
Book value of the financial asset	–	49.763	3.540

In € million	Deutsche Raiffeisen-Warenzentrale GmbH	Süddeutsche Geothermie-Projekte GmbH & Co. KG	Süddeutsche Geothermie-Projekte Verwaltungs-gesellschaft mbH	EEV Beteiligungs GmbH
Total assets	22.605	115.582	0.062	0.037
Revenues	126.730	0.155	–	–
Net income/loss	– 2.384	– 0.411	0.007	0.014
Assets	22.605	115.582	0.062	0.037
Liabilities	13.467	131.060	0.009	0.003
Share in annual result	– 0.830	– 0.114	–	0.007
Book value of the financial asset	4.500	0.025	0.013	0.006

* The stated values pertain to 2011 except the book value of the financial assets.

In € million	Heizkraftwerke-Pool Verwaltungs-GmbH	Heizkraftwerk Cottbus Verwaltungs GmbH	EAV Energietech-nische Anlagen Verwaltungs GmbH	CRE Project S.r.l.
Total assets	0.123	0.102	0.163	45.526
Revenues	0.940	–	1.102	6.046
Net income/loss	0.781	–0.026	0.917	2.599
Assets	–	0.061	–	40.930
Liabilities	0.019	0.009	0.011	40.257
Share in annual result	0.131	0.006	0.281	0.393
Book value of the financial asset	0.009	0.009	0.026	3.007

A total of 27 (previous year: 25) associated companies of generally secondary importance for the consolidated financial statements have been accounted for at amortised cost and by using the equity method.

(B.3.) Summary of the changes to the group of consolidated companies of BayWa AG

Compared with the previous year, the group of consolidated companies, including the parent company, has changed as follows:

	Germany	International	Total
Included as per 31/12/2011	**63**	**59**	**122**
of which fully consolidated	52	56	108
of which recognised at equity	11	3	14
Included as per 31/12/2012	**69**	**116**	**185**
of which fully consolidated	57	101	158
of which recognised at equity	12	15	27

All group holdings are listed separately (appendix to the Notes to the Consolidated Financial Statements).

(B.4.) Principles of consolidation

Capital consolidation at the time of initial consolidation is carried out through offsetting the purchase price against the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the time of acquisition (purchase method). If the cost of purchase exceeds the fair value of the identifiable assets, liabilities and contingent liabilities purchased, the difference is disclosed as goodwill under intangible assets as part of non-current assets. Goodwill is subject to an annual impairment test (Impairment Only Approach). If the carrying amount of goodwill is higher than the recoverable amounts, impairment must be carried out; otherwise goodwill remains unchanged. If the cost of purchase is lower than the fair value of the identifiable assets, liabilities and contingent liabilities, the differences are booked immediately through profit and loss.

All receivables and liabilities as well as provisions within the group of consolidated companies are offset. Interim results, if material, are eliminated. Interim results realised from associated companies are eliminated against the corresponding investments recognised at equity. If the respective investment does not exist to a sufficient extent for elimination, other assets related to the affected company are eliminated. If these do not exist or do not exist to a sufficient extent, the interim result is eliminated by recognising it in revenue reserves on the liabilities side to ensure that the result of operations reflects actual developments. It is not recognised as “deferred income” under other liabilities, as the eliminated interim result does not represent a liability and recognition as other liabilities would incorrectly depict the actual asset position. Intra-group revenues, expenses and earnings are netted.

(B.5.) Currency translation

The translation of the financial statements prepared in a foreign currency into euros is carried out by applying the concept of functional currency as defined under IAS 21 ("The Effect of Changes in Foreign Exchange Rates"). The companies of the BayWa Group operate independently. They are therefore considered "foreign operations". Functional currency is the respective national currency. Assets and liabilities are converted at the exchange rate on the reporting date. With the exception of income and expenses included directly in equity, equity is carried at historical rates. The translation of the income statement is carried out using the average rate for the year. Differences resulting from currency translation are treated without effect on income, until such time as the subsidiary is disposed of, and set off against other reserves in equity. The differences resulting from currency translation rose by €2.074 million in the reporting year.

The exchange rates used for translations are shown in the table below:

		Balance sheet		Income statement	
		Middle rate on		Average rate	
	€1	31/12/2012	31/12/2011	2012	2011
Czech Republic	CZK	25.140	25.800	25.163	24.625
Denmark	DKK	7.461	7.434	7.444	–
Hungary	HUF	291.290	311.130	289.576	279.346
New Zealand	NZD	1.605	1.674	1.593	–
Poland	PLN	4.074	4.458	4.187	4.115
Serbia	RSD	113.718	104.641	112.735	102.255
Switzerland	CHF	1.207	1.216	1.205	1.232
UK	GBP	0.816	0.835	0.813	0.870
USA	USD	1.319	1.294	1.292	1.393

(B.6.) Changes in Accounting Policies (IAS 8)

The BayWa Goup has pension commitments to both active and former employees as well as statutory severance pay obligations to employees of the Austrian group companies. BayWa Group's pension commitments and statutory severance pay obligations are to be regarded as defined benefit plans pursuant to IAS 19 and recognised correspondingly. Increases and decreases in the present value of defined benefit obligations can give rise to actuarial gains or losses, the cause of which can also be divergences between actual and estimated parameters of calculation. In previous years, these were recognised in accordance with the corridor method pursuant to IAS 19, according to which only gains or losses exceeding the corridor are to be recognised in profit or loss. Actuarial gains and losses from provisions for severance pay, on the other hand, were recognised directly in profit or loss in the period in which they were incurred. In view of the steep drop in interest rates in 2012, the BayWa Group replaced the corridor method (pension provisions) and recognition directly in the income statement (provisions for severance pay) with the recognition of actuarial gains and losses directly in equity (IAS 19.93 et seq.) in the reporting year to provide a more informative balance sheet. This constitutes a change in accounting policies pursuant to IAS 8. BayWa implemented this change in anticipation of material amendments to IAS 19 (2011). The actuarial gains and losses from the calculation of pension and severance pay obligations were therefore recognised directly in equity. Due to this constituting a change in measurement method, it has to be applied retrospectively. This resulted in the following changes to the previous year's balance sheet figures:

In € million	as of 31 December 2011			as of 1 January 2011		
	Unadjusted	Adjustment	Adjusted	Unadjusted	Adjustment	Adjusted
Deferred tax assets	69.508	8.966	78.474	91.844	7.005	98.849
Revenue reserves	580.924	– 21.025	559.899	577.113	– 17.240	559.873
Minority interest	202.421	– 1.798	200.623	167.095	– 0.586	166.509
Pension provisions (long-term)	387.772	31.571	419.343	397.492	24.754	422.246
Deferred tax liabilities	100.710	0.218	100.928	100.391	0.077	100.468

The adjustments resulted in the following changes to the previous year's income statement:

In € million	2011		
	Unadjusted	Adjustment	Adjusted
Personnel expenses	– 679.798	– 2.237	– 682.035
Income tax	– 27.872	0.562	– 27.310

(C.) Notes to the Balance Sheet

(C.1.) Intangible assets

Intangible assets purchased against payment are capitalised at the cost of purchase and, with the exception of goodwill, amortised, as scheduled, on a straight-line basis over their useful economic lives (generally three to five years). Intangible assets which have been created in-house (self-created) have been capitalised in accordance with IAS 38 ("Intangible Assets") if it is likely that the future economic benefit will accrue from the use of the assets and if the cost of the assets can be reliably determined. These assets have been recognised at cost, with an appropriate portion of the overheads relating to their development, and amortised, as scheduled, on a straight-line basis. The calculation of unscheduled write-downs has been carried out in consideration of IAS 36 "Impairment of Assets". In the reporting year, unscheduled write-downs on the goodwill of the Küppers Group amounted to €0.672 million and to €0.230 million on other goodwill as a result of the closure of locations. In addition, an unscheduled write-down of €1.415 million on the goodwill of Dulas MHH Ltd. was carried out due to an existing impairment. In the previous year, unscheduled write-downs on goodwill of €2.182 million from an announced location closure (goodwill of Stark GmbH & Co. KG) as well as the resolved spin-off of the DIY & Garden Centres (goodwill of BayWa Bau und Gartenmarkt Weinsberg GmbH & Co. KG) were carried out.

The goodwill disclosed under intangible assets relates to the following company acquisitions:

In € million	**2012**	2011
"UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H.	0.624	0.624
AWS Entsorgung GmbH Abfall & Wertstoff Service	0.507	0.507
Bauzentrum Westmünsterland GmbH & Co. KG	0.696	0.696
BayWa r.e. bioenergy GmbH (formerly: r.e Bioenergie GmbH)	1.428	1.428
bs Baufachhandel Brands & Schnitzler GmbH & Co. KG (integrated into BayWa AG)	1.635	1.635
BSF BauCenter GmbH (integrated into BayWa AG)	0.492	0.492
CLAAS Württemberg GmbH	1.189	1.189
Dulas MHH Ltd.	0.845	2.242
ECOWIND Handels- & Wartungs-GmbH	1.348	1.348
EUROGREEN Group	3.345	3.345
Focused Energy LLC	13.460	13.460
Greenpower Handels GmbH	0.100	–
Krois Baustoffe + Holz Handelsgesellschaft mbH (integrated into BayWa AG)	0.665	0.665
Küppers-Unternehmensgruppe (integrated into BayWa AG)	0.706	1.378
L & L Rotorservice GmbH und L & L Vermögensverwaltungs GmbH	0.221	1.097
LTZ Chemnitz GmbH	0.030	0.030
MHH Solartechnik GmbH	14.035	14.035
Mobau-Marba GmbH (operations transferred to BayWa AG)	2.343	2.343
Net Environment S.L.U.	0.868	0.868
Raiffeisen Kraftfutterwerke Süd GmbH	0.409	0.409
RWA SLOVAKIA spol. s r.o.	0.152	0.152
Schradenbiogas GmbH & Co. KG	1.924	1.924
Sempol spol. s r.o.	0.245	0.245
Stark GmbH & Co. KG (goodwill asset deal)	0.450	0.450
Tecno-Spot Group	13.085	–
Voss GmbH & Co. KG (integrated into BayWa AG)	1.913	1.913
WAV Wärme Austria VertriebsgmbH	4.224	4.224
WKN USA, LLC	0.224	0.232
Wilhelm Bruchof GmbH & Co. KG (integrated into BayWa AG)	1.364	1.364
Other	0.912	1.142
	69.439	**59.437**

The changes in the reporting year relate mainly to goodwill from the initial inclusion of the companies acquired into the group of consolidated companies. The decrease in goodwill from the acquisition of L & L Rotorservice GmbH and L & L Vermögensverwaltungs GmbH resulted from the completion of the purchase price allocation in the reporting year (see Note B.1.). The goodwill arising from the acquisition of WKN USA, LLC and Dulas MHH Ltd. also changed due to fluctuating exchange rates.

Of the overall goodwill disclosed, an amount of €0.956 million is tax deductible in subsequent years.

Goodwill is subject to an impairment test once a year. In the context of the impairment test, the residual values of the goodwill allocated to the individual cash generating unit are compared with fair value in use.

Cash generating units are essentially defined as legally independent organisation units directly assignable to the reporting segments within the BayWa Group (see Note B.1.). In the event of a business combination of legally independent organisation units, the respective operating unit or the respective geographically defined segment of the incorporating organisation unit is viewed as the cash generating unit.

The calculation of the value in use is based on the net present value of future cash flows anticipated from the ongoing use of the cash generating unit. In this process, the forecast of the cash flows is derived from the current planning prepared by Management on a three-year horizon, as well as other assumptions which are based on the knowledge available at the time, market forecasts and empirical experience.

The cash flows were based on segment-specific discount factors between 5.7% and 7.2%. The growth rates are the expected average for the sector. For the purpose of extrapolating the forecast based on the third budget year, a currently expected growth rate of 2.0% has been assumed for the periods thereafter. The impairment tests carried out show that the goodwill from the acquisition of Dulas MHH Ltd. had to be written down by €1.415 million in the reporting year. This amount was included in unscheduled write-downs in the reporting year.

The following is a breakdown of the additions to intangible assets:

In € million	**2012**	2011
Additions from developments within the company	0.448	0.449
Additions from separate acquisition	11.283	16.411
Additions from business combinations	25.522	47.831
	37.253	**64.691**

(C.2.) Property, plant and equipment

All property, plant and equipment are used for operations. This item is measured at cost, minus scheduled depreciation. If necessary, unscheduled depreciation is carried out. The cost of acquisition is made up of the purchase price, incidental purchase (transaction) costs and subsequent purchase costs, less any price reductions received. If there is an obligation to decommission an asset which is part of non-current assets at the end of its useful life, or to dismantle or rebuild a location, the estimated costs of these activities will raise the cost of purchasing the asset. Property, plant and equipment are written down on a straight-line basis over the course of their useful life. Scheduled depreciation is based on the following periods of useful life applied uniformly throughout the Group:

	In years
Company premises and office buildings	25 – 33
Residential buildings	50
Land improvements	10 – 20
Technical facilities and machinery	4 – 20
Other property, plant and office equipment	3 – 15

The calculation of unscheduled write-downs has been carried out in consideration of IAS 36 “Impairment of Assets”. Impairment requirements are calculated by comparing the carrying amount of land and buildings and technical facilities with their recoverable amount. The calculation of the recoverable amount is based on the value in use. Calculations did not show any need for impairment in financial year 2012.

Borrowing costs in connection with the purchase of property, plant and equipment, which under IAS 23 should be capitalised, are not recognised in BayWa's consolidated financial statements owing to the lack of qualifying assets.

An amount of €48.718 million of total property, plant and equipment recognised on the reporting date served as collateral for liabilities.

Assets from leasing are also disclosed under non-current assets. These are mainly finance lease qualifications in the area of real estate, technical facilities and machinery, and EDP hardware. Under IAS 17, lease agreements are to be valued on the basis of opportunities and risks according to whether the beneficial ownership of the leased object is allocable to the lessee (finance lease) or the lessor (operating lease). Consequently, under IFRS the substance rather than the form of such transactions is the factor for determining value.

Under IAS 17, property, plant and equipment rented by way of finance lease are reported at fair value, provided that the net present value of the minimum lease payments is not lower. Depreciation is carried out on a straight-line basis, as scheduled, over the expected useful life or over the shorter term of the contract. Payment obligations arising from future lease instalments are reported on the liabilities side under other financial liabilities.

Non-current assets comprise technical facilities and machinery worth €11.980 million (previous year: €6.873 million) that qualify as finance leases and which are assignable to the Group as beneficial owner owing to the content of the related lease agreements. In individual cases purchase options, classified as finance leases, were agreed at the end of the term for lease agreements. A decision is made on a case-by-case basis as to whether to exercise the option to purchase at the end of the respective term.

The overall future lease instalments under the respective lease agreements are as follows:

In € million	2012	2011
Sum total of future minimum lease payments		
Due within one year	4.028	1.982
Due between one and five years	8.959	5.230
Due after more than five years	0.062	0.272
	13.049	**7.484**
Interest portion included in future minimum lease payments		
Due within one year	0.197	0.232
Due between one and five years	0.740	0.208
Due after more than five years	0.008	0.005
	0.945	**0.445**
Present value of future minimum lease payments		
Due within one year	3.831	1.750
Due between one and five years	8.219	5.022
Due after more than five years	0.054	0.267
	12.104	**7.039**

In respect of agreements which are classified as operating leases, largely real estate rental contracts, vehicle leasing and irrevocable building rights agreements, the future minimum lease payments are as follows:

In € million	2012	2011
Sum total of future minimum lease payments		
Due within one year	63.171	40.432
Due between one and five years	147.972	85.155
Due after more than five years	238.043	80.007
	449.186	**205.594**

In the financial year, rental expenses of €38.716 million from operating leases were paid.

(C.3.) Participating interests recognised at equity, other financial assets and securities

The financial assets of the BayWa Group comprises interests in non-consolidated affiliated companies, interest in associated companies and other holdings, credit balances with cooperatives and securities. These financial assets are allocated to the categories “held for trading”, “available for sale” and “held to maturity”, capitalised and measured in accordance with IAS 39.

Financial assets held for trading are always recognised at their fair value. The fair value corresponds to the market or stock market value. Changes in fair value are recorded through profit and loss under other income from shareholdings.

Securities assigned to the “financial assets held for trading” category were stated at a fair value totalling €1.938 million on the reporting date (previous year: €1.811 million). As they are held for trading, they have been disclosed under current assets.

Assets assigned to the “available for sale” category are reported at fair value provided there is an active market or fair values can be reliably calculated with a justifiable amount of effort, recognised at their fair values and otherwise carried at amortised cost. In the case of assets stated at fair value, the difference between the amortised cost originally recognised and the fair value on the reporting date is offset in equity on the reporting date without effect on income. Assets reported at fair value are measured using stock market quotations prevailing on the reporting date.

In the reporting year, impairment totalling €2.832 million was carried out on assets classified as “available for sale” and recognised at fair value.

Participating interests classified as “available for sale” in Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, and Raiffeisen Zentralbank AG, Vienna, were reported at their amortised cost as there was no active market for the securities, and it was therefore not possible to ascertain the fair market value. Calculating fair values based on a discounted cash flow method was not possible due to the lack of available data. Owing to the fact that both companies belong to a cooperative federation, the marketability of the participating interests is also limited.

Similarly, all the shares in non-consolidated subsidiaries are recognised at amortised cost. Sale is at present not intended in the case of financial assets measured at amortised cost.

Associated companies included in the consolidated financial statements are recognised using the equity method in proportion to their equity plus any goodwill generated from the acquisition process.

Financial assets held to maturity are disclosed exclusively at amortised cost. There are currently no assets classified as “held to maturity” in the BayWa Group.

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Analysis of Fixed Assets for 2012

Note (C.1. – C.3. and C.5.)

In € million	Acquisition/production costs						
	01/01/2012	Currency differences	Changes in consolidated group	Additions	Disposals	Transfers	31/12/2012
Intangible assets							
Industrial property rights, similar rights and assets	125.834	0.043	19.223	8.557	8.197	0.172	145.632
Goodwill	62.193	0.061	12.306	0.018	1.446	–0.066	73.066
Prepayments on account	0.488	–	1.223	3.156	–	–0.791	4.076
	188.515	**0.104**	**32.752**	**11.731**	**9.643**	**–0.685**	**222.774**
Property, plant and equipment							
Land, similar rights and buildings, including buildings on leasehold land	1,312.179	0.694	139.487	24.608	38.439	–367.406	1,071.123
Plant and machinery	779.275	1.162	105.250	15.458	32.283	51.396	920.258
Other facilities, fixtures and office equipment	341.660	0.120	4.275	30.094	66.019	2.191	312.321
Prepayments and construction in progress	35.140	–0.108	4.835	74.986	0.392	–64.417	50.044
	2,468.254	**1.868**	**253.847**	**145.146**	**137.133**	**–378.236**	**2,353.746**
Participating interests recognised at equity	**16.533**	**0.159**	**55.825**	**6.640**	**0.232**	**14.014**	**92.939**
Financial assets							
Shareholdings in affiliated companies	41.491	–	–9.906	30.095	0.311	–14.013	47.356
Loans to affiliated companies	2.127	–	–1.342	0.032	–	–	0.817
Holdings in other companies	150.792	–	–1.633	7.377	0.697	0.861	156.700
Loans to associated companies	20.192	–	0.844	0.133	6.202	13.800	28.767
Non-current marketable securities	5.694	–	0.137	0.076	0.029	–	5.878
Other loans	8.572	–	1.012	9.505	8.507	–0.092	10.490
	228.868	**–**	**–10.888**	**47.218**	**15.746**	**0.556**	**250.008**
Investment property							
Land	51.649	–	–0.004	0.615	4.687	15.729	63.302
Buildings	74.115	–	–	0.234	3.064	41.453	112.738
	125.764	**–**	**–0.004**	**0.849**	**7.751**	**57.182**	**176.040**
Consolidated non-current assets	**3,027.934**	**2.131**	**331.532**	**211.584**	**170.505**	**–307.169**	**3,095.507**

In € million	Depreciation/amortisation								Book values	
	01/01/2012	Currency differences	Changes in consolidated group	Write-downs in current year	Disposal-related depreciation	Write-ups	Transfers	31/12/2012	31/12/2012	31/12/2011
Intangible assets										
Industrial property rights, similar rights and assets	66.721	0.027	7.254	13.610	7.961	–	–0.334	79.317	66.315	59.113
Goodwill	2.756	0.004	–	2.250	1.216	–	–0.167	3.627	69.439	59.437
Prepayments on account	–	–	–	–	–	–	–	–	4.076	0.488
	69.477	**0.031**	**7.254**	**15.860**	**9.177**	**–**	**–0.501**	**82.944**	**139.830**	**119.038**
Property, plant and equipment										
Land, similar rights and buildings, including buildings on leasehold land	670.199	0.202	3.802	27.814	13.786	–	–147.204	541.027	530.096	641.980
Plant and machinery	445.357	0.631	62.676	41.836	17.682	–	–5.786	527.032	393.226	333.918
Other facilities, fixtures and office equipment	242.847	0.067	0.784	30.032	57.007	0.015	0.347	217.055	95.266	98.813
Prepayments and construction in progress	–	–	0.195	0.147	–	–	–0.194	0.148	49.896	35.140
	1,358.403	**0.900**	**67.457**	**99.829**	**88.475**	**0.015**	**–152.837**	**1,285.262**	**1,068.484**	**1,109.851**
Participating interests recognised at equity	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**92.939**	**16.533**
Financial assets										
Shareholdings in affiliated companies	13.175	–0.001	–	0.025	0.012	–	–	13.187	34.169	28.316
Loans to affiliated companies	0.166	–0.077	–	–	–	–	–	0.089	0.728	1.961
Holdings in other companies	4.108	–	–	0.117	0.008	0.920	–	3.297	153.403	146.684
Loans to associated companies	–	–	–	0.114	–	0.114	–	–	28.767	20.192
Non-current marketable securities	0.758	–	–	0.054	–	0.242	–	0.570	5.308	4.936
Other loans	0.066	0.002	–	–	0.002	–	–	0.066	10.424	8.506
	18.273	**–0.076**	**–**	**0.310**	**0.022**	**1.276**	**–**	**17.209**	**232.799**	**210.595**
Investment property										
Land	4.654	–	–0.005	–	1.596	–	–	3.053	60.249	46.995
Buildings	57.523	–	–	4.107	2.449	–	27.588	86.769	25.969	16.592
	62.177	**–**	**–0.005**	**4.107**	**4.045**	**–**	**27.588**	**89.822**	**86.218**	**63.587**
Consolidated non-current assets	**1,508.330**	**0.855**	**74.706**	**120.107**	**101.720**	**1.291**	**–125.750**	**1,475.237**	**1,620.270**	**1,519.604**

4 ▪ Consolidated Financial Statements ▪ Notes to the Consolidated Financial Statements

Analysis of Fixed Assets for 2011

Note (C.1. – C.3. and C.5.)

In € million	Acquisition/production costs							Depreciation/amortisation								Book values	
	01/01/2011	Currency differences	Changes in consolidated group	Additions	Disposals	Transfers	31/12/2011	01/01/2011	Currency differences	Changes in consolidated group	Write-downs in current year	Disposal-related depreciation	Write-ups	Transfers	31/12/2011	31/12/2011	31/12/2010
Intangible assets																	
Industrial property rights, similar rights and assets	83.594	0.447	22.597	16.372	1.127	3.951	125.834	56.913	−0.026	0.304	10.624	1.118	–	0.024	66.721	59.113	26.681
Goodwill	37.151	−0.512	25.554	–	–	–	62.193	0.605	−0.032	–	2.183	–	–	–	2.756	59.437	36.546
Prepayments on account	0.907	–	−0.016	0.488	0.049	−0.842	0.488	–	–	–	–	–	–	–	–	0.488	0.907
	121.652	**−0.065**	**48.135**	**16.860**	**1.176**	**3.109**	**188.515**	**57.518**	**−0.058**	**0.304**	**12.807**	**1.118**	**–**	**0.024**	**69.477**	**119.038**	**64.134**
Property, plant and equipment																	
Land, similar rights and buildings, including buildings on leasehold land	1,312.050	−1.090	2.031	34.036	25.288	−9.557	1,312.180	661.932	−0.381	0.393	32.014	19.073	1.449	−3.237	670.199	641.980	650.115
Plant and machinery	519.331	−1.851	165.003	59.619	32.393	69.566	779.275	395.192	−1.085	52.703	25.938	28.629	–	1.238	445.357	333.918	124.139
Other facilities, fixtures and office equipment	342.114	−0.137	3.325	42.272	33.599	−12.315	341.660	241.633	−0.128	1.962	29.294	29.761	–	−0.153	242.847	98.813	100.481
Prepayments and construction in progress	42.283	−0.959	−18.764	52.371	0.205	−39.586	35.140	−0.001	–	−0.290	–	–	–	0.291	–	35.140	42.284
	2,215.780	**−4.037**	**151.595**	**188.298**	**91.485**	**8.108**	**2,468.250**	**1,298.760**	**−1.594**	**54.768**	**87.246**	**77.463**	**1.449**	**−1.861**	**1,358.400**	**1,109.850**	**917.019**
Participating interests recognised at equity	**45.733**	**–**	**−20.902**	**0.862**	**5.445**	**−3.715**	**16.533**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**16.533**	**45.733**
Financial assets																	
Shareholdings in affiliated companies	34.789	–	6.100	6.847	0.198	−6.047	41.491	12.522	–	–	0.871	–	0.218	–	13.175	28.316	22.267
Loans to affiliated companies	0.700	–	1.137	0.426	0.136	–	2.127	–	–	–	0.166	–	–	–	0.166	1.961	0.700
Holdings in other companies	147.467	–	0.015	3.916	4.311	3.705	150.792	–	–	–	5.157	1.036	0.013	–	4.108	146.684	147.467
Loans to associated companies	30.073	–	–	1.860	11.741	–	20.192	–	–	–	–	–	–	–	–	20.192	30.073
Non-current marketable securities	5.004	–	0.629	0.061	–	–	5.694	0.492	–	0.103	0.163	–	–	–	0.758	4.936	4.512
Other loans	7.654	–	0.094	3.280	2.456	–	8.572	0.066	–	–	–	–	–	–	0.066	8.506	7.588
	225.687	**–**	**7.975**	**16.390**	**18.842**	**−2.342**	**228.868**	**13.080**	**–**	**0.103**	**6.357**	**1.036**	**0.231**	**–**	**18.273**	**210.595**	**212.607**
Investment property																	
Land	55.058	–	−0.004	0.001	0.892	−2.514	51.649	5.886		−0.001	–	0.331	–	−0.900	4.654	46.995	49.172
Buildings	85.557	–	–	0.260	5.930	−5.772	74.115	63.090		–	2.120	3.498	–	−4.189	57.523	16.592	22.467
	140.615	**–**	**−0.004**	**0.261**	**6.822**	**−8.286**	**125.764**	**68.976**	**–**	**−0.001**	**2.120**	**3.829**	**–**	**−5.089**	**62.177**	**63.587**	**71.639**
Consolidated non-current assets	**2,749.460**	**−4.102**	**186.799**	**222.671**	**123.770**	**−3.126**	**3,027.930**	**1,438.330**	**−1.652**	**55.174**	**108.530**	**83.446**	**1.680**	**−6.926**	**1,508.330**	**1,519.600**	**1,311.130**

(C.4.) Biological assets

In € million	2012
Current biological assets	
Biological assets on 1 January 2012	–
Additions from company acquisitions	0.832
Additions from acquisitions	–
Other additions	15.887
Change in fair value less selling costs	0.262
Disposals due to harvest	– 16.292
Currency differences	0.004
Biological assets on 1 January 2012	**0.693**
Non-current biological assets	
Biological assets on 1 January 2012	–
Additions from company acquisitions	8.702
Additions from acquisitions	0.691
Other additions	7.082
Change in fair value less selling costs – harvest	– 0.579
Disposals due to harvest	– 5.597
Change in fair value – trees and shrubs	0.151
Disposal due to sales	–
Currency differences	0.050
Biological assets on 31 December 2012	**10.500**

Presentation of the profitability of biological assets on 31 December 2012

	Planted, in hectares		Production[1]	
	Owned	Leased	Owned	Leased
Tomatoes	20	–	6,106,174	–
Apples	234	20	313,069	–
Lemons	97	5	1,163,914	30,967
Oranges	–	20	–	550,110
Mandarines	54	16	879,110	276,904
Kiwi fruit	52	44	291,309	334,831
Blueberries (no production in 2012)	11	–	–	–

1 production unit:
Tomatoes in kg
Apples: packaging unit (tray carton equivalent corresponds to approximately 18 kg)
Citrus fruit (lemons, oranges and mandarines) in kg, export, grade 1 and 2
Kiwi fruit: packaging unit (single layer tray corresponds to approximately 3.5 kg)

Turners & Growers' fruit plantations in New Zealand are recognised in biological assets. Apples, tomatoes, kiwi fruit, blueberries and citrus fruit – such as lemons, oranges and mandarines – are grown on the plantations. Independent experts and management measured all biological assets at fair value, taking into account knowledge obtained in the current and previous financial years. Future earnings potential, location, planting, age, variety and production capacities of the fruit plantations are taken into account when adjusting the fair value of the biological assets.

Biological assets are measured at fair value less estimated selling costs. The resulting profit or loss is recognised in the income statement. The fair value is based on the current location of the assets and therefore includes all costs for selling the products on the market. The biological assets are measured on the basis of future income and their discounted cash flows. To recognise the full recoverable amount, the market value of the underlying land and buildings is taken into account. The independent experts use measurement methods that by their nature are based on subjective assumptions and estimates. The measurement of biological assets includes a premium for the fair value of the upcoming harvest.

The measurement of biological assets is based on the following assumptions:

a) Discount factors between 11% and 22% were used for determining the present value of the expected cash flows.
b) Notional leasing costs were considered for unused land.
c) Plantations were measured under the assumption that the company will continue as a going concern.
d) Inflation rates between 0% and 3% were applied for costs and income.
e) Costs were applied on the basis of their current averages and compared with standard cost of production. They vary according to different locations and growing methods, as well as the age and variety of the biological assets.
f) Revenues are estimated on the basis of expected selling prices and production capacities, while taking into account expected long-term returns for each variety.

The following price ranges were used for 2013 (before inflation):

Tomatoes	kg	NZD2 – 5 per kg
Apples	tce (tray carton equivalent)	NZD19 – 30 per tce
Lemons	kg	NZD1 – 3
Oranges	kg	NZD1 – 2 per kg
Mandarines	kg	NZD1 – 4 per kg
Kiwi fruit	slt (single layer tray)	NZD6 – 13 per slt

The average prices for 2013 are expected to come in at the lower end of the price range compared to 2012.

g) It was estimated when the newly developed plantations would reach their full production capacities. They are included as part of the total cultivated area of land and are therefore not recognised separately. The average return depends on the growth stage on 31 December 2012 as well as on the underlying age and condition of the corresponding plants.
h) It became known in the reporting year that PSA-V, a bacterial disease that attacks kiwi vines, infested one Turners & Growers kiwi orchard in Kerikeri, New Zealand. In answer to the diagnostic findings, strict processes were implemented to contain the bacteria to one local area. At the time of preparing this report, the bacteria did not appear to have spread further. However, PSA-V is less likely to spread during the hot summer months (December to March) than during the damp and windy months of spring (September to October). Although the orchards are monitored continuously, any further assessments regarding the further spreading of PSA-V will not be possible until spring 2013. Due to the identified infestation of the plantation with PSA-V and the possibility of the disease spreading, the kiwi trees in Kerikeri were completely written off as a precautionary measure. PSA-V did not affect the measurement of the current kiwi-fruit harvest as the stage of development of the plantations at the time of measurement gave reason to expect a normal harvest.
i) The value of lemon trees was also reduced in the past reporting year due to historical losses and the expected low profitability of the lemon business. The fair value of lemon trees pertains exclusively to a new type of lemon tree whose crop per tree is expected to be considerably higher than that of the previous varieties. The values of the plantations growing the previous variety have been written off completely.
j) The fair value of the impending harvest (tomatoes, apples, lemons, oranges, mandarines and kiwi fruit) before or at the time of the harvest is based on the estimated market price for the produced quantities less corresponding harvesting costs.

(C.5.) Investment property

The "Investment property" item comprises 153 (previous year: 156) pieces of land and buildings under lease and/or not essential to the operations of the Group. Allocation is made if the property is leased by third parties, if it is land or greenfield sites not built on and not expressly intended for development or use, and in the case of properties used for a number of purposes, if use by the Group is of minor significance. Properties in this category are mainly warehouses, market buildings, garden centres, farm buildings (barns etc.), silos, farmland and other undeveloped land as well as, to a minor extent, office and residential buildings.

In accordance with the option under IAS 40, these properties are recognised exclusively at amortised cost and written down over their periods of useful life as indicated under Note C.2. The book value on the reporting date came to €86.218 million (previous year: €63.587 million). In the financial year, scheduled depreciation carried out on buildings came to €4.107 million (previous year: €2.120 million). The expense in the same amount has been included under depreciation and amortisation in the income statement. In the year under review, buildings with a book value of €13.865 million and land with a book value of €15.729 million recognised in property, plant and equipment were reclassified to investment property.

The fair value of these properties was set at €170.123 million (previous year: €142.583 million). Fair value is not usually calculated by an expert. Fair value on the reporting date is generally determined on the basis of discounted cash flow calculations. The value of the land is calculated using current, official standard land values. Location-related advantages and disadvantages are suitably taken into account. In the case of buildings let, the income value of the buildings was calculated by taking actual annual rental income generated, less standard management expenses and the residual useful life of the building. A comparison of fair value against the carrying amounts of the individual properties showed that there were no impairment requirements in the reporting year. As a result, no unscheduled write-downs were carried out on land and buildings.

Rental income came to €8.619 million (previous year: €6.352 million); operating expenses (excluding depreciation) for the properties for which rental income was realised came to €0.876 million (previous year: €0.528 million). In regard to properties for which no rental income was generated, operating expenses came to €0.446 million (previous year: €0.133 million).

(C.6.) Tax assets

Tax receivables comprise the long-term corporate tax credit of BayWa AG pursuant to Section 37 para. 4 of the German Corporate Tax Act (KStG) and also short-term reimbursement claims; they break down as follows:

In € million	**2012**	2011
Non-current tax claims (with a residual term of more than one year)	5.487	6.658
Current tax claims (with a residual term of up to one year)	50.333	43.059
	55.820	**49.717**

(C.7.) Other receivables and other assets

Other receivables and other assets are recognised at amortised cost. All discernible risks are taken account of by appropriate value adjustments. If a receivable shows signs of impairment, a value adjustment is carried out through to the net present value of expected future cash flows. Receivables which are non- or low-interest-bearing with terms of more than one year have been discounted.

The "Other receivables and other assets" item breaks down as shown below; the fair values of the items disclosed do not materially diverge from the book values disclosed:

In € million	**2012**	2011
Non-current receivables (with a residual term of more than one year)		
Trade receivables	1.973	2.440
Other receivables, including deferred income	29.651	16.225
	31.624	**18.665**
Current receivables (with a residual term of up to one year)		
Trade receivables	621.273	513.017
Receivables from affiliated companies	37.109	28.723
Receivables from companies in which a participating interest is held	42.907	34.655
Positive market value of derivatives	3.825	1.195
Other receivables, including deferred income	170.504	164.922
	875.618	**742.512**

The table below shows the extent of the credit risks inherent in the receivables and other assets.

In € million	Gross value 2012	Gross value of receivables with specific value adjustments	Receivables neither overdue nor adjusted	Overdue receivables adjusted on a flat rate basis	Of which: without specific value adjustments on the reporting date and overdue in the following periods			
					less than 30 days	between 31 and 60 days	between 61 and 90 days	91 days and over
Receivables	935.782	20.561	744.688	170.533	135.598	14.084	4.621	16.230

In € million	Gross value 2011	Gross value of receivables with specific value adjustments	Receivables neither overdue nor adjusted	Overdue receivables adjusted on a flat rate basis	Of which: without specific value adjustments on the reporting date and overdue in the following periods			
					less than 30 days	between 31 and 60 days	between 61 and 90 days	91 days and over
Receivables	785.489	68.745	586.138	130.606	100.011	15.410	5.417	9.768

The BayWa Group's customer structure is strongly diversified, both regionally and in terms of the specific segments. As part of risk management, minimum requirements for credit worthiness and, beyond this, individual credit limits in respect of individual customers, have been established for all customers of the BayWa Group. The receivables portfolio of the BayWa Group is largely made up of numerous small receivables. Credit limits of more than €1 million are only accorded to a small number of customers with particularly good credit standing. The continual analysis of the receivables portfolio and special monitoring of customers with high credit limits enable the early identification and evaluation of concentration risks (risk clusters). As per 31 December 2012, the credit risk positions of 58 debtors (previous year: 58) were more than €1 million respectively. The Group does not anticipate any material default risk in respect of these customers.

Value adjustment account:
There are material value adjustments requiring disclosure under the IFRS 7 category "Loans and Receivables (LaR)" in the BayWa Group in the "Trade receivables" balance sheet item under other receivables and other assets; otherwise, value adjustments play a minor role.

The value adjustment account has developed as follows:

In € million	**2012**	2011
Status of value adjustments on 1 January	24.312	19.740
Currency differences	0.271	– 0.306
Changes in specific value adjustments	2.954	3.619
Changes in specific value adjustments calculated on a flat rate basis	1.003	1.259
Status of value adjustments on 31 December	**28.540**	**24.312**

The estimates underlying the calculation of value adjustments to trade receivables are based on historical default rates. In the reporting year, there was a reversal of impairment with effect on income of €3.957 million from the increased volume of receivables as of the reporting date.

Receivables due from affiliated companies and shareholdings relate to both trade receivables and current financings.

Other assets comprise first and foremost supplier credits not yet settled. In addition, payments on account for inventories amounting to €33.940 million (previous year: €40.571 million) are included.

In order to enhance its financing structure, the Group has secured trade receivables in a total volume of €150.0 million by way of asset-backed securitisation (ABS measure). Utilisation is adjusted to the variable and seasonal conditions and came to €135.542 million (previous year: €113.733 million).

(C.8.) Actual and deferred tax assets

Income tax expenses constitute the sum total of current tax expenses and deferred taxes. Current tax expenses are calculated on the basis of taxable income in the year. Taxable income differs from net income in the consolidated income statement due to expenses and income which are either taxable or tax deductible in subsequent years or never. The Group's liability in respect of current taxes is calculated on the basis of the prevailing tax rates or those, which from the standpoint of the reporting date, will be valid in the near future. Deferred taxes are recognised for the differences between the carrying amounts of the assets and liabilities in the consolidated financial statements and the corresponding tax valuations in the context of calculating taxable income. Deferred tax liabilities are generally reported for all taxable temporary differences; deferred tax assets are only recognised if it is probable that there are taxable gains which can be used for deductible temporary differences. Deferred tax assets on loss carryforwards are recognised provided that future tax advantages are likely to be realised within the next three years. Such deferred tax assets and deferred tax liabilities are not reported if they arise from temporary differences in goodwill (separate consideration of tax-related goodwill) or from the initial recognition (excepting business combinations) of other assets and liabilities resulting from transactions which have no effect on taxable income or net income. Deferred tax liabilities are formed for taxable temporary differences arising from shares held in subsidiaries or in associated companies as well as interests in joint ventures, except where the timing of the reversal can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arise through temporary differences in the context of investments and loans which are only recorded to the extent that it is probable that there will be sufficient taxable income available from which assets from temporary differences can be used and where the assumption can be made that they will reverse in the foreseeable future.

The book value of deferred tax assets is assessed every year on the reporting date and lowered if it is unlikely that there will be sufficient taxable income for fully or partially realising the claim.

Deferred tax assets and liabilities are calculated on the basis of expected tax rates (and tax laws) which are likely to be valid at the time when liabilities are settled or assets realised. The measurement of deferred tax assets and liabilities reflects the fiscal consequences which would arise from the way in which, on the reporting date, the Group expects the liabilities to be settled and the assets realised.

Deferred tax assets and liabilities are netted if there is an enforceable right for offsetting current tax assets against current tax liabilities and if they are subject to income tax levied by the same tax authority, and the Group has the intention of settling its current tax assets and current tax liabilities on a net basis. Current and deferred taxes are reported as expenses or income through profit and loss unless they are incurred in connection with items not reported in the income statement (either in other results or directly in equity). In this case, the tax is also to be reported outside the income statement. Moreover, there is no recognition through profit and loss if tax effects arise in connection from the initial recognition of a business combination. In the case of a business combination, the tax effect is to be included when the business combination is accounted for.

(C.9.) Inventories

Raw materials, consumables and supplies, semi-finished and finished goods, as well as services and merchandise are disclosed under inventories.

Raw materials, consumables and supplies as well as merchandise are always valued at their average cost of acquisition, taking account of lower net realisable values. In some cases, the FIFO (first in first out) method was applied. Semi-finished and finished goods are recognised at their cost of production. They include all costs directly allocable to the production process, as well as an appropriate portion of production-related overheads. Financing costs which can be directly assigned to the purchase, construction or production of a qualifying asset are capitalised as part of the acquisition or production costs of the asset. Agricultural produce is recognised at fair value less selling costs. Inventory risks arising from the storage period or diminished marketability trigger impairment. Lower values on the reporting date due to lower realisable value are accounted for.

Inventories disclosed break down as follows:

In € million	2012	2011
Raw materials, consumables and supplies	34.661	31.859
Unfinished goods/services	182.158	176.729
Finished goods/services and merchandise	1,215.739	956.840
	1,432.558	**1,165.428**

In the case of lower net realisable value, write-downs are generally carried out in the form of specific value adjustments. Only in exceptional cases was a flat rate calculation applied. On the reporting date, impairment was recognised at €88.292 million in profit or loss for the reporting year, up from €74.516 million in 2011. There were no reversals through profit and loss in the year under review.

The carrying amount of the inventories reported at fair value less costs to sell amounted to €861.506 million on the reporting date (previous year: €606.008 million).

€16.731 million of the inventories disclosed on the reporting date served as collateral for liabilities.

In the reporting year, borrowing costs of €2.363 million (previous year: €0.376 million) were capitalised as part of the cost of acquisition or production of unfinished goods. The calculation of borrowing costs eligible for capitalising was based on a borrowing rate of 4.20%.

The calculation of inventories is carried out through a (brought forward) end-of-period inventory or through continuous inventory.

(C.10.) Cash and cash equivalents

Cash and cash equivalents worth €83.239 million (previous year: €86.997 million) comprise cash in hand, cheques and deposits in banks falling due in the short term.

(C.11.) Non-current assets held for sale/disposal groups

Assets of the BayWa Group are classified as non-current assets held for sale if there is a Board of Management resolution on the sale and the sale is highly probable within the following year (2013).

On the reporting date, there were 91 properties (previous year: 9) intended for sale and disclosed under the non-current assets held for sale item. These primarily relate to undeveloped or developed land with warehouses, silos, halls or office/residential buildings that are no longer required for operations, especially after the spin-off of the majority of BayWa's DIY & Garden Centres at the beginning of the reporting year. Non-current assets held for sale also include the technical facilities of two wind parks that are intended for sale in the following year.

In the previous year, this balance sheet item contained property held for sale as well as, in particular, the assets of BayWa AG's DIY & Garden Centres, which were transferred to BayWa Bau- & Gartenmärkte GmbH & Co. KG, Dortmund, effective 1 January 2012. The assets of Ybbstaler Fruit Austria GmbH, Kröllendorf, Austria, and its subsidiary Ybbstaler Fruit Polska Sp. z o.o., Chelm, Poland, were also included in this item. They were regarded as one disposal group within the meaning of IFRS 5 due to the impending integration into joint venture YBBSTALER AGRANA JUICE GmbH, Kröllendorf, Austria.

The standard under IFRS 5 regulating measurement specifies that scheduled depreciation of the respective assets must be suspended and only unscheduled write-downs be carried out owing to lower fair value, less costs to sell.

There were assets with book values assigned to non-current assets held for sale totalling €232.503 million on the reporting date (previous year: €258.800 million). Fair value less estimated costs to sell came to a total of €343.800 million (previous year: €303.113 million). Owing to the difference between the carrying amount and the respective fair value assigned, no depreciation had to be carried out due to lower fair value as per 31 December 2012.

The non-current assets held for sale/disposal groups break down as follows:

In € million 2012	Agriculture Segment	Building Materials Segment	Energy Segment	Other Activities Segment	Total
Non-current assets					
Intangible assets	–	–	3.233	–	3.233
Property, plant and equipment	48.956	91.419	28.947	59.948	229.270
	48.956	**91.419**	**32.180**	**59.948**	**232.503**
Non-current assets held for sale/disposal groups	**48.956**	**91.419**	**32.180**	**59.948**	**232.503**

In € million 2011	Building Materials Segment	Other Activities Segment	Total
Non-current assets			
Intangible assets	0.351	0.427	0.778
Property, plant and equipment	13.188	36.780	49.968
Financial assets	–	0.041	0.041
Investment property	–	0.356	0.356
Deferred tax assets	–	0.692	0.692
	13.539	**38.296**	**51.835**
Current assets			
Inventories	89.926	70.996	160.922
Tax assets	–	2.324	2.324
Other receivables and other assets	1.305	29.951	31.256
Cash and cash equivalents	2.775	9.688	12.463
	94.006	**112.959**	**206.965**
Non-current assets held for sale/disposal groups	**107.545**	**151.255**	**258.800**

The gains from disposal and deconsolidation realised in the current financial year in connection with non-current assets held for sale and disposal groups are reported in the income statement under other operating income (Note D.2.).

(C.12.) Equity

The consolidated statement of changes in equity shows the development of equity in detail.

Share capital

On 31 December 2012, BayWa AG's share capital of €88.197 million (previous year: €87.921 million) was divided into 34,452,112 ordinary registered shares with an arithmetical portion in the share capital of €2.56 per share. Of the shares issued, 33,081,269 are registered shares with restricted transferability and 108,092 recently registered shares with restricted transferability (dividend-bearing employee shares from 1 January 2013 onwards). 1,243,251 shares are not registered shares with restricted transferability.

In respect of subscribed capital disclosed and pursuant to IAS 32, the share capital was reduced by the mathematical value of the shares bought back (19,500 units, the equivalent of €0.050 million) in previous years; the capital reserve also decreased by €0.063 million for the same reason. No shares were bought back in the current financial year.

The number of shares in circulation has changed in the period under review as follows:

	Registered shares without restricted transferability	Registered shares with restricted transferability
Status on 01/01/2012	1,243,251	33,081,269
Issuing of employee shares		108,092
Status on 31/12/2012	**1,243,251**	**33,189,361**

Subject to approval by the Supervisory Board, the Board of Management is authorised to raise the share capital on or before 29 May 2013 by up to a nominal amount of €10,000,000 through the issuance of new registered shares against cash contribution (Authorised Capital 2008).

Furthermore, subject to the approval of the Supervisory Board, the Management Board is authorised to raise the share capital one or several times on or before 31 May 2015 by up to a nominal amount of €4,110,215.68 through the issuance of new registered shares with restricted transferability against cash contribution to the employees of BayWa AG and of affiliated companies within the meaning of Section 15 et seq. of the German Stock Corporation Act (AktG). Shareholders' subscription rights are excluded. Subject to approval by the Supervisory Board, the Board of Management is authorised to determine the further content and conditions under which the shares are to be issued (Authorised Capital 2010).

Subject to approval by the Supervisory Board, the Board of Management is authorised to raise the share capital one or several times on or before 31 May 2016 by up to a nominal amount of €12,500,000 through the issuance of new registered shares with restricted transferability against cash contribution. The authorisation can be used in part amounts. Shareholders' subscription rights are excluded. Subject to approval by the Supervisory Board, the Board of Management is authorised to determine the further content of share rights and conditions under which the shares are to be issued (Authorised Capital 2011).

Capital reserve

The capital reserve of €94.612 million (previous year: €91.536 million) is derived mainly from the premiums in an amount of €64.903 million from the capital increases executed to date by BayWa AG. Furthermore, premiums were generated on the nominal values of the BayWa shares issued in connection with the acquisition of RWA AG and WLZ AG, and the participations exchanged below their rating at the historical stock market prices. These have also been disclosed under capital reserve.

In financial year 2012, BayWa AG issued 108,092 new registered shares with restricted transferability (dividend bearing as from 1 January 2013) as part of its Employee Share Scheme. The exercise price of employee shares came to €18.61 and was thus 60% of the stock market price of registered BayWa shares with restricted transferability, which, on the preceding day, had stood at €31.02; BayWa's Board of Management had passed the resolution on the capital increase required for this measure. The advantage granted of €1.340 million, which was the difference between the actual buying price and the stock market price, was posted to capital reserve in accordance with IFRS 2 and reported as an expense.

Revenue reserves

The revenue reserves of the Group stood at €511.693 million on the reporting date (previous year: €559.899 million). Of this amount, €5.720 million (previous year: €6.076 million) was attributable to the statutory reserve, less €7.368 million (previous year: less €4.752 million) to the revaluation reserve, less €120.948 million (previous year: less €20.134 million) to the reserves for actuarial gains and losses for provisions for pensions and severance pay and €634.289 million (previous year: €578.709 million) to other reserves. Transfers to and withdrawals from the revenue reserves were recorded both at the parent company BayWa AG and at the consolidated subsidiaries. As of 31 December 2012, other revenue reserves included €28.616 million from the pro-rata elimination of the interim result of a property sold by BayWa AG to BayWa Grundbesitz GmbH & Co. KG, Munich, Germany. As BayWa Grundbesitz GmbH & Co. KG is recognised at equity within the BayWa Group, the pro-rata interim result was initially eliminated against the recognised equity of the investment. As no other asset items relating to BayWa Grundbesitz GmbH & Co. KG were available for elimination, the part of the interim result that exceeds equity was recognised as an expense and offset against other revenue reserves.

Other reserves

Other reserves mainly comprise consolidated profit available for distribution of €164.241 million (previous year: €104.260 million) as well as currency differences of €3.059 million (previous year: €1.017 million) carried without effect on income.

Minority interest

The minority interest in equity primarily pertains to the cooperatives invested in the Austrian subsidiaries as well as the minority shareholders in Turners & Growers Limited.

Capital management

The capital structure of the Group is made up of liabilities and equity. It is described in more detail in Notes C.12. to C.20. Equity capital comes to around 24.3% of total equity. Adjusted for the newly recognised reserve for actuarial gains and losses from provisions for pensions and severance pay in the amount of €– 124.848 million (previous year: €– 20.947 million), the equity ratio is 27.1%. As this reserve results from a change of parameters not within the company's control when calculating personnel provisions, BayWa's capital management uses an adjusted equity ratio. The adjusted equity capital ex-dividend has been reduced to 26.6% owing to the proposed dividend distribution of €22.324 million. The aim in the BayWa Group's capital management process is to maintain a ratio of equity to debt of 30% to 70%.

Gearing

The BayWa Group's management assesses and manages the capital structure in regular intervals via factors such as the key indicators "adjusted net debt", "adjusted equity" and "adjusted net debt/EBITDA".

Cash and cash equivalents are deducted from current and non-current financial liabilities. Non-recourse financings are also deducted despite them carrying interest. They pertain to loans extended to project companies in the Renewable Energies business sector that are solely based on project cash flow instead of the BayWa Group's credit rating. Lenders have no access whatsoever to the BayWa Group's assets and cash flows outside each project company. EBITDA generated by the project companies during the reporting year came to €25.059 million (previous year: €9.308 million). Grain inventories for immediate use are also deducted. These inventories could be converted into cash and cash equivalents as soon as they are recognised due to their highly liquid and current nature as well as their daily prices listed on international markets and stock exchanges. Any price risk is fully eliminated by a physical asset for sale, either through concluding a sales agreement with a highly solvent business partner or through a forward contract on the stock exchange. On account of the highly liquid nature of these inventories, the BayWa Group deems it to be appropriate to deduct them as cash and cash equivalents when calculating net debt and the related financial key figures.

In € million	**31/12/2012**	31/12/2011
Non-current and current liabilities	1,546.899	1,154.691
less cash and cash equivalents	– 83.239	– 86.997
Net debt	**1,463.660**	**1,067.694**
less non-recourse financing	– 192.809	– 113.502
less inventories for immediate use	– 310.001	– 236.844
Adjusted net debt	**960.850**	**717.348**
Annualised EBITDA	306.562	251.332
Adjusted equity	1,209.986	1,066.153
Net debt (adjusted) to equity (adjusted) (in %)	**79**	**67**
Net debt (adjusted)/EBITDA	**3.13**	**2.85**

(C.13.) Pension provisions

In Germany, there is a defined benefit statutory basic care scheme for employees which undertakes pension payments depending on the contributions made. In addition, pension provisions are set up as part of the company pension scheme to cover obligations arising from accrued pension rights and from ongoing payments to employees in active service and former employees of the BayWa Group and their dependents. According to the legal, economic and fiscal circumstances of the respective countries, there are different systems of provisioning for retirement which are generally based on the length of service and the remuneration of the employees.

The BayWa Group's current pension commitments are based exclusively on defined benefit plans. They are based both on company agreements and commitments made on a case-by-case basis. For the most part, these are final pay plans. The commitment of the company consists in fulfilling the committed benefits to active and former employees ("defined benefit plans"). The benefit commitments undertaken by the Group are financed by allocations to provisions.

In addition, the Austrian Group companies have statutory obligations to issue severance payments after the termination of an employment contract. These obligations are defined benefit plans and, as such, also fall within the scope of IAS 19.

The provisions for pensions and severance pay have been formed according to the projected unit credit method in accordance with IAS 19. Pursuant to this method, not only the pension and pension rights as per the reporting date, but also future increases in pensions and salaries are accounted for applying a cautious assessment of the relevant variables. This calculation is derived from actuarial appraisals and based on a biometric calculation.

The amount of the pension obligations (defined benefit obligation) has been calculated using actuarial methods where estimates are indispensable. Along with assumptions of life expectancy, the following premises, which have been established for the companies in Germany and Austria, play a role. In the case of group companies which are not in Germany and Austria there are no benefit commitments.

In percent	**31/12/2012**	31/12/2011
Discount factor	3.25	5.00
Salary trend	3.00 – 3.50	2.50 – 3.00
Pension trend	1.15 – 2.50	1.15 – 2.50

The amount of severance pay obligations (defined benefit obligation) has also been calculated using actuarial methods based on estimates. The following assumptions were applied as a standard for all Austrian Group companies. The non-Austrian Group companies do not have any severance pay obligations.

In percent	**31/12/2012**	31/12/2011
Discount factor	3.25	5.00
Salary trend	3.50	3.50
Pension trend	3.50	3.50

The salary trend reflects anticipated increases in salaries which, depending on inflation and the length of service to the company, among other factors, are estimated on an annual basis.

Assumptions on life expectancy were based on the mortality tables of Prof. Dr. Klaus Heubeck (actuarial tables 2005 G).

Increases and decreases in the present value of defined benefit obligations can give rise to actuarial gains or losses, the cause of which can also be divergences between actual and estimated parameters of calculation. Unlike in previous years, the resulting actuarial gains and losses are no longer recognised using the corridor method (for pension commitments) or in profit or loss (for severance pay obligations) but are instead recognised directly in equity in preparation for the amendments. The present value of the defined benefit obligations is therefore recorded entirely in the balance sheet. Due to the provisions of IAS 8 regarding the changes in accounting and measurement principles, this change in measurement principles for provisions for pension and severance pay was applied retrospectively. The resulting changes in the previous year's figures are described in Note B.6.

Actuarial losses of €107.488 million (previous year: €4.580 million) were recorded directly in equity in the reporting year. As of the reporting date, actuarial losses recognised directly in equity amounted to €138.363 million (previous year: €29.070 million).

Total expenses from BayWa Group's benefit commitments amounted to €25.450 million (previous year: €26,092 million) and comprise the following:

In € million	**2012**	2011
Ongoing service cost	3.763	4.193
+ Share of interest	21.687	21.899
= Sum total recognised through profit and loss	**25.450**	**26.092**

Total expenses from the Austrian Group companies' severance pay obligations amounted to €2.394 million (previous year: €2.306 million) and comprise the following:

In € million	**2012**	2011
Ongoing service cost	1.204	1.239
+ Share of interest	1.190	1.067
= Sum total recognised through profit and loss	**2.394**	**2.306**

The expenses arising from the accrued interest on rights acquired in the past are disclosed under the financial result. Rights accrued in the respective financial year are included under personnel expenses.

During the reporting period, the net present value of defined benefit obligations (DBO) and therefore the value of pension obligations reported at Group level have changed as follows:

In € million		**2012**	2011
DBO as per 1 January		452.539	449.780
+	Changes in the group of consolidated companies	–	1.511
+	Sum total through profit and loss	25.450	26.092
+/–	Changes in actuarial gains/losses	103.416	6.817
–	Pension payments during the period	– 28.362	– 31.586
+/–	Assumption of obligations	– 3.342	– 0.075
=	**DBO as per 31 December**	**549.701**	**452.539**

During the reporting period, the net present value of defined benefit obligations (DBO) and therefore the value of provisions for severance pay reported at Group level have changed as follows:

In € million		2012	2011
DBO as per 1 January		25.146	26.361
+	Changes in the group of consolidated companies	– 1.375	0.455
+	Sum total through profit and loss	2.394	2.306
+/–	Changes in actuarial gains/losses	4.072	– 2.237
–	Severance payments during the reporting period	– 2.520	– 1.761
+/–	Assumption of obligations	0.036	0.022
=	**DBO as per 31 December**	**27.753**	**25.146**

Defined pension obligations developed as follows:

In € million	
2008	423.379
2009	425.667
2010	449.780
2011	452.539
2012	**549.701**

The adjustments of the financial years with regard to pension obligations based on empirical experience are as follows:

In € million	
2008	– 2.903
2009	– 1.030
2010	2.512
2011	6.817
2012	**103.416**

Defined severance pay obligations developed as follows:

In € million	
2008	26.151
2009	27.115
2010	26.361
2011	25.146
2012	**27.753**

The adjustments of the financial years with regard to severance pay obligations based on empirical experience are as follows:

In € million	
2008	0.269
2009	0.167
2010	0.974
2011	– 2.237
2012	**4.072**

In financial year 2013, we expect that a probable amount of €22.787 million will be recognised through profit and loss for defined benefit plans and €2.106 million for severance pay obligations.

(C.14.) Other provisions

Other provisions are formed when there is an obligation towards a third party which is likely to be called upon and when the amount of the provision can be reliably estimated. Provisions are recognised in the amount of the anticipated utilisation. Provisions which were not drawn upon in the following year are recognised at the discounted settlement amount as of the balance sheet date. Discounting is based on market rates.

Other provisions are mainly attributable to:

In € million	**2012**	2011
Non-current provisions (with a maturity of more than one year)		
Obligations from personnel and employee benefits	57.535	54.832
Other provisions	30.939	20.768
	88.474	**75.600**
Current provisions (with a maturity of up to one year)		
Obligations from personnel and employee benefits	59.452	52.955
Other provisions	76.548	63.525
	136.000	**116.480**

Provisions for obligations arising from personnel and employee benefits consist mainly of provisions for jubilee expenses, service units, vacation backlogs and flexitime credits, as well as for age-related part-time service.

Other provisions mainly comprise provisions for obligations from dismantling operations, for outstanding invoices, guarantee obligations, sales-related bonuses and discounts as well as for impending losses from uncompleted transactions.

In addition, there are a number of discernible risks and uncertain obligations. They mainly relate to costs for inherited contamination, follow-up costs and litigation risks.

The provisions developed as follows:

In € million 2012	Status on 01/01/2012	Transfer	Reclassification	Compound interest	Utilisation	Release	Currency differences	Status on 31/12/2012
Non-current provisions								
Obligations from personnel and employee benefits	54.832	9.060	0.463	1.379	8.166	0.033	–	57.535
Other provisions	20.768	12.888	–1.415	2.356	3.142	0.515	–0.001	30.939
	75.600	**21.948**	**–0.952**	**3.735**	**11.308**	**0.548**	**–0.001**	**88.474**
Current provisions								
Obligations from personnel and employee benefits	52.955	51.988	–0.463	–	42.181	2.828	–0.019	59.452
Other provisions	63.525	63.747	0.169	–	46.077	4.796	–0.020	76.548
	116.480	**115.735**	**–0.294**	**–**	**88.258**	**7.624**	**–0.039**	**136.000**

In € million 2011	Status on 01/01/2011	Transfer	Reclassification	Compound interest	Utilisation	Release	Currency differences	Status on 31/12/2011
Non-current provisions								
Obligations from personnel and employee benefits	58.139	4.371	–2.543	1.212	6.310	0.033	–0.004	54.832
Other provisions	6.233	13.520	–0.305	2.097	0.456	0.324	0.003	20.768
	64.372	**17.891**	**–2.848**	**3.309**	**6.766**	**0.357**	**–0.001**	**75.600**
Current provisions								
Obligations from personnel and employee benefits	50.799	49.167	–2.740	–	41.287	2.963	–0.021	52.955
Other provisions	55.488	44.797	–1.613	–	27.963	7.156	–0.028	63.525
	106.287	**93.964**	**–4.353**	**–**	**69.250**	**10.119**	**–0.049**	**116.480**

(C.15.) Financial liabilities

Financial liabilities include all interest-bearing obligations of the BayWa Group effective on the reporting date. These liabilities break down as follows:

In € million 2012	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Financial liabilities				
Due to banks	616.131	428.017	212.956	1,257.104
Commercial paper	276.000	–	–	276.000
Dormant equity holding	1.691	–	–	1.691
	893.822	**428.017**	**212.956**	**1,534.795**

In € million 2011	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Financial liabilities				
Due to banks	450.835	312.565	252.561	1,015.961
Commercial paper	130.000	–	–	130.000
Dormant equity holding	1.691	–	–	1.691
	582.526	**312.565**	**252.561**	**1,147.652**

The BayWa Group finances itself through credit lines, on the one hand, and short-term loans for which no collateral is furnished, on the other. In individual cases, long-term bank loans are used. On 12 December 2011, BayWa placed a bonded loan in a nominal amount of €218.500 million consisting of four bullet tranches. In addition, on 1 October 2010, BayWa AG placed two bonded loans in a total nominal amount of €200.000 million consisting of two bullet tranches. The bonded loans serve to diversify the Group's financing and are reported under liabilities due to banks.

2011	Nominal amount of loan in € million	Maturity	Interest
Bonded loan 5-year fixed	77.500	12/12/2016	3.20%
Bonded loan 5-year variable	33.000	12/12/2016	6-month Euribor plus 1.20%
Bonded loan 7-year fixed	67.500	12/12/2018	3.77%
Bonded loan 7-year variable	40.500	12/12/2018	6-month Euribor plus 1.40%

2010	Nominal amount of loan in € million	Maturity	Interest
Bonded loan 5-year variable	129.500	05/10/2015	6-month Euribor plus 1.15 %
Bonded loan 7-year variable	70.500	05/10/2017	6-month Euribor plus 1.35 %

The bonded loans were reported at the fair value corresponding to the nominal value at the time when they were recognised, less transaction costs. The bonded loans are measured at amortised cost.

Of the current liabilities due to banks, loans of €572.495 million are due at any time. The difference of €43.636 million relates to the short-term portion of non-current liabilities due to banks. The average effective interest rate on short-term loans is currently 1.1% (previous year: 1.8%) a year.

As a result of the Commercial Paper Programme launched by BayWa AG in a volume totalling €400.000 million, €276.000 million in commercial paper with a term of 114 days and an average weighted effective interest rate of 0.89% had been issued by the end of the reporting period.

Of the liabilities due to banks, €69.368 million at Group level (previous year: €3.207 million) have been secured by a charge over property.

The fair value of the financial liabilities does not diverge materially from the book values disclosed.

The dormant equity holdings of four Austrian warehouses ("Lagerhäuser") in RWA AG each have an infinite term which can be terminated by the warehouses at any time. Interest is charged on the dormant equity holdings; the interest rate is fixed contractually. Owing to the short-term nature of these holdings due to termination being possible at any time, the fair value is the book value.

(C.16.) Financial lease obligations

The liabilities-side net present values of future leasing instalments are carried under the finance lease obligations (see also Note C.2.).

In € million 2012	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Obligations from finance leasing	3.831	8.219	0.054	12.104

In € million 2011	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Obligations from finance leasing	1.750	5.022	0.267	7.039

(C.17.) Trade payables and liabilities from inter-group business relationships

Non-current liabilities are disclosed in the balance sheet in their amortised repayment amounts. Differences between the historical costs and the repayment amount are taken account of using the effective yield method. Current liabilities are recognised in their repayment or settlement amount.

Liabilities due to affiliated companies and companies in which a participating interest is held comprise not only trade payables but also liabilities arising from financing.

In € million 2012	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Trade payables	634.044	3.502	0.001	637.547
Liabilities due to affiliated companies	13.881	–	–	13.881
Liabilities due to companies in which a participating interest is held	49.359	–	–	49.359
Bills and notes payable	0.021	–	–	0.021
Payments received on orders	63.860	0.504	0.294	64.658
	761.165	**4.006**	**0.295**	**765.466**

In € million 2011	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Trade payables	584.576	0.012	–	584.588
Liabilities due to affiliated companies	13.161	–	–	13.161
Liabilities due to companies in which a participating interest is held	67.513	–	–	67.513
Bills and notes payable	0.037	–	–	0.037
Payments received on orders	84.861	–	–	84.861
	750.148	**0.012**	**–**	**750.160**

Trade payables include claims of customers from customer loyalty programmes of BayWa AG and other Group companies. Under IFRIC 13 loyalty credits awarded by an entity are to be disclosed as definable components of a multiple element arrangement (main transaction and premium) within the meaning of IAS 18.13. At BayWa AG, the BayWa Card is in use. With each purchase, customers can collect bonus points which can then be redeemed at BayWa outlets. For each bonus points collected one cent is credited to the customer. In financial year 2012, there was an amount of €1.450 million (previous year: €1.570 million) in bonus points not yet redeemed.

(C.18.) Other liabilities

The table below shows a breakdown of other liabilities:

In € million 2012	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Social security	5.584	–	–	5.584
Allowances received	0.028	0.157	0.634	0.819
Other liabilities including accruals	63.698	9.451	0.372	73.521
	69.310	**9.608**	**1.006**	**79.924**

In € million 2011	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Social security	5.516	–	–	5.516
Allowances received	0.308	0.087	0.300	0.695
Other liabilities including accruals	73.318	11.888	0.815	86.021
	79.142	**11.975**	**1.115**	**92.232**

The fair value of the items disclosed does not diverge materially from the book values disclosed.

In the case of public subventions, these are amounts granted by public-sector authorities in connection with new investments. These subventions are released over the probable useful life of the respective asset with the concurrent effect on income. In the financial year, the release came to €0.088 million (previous year: €0.104 million) which is disclosed under other operating income.

(C.19.) Deferred tax liabilities

The deferral of tax on the liabilities side has been carried out according to the temporary concept under IAS 12 using the valid or official and known tax rate as per the reporting date. Further explanations on deferred tax can be found under Note D.8. “Income tax”.

(C.20.) Liabilities from non-current assets held for sale/disposal groups

Liabilities from non-current assets held for sale/disposal groups of €26.922 million (previous year: €82.242 million) pertain to financial liabilities and provisions allocated to the wind parks held for sale in the Renewable Energy business sector. In the previous year, this item included trade payables and financial liabilities that were reclassified in connection with the Ybbstaler fruit juice group held for sale. Moreover, liabilities (largely personnel obligations) in connection with transferring 56 DIY & Garden Centres of BayWa AG into BayWa Bau- & Gartenmärkte GmbH & Co. KG, were disclosed under this item.

Liabilities from non-current assets held for sale/disposal groups break down as follows:

In € million 2012	Energy Segment	Total
Non-current liabilities		
Other non-current provisions	1.032	1.032
Financial liabilities	25.676	25.676
	26.708	**26.708**
Current liabilities		
Other current provisions	0.214	0.214
	0.214	**0.214**
Liabilities from non-current assets held for sale/disposal groups	**26.922**	**26.922**

In € million 2011	Building Materials Segment	Other Activities Segment	Total
Non-current liabilities			
Pension provisions	4.721	–	4.721
Other non-current provisions	0.748	1.811	2.559
Other liabilities	–	0.255	0.255
Deferred tax liabilities	–	1.354	1.354
	5.469	**3.420**	**8.889**
Current liabilities			
Other current provisions	2.413	2.267	4.680
Financial liabilities	–	51.416	51.416
Trade payables and liabilities from inter-group business relationships	–	5.638	5.638
Tax liabilities	–	0.057	0.057
Other liabilities	–	11.562	11.562
	2.413	**70.940**	**73.353**
Liabilities from non-current assets held for sale/disposal groups	**7.882**	**74.360**	**82.242**

(C.21.) Contingent liabilities

In € million	2012	2011
Bills and notes payable	3.730	4.212
(of which to affiliated companies)	(–)	(–)
Guarantees	148.204	21.381
(of which to affiliated companies)	(4.595)	(2.585)
Warranties	91.188	85.900
(of which to affiliated companies)	(–)	(–)
Collateral for liabilities of third parties	11.597	9.473
(of which to affiliated companies)	(–)	(–)

(C.22.) Other financial obligations

Along with obligations from rental and leasing agreements (C.2.) disclosed as operate leases, there are the following financial obligations:

In € million	2012	2011
Other financial obligations		
from buyback obligations	19.829	15.623
from amounts guaranteed for interests in cooperative companies	9.827	13.104

There are contractual obligations (purchase commitments) of €197.506 million (previous year: €183.040 million) for the purchase of property, plant and equipment (real estate, vehicles) and inventories.

(C.23.) Financial instruments

Accounting policies and valuation methods

Under IAS 32, a financial instrument is an agreement which gives rise simultaneously to a financial asset of one entity and a financial liability or equity instrument of another. Initial recognition is carried out at fair value; for subsequent measurements, the financial instruments are allocated to the measurement categories defined under IAS 39 and treated accordingly. Financial assets in the BayWa Group are in particular trade receivables and financial investments. Financial liabilities regularly constitute a right of repayment in funds or another financial asset. In the BayWa Group these are especially liabilities due to banks and trade payables.

The financial assets cover the following classes:

Financial assets available for sale (AfS): Financial assets available for sale are primarily financial investments, i.e. participating interests in non-consolidated companies, participations and securities. Measurement is carried out at fair value which is based on the stock market price or the market price in as much as there is an active market which allows realistic measurement. The majority of assets in this category are not traded in an active market. As deriving the fair value using comparable transactions of the respective period was also not possible, measurement at amortised cost was used as the best evidence of fair value. Gains and losses not realised are reported in equity under an available-for-sale reserve without effect on income. Upon disposal of financial assets, the accumulated gains and losses from subsequent measurements at fair value are recorded in equities through profit and loss. If there is evidence of permanent impairment, this is carried out in the income statement through profit and loss.

Loans and receivables (LaR): After initial recognition, loans and receivables are carried in the balance sheet exclusively at amortised cost. In the BayWa Group, they mainly have short residual terms. The book value is thus a reasonable approximation of fair value. Gains and losses are recorded directly in the consolidated result when the loans and receivables are charged off or impairment is carried out.

Financial assets held for trading (FAHfT): Financial assets held for trading are recognised at their fair value. This category also comprises derivative financial instruments which do not fulfil the conditions of a hedging instrument. Measurement is based on the market or stock market value. Gains and losses from subsequent measurement are recorded through profit and loss.

The option of recording financial assets at fair value upon their initial recognition was not selected by the BayWa Group.

The financial liabilities cover the following classes:

Financial liabilities measured at amortised cost (FLAC): Financial liabilities measured at residual book value are measured at amortised cost after their initial recognition. They mainly have short residual terms. The book value is thus a reasonable approximation of fair value. Gains and losses are recorded directly in the consolidated result.

Financial liabilities held for trading (FLHfT): Derivative financial instruments which are not included in an effective hedging strategy under IAS 39 and whose market value from subsequent measurement has resulted in a negative attributable fair value are to be disclosed under this category. Market changes are recorded in the consolidated result through profit and loss. Measurement is made at market/stock market value.

In addition, the BayWa Group also uses fair value hedges to hedge inventories through commodities futures. Changes in the market value of derivative financial instruments and their attributable underlyings are recorded through profit and loss.

The option of recording financial liabilities at fair value upon their initial recognition was not selected by the BayWa Group.

Derivative financial instruments are used in the BayWa Group in particular to hedge the interest rate and currency risks arising from operating activities. Caps, swaps and commodities futures are the main instruments used. Derivative financial instruments are carried at fair value upon their initial recognition and on each subsequent reporting date. The fair value corresponds to the positive or negative market value.

The BayWa Group conducts its business mainly in the euro area. However, business transactions in foreign currencies are also concluded via consolidated Group companies. The majority of the business activities of the New Zealand companies consolidated for the first time in the reporting year are denominated in New Zealand dollars as well as in US dollars, euros and pound sterling. The business activities of the consolidated American companies and one UK-based company pertain almost exclusively to their respective currency areas. Similarly, the business activities of the consolidated Hungarian companies are restricted almost without exception to the Hungarian currency area. In the BayWa Group, a few transactions in foreign currencies are also carried out in agricultural trading, and purchasing activities are conducted predominantly in the common currency. If foreign currency futures are concluded, they are hedged by the respective forward exchange transactions. As there is no clear hedging relationship in respect of these transactions, the market values are ascertained on the basis of market information available on the reporting date. On 31 December 2012, there were forward exchange transactions denominated in US dollars, pound sterling, Canadian dollars, Japanese yen, Australian dollars, Czech koruna and Hungarian forint to hedge currency risks.

In the context of financial management, the Group is active on the money market primarily in borrowing short-term term deposits. The procuring of funds is carried out on the regional market of the respective operating unit. The BayWa Group is therefore exposed to interest rate risk in particular. The group counteracts this risk by using derivatives of financial instruments, in the main interest rate swaps and caps. Volume-related hedging always comprises only a base amount of the borrowed funds. As there is no clear hedging relationship with an identifiable underlying, the transaction is not a hedging deal within the meaning of IAS 39. As a result, interest rate derivatives are marked to market separately on the reporting date. Market values are ascertained on the basis of market information available on the reporting date.

Book and fair values of financial instruments

The table below shows the transition between the balance sheet positions and the IFRS 7 classes and IAS 39 measurement categories, broken down into subsequent "measurement at amortised cost" and "measurement at fair value". The book values are then ultimately shown against fair value for the purpose of comparison. The fair value of a financial instrument is the price at which a third party would assume the rights and obligations associated with this financial instrument.

			Measurement subsequent to initial recognition				
In € million as per 31/12/2012	IAS 39 category or IFRS 7 class	Book value 31/12/2012	Amortised cost	Fair value without effect on income	Fair value through profit and loss	Not IFRS 7 class	Fair value 31/12/2012
Non-current financial assets							
Participating interests recognised at equity	AfS	92.939	92.939	–	–	–	92.939
Other financial assets	AfS	192.880	143.944	48.936	–	–	192.880
Other financial assets	LaR	39.919	39.919	–	–	–	39.919
Other receivables and other assets Trade receivables	LaR	1.973	1.973	–	–	–	1.973
Other receivables and other assets Other assets	LaR	29.651	29.218	–	–	0.433	29.651
Current financial assets							
Securities	FAHfT	1.938	–	–	1.938	–	1.938
Other receivables and other assets Trade receivables and receivables from inter-group business relationships	LaR	701.289	701.289	–	–	–	701.289
Other receivables and other assets Other assets	LaR	170.504	163.782	–	–	6.722	170.504
Other receivables and other assets Derivatives	FAHfT	3.825	–	–	3.825	–	3.825
Cash and cash equivalents	LaR	83.239	83.239	–	–	–	83.239
Non-current financial liabilities							
Financial liabilities	FLAC	640.973	640.973	–	–	–	640.973
Liabilities from finance leasing	FLAC	8.273	8.273	–	–	–	8.273
Trade receivables and receivables from inter-group business relationships	FLAC	4.301	4.301	–	–	–	4.301
Other liabilities	FLAC	10.614	9.404	–	–	1.210	10.614
Derivatives	FLHfT	3.652	–	–	3.652	–	3.652
Current financial liabilities							
Financial liabilities	FLAC	893.822	893.822	–	–	–	893.822
Liabilities from finance leasing	FLAC	3.831	3.831	–	–	–	3.831
Trade receivables and receivables from inter-group business relationships	FLAC	761.165	761.165	–	–	–	761.165
Other liabilities	FLAC	69.310	67.970	–	–	1.340	69.310
Derivatives	FLHfT	0.319	–	–	0.319	–	0.319
Aggregated by IAS 39 category/IFRS 7 class							
Assets available for sale	AfS	285.819	236.883	48.936	–	–	285.819
Loans and receivables	LAR	1,026.575	1,019.420	–	–	7.155	1,026.575
Financial assets held for trading	FAHfT	5.763	–	–	5.763	–	5.763
Financial liabilities measured at amortised cost	FLAC	2,392.289	2,389.739	–	–	2.550	2,392.289
Financial liabilities held for trading	FLHfT	3.971	–	–	3.971	–	3.971

In € million as per 31/12/2011	IAS 39 category or IFRS 7 class	Book value 31/12/2011	Measurement subsequent to initial recognition: Amortised cost	Fair value without effect on income	Fair value through profit and loss	Not IFRS 7 class	Fair value 31/12/2011
Non-current financial assets							
Participating interests recognised at equity	AfS	16.533	16.533	–	–	–	16.533
Other financial assets	AfS	179.936	139.523	40.413	–	–	179.936
Other financial assets	LaR	30.659	30.659	–	–	–	30.659
Other receivables and other assets Trade receivables	LaR	2.440	2.440	–	–	–	2.440
Other receivables and other assets Other assets	LaR	16.225	15.832	–	–	0.393	16.225
Current financial assets							
Securities	FAHfT	1.811	–	–	1.811	–	1.811
Other receivables and other assets Trade receivables and receivables from inter-group business relationships	LaR	576.395	576.395	–	–	–	576.395
Other receivables and other assets Other assets	LaR	164.922	160.919	–	–	4.003	164.922
Other receivables and other assets Derivatives	FAHfT	1.195	–	–	1.195	–	1.195
Cash and cash equivalents	LaR	86.997	86.997	–	–	–	86.997
Non-current financial liabilities							
Financial liabilities	FLAC	565.126	565.126	–	–	–	565.126
Liabilities from finance leasing	FLAC	5.289	5.289	–	–	–	5.289
Trade receivables and receivables from inter-group business relationships	FLAC	0.012	0.012	–	–	–	0.012
Other liabilities	FLAC	13.090	12.256	–	–	0.834	13.090
Derivatives	FLHfT	3.698	–	–	3.698	–	3.698
Current financial liabilities							
Financial liabilities	FLAC	582.526	582.526	–	–	–	582.526
Liabilities from finance leasing	FLAC	1.750	1.750	–	–	–	1.750
Trade receivables and receivables from inter-group business relationships	FLAC	750.148	750.148	–	–	–	750.148
Other liabilities	FLAC	79.142	75.462	–	–	3.680	79.142
Derivatives	FLHfT	2.198	–	–	2.198	–	2.198
Aggregated by IAS 39 category/IFRS 7 class							
Assets available for sale	AfS	196.469	156.056	40.413	–	–	196.469
Loans and receivables	LAR	877.638	873.242	–	–	4.396	877.638
Financial assets held for trading	FAHfT	3.006	–	–	3.006	–	3.006
Financial liabilities measured at amortised cost	FLAC	1,997.083	1,992.569	–	–	4.514	1,997.083
Financial liabilities held for trading	FLHfT	5.896	–	–	5.896	–	5.896

Cash and cash equivalents, trade receivables and receivables from inter-group business relationships and other assets generally have short residual terms. Their book values on the reporting date therefore approximate to fair value.

Trade payables and liabilities from inter-group business relationships generally have short residual terms. Their book values approximate to fair value.

Hierarchy of financial assets and liabilities measured at fair value

In order to take account of the material factors which form part of the measurement of financial assets and liabilities at fair value, the financial assets and liabilities of the BayWa Group have been divided up into a hierarchy of three levels.

The levels of the fair value hierarchy and their application to the assets and liabilities are described below:

Level 1: Prices are identical to those quoted in active markets for identical assets or liabilities.

Level 2: Input factors which are not synonymous with the prices assumed at Level 1 but which can be observed either directly (i.e. as prices) or indirectly (i.e. derived from prices) for the respective asset or liability.

Level 3: Factors not based on observable market data for the measurement of the asset or a liability (non-observable input factors).

The table below shows the financial assets and liabilities measured at fair value assigned to the three levels of the fair value hierarchy:

Hierarchical assignment of the financial assets and liabilities measured at fair value in financial year 2012

In € million	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial instruments	–	3.825	–	3.825
Securities FAHfT	1.938	–	–	1.938
Financial assets AfS	14.767	–	34.169	48.936
Sum total of financial assets	**16.705**	**3.825**	**34.169**	**54.699**
Financial liabilities measured at fair value				
Derivative financial instruments	–	3.971	–	3.971
Sum total of financial liabilities	–	**3.971**	–	**3.971**

Hierarchical assignment of the financial assets and liabilities measured at fair value in the financial year 2011

In € million	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial instruments	–	1.195	–	1.195
Securities FAHfT	1.811	–	–	1.811
Financial assets AfS	12.097	–	28.316	40.413
Sum total of financial assets	**13.908**	**1.195**	**28.316**	**43.419**
Financial liabilities measured at fair value				
Derivative financial instruments	–	5.896	–	5.896
Sum total of financial liabilities	–	**5.896**	–	**5.896**

The rise in level-3 financial assets (AfS) from €28.316 million to €34.169 million primarily resulted from additions.

Net gains and losses

The following table shows net gains/losses from financial instruments reported in the income statement.

2012		Assets		Shareholders' equity and liabilities			Total	Transition	
Category	FAHfT	AfS	LaR	FLHfT	FLAC	No allocation		Not an FI	Financial instrument
1 Net gain/loss in the financial result									
Equity valuation of participating interests	–	**3.206**	–	–	–	–	**3.206**	–	**3.206**
Income from participating interests	–	4.758	–	–	–	–	4.758	–	4.758
Expenses from participating interests	–	– 0.266	–	–	–	–	– 0.266	–	– 0.266
Result from disposals	–	5.984	–	–	–	–	5.984	–	5.984
Result of participating interests	–	**10.476**	–	–	–	–	**10.476**	–	**10.476**
					–				
Income from other financial assets	–	9.151	–	–	–	–	9.151	–	9.151
Result from disposals	–	– 4.271	–	–	–	–	– 4.271	–	– 4.271
Result of other financial assets	–	**4.880**	–	–	–	–	**4.880**	–	**4.880**
Interest income	–	–	5.227	–	–	–	5.227	–	5.227
Interest income from fair value measurement	0.131	–	–	–	–	–	0.131	–	0.131
Sum total of interest income	**0.131**	–	**5.227**	–	–	–	**5.358**	–	**5.358**
Interest expenses	–	–	–	–	– 45.474	–	– 45.474	–	– 45.474
Interest portion in personnel provisions	–	–	–	–	–	–	–	– 23.843	–
Interest expenses from fair value measurement	–	–	–	– 0.166	–	–	– 0.166	–	– 0.166
Sum total of interest expenses	–	–	–	**– 0.166**	**– 45.474**	–	**– 45.640**	**– 23.843**	**– 45.640**
Net interest	**0.131**	–	**5.227**	**– 0.166**	**– 45.474**	–	**– 40.282**	**– 23.843**	**– 40.282**
Sum total net gain/loss	**0.131**	**18.562**	**5.227**	**– 0.166**	**– 45.474**	–	**– 21.720**	**– 23.843**	**– 21.720**
Financial result									**– 45.563**
2 Net gain/loss in the operating result									
Income from hedging transactions	11.466	–	–	–	–	–	11.466		
Income from the receipt of written-off receivables/release of receivables value adjustments	–	–	4.768	–	–	–	4.768		
Expenses from hedging transactions	–	–	–	– 9.665	–	–	– 9.665		
Value adjustments/write-downs of receivables	–	–	– 13.020	–	–	–	– 13.020		
Sum total net gain/loss	**11.466**	–	**– 8.252**	**– 9.665**	–	–	**– 6.451**		
3 Net gain/loss in equity									
Changes in the fair value from the market valuation of securities	–	– 2.034	–	–	–	–	– 2.034		
Currency translation	–	–	–	–	–	2.074	2.074		
Sum total net gain/loss	–	**– 2.034**	–	–	–	**2.074**	**0.040**		

2011	Assets			Shareholders' equity and liabilities			Total	Transition	
Category	FAHfT	AfS	LaR	FLHfT	FLAC	No allocation		Not an FI	Financial instrument
1 Net gain/loss in the financial result									
Equity valuation of participating interests	–	**1.386**	–	–	–	–	**1.386**	–	**1.386**
Income from participating interests	–	4.528	–	–	–	–	4.528	–	4.528
Expenses from participating interests	–	– 1.171	–	–	–	–	– 1.711	–	– 1.711
Result from disposals	–	0.682	–	–	–	–	0.682	–	0.682
Result of participating interests	–	**4.039**	–	–	–	–	**4.039**	–	**4.039**
Income from other financial assets	–	7.099	–	–	–	–	7.099	–	7.099
Result from disposals	–	– 0.480	–	–	–	–	– 0.480	–	– 0.480
Result of other financial assets	–	**6.619**	–	–	–	–	**6.619**	–	**6.619**
Interest income	–	–	4.126	–	–	–	4.126	–	4.126
Interest income from fair value measurement	–	–	–	0.450	–	–	0.450	–	0.450
Sum total of interest income	–	–	**4.126**	**0.450**	–	–	**4.576**	–	**4.576**
Interest expenses	–	–	–	–	– 34.705	–	– 34.705	–	– 34.705
Interest portion in personnel provisions	–	–	–	–	–	–	–	– 23.111	–
Interest expenses from fair value measurement	–	–	–	– 0.485	–	–	– 0.485	–	– 0.485
Sum total of interest expenses	–	–	–	**– 0.485**	**– 34.705**	–	**– 35.190**	**– 23.111**	**– 35.190**
Net interest	–	–	**4.126**	**– 0.035**	**– 34.705**	–	**– 30.614**	**– 23.111**	**– 30.614**
Sum total net gain/loss	–	**12.044**	**4.126**	**– 0.035**	**– 34.705**	–	**– 18.570**	**– 23.111**	**– 18.570**
Financial result									**– 41.681**
2 Net gain/loss in the operating result									
Income from hedging transactions	4.061	–	–	–	–	–	4.061		
Income from the receipt of written-off receivables/release of receivables value adjustments	–	–	2.896	–	–	–	2.896		
Expenses from hedging transactions	– 4.231	–	–	–	–	–	– 4.231		
Value adjustments/write-downs of receivables	–	–	– 16.237	–	–	–	– 16.237		
Sum total net gain/loss	**– 0.170**	–	**– 13.341**	–	–	–	**– 13.511**		
3 Net gain/loss in equity									
Changes in the fair value from the market valuation of securities	–	– 5.189	–	–	–	–	– 5.189		
Currency translation	–	–	–	–	–	– 1.946	– 1.946		
Sum total net gain/loss	–	**– 5.189**	–	–	–	**– 1.946**	**– 7.135**		

Income from participating interests includes dividend payments.

The following table shows an analysis of the maturity dates of undiscounted financial liabilities by IFRS 7 class.

In € million 2012	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Financial liabilities measured at amortised cost (FLAC)	1,641.886	611.848	229.065	2,482.799
Financial liabilities held for trading (FLHfT)	0.319	2.996	0.656	3.971
	1,642.205	**614.844**	**229.721**	**2,486.770**

In € million 2011	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Financial liabilities measured at amortised cost (FLAC)	1,433.870	391.616	272.906	2,098.392
Financial liabilities held for trading (FLHfT)	2.198	3.698	–	5.896
	1,436.068	**395.314**	**272.906**	**2,104.288**

The following schedule of maturities shows the distribution of the forecast cash flows of the contractually agreed interest and redemption payments in the IFRS 7 class “Liabilities measured amortised cost” (FLAC) as per 31 December 2012.

In € million	Total	until 6/2013	7 – 12/2013	2014 – 2017	> 2017
Interest portion	90.510	12.084	9.110	53.424	15.892
Redemption portion	2,392.289	780.581	840.111	558.424	213.173
Total	**2,482.799**	**792.665**	**849.221**	**611.848**	**229.065**

Information on derivative financial instruments

Derivatives in the context of fair value hedges for commodities futures are used in the BayWa Group as hedging transactions under IAS 39 as well as hedging transactions for interest rate and currency risks in the form of caps and swaps. The fair values are shown in the table below. In the reporting year, losses of €9.665 million and gains of €11.466 million were recorded in the calculation of the fair value in the income statement under other operating expenses and other operating income respectively.

The following table shows the maturities of the market values for the derivative financial instruments of the financial year.

In € million 31/12/2012	Market value Residual term of up to one year	 Residual term of one to five years	 Residual term of more than five years	 Total
Assets				
Interest rate hedging transactions	1.051	1.051	–	–
Commodity and currency hedging transactions	2.774	2.774	–	–
	3.825	**3.825**	**–**	**–**
Shareholders' equity and liabilities				
Interest rate hedging transactions	3.652	–	2.996	0.656
Commodity and currency hedging transactions	0.319	0.319	–	–
	3.971	**0.319**	**2.996**	**0.656**

In € million 31/12/2011	Market value Residual term of up to one year	 Residual term of one to five years	 Residual term of more than five years	 Total
Assets				
Interest rate hedging transactions	0.601	0.601	–	–
Commodity and currency hedging transactions	0.594	0.594	–	–
	1.195	**1.195**	**–**	**–**
Shareholders' equity and liabilities				
Interest rate hedging transactions	3.803	0.105	3.698	–
Commodity and currency hedging transactions	2.093	2.093	–	–
	5.896	**2.198**	**3.698**	**–**

The market value is ascertained on the basis of market prices quoted on the reporting date without netting off against counter-developments from possible underlyings. The market value corresponds to the amount which the Group would have to pay or would receive if the hedging transaction were closed out prior to the due date.

(C.24.) Risk management

Opportunity and risk management

The policy of the BayWa Group is geared toward weighing up the opportunities against the risks of entrepreneurship in a responsible way. The management of opportunities and risks is an ongoing task of entrepreneurial activity designed to ensure the long-term success of the Group. This enables the BayWa Group to innovate, secure and improve what is already in place. The management of opportunities and risks is closely aligned to the BayWa Groups long-term strategy and medium-term planning. The Group's decentralised regional organisation and management structure enables it to identify trends, requirements, and the opportunities and risk potential of frequently fragmented markets at an early stage, analyse them and take action which is both flexible and market oriented. Moreover, the systematically intense screening of the market and of peer competitors is carried out with a view to identifying opportunities and risks. This is flanked by ongoing communication and the goal-oriented exchange of information between the individual parts of the Group, which leverages additional opportunities and synergy potential.

Principles of opportunity and risk management

The BayWa Group exploits opportunities which arise in the context of its business activities but, at the same time, also enters into entrepreneurial risks. The identification of entrepreneurial opportunities, the safeguarding of the assets and the enhancing of enterprise value therefore necessitate an opportunity and risk management system.

The principles underlying the system set in place within the BayWa Group to identify and monitor risks specific to the business have been described in a risk management manual approved by the Board of Management of BayWa AG. In addition, the Internal Audit Department regularly audits the internal risk management system which supports the processes. ISO certifications for the standardisation of workflows and for risk avoidance, and the concluding of insurance policies supplement the Group's management of risk.

Moreover, the BayWa Group has established binding goals and a code of conduct in its corporate policy which have been implemented throughout the Group. They regulate the individual employees' actions when applying the corporate values as well as their fair and responsible conduct towards suppliers, customers and colleagues.

Opportunity and risk management within the BayWa Group

In the BayWa Group risk management is an integral component of the planning and management and control processes. The Group's strategy aims, on the one hand, to make optimum use of opportunities while, on the other, identifying and limiting business-related risks. A comprehensive risk management system records and monitors both the development of the Group and any existing weak points on an ongoing basis. The risk management system covers all segments and is included as a key component of reporting. A particularly important task of risk management is to guarantee that risks to the Group as a going concern are identified and kept to a minimum. This enables the management of Group companies to react swiftly and effectively. All units have risk officers and risk reporting officers who are responsible for implementing the reporting process.

A cornerstone of the risk management system are the risk reports which are regularly prepared by the operating units. These reports are subject to evaluation by the Board of Management and by the heads of the business units. The systematic development of existing and new systems with a built-in warning component makes an indispensable contribution to strengthening and consistently building up a group-wide opportunity and risk culture.

A key component and, at the same time, an evolution of the opportunity and risk management is the "Risk Board" which was implemented in financial year 2009. Presided over by the Chief Executive Officer, the Risk Board, which consists of operations managers and support staff, meets to discuss and assess operational opportunities and risks on an ongoing basis. Minuted meetings are used to develop an understanding of the opportunities and risks and form the basis of the risk measurement applied to operational decisions.

The reporting process classifies risks and opportunities into categories, reports on these and estimates their probable occurrence and potential financial impact. The system is based on individual observations, supported by the relevant management processes, and forms an integral part of core activities. It starts with strategic planning and proceeds through to procurement, sales and distribution and, finally, to the management of receivables. As an extension of the planning process in the segments, procurement and sales organisations and centralised functions, the opportunity and risk management system serves to detect and assess potential divergences from expected developments. In addition to identifying and assessing key developments influencing business, this system facilitates the prioritisation and implementation of activities. As a result, the BayWa Group can make better use of the opportunities while reducing the risks.

Macroeconomic opportunities and risks

General economic factors have an influence on consumer behaviour and investment patterns in the core markets of the Group. However, these environmental factors exert less of an impact on the BayWa Group than on other companies. The BayWa Group's business model is primarily geared to satisfying fundamental human requirements, such as the need for food, shelter, mobility and the supply of energy. Accordingly, the impact of cyclical swings is likely to be less strong than in other sectors. At the same time, a company as well positioned as the BayWa Group is even able to turn certain opportunities arising in times of crisis to its advantage through, for instance, the identification and acquisition of takeover candidates with a view to building up or expanding existing or new areas of business. The BayWa Group is, however, unable to fully decouple from severe setbacks to international economic development such as are to be feared from the consequences of an escalation in the ongoing euro debt crisis.

Sector and Group-specific opportunities and risks

Changes in the political framework conditions such as, for example, changes in the subsidies of agricultural products or tax-related government subsidies of energy carriers, as well as globalised and volatile markets, harbour risks. At the same time, however, they open up new prospects. Extreme weather conditions can have a direct impact on offerings, pricing and trading in agricultural produce and also downstream on the operating resources business. Global climate changes also have a long-term effect on agriculture. The global demand for agricultural products, particularly grain, continues to grow. This may give rise to a sustained price uptrend. The agricultural fruit growing activities pose a financial risk to the Group, which arises from the delay between cash outflow for buying, growing and maintaining the trees and vines as well as the costs of the harvest and cash inflow from the sale of the fruit. This risk is managed by actively monitoring and controlling net working capital. The development of income in the agriculture sector filters through directly to the sale of high-end agricultural machinery. Political and economic factors exert the main influence on demand in the construction sector. Political factors of influence are, for instance, special depreciation for listed buildings and measures to promote energy efficiency. At the same time, the ageing housing stock will encourage growing demand for modernisation and renovation. In the energy business, renewable energy carriers are particularly affected by changes in promotion measures. Following several cuts in the photovoltaic feed-in tariff in 2012, further adjustments in the second half of 2013 – in addition to the current monthly reductions – are being discussed. Against this backdrop, securing revenue and profit is facilitated through risk diversification in markets which are increasingly dependent on subsidy policies.

Price opportunities and risks

The BayWa Group trades in merchandise, such as grain, fertilisers and mineral oil, which displays a very high price volatility, especially in its Agriculture and Energy Segments. The warehousing of the merchandise, the signing of delivery contracts and the acquisition of merchandise in the future means that BayWa is also exposed to the risk of prices fluctuating. Whereas the risk inherent in mineral oils is relatively low due to the BayWa Group's pure distribution function, fluctuations in the price of grain and fertilisers may incur greater risks, also owing to their warehousing, if there is no maturity matching in the agreements on the buying and selling of merchandise. If there are no hedging transactions existing at the time when agreements are signed, the ensuing risk is monitored on an ongoing basis and controlled by the respective executive bodies. Whenever necessary, appropriate measures to limit risk are initiated. The BayWa Group also operates as a project developer in the field of renewable energies. This business harbours a risk that, for instance, the planning and building of solar power plants, wind farms and biogas plants are delayed and that they may be connected to the grid later than originally planned. In such cases, if the deadline for the further reduction in feed-in tariffs is not adhered to there is a price risk, as the plant can no longer be sold at the price originally envisaged because the economic parameters have changed.

Currency opportunities and risks

The BayWa Group's activities are largely located in the eurozone. If foreign currency positions arise from goods and services transactions these are always hedged without delay. Payment obligations from company acquisitions denominated in a foreign currency are hedged at the time when they arise. Speculative borrowing or investing bonds denominated in foreign currencies is prohibited.

Share price opportunities and risks

The BayWa Group's investment portfolio comprises direct and indirect investments in listed companies. Equity investments are continuously monitored on the basis of their current market values.

Interest rate opportunities and risks

Interest rate risk positions arise from the Group's floating-rate financing activities, especially from the issuing of short-term commercial paper and short-term borrowing, as well as from the bonded loans placed in the reporting year. Short-term debt is used mainly to finance the similarly short-term working capital. To reduce the interest rate risk, BayWa Group companies use derivatives instruments in the form of interest rate caps and swaps. The BayWa Group's financing structure with its mostly matching maturities ensures that interest-related opportunities are reflected within the Group.

Interest rate risk

In the financial year, the average interest rate stood at around 1.9% (previous year: 2.0%). A change in this interest rate of plus 1.0% to 2.9% would cause interest expenses to rise by €13.491 million, whereas the reverse, i.e. a change in this interest rate of minus 1.0% to 0.9% would lower interest expenses by €13.491 million.

Regulatory and legal opportunities and risks

Changes in the regulatory environment can affect the Group's performance such as, in particular, government intervention in general framework conditions for the agricultural industry and the renewable energies business. Negative impacts emanate from the adjustment, reduction or abolition of funding measures. Conversely, new regulatory and legislative developments influencing bioenergy can also result in opportunities. In the construction sector, changes to building or fiscal regulations may also have an impact on the development of business.

The companies of the Group are exposed to a number of risks in connection with litigation in which they are currently involved or may be involved in the future. Law suits come about in the course of normal business activities, in particular in relation to the assertion of claims from services and deliveries which are not up to standard or from payment disputes. The companies of the BayWa Group form reserves for the event of such legal disputes if the occurrence of an obligation event is probable and the amount can be adequately estimated. In the individual case, actual utilisation may exceed the reserve amount.

Credit risks

As part of its entrepreneurial activities, the BayWa Group has an important function as a source of finance for its agricultural trading partners. In the context of so-called cultivation contracts, the Group is exposed to a financing risk arising from the upfront financing of agricultural resources and equipment, the repayment of which is made through acquiring and selling the harvest. Moreover, BayWa grants financing to commercial customers particularly in the construction sector in the form of payment terms of a considerable scope. Beyond this, there are the customary default risks inherent in trade receivables. Risks are kept to a minimum by way of an extensive debt monitoring system which spans all business units. To this end, credit limits are defined through a documented process of approval and monitored on an ongoing basis.

Credit risks are constituted by the economic loss of a financial asset brought about by default on a contractual payment by a contractual partner and the deterioration of his credit standing, together with the danger of concentration on only a few contractual partners (risk clusters). Credit risks may arise in the IFRS 7 classes of financial assets "available for sale" (AfS), "loans and receivables" (LaR) and "financial assets held for trading" (FAHfT).

Financial assets available for sale (AfS): This class mainly comprises shares in affiliated companies and participating investments and securities. These financial assets are not subject to further credit risk beyond the value adjustments made to date in this class. The maximum credit risk exposure on the reporting date corresponds to the value of this class. The BayWa Group does not consider this to be significant.

Loans and receivables (LaR): As part of its entrepreneurial activities, the BayWa Group has an important function as a source of finance for its agricultural trading partners. In the context of so-called cultivation contracts, the Group enters into a financing risk arising from the upfront financing of agricultural equipment and resources. Settlement is effected by way of buying up and selling the harvest. An extensive debt monitoring system ensures that risks are kept to a minimum in this business, as well as for other segments of the Group. This is performed through establishing and consistently monitoring credit limits, flanked by a documented approval procedure. Value adjustments are carried out on the residual risk of the trade receivables. Cash and bank deposits with short-term residual maturities also belong to this category. There are no credit risks.

There is currently no discernible concentration of default risk from business relationships with individual debtors or groups of debtors. The maximum credit risk exposure on the reporting date corresponds to the value of this class.

Financial assets held for trading (FAHfT): This category covers derivative financial instruments which are held exclusively in the BayWa Group for hedging purposes. The contractual partners of derivative financial instruments are mainly banks with international operations which have been given a good credit rating by an external rating agency. In addition, this class of assets comprises a low volume of securities. There are currently no payments overdue or value adjustments for default in this class.

Liquidity risks

The liquidity risk is the risk that the BayWa Group may not – or only to a limited extent – be able to fulfil its financial obligations. In the reporting year, for instance, market-price-induced higher levels of funds committed to inventories and receivables portfolios were compensated by greater utilisation of external sources of finance. In the BayWa Group, funds are generated by operations and by borrowing from external financial institutions. In addition, financing instruments, such as multi-currency commercial paper programmes or asset-backed securitisation, are used as well as bonded loans. Existing credit lines are therefore measured to an extent deemed sufficient to guarantee business performance at all times – even in the event of growing volume. The financing structure thus serves to cover the pronounced seasonality of business activities. Owing to the diversification of the sources of financing, the BayWa Group does not currently have any risk clusters in liquidity.

Rating of the BayWa Group

The banking sector has awarded BayWa a very positive rating. This achievement is due to the solidity as well as to the long and successful history of the company and its high enterprise value, underpinned by assets such as real estate. In 2012, the BayWa Group was able to raise its credit facilities. For reasons of cost effectiveness, BayWa deliberately dispenses with the use of external ratings.

Opportunities and risks associated with personnel
As regards personnel, the BayWa Group competes with other companies for highly qualified managers as well as for skilled and motivated staff. The Group continues to require qualified personnel in order to secure its future success. Excessively high employee fluctuation, the brain drain and failure to win junior staff loyalty may have a detrimental effect on the Group's business performance. BayWa counteracts these risks by offering its employees extensive training and continuous professional development in order to secure expertise. Management based on trust, the tasking of employees in line with their natural talents and abilities, as well as the definition and adherence to our ethical principles create a positive working environment.

At the same time, the BayWa Group promotes the ongoing vocational training and development of its employees. With more than a thousand trainees, the Group ranks among the largest companies offering training specifically in rural areas. BayWa recruits a large majority of its future specialist and managerial employees from the ranks of these trainees. Long years of service to the company are testament to the great loyalty shown by BayWa personnel to "their" company. This attitude creates stability and continuity and also secures the transfer of expertise down the generations.

IT opportunities and risks
The use of cutting-edge IT characterises the entire business activity of the BayWa Group. All key business processes are supported by IT and mapped using state-of-the-art software solutions. In a trading company with high numbers of employees, having work processes supported electronically is imperative. The continuous monitoring and reviewing of processes mapped electronically, however, involves more than the mere implementation of new IT components. It is always accompanied by an optimisation of process workflows, as a result of which opportunities in the form of energy and cost savings potential can be identified and realised. At the same time, the risk inherent in the system rises in tandem with the growing complexity and dependency on the availability and reliability of the IT systems.

To realise the opportunities and minimise the risks, the IT competence of the BayWa Group is kept at a consistently high level. The resources are combined under RI-Solution GmbH, a company belonging to the Group which provides the Group companies with IT services to the highest standard. Extensive precautionary measures such as firewalls, virus protection updated on a daily basis, disaster recovery plans and training in data protection serve to safeguard data processing. Segregated in organisational terms, a data protection officer monitors compliance with security and data protection standards.

Assessment of the opportunity and risk situation by Group management
An overall assessment of the current opportunity and risk situation shows that there are no risks which could endanger the Group as a going concern. There are currently no such risks discernible for the future either. All in all, the risks to the BayWa Group are limited and manageable.

Along with potentially non-influenceable or only indirectly influenceable global policy risks and macroeconomic risks, operational risks are also the focus of monitoring. As far as the latter are concerned, the BayWa Group has taken appropriate measures to manage and control these risks.

Internal Control System for monitoring accounting processes

The Internal Control System (ICS) which monitors accounting processes is also a key component of opportunity and risk management. The BayWa Group has set in place a professional control system, which has been certified in many areas, comprising measures and processes to safeguard its assets and to guarantee the presentation of a true and fair view of the result of operations.

The annual consolidated financial statements are drawn up through a centralised process. Compliance with legal provisions and regulations pertaining to the Articles of Association during this process is guaranteed by the prescribed accounting standards. Corporate Accounting acts as a direct point of contact for the managers of the subsidiaries in matters pertaining to reporting and the annual and interim financial statements and draws up the consolidated financial statements in accordance with IFRS.

A control system which monitors the accounting process ensures the complete and timely capturing of all business transactions in accordance with the statutory provisions and the regulations laid down under the Articles of Association. Moreover, it serves to guarantee that stocktaking is duly and properly performed and that assets and liabilities are recognised, valued and disclosed appropriately. The control system uses both IT-based and manual control mechanisms to ensure the regularity and reliability of accounting. Beyond this, suitable control mechanisms, such as strict compliance with the principle of dual control and analytical reviews, have been installed in all processes relevant for accounting. In addition, Internal Audit, which is independent of these processes, audits all accounting-related processes.

The obligation of all subsidiaries to report their figures every quarter on an IFRS basis in a standardised reporting format to BayWa enables target performance divergences to be identified swiftly, thereby offering an opportunity of taking action at short notice.

Corporate Accounting monitors all processes relating to the consolidated financial statements as part of quarterly reporting, such as the capital, liabilities, expenses and income consolidation and the elimination of inter-company results, in conjunction with the reconciliation of the Group companies.

The departments and units of the Group involved in the accounting process are suitably equipped in terms of quantity and quality, and training courses are regularly conducted.

The integrity and responsibility of all employees in respect of finance and financial reporting is ensured through taking each employee under obligation to observe the code of conduct adopted by the respective company.

The employing of highly qualified personnel, concerted and regular training and continuous professional development, along with stringent functional segregation in financial accounting in the preparing and booking of vouchers as well as in controlling is guaranteed through compliance with local and international accounting rules in the annual and consolidated financial statements.

(D.) Notes to the Income Statement

The layout of the income statement accords with total cost-type accounting.

(D.1.) Revenues

Revenues and earnings are always recorded at the time when the benefits of and the risks associated with the ownership of the goods and products sold and the services provided have passed to the buyer. Revenues and earnings are reported minus discounts, rebates and bonuses granted.

The breakdown by business unit and region can be seen in the segment report (Note E.2.). Owing to the diversified business activities of the individual segments, inter-segment sales are transacted only to a minor extent.

In € million	**2012**	2011
Goods	10,353.408	9,513.544
Services	177.711	72.133
	10,531.119	**9,585.677**

(D.2.) Other operating income

In € million	**2012**	2011
Rental income	44.453	27.101
Gains from the disposal of assets	45.198	23.358
Gains from negative goodwill	9.063	0.597
Income from release of provisions	8.172	10.476
Reimbursement of expenses	23.372	16.020
Sourcing of employees	4.376	4.121
Advertising allowance	5.014	3.612
Price gains	11.466	4.061
Income from receivables written down/release of value adjustments	4.768	2.896
Other income	49.561	37.743
	205.443	**129.985**

Other income comprises income from licences and numerous other individual positions. It also includes the gain from the transitional consolidation of Ybbstaler Fruit Austria GmbH, Kröllendorf, Austria, and its subsidiary Ybbstaler Fruit Polska Sp. z o.o., Chelm, Poland (see Note B.1.). Rental income includes gains from incidental costs. Gains from negative goodwill resulted from the initial consolidation of Turners & Growers Limited (see Note B.1.). Gains from the disposal of assets includes the effect from the sale of the Munich headquarters (€29.423 million).

(D.3.) Cost of materials

In € million	2012	2011
Expenses for raw materials, consumables and supplies, and for goods sourced	9,205.842	8,399.539
Expenses for services outsourced	149.798	103.585
	9,355.640	**8,503.124**

(D.4.) Personnel expenses

In € million	2012	2011
Wages and salaries	582.931	551.491
Share-based payment	1.340	1.361
Expenses for pensions, support and severance pay	54.865	50.764
(of which ongoing service cost)	(4.967)	(5.432)
Social insurance contributions	79.606	78.419
	718.742	**682.035**

After calculating the provisions for pension and severance pay under IAS 19, expenses for pension and severance pay total €27.844 million (previous year: €28.398 million). Of this amount, a portion of €4.967 million (previous year: €5.432 million) has been disclosed under personnel expenses and a portion of €22.877 million (previous year: €22.966 million) under interest expenses.

Number	2012	2011
Employees		
Annual average (Section 267 para. 5 of the German Commercial Code)	15,680	15,591
of which jointly held companies	0	0
Status: 31 December	16,559	16,834
of which jointly held companies	0	0

The employee numbers disclosed on the reporting date do not comply with the provisions of Section 267 para. 5 of the German Commercial Code and therefore pertain to all employees, even if they are trainees.

(D.5.) Other operating expenses

In € million	2012	2011
Vehicle fleet	63.401	54.186
Maintenance	48.330	45.598
Advertising	40.771	42.326
Energy	32.325	31.180
Rent	37.810	32.153
Expenses for staff hired externally	22.438	18.467
Information expenses	14.104	12.780
Commission	12.776	11.642
Insurances	13.810	10.617
Cost of legal and professional advice, audit fees	34.404	22.626
Amortisation/value adjustments of receivables	13.020	16.237
IT costs	1.996	4.192
Travel expenses	11.191	8.452
Office supplies	7.462	7.802
Other tax	7.255	6.610
Administrative expenses	3.182	2.239
Training and continuous professional development	8.374	7.211
Decommissioning and disposal	6.721	8.194
Currency-induced losses	9.665	4.231
Losses from asset disposals	6.277	7.744
Other expenses	23.257	27.896
	418.569	**382.383**

Other expenses comprise mainly general selling and other costs, such as those incurred by securing against operating risks.

(D.6.) Income from participating interests recognised at equity and other income from shareholdings

In € million	2012	2011
Profit/loss from participating interests recognised at equity	**3.206**	**1.386**
Income from affiliated companies	2.786	1.514
Income from the disposal of affiliated companies	0.233	0.478
Other income from holdings and similar income	12.642	10.324
Write-downs of financial assets and other expenses	– 0.305	– 1.658
Other income from shareholdings	**15.356**	**10.658**
	18.562	**12.044**

Dividend income is recorded as and when a claim to payout arises.

(D.7.) Interest income and expenses

In € million	2012	2011
Interest and similar income	5.227	4.126
(of which from affiliated companies)	(1.209)	(1.032)
Interest from fair value measurement	0.131	0.450
Interest income	**5.358**	**4.576**
Interest and similar expenses	– 44.921	– 34.462
(of which from affiliated companies)	(– 0.251)	(– 0.245)
Interest from fair value measurement	– 0.166	– 0.485
Interest portion of finance leasing	– 0.553	– 0.243
Interest portion of the transfer to pension provisions and other personnel provisions	– 23.843	– 23.111
Interest expense	**– 69.483**	**– 58.301**
Net interest	**– 64.125**	**– 53.725**

(D.8.) Income tax

Income tax breaks down as follows:

In € million	2012	2011
Actual taxes	– 19.183	– 32.144
Deferred taxes	14.534	4.834
	– 4.649	**– 27.310**

Actual tax income and expenses comprise the corporate and trade tax of the companies in Germany and comparable taxes on foreign companies.

Deferred taxes are formed for all temporary differences between the tax-related assigned value and IFRS values as well as the consolidation measures through profit and loss. Moreover, €13.515 million (previous year: €8.966 million) in deferred tax assets and €0.000 million (previous year: €0.843 million) in deferred tax liabilities were offset against the reserve for actuarial gains and losses from provisions for pensions and severance pay. Moreover, deferred tax assets of €2.890 million (previous year: €2.036 million) were offset against revaluation reserve in equity without effect on income. Deferred tax assets include tax-reducing claims which arise from the expected utilisation of loss carryforwards in the years ahead, the realisation of which is assured with sufficient probability. These come to €24.885 million (previous year: €3.824 million). As part of corporate planning, a time horizon of three years has been assumed here. Deferred tax was not formed on loss carryforwards of subsidiaries in an amount of €10.541 million as their usability is not anticipated. Loss carryforwards of individual Group companies can be partly carried forward within a limited period of time. No tax assets which are eligible as carryforwards are likely to expire.

Deferred taxes are calculated on the basis of the tax rates which prevail or are anticipated given the current legal situation in the individual countries at the time when taxes are levied. The tax rate of BayWa AG remained at 28.18%, unchanged from the previous year.

Deferred tax assets and liabilities are allocated to the individual balance sheet items as shown in the table below:

	Deferred tax assets		Deferred tax liabilities	
In € million	**2012**	2011	**2012**	2011
Intangible assets and property, plant and equipment	14.425	5.405	85.079	74.784
Financial assets	1.375	1.807	0.026	2.543
Current assets	12.301	3.180	4.452	1.713
Other assets	0.021	–	–	0.603
Tax loss carryforwards	35.426	9.826	–	–
Provisions	59.611	65.097	1.566	3.152
Liabilities	0.495	1.152	0.881	1.831
Other liabilities	1.655	0.118	29.063	1.791
Deferred value-adjusted tax assets	– 12.917	– 7.111	–	–
Balance	– 10.469	– 5.085	– 10.469	– 5.085
Consolidation	10.667	4.085	14.971	19.596
	112.590	**78.474**	**125.569**	**100.928**

The rise in deferred tax liabilities from other liabilities resulted in particular from BayWa AG's special reserve, which increased considerably in the reporting year on account of property sales.

The actual tax expenses are €29.911 million below the amount that would have been incurred if the German tax rate had been applied under the currently prevailing law, plus the solidarity surcharge and the tax trade on the profit of the Group before tax. The computational tax rate of 28.18% calculated for actual tax is based on the uniform corporate tax rate of 15.0%, plus the solidarity surcharge of 5.5% and the average effective trade tax of 12.35%. Deferred tax liabilities were not recognised for subsidiaries and associated companies as the company can control the timing of reversals and because it is therefore probable that the temporary difference will not reverse in the foreseeable future. No deferred tax liabilities were formed for temporary differences in an amount of €8.134 million (previous year: €6.330 million) from subsidiaries and associated companies.

The table below shows the transition from the computed tax expenses in accordance with the corporate tax rate to the income tax expenses actually reported:

In € million	**2012**	2011
Consolidated result before income tax	**122.641**	**95.434**
Computational tax expenses based on a tax rate of 28.18%	34.560	26.893
Difference against foreign tax rates	– 0.988	0.361
Tax not relating to the period	– 0.207	3.622
Permanent difference changes	0.836	– 0.636
Tax effect due to non-tax deductible expenses	2.125	1.208
Trade tax deductions and additions	0.862	0.491
Final consolidation effect	– 3.267	– 0.927
Tax-exempt income	– 6.525	– 6.976
Changes in the value adjustment of deferred tax assets	2.796	2.729
Tax effect from equity results	– 0.526	0.586
Effect from tax-effective expenses recognised directly in equity	– 25.293	–
Other tax effects	0.276	– 0.041
Income tax	**4.649**	**27.310**

(D.9.) Profit share of minority interest

Profit of €21.286 million (previous year: €17.640 million) due to other shareholders is mainly attributable to the minority shareholders of the Austrian subsidiaries.

(D.10.) Earnings per share

Earnings per share are calculated by dividing the portion of profit of BayWa AG's shareholders by the average number of the shares issued in the financial year and dividend-bearing shares. There were no diluting effects.

		2012	2011
Income adjusted for minority interest	In € million	96.706	50.484
Average number of shares issued	Units	34,324,520	34,203,731
Basic earnings per share	€	2.82	1.48
Diluted earnings per share	€	2.82	1.48
Proposed dividend per share	€	0.65	0.60

(E.) Other Information

(E.1.) Explanations on the Cash Flow Statement of the BayWa Group

The cash flow statement shows how the cash and cash equivalents of the BayWa Group have changed due to cash inflow and outflow during the year under review. Cash and cash equivalents shown in the cash flow statement comprise all liquid funds disclosed in the balance sheet, i.e. cash in hand, cheques and deposits in banks. Owing to the fact that the Group conducts its business mainly in the eurozone, the impact of exchange-rate induced changes in cash and cash equivalents is of secondary importance and is therefore not disclosed separately. The funds are not subject to any restraints on disposal.

In accordance with the standards set out under IAS 7, the cash flow statement is divided up into cash flow from operating activities, investing activities and financing activities.

The cash flow from operating activities is calculated indirectly, based on consolidated net income for the year. This cash flow is ascertained by adjusting it for non-cash expenses (mainly depreciation and amortisation) and income. The cash flow from investing activities is calculated on a cash-effective basis and comprises cash-effective changes in consolidated non-current assets. Cash flow from financing activities is also ascertained on a cash-effective basis and comprises primarily cash-effective changes in the financing of operations and cash outflows from dividend distribution. Within the scope of the indirect calculation of these positions, changes from currency translation and from the group of consolidated companies were eliminated as they do not affect cash. For this reason, a comparison of these figures with the corresponding figures in the consolidated balance sheet is not possible. Further details on acquisitions and disposals can be found under Note B.1.

(E.2.) Explanations on the segment report

Dividing up of operations into segments

The segment report provides an overview of the important segments of the BayWa Group. The breakdown of the segments accords with the provisions set out under IFRS 8. The segments are to be presented in the same form as is submitted to decision makers, namely the Board of Management of BayWa AG, in the respective reports made on a regular basis and which therefore form the basis for strategic decisions. This results in greater uniformity of the internal and external reporting system. All consolidation measures are shown in a separate column of the segment report.

Segment reporting by operating segment

Through its Agricultural Trade sub-segment, the Group serves the whole value chain covering the production of agricultural produce. This includes the delivery of agricultural operating resources such as fertilisers, crop protection, seed and feedstuff. The Fruit sub-segment combines the activities of the Group in the business of fruit trading. The collection, storage and selling of plant-based products are also activities allocated to Agricultural Trade. Along with the sale of agricultural and municipal equipment, the Agricultural Equipment sub-segment also operates the workshops providing services.

The Energy sub-segment mainly covers trading in mineral oils, fuels and lubricants and the filling station business. The Renewable Energies sub-segment combines the activities of the Group in the field of renewable energies. Business is focused on project development as well as trading and offering services for the operation of photovoltaic, wind power and biogas facilities.

The Building Materials sub-segment sells building materials for construction and civil engineering. The DIY & Garden Centres business sector reported in the previous year is no longer recognised as a separate sub-segment in the BayWa Group's segment report following the transfer of the majority of DIY & Garden Centres of BayWa AG to BayWa Bau- & Gartenmärkte GmbH & Co. KG, Dortmund, on 1 January 2012. The remaining retailing activities of the Austrian Group companies are compiled in the Building Materials sub-segment.

After the merger of Ybbstaler Fruit Austria GmbH, Kröllendorf, Austria, and Ybbstaler Fruit Polska Sp. z o.o., Chelm, Poland, with AUSTRIA JUICE GmbH (formerly: YBBSTALER AGRANA JUICE GmbH), Kröllendorf, Austria, the Other Activities Segment mainly comprises the property activities of the BayWa Group.

Apart from sales revenues generated through business with third parties that are disclosed in the sub-segments, inter-segment sales are also reported. Inter-segment sales are conducted at arm's length terms and conditions. Any interim profits arising in this context have been eliminated in the consolidated financial statements. Moreover, write-downs and write-ups and the financial results per sub-segment are disclosed, along with earnings before interest, tax, depreciation and amortisation (EBITDA), earnings before interest and tax (EBIT) and earnings before tax (EBT). This is also applicable to the segmental assets, with separate disclosure of the inventories and segmental liabilities. Investments made (excluding financial assets) are also divided up among the sub-segments. Such investments concern the addition of intangible assets and property, plant and equipment as well as additions from company acquisitions. Moreover, information in this segment report includes the annual average number of employees per sub-segment.

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Segment information by operating segment

In € million 31/12/2012	Agricultural Trade	Fruit	Agricultural Equipment	**Agriculture**	Energy	Renewable Energies	**Energy**	Building Materials	DIY & Garden Centres	**Building Materials**	**Other Activities**	Transition	**Group**
Revenues generated through business with third parties	3,356.895	468.324	1,226.709	5,051.928	3,236.026	440.823	3,676.849	1,740.406	–	1,740.406	61.936		10,531.119
Inter-segment revenues	372.990	0.197	19.019	392.206	185.120	26.188	211.308	31.247	–	31.247	50.761	– 685.522	–
Total revenues	**3,729.885**	**468.521**	**1,245.728**	**5,444.134**	**3,421.146**	**467.011**	**3,888.157**	**1,771.653**	**–**	**1,771.653**	**112.697**	**– 685.522**	**10,531.119**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**81.075**	**27.955**	**29.974**	**139.004**	**19.716**	**52.887**	**72.603**	**52.769**	**–**	**52.769**	**78.893**	**– 36.707**	**306.562**
Depreciation/amortisation	– 26.801	– 10.056	– 11.100	– 47.957	– 9.214	– 20.341	– 29.555	– 17.411	–	– 17.411	– 16.816	– 8.057	– 119.796
Earnings before interest and tax (EBIT)	**54.274**	**17.899**	**18.874**	**91.047**	**10.502**	**32.546**	**43.048**	**35.358**	**–**	**35.358**	**62.077**	**– 44.764**	**186.766**
Financial result	– 23.227	– 0.559	– 11.684	– 35.470	0.422	– 14.743	– 14.321	– 9.456	–	– 9.456	51.103	– 37.419	– 45.563
of which: net interest	– 23.534	– 3.030	– 11.718	– 30.233	0.370	– 16.860	– 10.255	– 9.494	–	– 9.494	0.864	– 0.723	– 64.125
of which: equity result	–	2.440	–	2.440	–	0.600	0.600	–	–	–	0.166	–	3.206
Earnings before tax (EBT)	**30.740**	**14.869**	**7.156**	**52.765**	**10.872**	**15.686**	**26.558**	**25.864**	**–**	**25.864**	**62.940**	**– 45.486**	**122.641**
Income tax													– 4.649
Net income													**117.992**
Assets	1,242.853	310.042	550.352	2,103.247	341.871	809.722	1,151.593	624.385	–	624.385	2,212.394	– 1,634.266	4,457.353
of which: non-current assets held for sale	18.652	9.532	20.773	48.957	0.096	32.083	32.179	91.419	–	91.419	59.948	– 232.503	–
Inventories	652.044	29.088	275.977	957.109	43.768	223.172	266.940	157.178	–	157.178	–	51.332	1,432.558
of which: non-current assets held for sale	–	–	–	–	–	–	–	–	–	–	–	–	–
Liabilities	720.944	174.102	441.501	1,336.547	461.249	649.734	1,110.983	472.654	–	472.654	1,593.789	– 1,141.758	3,372.215
of which: liabilities from non-current assets held for sale	–	–	–	–	–	26.922	26.922	–	–	–	–	– 26.922	–
Investments in intangible assets, property, plant and equipment and investment property (incl. company acquisitions)	50.182	181.973	21.052	253.207	8.858	77.397	86.255	13.586	–	13.586	17.012	–	370.060
Employee annual average	3,695	1,811	3,224	8,730	1,055	509	1,564	4,868	–	4,868	518	–	15,680

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Segment information by operating segment

In € million 31/12/2011	Agricultural Trade	Fruit	Agricultural Equipment	**Agriculture**	Energy	Renewable Energies	**Energy**	Building Materials	DIY & Garden Centres	**Building Materials**	**Other Activities**	Transition	**Group**
Revenues generated through business with third parties	3,029.647	129.731	1,099.539	4,258.917	2,805.869	305.967	3,111.836	1,508.487	557.060	2,065.547	149.377		9,585.677
Inter-segment revenues	328.825	–	19.650	348.475	155.228	43.862	199.090	13.332	32.340	45.672	64.372	–657.609	–
Total revenues	**3,358.472**	**129.731**	**1,119.189**	**4,607.392**	**2,961.097**	**349.829**	**3,310.926**	**1,521.819**	**589.400**	**2,111.219**	**213.749**	**–657.609**	**9,585.677**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**82.041**	**5.916**	**27.437**	**115.394**	**15.431**	**36.443**	**51.874**	**41.738**	**23.871**	**65.609**	**53.371**	**–34.916**	**251.332**
Depreciation/amortisation	–25.986	–1.931	–9.435	–37.352	–9.092	–9.382	–18.474	–17.072	–12.065	–29.137	–14.064	–3.146	–102.173
Earnings before interest and tax (EBIT)	**56.055**	**3.985**	**18.002**	**78.042**	**6.339**	**27.061**	**33.400**	**24.666**	**11.806**	**36.472**	**39.307**	**–38.062**	**149.159**
Financial result	–20.496	–0.431	–9.306	–30.233	0.089	–5.306	–5.217	–8.006	–4.479	–12.485	37.557	–31.303	–41.681
of which: net interest	–20.496	–0.431	–9.306	–30.233	0.089	–10.344	–10.255	–8.006	–4.479	–12.485	0.110	–0.862	–53.725
of which: equity result				–		0.388	0.388			–	0.998		1.386
Earnings before tax (EBT)	**35.559**	**3.554**	**8.696**	**47.809**	**6.428**	**16.717**	**23.145**	**16.660**	**7.327**	**23.987**	**39.417**	**–38.924**	**95.434**
Income tax													–27.310
Net income													**68.124**
Assets	1,095.350	30.798	497.314	1,623.462	343.532	799.135	1,142.667	471.962	357.760	829.722	1,431.083	–1,104.926	3,922.008
of which: non-current assets held for sale				–			–		107.545	107.545	151.255	–258.800	–
Inventories	553.922	2.150	241.911	797.983	43.900	175.304	219.204	108.183	128.385	236.568	71.259	–159.586	1,165.428
of which: non-current assets held for sale				–			–		89.926	89.926	70.996	–160.922	–
Liabilities	597.416	131.636	286.484	1,015.536	421.429	472.299	893.728	365.362	161.386	526.748	1,214.490	–773.700	2,876.802
of which: liabilities from non-current assets held for sale				–			–		7.882	7.882	74.360	–82.242	–
Investments in intangible assets, property, plant and equipment and investment property (incl. company acquisitions)	45.165	2.208	19.633	67.006	28.496	235.285	263.781	13.571	18.450	32.021	41.392	–	404.200
Employee annual average	3,606	193	3,060	6,859	1,108	279	1,387	4,163	2,535	6,698	647	–	15,591

Segment reporting by region

Beyond reporting under IFRS 8, which does not require secondary segmental information, information on segment reporting by region continues to be disclosed. Consequently, external sales are allocated according to where the customer is domiciled; the Group's core markets are in Germany and Austria. Accordingly, these countries are shown separately. Other international operations mainly include the activities of the Group in Eastern Europe.

Segment information by region

	External sale		Investments in intangible assets, property, plant and equipment and investment property (incl. company acquisitions)		Assets	
In € million	**2012**	2011	**2012**	2011	**2012**	2011
Germany	6,515.134	6,238.956	139.443	130.404	2,776.415	2,467.646
Austria	2,694.765	2,453.937	18.620	32.050	837.096	980.828
Other international operations	1,321.220	892.784	211.997	241.746	843.842	473.534
Group	**10,531.119**	**9,585.677**	**370.060**	**404.200**	**4,457.353**	**3,922.008**

(E.3.) Material events after the reporting date

Following approval by the responsible antitrust authorities in December 2012, BayWa AG, Munich, acquired 100% of the shares in the global grain trader Cefetra B.V., Rotterdam, the Netherlands, effective 3 January 2013, the day of the purchase price payment. Cefetra B.V.'s shares were previously held by ForFarmers Group B.V., Lochem, the Netherlands, and agricultural cooperative Agrifirm Group B.V., Apeldoorn, the Netherlands, and AgruniekRijnvallei Holding B.V., Wageningen, the Netherlands. The company has subsidiaries in the UK, Poland, Hungary and Canada, and trades grain on a global scale and is a leader in the European supply market for the compound feed sector in terms of soy, grain, and sunflower and rapeseed meals. The company has storage and port sites in eastern and western Europe, as well as a sourcing network in Poland. In 2012, Cefetra Group employed 210 people, and its revenues amounted to €4.9 billion with an average EBIT over the last five years of around €26 million. The purchase price for all of the shares in Cefetra B.V. came to around €125 million. The acquisition of Cefetra B.V. presents a significant milestone for BayWa AG on its path to implementing its international growth strategy in the agricultural sector. BayWa has expanded its global position as European grain trader with this acquisition.

BayWa AG, Munich, will assume a majority share in the northern German company Bohnhorst Agrarhandel GmbH, Steimbke. The responsible antitrust authorities issued their approval on 7 February 2013. BayWa plans to acquire a 60% share in Bohnhorst Agrarhandel GmbH for around €36 million, of which €12 million are based on a several-year earn-out agreement that is dependent on income. 40% of Bohnhorst's shares will remain with the seller, Helmut Bohnhorst jr., who will also continue as the company's managing director. Bohnhorst Agrarhandel GmbH is an international agricultural trading company, which concentrates on the northern and eastern German markets. It also has facilities for coverage, storage and distribution in Poland. Two sites are located on the coast of the Baltic Sea, others are situated along the rivers Elbe and Weser, and the Mittellandkanal. The company generated revenues of around €468 million in 2011. During the last five years the EBIT was €13 million on average. The company's main focus is grain trading, which generated revenues of approximately €310 million in 2011. The other business segment focuses on the distribution of animal feed. The BayWa Group will expand its business activities, especially in northern and eastern Germany, by acquiring the shares in Bohnhorst Agrarhandel GmbH.

Further disclosures pursuant to IFRS 3.B66 cannot be made at present, as the initial recognition of the business combinations had not yet been concluded at the time the consolidated financial statements were approved for publication.

(E.4.) Litigation
Neither BayWa AG nor any of its group companies are involved in a court case or arbitration proceedings which could have a major impact on the economic situation of the Group, either now or in the past two years. Such court cases are also not foreseeable. Provisions have been made in an appropriate amount at the respective Group companies for any financial burdens arising from a court case or arbitration proceedings and/or there is an appropriate insurance cover.

(E.5.) Information pursuant to Section 160 para. 1 item 8 of the German Stock Corporation Act (AktG)
Pursuant to the German Securities Trading Act (WpHG), any shareholder who reaches, exceeds or falls below the thresholds of 3, 5, 10, 15, 20, 25, 30, 50 or 75% of the voting rights of a listed company is required to inform the company and the German Financial Supervisory Authority (BaFin) without delay. BayWa AG was informed of the following holdings (the proportion of voting rights relates to the time when notification was made and may therefore now be outdated):

Pursuant to Section 41 para. 2 in conjunction with Section 21 para. 1 of the German Securities Trading Act, Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, Germany, informed us on 4 April 2002 that the proportion of its voting rights in our company came to 37.51% on 1 April 2002.

Raiffeisen Agrar Invest GmbH, Vienna, Austria, informed us on 16 July 2009 that, pursuant to Section 21 para. 1 of the German Securities Trading Act, the share apportioned to it of the voting rights in BayWa AG, Arabellastrasse 4, 81925 Munich, Germany, exceeded the thresholds of 15, 20 and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009.

Raiffeisen Agrar Holding GmbH, Vienna, Austria, informed us on 16 July 2009 that, pursuant to Sections 21 para. 1 and 22 para. 1 sentence 1 item 1 of the German Securities Trading Act, that the share of voting rights apportioned to it in BayWa AG, Arabellastrasse 4, 81925 Munich, Germany, had exceeded the thresholds of 15, 20 and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009. Of these voting rights, 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) were apportionable to Raiffeisen Agrar Holding GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act. These voting rights were apportionable to Raiffeisen Agrar Holding GmbH via Raiffeisen Argrar Invest GmbH (direct holder of the voting rights) pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act.

LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG, Vienna, Austria, informed us on 16 July 2009 that, pursuant to Sections 21 para. 1 and 22 para. 1 sentence 1 item 1 of the German Securities Trading Act, the share apportioned to it of the voting rights in BayWa AG, Arabellastrasse 4, 81925 Munich, Germany, exceeded the thresholds of 15, 20 and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009. Of these voting rights, 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from shares with restricted transferability and 143,888 voting rights from registered shares) were apportioned to LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act. These voting rights were apportionable to LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG via Raiffeisen Agrar Holding GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act.

On 8 September 2009, we received the following notification from ‘KORMUS’ Holding GmbH, Friedrich-Wilhelm-Raiffeisen-Platz 1, in 1020 Vienna, Austria, Company Register no. FN 241822X:

“We herewith inform you that, pursuant to Sections 21 para. 1 and 22 para. 1 sentence 1 item 1 of the German Securities Trading Act, the share of the voting rights in BayWa Aktiengesellschaft, Arabellastrasse 4, 81925 Munich, Germany, apportioned to us had fallen below the thresholds of 25, 20, 15, 10, 5 and 3% on 8 September 2009 and that the whole share in the voting rights now amounts to 0% (the equivalent of 0 voting rights).

To date a share in the voting rights of 25.12% (the equivalent of 8,533,673 voting rights) was apportionable to us pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act via LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG. As a result of a demerger, 16,329,226 of the shares formerly held by us in LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG (the equivalent of 50.05% of the shares and the voting rights) were directly transferred to ‘LAREDO’ Beteiligungs GmbH, our direct parent company, with effect from 8 September 2009.”

'LAREDO' Beteiligungs GmbH, Vienna, Austria, informed us on 16 July 2009 that, pursuant to Sections 21 para. 1 and 22 para. 1 sentence 1 item 1 of the German Securities Trading Act, that the share of voting rights apportioned to it in BayWa Aktiengesellschaft, Arabellastrasse 4, 81925 Munich, Germany, had exceeded the thresholds of 15, 20 and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009. Of these voting rights, 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from shares with restricted transferability and 143,888 voting rights from registered shares) were apportioned to 'LAREDO' Beteiligungs GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act. These voting rights were apportionable to 'LAREDO' Beteiligungs GmbH via 'KORMUS' Holding GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act.

Raiffeisen-Holding GmbH, Niederösterreich-Wien reg.Gen.m.b.H, Vienna, Austria, informed us on 16 July 2009 that, pursuant to Sections 21 para. 1 and 22 para. 1 sentence 1 item 1 of the German Securities Trading Act, that the share of voting rights apportioned to it in BayWa AG, Arabellastrasse 4, 81925 Munich, Germany, had exceeded the thresholds of 15, 20 and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009. Of these voting rights, 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) were apportionable to Raiffeisen-Holding GmbH, Niederösterreich-Wien reg.Gen.m.b.H pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act. These voting rights were apportionable Raiffeisen-Holding GmbH, Niederösterreich-Wien reg.Gen.m.b.H via 'LAREDO' Beteiligungs GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act.

SKAGEN AS, Skagen 3, 4006 Stavanger, Norway, herewith states in the name and on behalf of SKAGEN Global verdipapirfond, Skagen 3, 4006 Stavanger, Norway, that, pursuant to Section 21 para. 1 of the German Securities Trading Act, the share of SKAGEN Global verdipapirfond in the voting rights of BayWa AG, Arabellastrasse 4, 81925 Munich, Germany, had fallen below the threshold of 3% on 14 December 2010. On this date, SKAGEN Global verdipapirfond held 2.45% of all voting rights in BayWa AG which corresponds to 838,495 ordinary shares.

SKAGEN AS, Skagen 3, 4006 Stavanger, Norway, informed us on 11 March 2011 that, pursuant to Section 21 para. 1 of the German Securities Trading Act, the share of SKAGEN AS in the voting rights of BayWa AG, Arabellastrasse 4, 81925 Munich, Germany, had fallen below the threshold of 3% on 4 February 2011. On this date, SKAGEN AS held 2.98% of all voting rights in BayWa AG, which corresponds to 1,019,843 ordinary shares. This portion of 2.98%, corresponding to 1,019,843 ordinary shares, is allocable to SKAGEN AS pursuant to Section 22 para. 1 sentence 1 item 6 of the German Securities Trading Act.

RWA Management, Service und Beteiligungen GmbH, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act, its share in the voting rights of BayWa AG, Munich, Germany, came to 25.12% (8,533,673 voting rights) on 15 July 2009 and that these voting rights are apportionable to it via Raiffeisen Agar Invest GmbH (direct holder of the voting rights) pursuant to Section 22 para. 2 of the German Securities Trading Act.
We received the following additional information regarding these developments pursuant to Section 27a para. 1 of the German Securities Trading Act:

1) Objectives of the acquisition:
   a) The acquisition of BayWa Aktiengesellschaft voting rights serves to implement strategic goals;
   b) RWA Management, Service und Beteiligungen GmbH plans to obtain additional voting rights by means of acquisition or otherwise within the next twelve months, but not to a significant extent, and mainly to prevent dilution of its existing voting rights.
   c) RWA Management, Service und Beteiligungen GmbH currently does not intend to exercise any further-reaching influence on the appointment of members of the issuer's administration, management and supervisory bodies.
   d) RWA Management, Service und Beteiligungen GmbH currently does not plan to implement any material changes to the company's capital structure, particularly in view of the ratio between equity and debt capital as well as dividend policies.
2) Origin of funds used for the acquisition:
   Insofar as the acquisition of the voting rights occurred within the scope of the merger of RWA Verbundservice GmbH, the former wholly-owned subsidiary of the reporting entity, with Raiffeisen Agrar Invest, neither debt nor equity capital was used for the acquisition of BayWa Aktiengesellschaft voting rights. Any further small acquisitions concluded since the merger were paid with company funds.

RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act, its share in the voting rights of BayWa AG, Munich, Germany, came to 25.12% (8,533,673 voting rights) on 15 July 2009 and that these voting rights are apportionable to it via Raiffeisen Agar Invest GmbH (direct holder of the voting rights) pursuant to Section 22 para. 2 of the German Securities Trading Act.
We received the following additional information regarding these developments pursuant to Section 27a para. 1 of the German Securities Trading Act:
1) Objectives of the acquisition:
  a) The acquisition of BayWa Aktiengesellschaft voting rights serves to implement strategic goals;
  b) RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen plans to obtain additional voting rights by means of acquisition or otherwise within the next twelve months, but not to a significant extent and mainly to prevent dilution of its existing voting rights.
  c) RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen currently does not intend to exercise any further-reaching influence on the appointment of members of the issuer's administration, management and supervisory bodies.
  d) RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen currently does not plan to implement any material changes to the company's capital structure, particularly in view of the ratio between equity and debt capital as well as dividend policies.
2) Origin of funds used for the acquisition:
  Insofar as the acquisition of the voting rights occurred within the scope of the merger of RWA Verbundservice GmbH, the former wholly-owned subsidiary of the reporting entity, with Raiffeisen Agrar Invest, neither debt nor equity capital was used for the acquisition of BayWa AG voting rights. Any further small acquisitions concluded since the merger were paid with company funds.

Correction of a voting rights notification from 16 July 2009:
RWA Management, Service und Beteiligungen GmbH, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act, the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15, 20 and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009.
The share of voting rights of 25.12% (8,533,673 voting rights) is apportionable to it via Raiffeisen Agrar Invest pursuant to Section 22 para. 2 of the German Securities Trading Act.

Correction of a voting rights notification from 16 July 2009:
RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act, the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15, 20 and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009.
The share of voting rights of 25.12% (8,533,673 voting rights) is apportionable to it via Raiffeisen Agrar Invest pursuant to Section 22 para. 2 of the German Securities Trading Act.

Correction of a voting rights notification from 16 July 2009:
Raiffeisen-Holding Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act, the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15, 20 and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009.
This share in voting rights of 25.12% (8,533,673 voting rights) is apportionable to it via the chain 'LAREDO' Beteiligungs GmbH, LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Raiffeisen Agrar Holding GmbH, Raiffeisen Agrar Invest GmbH, the direct holder of BayWa voting rights pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act.

Correction of a voting rights notification from 16 July 2009:
'LAREDO' Beteiligungs GmbH, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act, the share of voting rights apportioned to it in BayWa Aktiengesellschaft, Munich, Germany, had exceeded the thresholds of 15, 20 and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009.
This share in voting rights of 25.12% (8,533,673 voting rights) is apportionable to it via the chain LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Raiffeisen Agrar Holding GmbH, Raiffeisen Agrar Invest GmbH, the direct holder of BayWa voting rights pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act.

Correction of a voting rights notification from 16 July 2009:
LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act, the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15, 20 and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009.
This share in voting rights of 25.12% (8,533,673 voting rights) is apportionable to it via the chain Raiffeisen Agrar Holding GmbH, Raiffeisen Agrar Invest GmbH (the latter being the direct holder of BayWa voting rights) pursuant to Section 22 para. 1 sentence 1 item 1 and Section 22 para. 2 of the German Securities Trading Act.

Correction of a voting rights notification from 16 July 2009:
Raiffeisen Agrar Holding GmbH, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act, the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15, 20 and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009.
This share in voting rights of 25.12% (8,533,673 voting rights) is apportionable to it via Raiffeisen Agrar Invest GmbH pursuant to Section 22 para. 1 sentence 1 item 1 and Section 22 para. 2 of the German Securities Trading Act.

Correction of a voting rights notification from 16 July 2009:
Raiffeisen Agrar Invest GmbH, Vienna, Austria, informed us on 10 May 2012 that, pursuant to Section 21 para. 1 of the German Securities Trading Act, the share of voting rights apportioned to it in BayWa AG, Munich, Germany, had exceeded the thresholds of 15, 20 and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights) on 15 July 2009.

(E.6.) Related party disclosures

Under IAS 24, related parties are defined as companies and individuals where one of the parties has the possibility of controlling the other or of exerting a significant influence on the financial and business policies of the other.

A significant influence within the meaning of IAS 24 is constituted by participation in the financial and operating policies of the company but not the control of these policies. Significant influence may be exercised in several ways usually by representation on the board of management or on the management and/or supervisory bodies, but also by participation, for instance, in the policy-making process through material intragroup transactions, by interchange of managerial personnel or by dependence on technical information. Significant influence may be gained by share ownership, statute or contractual agreement. With share ownership, significant influence is presumed in accordance with the definition under IAS 28 “Accounting for Investments in Associates” if a shareholder owns 20% or more of the voting rights, either directly or indirectly, unless this supposition can be clearly refuted. Significant influence can be deemed irrefutable if the policy of the company can be influenced, for instance, by the corresponding appointing the members to the supervisory bodies.

In relation to the shareholder group of BayWa AG, irrefutable supposition of a significant influence would be given in the position of Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, and Raiffeisen Agrar Invest GmbH, Vienna, Austria. Evidence can be provided that both Bayerische Raiffeisen-Beteiligungs-AG and Raiffeisen Agrar Invest GmbH are pure financial holdings, the organisation and structure of which are not in any way designed to exert an influence of on BayWa AG. In addition, the Group has not carried out any business transactions with Bayerische Raiffeisen-Beteiligungs-AG and Raiffeisen Agrar Invest GmbH – with the exception of the dividend payments of €6.014 million (Bayerische Raiffeisen-Beteiligungs-AG) and €4.284 million (Raiffeisen Agrar Invest GmbH) – in the current year within the meaning of IAS 24 which need to be reported here.

Transactions with related parties are shown in the table below:

In € million 2012	Supervisory Board	Board of Management	Bayerische Raiffeisen-Beteiligungs-AG	Non-consolidated companies > 50 %	Non-consolidated companies > 20 % < 50 %
Receivables	0	0	0	37	34
Liabilities	0	0	0	14	48
Interest income	0	0	0	1	0
Interest expenses	0	0	0	0	0
Revenues	0	0	0	11	64

In € million 2011	Supervisory Board	Board of Management	Bayerische Raiffeisen-Beteiligungs-AG	Non-consolidated companies > 50 %	Non-consolidated companies > 20 % < 50 %
Receivables	0	0	0	28	19
Liabilities	0	0	0	13	38
Interest income	0	0	0	1	0
Interest expenses	0	0	0	0	0
Revenues	0	0	0	19	130

The transactions conducted with related parties pertain to the sale of goods and financing.

Members of the Board of Management or of the Supervisory Board of BayWa AG are members in supervisory boards or board members of other companies with which BayWa AG maintains business relations in the course of normal business.

(E.7.) Fees of the Group auditor

The following fees paid to the Group auditor Deloitte & Touche GmbH Wirtschaftsprufungsgesellschaft were recognised as expenses at BayWa AG and its subsidiaries:

In € million	**2012**	2011
For audits performed	0.667	0.648
For other consultancy services	0.254	0.321
For tax consultancy services	0.066	–
For other services	0.025	0.108
	1.012	**1.077**

(E.8.) Executive and supervisory bodies of BayWa AG

THE SUPERVISORY BOARD

Manfred Nüssel
MSc Agriculture (University of Applied Sciences), Chairman,
President of Deutscher Raiffeisenverband e.V.
Other mandates:
- Bayerische Raiffeisen-Beteiligungs-AG, Beilngries (Chairman)
- DG HYP Deutsche Genossenschafts-Hypothekenbank AG, Hamburg
- Kravag-Logistic Versicherungs-AG, Hamburg
- Kravag-Sachversicherung des Deutschen Kraftverkehrs VaG, Hamburg
- Landwirtschaftliche Rentenbank, Frankfurt am Main (Board of Administration)
- RWA Raiffeisen Ware Austria AG, Vienna
- R+V Allgemeine Versicherung AG, Wiesbaden
- R+V Lebensversicherung AG, Wiesbaden
- Vereinigte Tierversicherung Gesellschaft a.G., Wiesbaden
- Volksbank-Raiffeisenbank Bayreuth eG, Bayreuth (Chairman)

Ernst Kauer
MSc Agriculture, Vice Chairman
Chairman of the Works Council of BayWa Headquarters

General Attorney Ök.-Rat Dr. Christian Konrad
Vice Chairman
Chairman of Raiffeisen-Holding Niederösterreich-Wien reg.Gen.m.b.H., Vienna (until 4 May 2012)
Other mandates:
- AGRANA Beteiligungs-AG, Vienna (Chairman)
- DO & CO Aktiengesellschaft, Vienna
- LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG, Vienna (Chairman)
- Raiffeisenlandesbank Niederösterreich-Wien AG, Vienna (Chairman)
- RWA Raiffeisen Ware Austria AG, Vienna (until 31 December 2012)
- Raiffeisen Zentralbank Österreich AG, Vienna (Chairman until 23 May 2012)
- Saint Louis Sucre S.A., Paris
- Siemens AG Österreich, Vienna (Vice Chairman)
- Südzucker AG Mannheim/Ochsenfurt, Mannheim (Vice Chairman)
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt
- UNIQA Versicherungen AG, Wien (Chairman until 29 May 2012)

Georg Fischer (until 31 March 2012)
Master Mechanic for Agricultural Machinery

Dr. E. Hartmut Gindele
MSc Agriculture, farmer

Prof. Dr. h. c. Stephan Götzl
Association President, Chairman of the Board of Management of Genossenschaftsverband Bayern e.V.
Other mandates:
- Bayerische Raiffeisen-Beteiligungs-AG, Beilngries (Vice Chairman)
- DVB Bank SE, Frankfurt am Main
- SDK Süddeutsche Krankenversicherung a.G., Fellbach

Jürgen Hahnemann (since 1 April 2012)
Warehouse manager

Otto Kentzler
MSc Engineering, President of the German Confederation of Skilled Crafts
Other mandates:
- Bank für Kirche und Caritas eG, Paderborn
- Deutscher Ring Krankenversicherungsverein a.G., Hamburg
- Dortmunder Volksbank eG, Dortmund (Chairman)
- Handwerksbau AG, Dortmund (Chairman)
- SIGNAL IDUNA Holding AG, Dortmund (Vice Chairman)
- SIGNAL IDUNA Krankenversicherung a.G., Dortmund (Vice Chairman)

Peter König
Secretary of the Union, ver.di, Bavaria

Stefan Kraft M.A.
Secretary of the Union, ver.di, Bavaria

Erna Kurzwarth
Regional Administration Centre Manager of BayWa AG

Dr. Johann Lang
MSc Engineering, farmer
Other mandates:
- Niederösterreichische Versicherung AG, St. Pölten
- RWA Raiffeisen Ware Austria AG, Wien (Chairman)
- RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen., Vienna (Chairman)

Albrecht Merz
Member of the Board of Management of DZ Bank AG
Other mandates:
- Bausparkasse Schwäbisch Hall AG, Schwäbisch Hall
- R+V Allgemeine Versicherung AG, Wiesbaden
- R+V Lebensversicherung AG, Wiesbaden
- TeamBank AG, Nürnberg (Chairman)
- VR-LEASING AG, Eschborn

Gunnar Metz
Chairman of the Main Works Council of BayWa AG

Gregor Scheller
Chairman of the Board of Directors of Volksbank Forchheim eG, member of the Board of Directors of Bayerische Raiffeisen-Beteiligungs-AG
Other mandates:
- COVUM AG, Erlangen (Chairman until 27 March 2012)
- Fiducia IT AG, Karlsruhe (Chairman)
- R+V Lebensversicherung AG, Wiesbaden
- Wohnungsbau- und Verwaltungsgenossenschaft Forchheim eG, Forchheim (Chairman)

Werner Waschbichler
Vice Chairman of the Works Council of BayWa Headquarters

Bernhard Winter
Head of Accounting Control Agriculture

THE COOPERATIVE COUNCIL

Wolfgang Eckert (until 31 December 2012)
MBA, Chairman
Member of the Board of Management of Fiducia IT AG (since 1 November 2012)

Members pursuant to Article 28 para. 5 of the Articles of Association

Manfred Nüssel
MSc Agriculture (University of Applied Sciences), Vice Chairman, President of Deutscher Raiffeisenverband e.V.

Dr. Johann Lang
MSc Engineering, farmer

Other members

Wolfgang Altmüller
MBA, Chairman of the Board of Directors of VR meine Raiffeisenbank eG

Dietmar Berger (until 1 August 2012)
MSc Agricultural Engineering & Economics, President of Mitteldeutscher Genossenschaftsverband e.V. (until 23 May 2012)

Franz Breiteneicher
Managing Director of Raiffeisen-Waren GmbH Erdinger Land

Dr. Alexander Büchel (since 1 January 2013)
Member of the Board of Directors of Genossenschaftsverband Bayern e.V.

Rudolf Büttner (since 28 March 2012)
Managing Director of Raiffeisen-Waren GmbH Weissenburg-Gunzenhausen

Albert Deß
Member of the European Parliament

Martin Empl
MSc Agriculture, farmer

Manfred Geyer
Chairman of the Board of Directors of RaiffeisenVolksbank eG Gewerbebank

Wolfgang Grübler (since 2 August 2012)
Chairman of the Board of Directors of Agrarunternehmen "Lommatzscher Pflege" e.G.

Erhard Gschrey (until 31 December 2012)
Certified Public Accountant/Tax Consultant, Vice Chairman of the Board of Management of Genossenschaftsverband Bayern e.V.

Walter Heidl (since 2 August 2012)
President of Bayerischer Bauernverband (since 3 May 2012)

Lothar Hertzsch (until 1 August 2012)
MSc Agricultural Engineering & Economics, farmer

Franz-Xaver Hilmer
Managing Director of Raiffeisenbank Straubing eG

Karl Hippeli
Member of the Board of Management of VR Bank Würzburg eG

Ludwig Hubauer (since 1 January 2013)
Farmer

Konrad Irtel
Spokesman of the Board of Directors of VR Bank Rosenheim-Chiemsee eG

Martin Körner
MSc Engineering (University of Applied Sciences), farmer, fruit farmer

Franz Kustner
Farmer

Alois Pabst
Farmer

Hans Paulus
MSc Agriculture, Director, Commodities Department of Raiffeisenbank im Stiftland eG

Josef Raffelsberger (until 31 December 2012)
Farmer

Franz Reisecker (since 1 January 2013)
Ök.-Rat Engineering, President of the Chamber of Agriculture of Upper Austria, farmer

Joachim Rukwied
MSc Engineering (University of Applied Sciences), President of the German Association of Farmers (since 27 June 2012) and the Regional Association of Farmers, Baden-Württemberg e.V.

Hermann Schultes (until 31 December 2012)
President and National Councillor of the Chamber of Agriculture of Lower Austria, farmer

Gerd Sonnleitner
President of the German Association of Farmers (until 27 June 2012), the Bavarian Association of Farmers (until 3 May 2012) and the European Association of Farmers

Ludwig Spanner
Farmer

Dr. Hermann Starnecker (since 28 March 2012)
Spokesman of the Board of Directors of VR Bank Kaufbeuren-Ostallgäu eG

Dr. Gerald Thalheim (since 2 August 2012)
Spokesman of the Board of Directors of Mitteldeutscher Genossenschaftsverband e.V. (since 24 May 2012)

Wolfgang Vogel
President of Sächsischer Landesbauernverband e.V.

Thomas Wirth
Spokesman of the Board of Directors of Raiffeisenbank im Stiftland eG

Maximilian Zepf
MBA, Member of the Board of Management of Raiffeisenbank Schwandorf-Nittenau eG

THE BOARD OF MANAGEMENT

Klaus Josef Lutz

(Chief Executive Officer)
PR/Corporate Communication, Group Audit, Corporate Marketing, Corporate Business Development, Group Risk Management, Building Materials Segment, Personnel and Senior Executives, BayWa Foundation

External mandates:
- Eramon AG, Gersthofen
- Euro Pool System International B.V., Rijswijk
- Graphit Kropfmühl AG, Hauzenberg (until 17 September 2012)
- MAN Nutzfahrzeuge AG, Munich
- VK Mühlen AG, Hamburg (Chairman)

Group mandates:
- Cefetra B.V., Rotterdam
  (Member of the Supervisory Board since 3 January 2013, Chairman since 18 January 2013)
- RENERCO Renewable Energy Concepts AG, Munich
- RWA Raiffeisen Ware Austria AG, Vienna
  (First Vice Chairman)
- Turners & Growers Limited, Auckland
  (Chairman of the Board of Directors since 3 April 2012)
- "UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt (Chairman)

Klaus Buchleitner (until 15 May 2012)

RWA Raiffeisen Ware Austria AG, Vienna
(until 31 May 2012 Chairman of the Board of Directors)

External mandate:
- Raiffeisen Zentralbank Österreich AG, Vienna

Group mandates:
- Raiffeisen-Lagerhaus GmbH, Bruck an der Leitha
  (Vice Chairman until 31 May 2012)
- "UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt (until 15 May 2012)

Andreas Helber

Finance, Investor Relations, Lending, Corporate Real Estate Management (CREM), Central Controlling, Information Systems, Law, Regional Administration Centres

External mandate:
- R+V Pensionsversicherung a.G., Wiesbaden

Group mandates:
- Cefetra B.V., Rotterdam
  (Member of the Supervisory Board since 3 January 2013)
- EUROGREEN Schweiz AG, Zuchwil
  (President of the Board of Administration)
- RWA Raiffeisen Ware Austria AG, Vienna
  (Third Vice Chairman)
- Turners & Growers Limited, Auckland
  (Member of the Board of Directors since 3 April 2012)
- "UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt
- WKN USA, LLC, San Diego
  (Member of the Board of Directors)

Dr. Josef Krapf

Agricultural Trade, Fruit

External mandate:
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt

Group mandates:
- Cefetra B.V., Rotterdam
  (Member of the Supervisory Board since 3 January 2013)
- RWA Raiffeisen Ware Austria AG, Vienna
- Turners & Growers Limited, Auckland
  (Member of the Board of Directors since 28 June 2012)

Roland Schuler

Energy, Agricultural Equipment, BayWa r.e. renewable energy, coordination of the Württemberg region

External mandate:
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt

Group mandates:
- BayWa r.e USA LLC, Santa Fe
  (Chairman of the Board of Directors)
- RENERCO Renewable Energy Concepts AG, Munich
- WKN USA, LLC, San Diego
  (Member of the Board of Directors)

Allocation of operations as per 31/12/2012

(E.9.) Total remuneration of the Board of Management, the Supervisory Board and the Cooperative Council

The remuneration of the Cooperative Council amounts to €0.093 million (previous year: €0.084 million). The total remuneration of the Supervisory Board comes to €0.562 million (previous year: €0.538 million); of this amount €0.275 million (previous year: €0.250 million) is variable. In addition to Supervisory Board remuneration, employee representatives who are employees of the BayWa Group receive compensation not connected to their activities for the Supervisory Board. The sum total of such compensation received by the employee representatives came to €0.425 (previous year: €0.399 million). Total remuneration of the Board of Management comes to €5.140 million (previous year: €5.238 million) and breaks down as follows:

In € million	**2012**	2011
Total remuneration of the Board of Management	**5.140**	**5.238**
of which:		
ongoing remuneration	4.404	4.765
non-cash benefits	0.066	0.071
transfers to pension provision	0.670	0.402
benefits upon termination of the employment relationship	–	–
The ongoing remuneration of the Board of Management is split up into		
fixed salary components	2.062	2.497
variable salary components – short-term	0.842	0.987
variable salary components – long-term	1.500	1.281

An amount of €3.237 million (previous year: €3.209 million) has been paid out to former members of the Board of Management of the BayWa Group and their dependents. Pension provisions for former members of the Board of Management are disclosed in an amount of €36.527 million (previous year: €40.100 million).

In its meeting on 15 June 2011, the Annual General Meeting of Shareholders passed a resolution pursuant to Section 286 para. 5 of the German Commercial Code to the effect that, in the preparation of the financial statements of the Group and of BayWa AG, the information required under Section 285 sentence 1 item 9 letter a sentences 5 to 8 of the German Commercial Code and pursuant to Section 314 para. 1 item 6 letter a sentences 5 to 8 of the German Commercial Code in the notes to the financial statements at company and at Group level shall be waived for financial year 2011 and for the next four years.

(E.10.) Ratification of the consolidated financial statements and disclosure

The consolidated financial statements were released for publication by the Board of Management of BayWa AG on 28 February 2013.

In accordance with Section 264 III of the German Commercial Code, the following companies, as subsidiaries included in the consolidated financial statements of BayWa AG, do not apply the regulations governing disclosure (Section 325 et seq. of the German Commercial Code):

- TESSOL Kraftstoffe, Mineralöle und Tankanlagen GmbH, Stuttgart
- BayWa Handels-Systeme-Service GmbH, Munich
- BayWa Finanzbeteiligungs-GmbH, Munich

(E.11.) Proposal for the appropriation of profit

As the parent company of the BayWa Group, BayWa AG discloses profit available for distribution of €22,323,613.00 in its financial statements as at 31 December 2012 which were drawn up in accordance with German accounting standards (German Commercial Code) and adopted by the Supervisory Board on 20 March 2013. The Board of Management and the Supervisory Board will propose the following use of this amount to the Annual General Meeting of Shareholders on 4 June 2013:

In €	
Dividend of €0.65 per dividend-bearing share	22,323,613.00
Transfer to other revenue reserve	–
	22,323,613.00

The amount earmarked for distribution to the shareholders will be reduced by the portion of the shares owned by BayWa AG at the time when the resolution on profit appropriation was made. Pursuant to Section 71b of the German Stock Corporation Act, these shares are not entitled to dividend. This portion will be additionally transferred to other revenue reserves.

(E.12.) German Corporate Governance Code

The Board of Management and the Supervisory Board of BayWa AG submitted the Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act on 7 November 2012, and have made it permanently accessible to the shareholders on the company's website under www.baywa.com.

Munich, 28 February 2013
BayWa Aktiengesellschaft

The Board of Management

Klaus Josef Lutz
Andreas Helber
Dr. Josef Krapf
Roland Schuler

Group Holdings of BayWa AG (Appendix to the Notes to the Consolidated Financial Statements) as per 31 December 2012

Name and principal place of business	share in capital in %
Subsidiaries included in the group of consolidated companies	
“UNSER LAGERHAUS” WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria	51.1
Aeneid Thirteen Limited, Auckland, New Zealand	100.0
AFS Franchise-Systeme GmbH, Vienna, Austria	100.0
Agroterra Warenhandel und Beteiligungen GmbH, Vienna, Austria	100.0
Aludra Energies SARL, Strasbourg, France	100.0
Aufwind BB GmbH & Co. Zweiundzwanzigste Biogas KG, Regensburg, Germany	100.0
Aufwind Nuevas Energías S.L.U., Barcelona, Spain	100.0
AWS Entsorgung GmbH Abfall & Wertstoff Service, Boppard, Germany	90.0
Bauzentrum Westmünsterland GmbH & Co. KG, Ahaus, Germany	100.0
Bayerische Futtersaatbau GmbH, Ismaning, Germany	72.7
BayWa Finanzbeteiligungs-GmbH, Munich, Germany	100.0[1]
BayWa Handels-Systeme-Service GmbH, Munich, Germany	100.0[1]
BayWa Pensionsverwaltung GmbH, Munich, Germany	100.0
BayWa r.e España S.L.U., Barcelona, Spain	100.0
BayWa r.e Mozart LLC, San Diego, USA	100.0
BayWa r.e Service GmbH, Munich, Germany	100.0
BayWa r.e USA LLC, Santa Fe, USA	100.0
BayWa r.e. bioenergy GmbH (formerly: r.e Bioenergie GmbH), Regensburg, Germany	100.0
BayWa r.e. green energy products GmbH (formerly: r.e Biomethan GmbH), Regensburg, Germany	100.0
BayWa r.e. renewable energy GmbH (formerly: BayWa r.e GmbH), Munich, Germany	100.0
BayWa r.e. Wind GmbH, Munich, Germany	100.0
BayWa Vorarlberg HandelsGmbH, Lauterach, Austria	51.0
BayWa-Tankstellen-GmbH, Munich, Germany	100.0
BOR s.r.o., Choceň, Czech Republic	92.8
CLAAS Main-Donau GmbH & Co. KG, Vohburg, Germany	90.0
CLAAS Nordostbayern GmbH & Co. KG, Weiden, Germany	90.0
CLAAS Südostbayern GmbH, Töging, Germany	90.0
CLAAS Württemberg GmbH, Langenau, Germany	80.0
Cubiertas Solares Carrocerías S.L.U., Madrid, Spain	100.0
Cubiertas Solares Parking S.L.U., Madrid, Spain	100.0
Delica Australia Pty Ltd, Pakenham, Australia	85.0
Delica Domestic Pty Ltd, Pakenham, Australia	70.0
Delica Limited, Auckland, New Zealand	70.0
Delica North America Inc., Torrance, USA	75.0
Diermeier Energie GmbH, Munich, Germany	100.0
DRWZ-Beteiligungsgesellschaft mbH, Munich, Germany	64.3
Dulas MHH Ltd., Machynlleth Powys, UK	90.0
ECOwind d.o.o., Zagreb, Croatia	100.0
ECOWIND Handels- & Wartungs-GmbH, Kilb, Austria	90.0

Name and principal place of business	share in capital in %
Eko-Energetyka Sp. z o.o., Rezesów, Poland	51.0
ENZA Commercial Holdings Limited, Auckland, New Zealand	100.0
ENZA Finance Limited, Auckland, New Zealand	100.0
ENZA Fresh Inc., Seattle, USA	100.0
ENZA Group Services Limited, Auckland, New Zealand	100.0
ENZA Investments USA Inc., Seattle, USA	100.0
ENZA Limited, Auckland, New Zealand	100.0
ENZA Orchards Limited, Auckland, New Zealand	100.0
ENZA Pipfruit Limited, Auckland, New Zealand	100.0
ENZACOR Pty Ltd, Pymble, Australia	100.0
ENZAFOODS New Zealand Limited, Auckland, New Zealand	100.0
ENZAFRUIT Marketing Limited, Auckland, New Zealand	100.0
ENZAFRUIT New Zealand (Continent) NV, Sint-Truiden, Belgium	100.0
ENZAFRUIT New Zealand (UK) Limited, Luton, UK	100.0
ENZAFRUIT New Zealand International Limited, Auckland, New Zealand	100.0
ENZAFRUIT Products Inc., Seattle, USA	100.0
ENZATree Limited, Auckland, New Zealand	100.0
EUROGREEN CZ s.r.o., Jiřetín pod Jedlovou, Czech Republic	100.0
EUROGREEN GmbH, Betzdorf, Germany	100.0
Eurogreen Italia S.r.l., Milan, Italy	51.0
EUROGREEN Schweiz AG, Zuchwil, Switzerland	100.0
F. Url & Co. Gesellschaft m.b.H., Unterpremstätten, Austria	100.0
Focused Energy LLC, Santa Fe, USA	80.0
Fresh Food Exports 2011 Limited, Mangere, New Zealand	75.0
Frucom Fruitimport GmbH, Hamburg, Germany	100.0
Fruit Distributors Limited, Auckland, New Zealand	100.0
FW Kamionka Sp. z o.o., Kamionka, Poland	100.0
Garant-Tiernahrung Gesellschaft m.b.H., Pöchlarn, Austria	100.0
GEM WIND FARM 1 Ltd., London, UK	100.0
GEM WIND FARM 2 Ltd., London, UK	100.0
GEM WIND FARM 3 Ltd., London, UK	100.0
GEM WIND FARM 4 Ltd., London, UK	100.0
GENOL Gesellschaft m.b.H. & Co. KG, Vienna, Austria	71.0
Ge-Tec GmbH, Lienz, Austria	100.0
Greenpower Handels GmbH, Mondsee, Austria	100.0
IFS S.r.l., Bolzano, Italy	51.0
Inglis Horticulture Limited, Auckland, New Zealand	100.0
L & L Rotorservice GmbH, Basdahl, Germany	100.0
L & L Vermögensverwaltungs GmbH, Basdahl, Germany	100.0
Les Eoliennes de Saint Fraigne SAS, Strasbourg, France	100.0
Livas 1 Energeiaki EPE, Kalamata, Greece	94.0
LTZ Chemnitz GmbH, Hartmannsdorf, Germany	90.0
MHH France S.A.S., Toulouse, France	90.0
MHH SOLAR DANMARK ApS, Svendborg, Denmark	100.0
MHH Solartechnik GmbH, Tübingen, Germany	100.0
Net Environment S.L.U., Barcelona, Spain	100.0
Neuilly Saint Front Energies SAS, Bègles, France	70.0
Parco Solare Smeraldo S.r.l., Brixen, Italy	100.0
Parque Eólico La Carracha S.L., Zaragoza, Spain	74.0
Parque Eólico Plana de Jarreta S.L., Zaragoza, Spain	74.0
Puterea Verde S.r.l., Sibiu, Romania	75.5
Raiffeisen-Agro d.o.o., Belgrade, Serbia	100.0
Raiffeisen Kraftfutterwerke Süd GmbH, Würzburg, Germany	85.0
Raiffeisen Waren GmbH Nürnberger Land, Hersbruck, Germany	52.0
Raiffeisen-Agro Magyarország Kft., Székesfehérvár, Hungary	100.0

Name and principal place of business	share in capital in %
Raiffeisen-Lagerhaus GmbH, Bruck an der Leitha, Austria	89.9
Raiffeisen-Lagerhaus Investitionsholding GmbH, Vienna, Austria	100.0
Real Power S.L.U., Barcelona, Spain	100.0
RENERCO Beteiligungs GmbH, Grünwald, Germany	100.0
RENERCO Energies SAS, Paris, France	100.0
RENERCO Energy UK Ltd., London, UK	100.0
RENERCO GEM 1 GmbH, Munich, Germany	100.0
RENERCO GEM 2 GmbH, Munich, Germany	100.0
RENERCO GEM 4 GmbH, Munich, Germany	100.0
renerco plan consult GmbH, Munich, Germany	100.0
RENERCO Polska Sp. z o.o., Warsaw, Poland	100.0
RENERCO Renewable Energy Concepts AG, Munich, Germany	100.0
RENERCO Solar GmbH, Munich, Germany	100.0
RI-Solution GmbH Gesellschaft für Retail-Informationssysteme, Services und Lösungen mbH, Munich, Germany	100.0
RWA International Holding GmbH, Vienna, Austria	100.0
RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria	50.0[2]
RWA SLOVAKIA spol. s r.o., Bratislava, Slovakia	100.0
Schradenbiogas GmbH & Co. KG, Gröden, Germany	94.5
Sempol spol. s r.o., Trnava, Slovakia	100.0
SEP du Midi 2 SNC, Mulhouse, France	100.0
SEP SAG Intersolaire 3 SNC, Mulhouse, France	100.0
SEP SAG Intersolaire 5 SNC, Mulhouse, France	100.0
Silverworld System S.L.U., Madrid, Spain	100.0
Solarpark Aquarius GmbH & Co. KG, Munich, Germany	100.0
Solarpark Aries GmbH & Co. KG, Munich, Germany	100.0
Solarpark Gemini GmbH & Co. KG, Munich, Germany	100.0
Status Produce Limited, Auckland, New Zealand	100.0
Sunshine Movement GmbH, Munich, Germany	100.0
Taipa Water Supply Limited, Kerikeri, New Zealand	65.0
TechnikCenter Grimma GmbH, Mutzschen, Germany	70.0
Tecno Spot S.r.l., Bruneck, Italy	70.0
Tecnospot Construction Services Inc., Los Angeles, USA	80.0
Tecnospot Solar USA Inc., Los Angeles, USA	100.0
TESSOL Kraftstoffe, Mineralöle und Tankanlagen GmbH, Stuttgart, Germany	100.0[1]
Turners & Growers (Fiji) Limited, Suva, Republic of Fiji	70.0
Turners & Growers Fresh Limited, Auckland, New Zealand	100.0
Turners & Growers Limited, Auckland, New Zealand	73.1
Turners and Growers Horticulture Limited, Auckland, New Zealand	100.0
Umspannwerk Gürtelkopf GmbH & Co. KG, Munich, Germany	100.0
Umspannwerk Klein Bünsdorf GmbH & Co. KG, Munich, Germany	100.0
Unterstützungseinrichtung der BayWa AG in München GmbH, Munich, Germany	100.0
URL AGRAR GmbH, Vienna, Austria	100.0
WAV Wärme Austria VertriebsgmbH, Vienna, Austria	89.0
Wind am Speckberg GmbH, Munich, Germany	100.0
Wind Water Energy ood, Varna, Bulgaria	76.0
Windpark Everswinkel GmbH & Co. KG, Grünwald, Germany	100.0
Windpark Everswinkel II GmbH & Co. KG, Grünwald, Germany	100.0
Windpark GHN Grundstücksverwaltung GmbH & Co. KG, Grünwald, Germany	100.0
Windpark Kamionka GmbH, Grünwald, Germany	100.0
Windpark Namborn GmbH & Co. KG, Munich, Germany	100.0
Windpark Pongratzer Kogel GmbH, Kilb, Austria	100.0
Windpark Wegeleben GmbH & Co. KG, Munich, Germany	100.0
Windpark Wilhelmshöhe GmbH & Co. KG, Grünwald, Germany	100.0
Wingenfeld Energie GmbH, Hünfeld, Germany	100.0
WKN Amadeus, LLC, San Diego, USA	100.0

Name and principal place of business	share in capital in %
WKN Chopin, LLC, San Diego, USA	100.0
WKN Montana II, LLC, San Diego, USA	100.0
WKN Ravel, LLC, San Diego, USA	100.0
WKN USA, LLC, San Diego, USA	70.0
WKN Vivaldi, LLC, San Diego, USA	100.0
WKN Wagner, LLC, San Diego, USA	100.0
WP EWL Infrastruktur GmbH & Co. KG, Munich, Germany	100.0
WP SDF Infrastruktur GmbH & Co. KG, Grünwald, Germany	99.0

1 Profit and loss transfer agreement
2 Majority voting interest

Subsidiaries not included in the group of consolidated companies	
Abastecimiento Energético Solar S.L.U., Barcelona, Spain	100.0
Agrarproduktenhandel GmbH, Klagenfurt, Austria	100.0
AgroMed Austria GmbH, Kremsmünster, Austria	80.0
Agro-Property Kft., Kecskemét, Hungary	100.0
Agrosaat d.o.o., Ljubljana, Slovenia	100.0
Almak Energies SARL, Strasbourg, France	100.0
AMUR S.L.U., Barcelona, Spain	100.0
Aquila Energies SARL, Strasbourg, France	100.0
Aufwind BB GmbH & Co. Sechsundzwanzigste Biogas KG, Regensburg, Germany	100.0
Bautechnik Gesellschaft m.b.H., Linz, Austria	100.0
Bauzentrum Westmünsterland Verwaltungs-GmbH, Ahaus, Germany	100.0
BayWa Agrar Beteiligungs GmbH, Munich (formerly: Voss Gesellschaft mit beschränkter Haftung, Herten), Germany	100.0
BayWa Agrar Beteiligungs Nr. 2 GmbH (formerly: BayWa Assekuranz-Vermittlung GmbH), Munich, Germany	100.0
BayWa Agrar Verwaltungs GmbH, Munich (formerly: bs Baufachhandel Brands & Schnitzler Verwaltungs-GmbH, Mönchengladbach), Germany	100.0
BayWa Agri GmbH & Co. KG, Munich, Germany	100.0
BayWa CS GmbH, Munich, Germany	100.0
BayWa Dutch Agrico B.V., Amsterdam, Netherlands	100.0
BayWa Energie Dienstleistungs GmbH, Munich, Germany	100.0
BayWa Hungária Kft., Székesfehérvár, Hungary	100.0
BayWa InterOil Mineralölhandelsgesellschaft mbH, Munich, Germany	100.0
BayWa r.e. renewable energy France GmbH, Munich, Germany	100.0
BayWa r.e. Windpark Arlena GmbH, Munich, Germany	100.0
BayWa r.e. Windpark Gravina GmbH, Munich, Germany	100.0
BayWa r.e. Windpark Guasila GmbH, Munich, Germany	100.0
BayWa r.e. Windpark San Lupo GmbH, Munich, Germany	100.0
BayWa r.e. Windpark Tessenano GmbH, Munich, Germany	100.0
BayWa r.e. Windpark Tuscania GmbH, Munich, Germany	100.0
BayWa-Lager und Umschlags GmbH, Munich, Germany	100.0
Bestelmeyer GmbH & Co. KG, Dinkelsbühl, Germany	100.0
Bestelmeyer Verwaltungs-GmbH, Dinkelsbühl, Germany	100.0
Brands + Schnitzler Tiefbau-Fachhandel Verwaltungs GmbH, Mönchengladbach, Germany	100.0
Capella Energies SAS, Strasbourg, France	93.0
Celieno Energies SAS, Strasbourg, France	93.0
Cosmos Power S.L.U., Barcelona, Spain	100.0
Cubiertas Solares Palencia 1 S.L.U., Madrid, Spain	100.0
Danufert Handelsgesellschaft mbH, Vienna, Austria	60.0
Danugrain GmbH, Krems an der Donau, Austria	60.0
Donau-Tanklagergesellschaft mbH, Deggendorf, Germany	100.0
Draco Energies SARL, Strasbourg, France	100.0
DTL Donau-Tanklagergesellschaft mbH & Co. KG, Deggendorf, Germany	100.0
EFL Holdings Limited, Auckland, New Zealand	100.0

Name and principal place of business	share in capital in %
Eko-En Drozkow Sp. z o.o., Żary, Poland	60.0
Eko-En Iwonicz 2 Sp. z o.o., Rezesów, Poland	75.0
Eko-En Kozmin Sp. z o.o., Poznań, Poland	60.0
Eko-En Polanow 1 Sp. z o.o., Koszalin, Poland	75.0
Eko-En Polanow 2 Sp. z o.o., Koszalin, Poland	75.0
Eko-En Skibno Sp. z o.o., Koszalin, Poland	75.0
Eko-En Żary Sp. z o.o., Żary, Poland	60.0
Enemir Solar S.L.U., Barcelona, Spain	100.0
Energies Netes de Corral Serra S.L.U., Barcelona, Spain	100.0
Energies Netes de Sa Boleda S.L.U., Barcelona, Spain	100.0
Energies Netes de Son Parera S.L.U., Barcelona, Spain	100.0
ENZAFOODS International Limited, Auckland, New Zealand	100.0
ENZAFRUIT (Hong Kong) Limited, Hong Kong, People's Republic of China	100.0
ENZAPak Limited, Auckland, New Zealand	100.0
ENZASunrising (Holdings) Limited, Hong Kong, People's Republic of China	51.0
Eoliennes de la Benate SARL, Strasbourg, France	100.0
Ewind Sp. z o.o., Rezesów, Poland	75.0
Felis Energies SAS, Strasbourg, France	93.0
Frutesa Chile Limitada, Santiago de Chile, Chile	100.0
Frutesa, George Town, Cayman Islands	100.0
Genam Energies SAS, Strasbourg, France	93.0
GENOL Gesellschaft m.b.H., Vienna, Austria	71.0
Graninger & Mayr Gesellschaft m.b.H., Vienna, Austria	100.0
Green Answers GmbH & Co. WP Vahlbruch KG, Grünwald, Germany	100.0
GVB Grundstücksverwaltungs- und Beteiligungs GmbH & Co. KG, Munich, Germany	100.0
GVB Verwaltungsgesellschaft mbH, Munich, Germany	100.0
HERA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna, Austria	51.0
Horticultural Corporation of New Zealand Limited, Auckland, New Zealand	100.0
Immobilia plus s.r.o., Choceň, Czech Republic	100.0
Immobilienvermietung Gesellschaft m.b.H., Traun, Austria	100.0
Invercargill Markets Limited, Auckland, New Zealand	100.0
Jannis Beteiligungsgesellschaft mbH, Munich, Germany	100.0
Karl Theis GmbH, Munich, Germany	100.0
Lesia a.s., Strážnice, Czech Republic	100.0
Libra Energies SARL, Strasbourg, France	100.0
Madrid Fotovoltaica S.L.U., Barcelona, Spain	100.0
Magyar "Agrár-Ház" Kft., Székesfehérvár, Hungary	100.0
MD-Betriebs-GmbH, Munich, Germany	90.0
Menka Energies SAS, Strasbourg, France	93.0
Microclima Solar S.L.U., Barcelona, Spain	100.0
MONZINIMAN XXI S.L.U., Barcelona, Spain	100.0
Murzim Energies SARL, Strasbourg, France	100.0
NOB-Betriebs-GmbH, Munich, Germany	90.0
Nuevos Parques Eólicos La Muela A.I.E., Zaragoza, Spain	100.0
Parco Solare Citrino S.r.l., Brixen, Italy	100.0
Parco Solare Eliodoro S.r.l., Brixen, Italy	100.0
Parco Solare Rubino S.r.l., Brixen, Italy	100.0
Parco Solare Topazio S.r.l., Brixen, Italy	100.0
Parco Solare Zaffiro S.r.l., Brixen, Italy	100.0
Park Eolian Arieseni S.r.l., Sibiu, Romania	99.0
Park Eolian Limanu S.r.l., Sibiu, Romania	99.0
Park Eolian Solesti S.r.l., Sibiu, Romania	99.0
Polaris Energies SAS, Strasbourg, France	93.0
Prokyon Energies SAS, Strasbourg, France	93.0
Puerto Real FV Production S.L.U., Barcelona, Spain	100.0

Name and principal place of business	share in capital in %
Pyxis Energies SAS, Strasbourg, France	93.0
r.e Bioenergia Kft., Békéscsaba, Hungary	100.0
r.e Bioenergia Sp. z o.o., Poznań, Poland	95.0
r.e Bioenergie Betriebs GmbH & Co. Dreiundzwanzigste Biogas KG, Regensburg, Germany	100.0
r.e Bioenergie Betriebs GmbH & Co. Elfte Biogas KG, Regensburg, Germany	100.0
r.e Bioenergie Betriebs GmbH & Co. Siebenundzwanzigste Biogas KG, Regensburg, Germany	100.0
r.e Bioenergie Betriebs GmbH & Co. Vierundzwanzigste Biogas KG, Regensburg, Germany	100.0
r.e Bioenergie Betriebs GmbH & Co. Zehnte Biogas KG, Regensburg, Germany	100.0
r.e Bioenergie Betriebs GmbH & Co. Zwölfte Biogas KG, Regensburg, Germany	100.0
r.e Bioenergie Betriebs GmbH, Regensburg, Germany	100.0
Raiffeisen Trgovina d.o.o., Lenart, Slovenia	100.0
Remosol Energías Renovables S.L.U., Barcelona, Spain	100.0
RENERCO Sud-Est S.R.L., Bucharest, Romania	100.0
Renovaplus Energías Renovables S.L.U., Barcelona, Spain	100.0
Renovar Energía S.L.U., Barcelona, Spain	100.0
RI-Solution Data GmbH, Vienna, Austria	100.0
RI-Solution Service GmbH, Auerbach, Germany	100.0[1]
RUG Raiffeisen Umweltgesellschaft m.b.H., Korneuburg, Austria	75.0
RWA RAIFFEISEN AGRO d.o.o., Zagreb, Croatia	100.0
Saatzucht Gleisdorf Gesellschaft m.b.H., Gleisdorf, Austria	66.7
Safer Food Technologies Limited, Auckland, New Zealand	100.0
Saint Solis Energies SAS, Strasbourg, France	93.0
Schradenbiogas Betriebsgesellschaft mbH, Gröden, Germany	100.0
Solarpark Apus GmbH & Co. KG, Munich, Germany	100.0
Solarpark Cetus GmbH & Co. KG, Munich, Germany	100.0
Solarpark Libra GmbH & Co. KG, Munich, Germany	100.0
Solarpark Lupus GmbH & Co. KG, Grünwald, Germany	100.0
Solarpark Pavo GmbH & Co. KG, Munich, Germany	100.0
Solarpark Tucana GmbH & Co. KG, Munich, Germany	100.0
Solrenovable Fotov. S.L.U., Barcelona, Spain	100.0
Spica Energies SAS, Strasbourg, France	93.0
Süd-Treber Gesellschaft mit beschränkter Haftung, Stuttgart, Germany	100.0[1]
Sunshine Bay GmbH & Co. KG, Munich, Germany	100.0
Sunshine Latin GmbH & Co. KG, Munich, Germany	100.0
Sunshine Soul GmbH, Munich, Germany	100.0
Sunshine South GmbH & Co. KG, Munich, Germany	100.0
Syrma Energies SAS, Strasbourg, France	93.0
Talita Energies SAS, Strasbourg, France	93.0
Tierceline Energies SARL, Strasbourg, France	100.0
Ventus Vorpommern GmbH & Co. Windpark 1 KG, Munich, Germany	100.0
WHG Liegenschaftsverwaltung GmbH, Klagenfurt, Austria	100.0
Wind Park Kotla Sp. z o.o., Warsaw, Poland	100.0
Wind Park Lipnica Sp. z o.o., Nowy Targ, Poland	100.0
Windenergy Kotel ood, Varna, Bulgaria	90.0
Windenergy Svedez ood, Varna, Bulgaria	90.0
Windpark Cashagen GmbH & Co. KG, Grünwald, Germany	100.0
Windpark Dissau GmbH & Co. KG, Grünwald, Germany	100.0
Windpark GHN GmbH & Co. KG, Grünwald, Germany	100.0
Windpark Parstein GmbH & Co. KG, Grünwald, Germany	100.0
Windpark Pronstorf GmbH & Co. KG, Grünwald, Germany	100.0
Windpark SBG V GmbH & Co. KG, Grünwald, Germany	100.0
Windpark Selmsdorf III GmbH & Co. KG, Grünwald, Germany	100.0
Windpark Selmsdorf IV GmbH & Co. KG, Grünwald, Germany	100.0
Windpark Unzenberg GmbH & Co. KG, Grünwald, Germany	100.0
ZAX Products S.L.U., Barcelona, Spain	100.0

Name and principal place of business	share in capital in %
ZIGZAG Inversiones S.L.U., Barcelona, Spain	100.0

Associated companies included under the equity method	
AHG Autohandelsgesellschaft mbH, Horb am Neckar, Germany	49.0
Allen Blair Properties Limited, Wellington, New Zealand	33.0
Aufwind BB GmbH & Co. Zwanzigste Biogas KG, Regensburg, Germany	49.0
Aufwind Schmack Első Biogáz Szolgáltató Kft., Szarvas, Hungary	48.3
AUSTRIA JUICE GmbH, Kröllendorf, Austria	50.0
BayWa Bau- & Gartenmärkte GmbH & Co. KG, Dortmund (formerly: Munich), Germany	50.0
BayWa Grundbesitz GmbH & Co. KG, Munich, Germany	99.0[3]
CRE Project S.r.l., Matera, Italy	49.0
David Oppenheimer & Company I, LLC, Seattle, USA	15.0
David Oppenheimer Transport Inc., Wilmington, USA	15.0
Delica Pty Ltd, Pakenham, Australia	50.0
Deutsche Raiffeisen-Warenzentrale GmbH, Frankfurt am Main, Germany	37.8
EAV Energietechnische Anlagen Verwaltungs-GmbH, Staßfurt, Germany	49.0
EEV Beteiligungs GmbH, Grünwald, Germany	49.0
Fresh Vegetable Packers Limited, Christchurch, New Zealand	41.0
Frisch & Frost Nahrungsmittel-Gesellschaft m.b.H., Hollabrunn, Austria	25.0
Fruitmark NV/SA, Sint-Truiden, Belgium	50.0
Heizkraftwerk Cottbus Verwaltungs GmbH, Cottbus, Germany	33.3
Heizkraftwerke-Pool Verwaltungs-GmbH, Munich, Germany	33.3
McKay Shipping Limited, Auckland, New Zealand	25.0
Mystery Creek Asparagus Limited, Hamilton, New Zealand	14.0
Premier Fruit New Zealand Limited, Auckland, New Zealand	50.0
Raiffeisen Beteiligungs GmbH, Frankfurt am Main, Germany	47.4
Süddeutsche Geothermie-Projekte GmbH & Co. KG, Munich, Germany	50.0
Süddeutsche Geothermie-Projekte Verwaltungsgesellschaft mbH, Munich, Germany	50.0
Wawata General Partner Limited, Nelson, New Zealand	50.0
Worldwide Fruit Limited, Spalding, UK	50.0

3 Share in voting rights 50%

Associated companies of secondary importance not included under the equity method	
BayWa BGM Verwaltungs GmbH, Dortmund (formerly: Munich), Germany	50.0
BLE Bau- und Land-Entwicklungsgesellschaft Bayern GmbH, Munich, Germany	25.0
BRVG Bayerische Raiffeisen- und Volksbanken Verlag GmbH, Munich, Germany	25.0
Chemag Agrarchemikalien GmbH, Frankfurt am Main, Germany	30.0
Enairgý Veterná energia s.r.o., Bratislava, Slovakia	30.0
Horticultural Access Solutions Pty Ltd, Cairns, Australia	47.0
H-Ppack CVBA, Sint-Truiden, Belgium	50.0
InterSaatzucht GmbH & Co. KG, Munich, Germany	48.0
Intersaatzucht Verwaltungs GmbH, Munich, Germany	48.0
Kärntner Saatbaugenossenschaft reg.Gen.m.b.H., Klagenfurt, Austria	33.3
Kartoffel-Centrum Bayern GmbH, Rain am Lech, Germany	50.0
Lagerhaus Technik-Center GmbH & Co. KG, Korneuburg, Austria	32.1
Lagerhaus Technik-Center GmbH, Korneuburg, Austria	34.1
Land24 Gesellschaft mit beschränkter Haftung, Frankfurt am Main, Germany	28.3
LLT Lannacher Lager- und Transport Ges. m.b.H., Korneuburg, Austria	50.0
Obst vom Bodensee Vertriebsgesellschaft mbH, Oberteuringen, Germany	50.0
raiffeisen.com GmbH & Co. KG, Frankfurt am Main, Germany	34.2
Raiffeisen-BayWa-Waren GmbH Lobsing-Siegenburg-Abensberg-Rohr, Lobsing, Germany	22.8

Name and principal place of business	share in capital in %
Raiffeisen-Landhandel GmbH, Emskirchen, Germany	23.4
Rock Power Caceres S.L., Barcelona, Spanien	50.0
Rock Power S.L., Barcelona, Spain	50.0
Solarinitiative München GmbH & Co. KG, Munich, Germany	41.4
Solarinitiative München Verwaltungsgesellschaft mbH, Munich, Germany	47.5
VR erneuerbare Energien eG Kitzingen, Kitzingen, Germany	33.3
VR-LEASING DIVO GmbH & Co. Immobilien KG, Eschborn, Germany	47.0[4]
VR-LEASING LYRA GmbH & Co. Immobilien KG, Eschborn, Germany	47.0[4]
Wind Park Belzyce Sp. z o.o., Warsaw, Poland	50.0

4 Share in voting rights 24%

Participations in large corporations	
Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, Germany	7.4
Equity in € thousand: 192,882	
Annual net income/loss in € thousand: 18,834	
Deutsche AVIA Mineralöl-Gesellschaft mbH, Munich, Germany	10.5
Equity in € thousand: 7,613	
Annual net income/loss in € thousand: 425	
Südstärke GmbH, Schrobenhausen, Germany	6.5
Equity in € thousand: 121,519	
Annual net income/loss in € thousand: 4,344	
VK Mühlen AG, Hamburg, Germany	10.0
Equity in € thousand : 51,745	
Annual net income/loss in € thousand: 292	

Independent Auditors' Report

We have audited the consolidated financial statements prepared by the BayWa Aktiengesellschaft, Munich, – comprising the balance sheet, the income statement and statement of comprehensive income, the cash flow statement, the statement of changes in equity and the notes to the consolidated financial statements – and the group management report for the business year from 1 January to 31 December 2012. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted by the European Union (EU), and the additional requirements of German commercial law pursuant to Section 315a para. 1 German Commercial Code (HGB) and supplementary provisions of the articles of incorporation are the responsibility of the parent Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 German Commercial Code and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of the BayWa Aktiengesellschaft, Munich, comply with IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315a para. 1 German Commercial Code and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development.

Munich, 11 March 2013

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Steppan)	(Götz)
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Report of the Supervisory Board

BayWa AG can look back on another extremely successful financial year. Further growth was seen both in terms of sales and in terms of performance. The internationalisation strategy continued in earnest, including both the initial inclusion of Turners & Growers Limited (Ltd) in the consolidated balance sheet as well as efforts in the renewable energies business. The decision to acquire shares in Cefetra B.V. and a majority stake in Bohnhorst Agrarhandel GmbH represents a substantial milestone in the core Agriculture Segment's international growth strategy and has reinforced BayWa AG's position as one of Europe's major agricultural trading companies.

The Supervisory Board of BayWa AG has fulfilled the responsibility entrusted to it under the law and the Articles of Association. It regularly advised the Board of Management, agreed the strategy with the Board of Management and supervised the latter in its management of the company. The common goal of the Board of Management and Supervisory Board is to raise the value of the company on a sustainable basis. The Board of Management always kept the Supervisory Board informed in a timely and comprehensive way. The Supervisory Board was directly involved in all decisions of fundamental importance for the company. The measures requiring its approval were reviewed, and the respective resolutions passed both in meetings and in writing by way of a circulation procedure. Between the meetings, the Board of Management reported both in writing and in person on events of particular importance. The Supervisory Board made its decisions after thorough deliberation and consultation on the reports and the resolutions put forward by the Board of Management.

The Chairman of the Supervisory Board was kept informed about important decisions by the Board of Management on an ongoing basis and remained in close contact with the Chairman of the Board of Management. He was informed through regular detailed reports on the current business situation. The cooperation within the Supervisory Board and with the Board of Management was constructive and founded on the basis of trust in financial year 2012 as well.

Key points of consultation of the meetings of the Supervisory Board

Matters of consultation at the four regular meetings of the Supervisory Board in financial year 2012 included the business and financial development of the company, the performance of the individual business units, financial and investment planning, personnel-related decisions, the risk situation and questions of compliance, as well as the strategic development of the company. In particular, the Supervisory Board deliberated on the participations entered into by BayWa AG during the period under review. Moreover, the Supervisory Board addressed issues pertaining to accounting and the audit of the annual financial statements of the company, as well as BayWa AG's risk management and its risk status on an ongoing basis. The Board of Management reported regularly and extensively on these issues as well as on the Group's current situation.

In its meeting on 28 March 2012, the Supervisory Board dealt mainly with the annual financial statements and the management report on BayWa AG and on the Group as at 31 December 2011 as well as on the report of the audits performed. The meeting also discussed the agenda of the Annual General Meeting of Shareholders on 30 May 2012. In addition, strategic issues and structural considerations within the BayWa Group were also discussed. In this meeting, the Supervisory Board consulted on variable salary components as part of the remuneration for Board of Management members for financial year 2011 and decided on the respective targets for the variable salary components for financial year 2012. The Supervisory Board also approved the appointment of two new members to the Cooperative Council. The Supervisory Board Chairman informed the Council that the efficiency audit had confirmed the work of the Supervisory Board and its efficiency.

In its meeting on 9 May 2012, the Supervisory Board dealt with the consolidated financial statements for the first quarter and the development of RWA Raiffeisen Ware Austria AG.

In its meeting on 1 August 2012, the Supervisory Board dealt mainly with the half-yearly financial statements 2012. Further items on the agenda at the meeting were the continued appointment of Klaus Josef Lutz as Chairman of the Board of Management and member of the Board of Management and the renewal of his contract as well as a general technical adjustment to the Board of Management's variable remuneration system. Due to the departure of Georg Fischer from the Supervisory Board, Jürgen Hahnemann was appointed as a new member of the Lending and Investment Committee. The Board of Management also informed the Supervisory Board about the latest M&A activities, particularly those in the Agriculture Segment, as well as strategic issues and planned real estate projects. The Supervisory Board also approved the appointment of three new members to the Cooperative Council. Lastly, the Supervisory Board dealt with the resolution concerning the approval of the terms and conditions for the issuing of employee shares in 2012 within the scope of the 2010 authorised capital.

In its extraordinary meeting on 27 September 2012, the Supervisory Board addressed the acquisition of shares in Cefetra B.V. and in Bohnhorst Agrarhandel GmbH. In this meeting, the fundamental motivation behind each project was discussed along with the advantages of internationalisation and the enhanced market access these transactions would bring about. Furthermore, discussions also centred on the concentration of agricultural markets resulting from both domestic and international acquisitions and current developments on the international market as a result of the scarcity of agricultural commodities. The Supervisory Board was informed in detail about the strategic rationale, core business areas, earnings position, business development, appraisal results and potential future corporate governance structure of Cefetra B.V. The Supervisory Board approved the acquisition of 100% of the shares in this company at a cost of approximately €126 million. The acquisition of Bohnhorst Agrarhandel GmbH was also preceded by a presentation of the company's strategic rationale, location portfolio, assets and earnings positions, appraisal results and its potential future corporate governance structure. The Supervisory Board approved the acquisition of 60% of shares in Bohnhorst Agrarhandel GmbH at a cost of approximately €36 million. The Board of Management subsequently illustrated the potential consequences of acquiring Cefetra B.V. and Bohnhorst Agrarhandel GmbH and of the planned sale of real estate for the BayWa consolidated balance sheet. The meeting also addressed the Supervisory Board resolution concerning the utilisation of 2010 authorised capital for the issuing of employee shares and the resulting changes to the Articles of Association.

The third-quarter financial statements were presented in the meeting on 7 November 2012, and the development of business discussed in detail by the Supervisory Board together with the Board of Management. The Board of Management reported extensively on the development of business in the individual business units. Furthermore, the Supervisory Board was informed about the latest strategic projects in the BayWa Group. The Supervisory Board was informed in detail about the initial situation, various courses of action and selection of investors and project partners for the "BayWa Hochaus" project and the planned transaction structure. The Supervisory Board approved the sale of the BayWa building, Arabellastrasse 4, Munich. Furthermore, the Supervisory Board was also updated regarding progress in the sale of a property portfolio consisting of 92 properties. The Supervisory Board acknowledged and approved the planned sale of the property portfolio. The meeting also addressed the continued appointment of Andreas Helber as CFO and the renewal of his employment contract. In addition, the Supervisory Board consulted on the results of previous meetings held by the Audit Committee, the Lending and Investment Committee, the Nomination Committee, the Strategy Committee, and the Board of Management Committee. The Supervisory Board also passed resolutions on the annual Declaration of Conformity to the German Corporate Governance Code. The Supervisory Board subsequently approved the renewal of the term of office of five members of the Cooperative Council as well as the appointment of three new members to the Cooperative Council. In a subsequent circular resolution in the second half of November 2012, a decision was made on the continued employment of Andreas Helber as a member of the Board of Management and the renewal of his employment contract.

In the meeting convened to review the Group's accounts on 20 March 2013, the Supervisory Board dealt mainly with the annual financial statements and the management report on BayWa AG and on the Group as per 31 December 2012 as well as on the report of the audits performed. The meeting also concentrated on the agenda of the Annual General Meeting of Shareholders to be held on 4 June 2013.

Committees of the Supervisory Board

The Supervisory Board has set up a total of six committees to enhance the efficiency of its work. These committees prepare resolutions for the Supervisory Board and issues for discussion by the entire Supervisory Board. In as much as permissible under the law, decision-making powers of the Supervisory Board were delegated to the committees on a case-by-case basis. With the exception of the Audit Committee, the office of Chairman in respect of all committees is held by the Chairman of the Supervisory Board. The Supervisory Board was kept informed in its meetings about the work of the committees and their resolutions by the respective chairmen.

Supervisory Board Chairman Manfred Nüssel and the Supervisory Board members Erna Kurzwarth, Albrecht Merz, Gunnar Metz and Gregor Scheller belong to the Audit Committee. The Chairman of the Audit Committee is Albrecht Merz. BayWa AG has therefore adopted the recommendation of the German Corporate Governance Code, which proposes that the Chairman of the Supervisory Board should not hold the office of Chairman of the Audit Committee. The Audit Committee held two meetings in the financial year. In the presence of the independent auditor, the Chairman of the Board of Management and the Chief Financial Officer, the committee discussed the separate financial statements of BayWa AG and the consolidated financial statements for financial year 2011, the report of management on the company and the Group as well as the audit reports in its meeting on 27 March 2012. Moreover, the statement declaring the independence of the independent auditor pursuant to Code Item 7.2.1 of the German Corporate Governance Code was obtained. Resolutions on recommendations were drawn up for the Supervisory Board to approve the separate financial statements and the consolidated financial statements and to propose Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Munich, to the Annual General Meeting of Shareholders on 30 May 2012 as the independent auditor for financial year 2012.

The meeting on 6 November 2012 dealt with the assignment of audit mandates and establishing the key audit areas in respect of the 2012 annual financial statements and the audit fees.

In its meeting on 19 March 2013, the Audit Committee also consulted on the choice of the independent auditor for financial year 2013 and recommended to the entire Supervisory Board that a proposal be put to the Annual General Meeting of Shareholders on 4 June 2013 in favour of appointing Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Munich.

Supervisory Board Chairman Manfred Nüssel and Supervisory Board members Ernst Kauer and Gregor Scheller belong to the Board of Management Committee. The Board of Management Committee held three meetings in the reporting year. The Board of Management Committee concerned itself in particular with the recommendations for the Supervisory Board on the variable and fixed components of Board of Management member remuneration and on the renewal of the employment contract of the Chairman of the Board of Management Klaus Josef Lutz and Board of Management member Andreas Helber, as well as on their continued employment as Chairman of the Board of Management and Board of Management member respectively.

Supervisory Board Chairman Manfred Nüssel as well as Supervisory Board members Dr. E. Hartmut Gindele, Prof. Dr. h. c. Stephan Götzl, Dr. Johann Lang, Gunnar Metz, Ernst Kauer and Bernhard Winter belong to the Strategy Committee. The Strategy Committee met twice in the financial year and concentrated mainly on the detailed preparation of Supervisory Board meetings. In addition, it discussed the company's strategy as well as current projects in the company and investment projects.

Supervisory Board Chairman Manfred Nüssel and the Supervisory Board members Ernst Kauer, Otto Kentzler, Dr. Johann Lang, Gregor Scheller, Georg Fischer (until 31 March 2012), Jürgen Hahnemann (since 1 August 2012) and Werner Waschbichler belong to the Lending and Investment Committee. The Lending and Investment Committee held two meetings in the financial year. The committee monitors investment activities and reviews lending activities and credit exposures in line with the authorisations it has been granted. Beyond this, the committee dealt with the settlement of the 2011 investment budget, the investment budgets for 2012 and 2013 and property projects.

Supervisory Board Chairman Manfred Nüssel, Prof. Dr. h. c. Stephan Götzl and Dr. Johann Lang belong to the Nomination Committee. The committee is tasked with preparing the proposals for shareholder representatives on the Supervisory Board for election by the Annual General Meeting of Shareholders. The Nomination Committee held two meetings in the reporting year in the run-up to the Supervisory Board elections on 6 November 2012 and on 19 March 2013.

Supervisory Board Chairman Manfred Nüssel and the Supervisory Board members Ernst Kauer, Otto Kentzler and Bernhard Winter belong to the Mediation Committee, set up pursuant to Section 27 para. 3 of the German Codetermination Act (MitbestG). The committee was not convened in financial year 2012.

Corporate Governance

In an awareness of the important contribution made by Corporate Governance to the transparent and responsible management of the company, the Supervisory Board regularly deliberates on related matters. More information on Corporate Governance can be found in the Declaration on Corporate Governance. Details concerning the amount and structure of remuneration received by the Supervisory Board and the Board of Management can be found in the report of management on the Group.

With very few exceptions, the Board of Management and the Supervisory Board adopted the recommendations of the German Corporate Governance Code in the version dated 15 May 2012 in its meeting on 7 November 2012. The Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act is included in the Declaration of Conformity pursuant to Section 289a of the German Commercial Code. It has also been posted on the company's website at www.baywa.com under the Investor Relations heading.

All members of the Supervisory Board participated in at least half of the Supervisory Board meetings held in the financial year.

Members of the Board of Management and of the Supervisory Board report any conflict of interest without delay to the Supervisory Board. In financial year 2012, there were no conflicts of interest in respect of members of the Board of Management or members of the Supervisory Board.

Audit of the separate financial statements and the consolidated financial statements

The separate financial statements of BayWa AG and the consolidated financial statements of the Group for financial year 2012, as well as the management report on BayWa AG and on the Group, have been audited by Munich-based Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, and were both approved without qualification.

The Supervisory Board carefully examined the financial statements of BayWa AG, drawn up by the Board of Management in accordance with the German Commercial Code, and the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) and the additionally applicable standards set out under Section 315a of the German Commercial Code, as well as the management report on BayWa AG and on the Group for financial year 2012 in its meeting on 20 March 2013 and discussed them in detail in the presence of the external auditor and the Board of Management. The key points of the 2012 audits as defined by the Audit Committee were also discussed extensively. All audit reports and documentation pertaining to the financial statements were made available to all Supervisory Board members in good time. The Supervisory Board concurred with the findings of the financial statements audit in its meeting on 20 March 2013. The audit reports and the documentation on the financial statements were the subject of in-depth deliberation at a prior date by the Audit Committee in its meeting on 19 March 2013. The Audit Committee discussed the separate financial statements and the consolidated financial statements, the management report on the company and the Group, the audit reports, as well as the proposal for the distribution of profit in the presence of the external auditor in its meeting on 19 March 2013. In accordance with the conclusive findings of the Supervisory Board, no objections were raised against the financial statements. The Supervisory Board therefore ratified the separate financial statements of BayWa AG and the consolidated financial statements of the BayWa Group on 20 March 2013, which are hereby adopted.

The proposal of the Board of Management on the appropriation of profit available for distribution through paying a dividend of €0.65 per share has been reviewed and approved by the Supervisory Board.

During the Supervisory Board meeting on 20 March 2013, the external auditor also reported that there were no substantial weaknesses in the internal control system and the risk management system in respect of the accounting process. The Board of Management has thus taken all the appropriate measures to fulfil its obligations in this regard.

Changes to the Supervisory Board and to the Board of Management

Georg Fischer left the Supervisory Board as per 31 March 2012. Jürgen Hahnemann was appointed to the Supervisory Board in Georg Fischer's place as per 1 April 2012. The Supervisory Board would like to thank Georg Fischer for his dedication and commitment to this committee.

Klaus Buchleitner left the Board of Management as per 15 May 2012 to take a leading position at the Austrian financial institution Raiffeisen. He had been a member of the Board of Management since 2003 and Chairman of the Board of Management at RWA Raiffeisen Ware Austria AG. The Supervisory Board thanks Klaus Buchleitner for his years of commitment and successful work.

The term of office and employment contract of Chairman of the Board of Management Klaus Josef Lutz were renewed until July 2017. The term of office and employment contract of Board of Management member Andreas Helber were renewed until November 2017.

The Supervisory Board thanks the members of the Board of Management, the employees as well as the employee representatives of BayWa AG and all Group companies for their work. Their dedicated commitment has once again contributed to BayWa AG's success in financial year 2012.

Munich, 20 March 2013
On behalf of the Supervisory Board

Manfred Nüssel
Chairman

Corporate Governance Report / Statement on Corporate Governance Pursuant to Section 289a of the German Commercial Code (HGB)

The Board of Management and the Supervisory Board of BayWa AG report on the management and supervision of the company in this declaration, drawn up pursuant to Section 289a of the German Commercial Code and Code Item 3.10 of the German Corporate Governance Code. The Declaration of Conformity has been made permanently available on the company's website under the Investor Relations heading.

The Board of Management and the Supervisory Board of BayWa AG are committed to good corporate governance. It is the conviction of the Board of Management and the Supervisory Board that responsible management of the company, geared to the long term, in accordance with good transparent corporate governance, contributes to sustainably raising the company's value and fostering the trust of investors, financial markets, customers, employees and the public at large.

1. Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG)

The Board of Management and Supervisory Board of BayWa AG submitted the most-recent Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act on 9 November 2011. The Board of Management and the Supervisory Board of BayWa AG declare that the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated 15 May 2012 (published in the German Federal Gazette on 15 June 2012; hereinafter referred to as the "GCGC") have been and will be complied with, with the exception of the following:

Deductible under the D&O insurance for members of the Supervisory Board – Code Item 3.8 para. 3 GCGC
In Code Item 3.8 para. 3, the GCGC recommends a deductible to be provided for when a Directors & Officers (D&O) insurance policy is taken out for members of the Supervisory Board. BayWa AG has concluded a D&O insurance policy on behalf of the members of the Supervisory Board that does not provide for a deductible in respect of its members. BayWa AG is not of the opinion that the motivation and the responsibility with which the members of the Supervisory Board discharge of their duties would be improved by having a deductible in the D&O insurance policy.

Severance payment cap – Code Item 4.2.3 para. 4 GCGC
In Code Item 4.2.3 para. 4, the GCGC recommends that, when Management Board employment contracts are concluded, care should be taken to ensure that, in the event of premature termination of a Board member's activities without serious cause, payments made to the Board member, including supplementary benefits, do not exceed the value of two years' compensation (severance cap) and compensate no more than the remaining term of the employment contract. The employment contracts of members of the Board of Management of BayWa AG do not include such a provision. The amount of any possible severance payment is part of an agreement to be signed upon termination of Board member activities and therefore depends on reaching an agreement with the respective member of the Board of Management. Even if such a contractual provision were to be included, a member of the Board of Management could nonetheless insist upon having the full scope of claims arising from the employment contract paid out and otherwise refuse to give their consent to the termination of their Board member contract. Moreover, BayWa AG is convinced that having such a clause is unnecessary as, even without it, the Supervisory Board will take sufficient account of the interests of the company in negotiations with the member leaving the Board of Management and not grant an excessive severance payment.

Tasks of the Audit Committee – Code Item 5.3.2 GCGC

Pursuant to Code Item 5.3.2 GCGC, the Supervisory Board should also concentrate on compliance if no other committee is responsible for it. At the current time, compliance issues are not allocated to any particular committee by derogation of Code Item 5.3.2 GCGC. In fact, the Supervisory Board is directly responsible for this area. Due to the high value it places on compliance, BayWa AG is of the opinion that all Supervisory Board members should be included in the response to compliance issues. On account of the new version of the GCGC, BayWa AG is also considering transferring compliance issues to a separate committee. However, due to the forthcoming elections to the Supervisory Board due to be held during the Annual General Meeting of Shareholders in 2013 and the associated changes to the Supervisory Board, compliance issues should only be transferred to a separate committee once the election of new Supervisory Board members in 2013 has been completed.

No fixed age limit for the Board of Management and the Supervisory Board – Code Item 5.1.2 para. 2 sentence 3 and Code Item 5.4.1 para. 2 sentence 1 GCGC

In the current versions of the bylaws applicable to the Board of Management and the Supervisory Board of BayWa AG, and contrary to the recommendations in Code Item 5.1.2 para. 2 sentence 3 on the one hand and in Code Item 5.4.1 para. 2 sentence 1 GCGC on the other, there are no restrictions on age for membership in the Board of Management and the Supervisory Board. BayWa AG reviews the ability to perform and the competence of the members of its executive and supervisory bodies on an ongoing basis. Age alone is not indicative of the ability of a current or potential member of such a body to perform their duties. For this reason, BayWa AG does not consider fixed age limits, which also restrict flexibility in respect of personnel decisions and the number of potential candidates, expedient.

Specification of concrete objectives for the composition of the Supervisory Board – Code Item 5.4.1 para. 2 and para. 3 GCGC

In Code Item 5.4.1 para. 2 and para. 3, the GCGC recommends specifying concrete objectives for the composition of the Supervisory Board. In the specification of concrete objectives, the international activities of the company, potential conflicts of interest, an age limit to be specified for the members of the Supervisory Board and diversity are to be considered in consideration of the situation specific to the company. These concrete objectives shall, in particular, stipulate an appropriate degree of female representation. The new version of the GCGC dated 15 May 2012 also recommends that the number of independent Supervisory Board members be taken into consideration. Proposals by the Supervisory Board to the Annual General Meeting of Shareholders shall take these objectives into account. BayWa AG has not established concrete objectives and quotas in this sense. BayWa AG believes that potential Supervisory Board members' qualifications are the primary criteria for the assumption of a Supervisory Board mandate and therefore also for the composition of the Supervisory Board. In terms of the proposals for the composition of the Supervisory Board, BayWa AG supports and takes into consideration the criteria detailed in Code Item 5.4.1 para. 2 and para. 3 GCGC but does not consider concrete objectives or quotas to be expedient.

Information on the structure of performance-related remuneration for Supervisory Board members – Code Item 5.4.6 para. 2 sentence 2 GCGC

The new version of Code Item 5.4.6 para. 2 sentence 2 GCGC dated 15 May 2012 stipulates that performance-related remuneration issued to Supervisory Board members is to be oriented toward the long-term success of the company and be evaluated over a period of several years. Alongside fixed annual pay, members of the BayWa AG Supervisory Board can also be paid variable performance-related remuneration. As this is defined on the basis of the cash dividends for the respective financial year approved by the Annual General Meeting of Shareholders, this is a discrepancy between this system and the requirement to orient performance-related remuneration toward long-term success. BayWa AG continues to believe that alignment with cash dividends in the respective financial year is expedient. In the view of BayWa AG, this orientation ensures the harmony of the interests of the Supervisory Board and those of the shareholders.

Information on the disclosure of compensation received by members of the Supervisory Board – Code Item 5.4.6 para. 3 GCGC

Contrary to the recommendation under Code Item 5.4.6 para. 3 GCGC, the remuneration of Supervisory Board members (including remuneration or benefits paid by the company to members of the Supervisory Board for services personally rendered, in particular the rendering of advisory and agency services) is not itemised. Instead, it is divided up into fixed and performance-related components and disclosed annually in the Notes or Management Report. The information included in the Notes or Management Report shows the structure and the amount of compensation received by the Supervisory Board. BayWa AG considers this information to be sufficient to satisfy the interest in such information of the capital market and its shareholders.

Munich, 7 November 2012
BayWa Aktiengesellschaft
The Board of Management The Supervisory Board

2. Management and control structure of the company

The Board of Management and the Supervisory Board

As a company with its principal place of business in Munich, Germany, BayWa AG is subject to the provisions laid down under German law. The executive and supervisory bodies consisting of the Board of Management and the Supervisory Board form the dual-tier management and control structure in accordance with the provisions under German stock corporation law. The Board of Management and the Supervisory Board work closely together in the interest of the company. Their joint goal is to ensure the company's continued existence and sustained value.

Board of Management's duties and practices

The Board of Management, which is currently composed of four members, is independently responsible for running the company, developing the corporate strategy, agreeing the strategy with the Supervisory Board and ensuring that it is implemented. It is responsible for the company's annual and multi-year planning as well as for the preparation of the interim reports and the annual and consolidated financial statements. The Board of Management ensures that legal provisions, official rules and regulations as well as the company's internal guidelines are observed, and it works towards the Group's compliance with them. The Board of Management reports to the Supervisory Board regularly, promptly and comprehensively on all relevant issues pertaining to planning, the development of business, the earnings, financial position and assets, the risk situation, risk management and compliance. The Supervisory Board is directly involved in all decisions of fundamental importance for the company. Furthermore, such decisions are subject to approval by the Supervisory Board. The Board of Management ensures that there is open and transparent communication within the company.

The Board of Management manages the company's business under its own responsibility. The principle of joint responsibility applies, meaning that the members of the Board of Management jointly bear the responsibility for the managing of the company. Each Board member is assigned certain tasks to be specifically handled under the allocation of duties plan (Geschäftsverteilungsplan). Certain decisions, especially those requiring the Supervisory Board's approval or for which the Board of Management is responsible under the law or the Articles of Association, are reserved for the entire Board of Management under the bylaws. Moreover, a resolution must also be obtained from the entire Board of Management in respect of matters which have been submitted to the Board of Management by the Chairman or by a Board member.

Meetings of the Board of Management take place at least once a month. They are convened by the Chairman of the Board of Management. The chairman also sets the agenda and chairs the meetings. The Board of Management is quorate if all members have been invited and at least half of the Board members, including the Chairman, take part in deciding a resolution. The resolutions of the Board of Management are valid through a simple majority of votes cast. In the event of a tie vote, the Chairman shall have the casting vote. Upon instruction by the Chairman, resolutions can also be passed outside of meetings by way of votes cast in writing or by telephone.

The Supervisory Board's duties and practices

The Supervisory Board of BayWa AG appoints the members of the Board of Management and advises and supervises the Board of Management in its management of the company. The Supervisory Board is made up of 16 members. In accordance with the German Codetermination Act (Mitbestimmungsgesetz – MitBestG), it is composed in equal parts of representatives of the shareholders and of the employees. The Supervisory Board is composed of a sufficient number of independent members. Members are deemed independent if they have no business or personal ties to the company or to the Board of Management that could constitute a conflict of interest. Board member Albrecht Merz was – and still is – on the management board of a company that has business ties to BayWa AG. However, business with this company was always conducted under the same conditions as those with other parties (at arm's length). The independence of the respective Supervisory Board member was, and is, therefore not affected by these transactions. No former members of BayWa AG's Board of Management belong to the Supervisory Board. The following changes to the Supervisory Board took place in the reporting year: Georg Fischer left the Supervisory Board effective as of 31 March 2012. Jürgen Hahnemann became a member of the Supervisory Board on 1 April 2012.

A set of bylaws regulates the tasks of the Supervisory Board; in particular, the internal organisation, the activities of the committees and the regulations governing approval by the Supervisory Board for decisions of the Board of Management. Meetings of the Supervisory Board take place at least once every quarter and, in addition, whenever necessary for business reasons. Meetings are convened by the Chairman or, if he is detained, by the Vice Chairman.

The Supervisory Board must also be convened if one of its members or the Board of Management requests it, stating the reasons. The Supervisory Board only has a quorum if eight members – including the Chairman – or twelve members take part in the meeting and in deciding on the resolution. Resolutions of the Supervisory Board or one of its committees passed in writing, by telegraph, telephone, electronic media or telefax are only permitted if the Chairman of the Supervisory Board or, if he is detained, the Vice Chairman has given the requisite instruction. Decisions generally require a simple majority. In the event of a tie vote, the Chairman of the Supervisory Board has a dual voting right in the second round if votes are cast equally again.

The Supervisory Board meets without members of the Board of Management to the extent that this is necessary for independent discussion and decision. There is a standardised procedure for regularly reviewing the efficiency of the Supervisory Board's work. BayWa AG has taken out D&O insurance for the members of the Board of Management and the Supervisory Board that covers the personal liability risk in the event that financial damages are asserted against board members in the exercising of their duties. There is currently no deductible for members of the Supervisory Board (cf. reasons cited in the Declaration of Conformity above). In accordance with the provisions of the German Act on the Appropriateness of Executive Remuneration, BayWa AG has provided for a reasonable deductible on the D&O insurance taken out for members of the Board of Management.

Committees of the Supervisory Board

BayWa AG's Supervisory Board has set up six committees of experts to enhance the efficiency of its work. The respective committee chairmen report regularly to the Supervisory Board on their committee's work. For full details of the composition of each individual committee, please see the Report of the Supervisory Board.

The Audit Committee concentrates mainly on the documentation of the independent auditor in respect of auditing the annual and consolidated financial statements and prepares them for adoption by the Supervisory Board. The committee also supervises the accounting process, the annual audit and the effectiveness of the internal control, risk management and audit system. It checks the auditor's independence and agrees on the key points of the audit and on the fees with the auditor. On 30 May 2012, the Annual General Meeting of Shareholders nominated Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Munich, as the auditor for financial year 2012. The Supervisory Board ensures that the committee members can act independently and that they are familiar with and experienced in applying special know-how associated with the application of accounting rules and the internal controlling procedures. The Audit Committee is made up of the Chairman of the Supervisory Board, two shareholder representatives and two employee representatives.

The Board of Management Committee concerns itself with personnel matters affecting the Board of Management, such as the content of board member contracts and the approval of sideline activities. The Board of Management Committee performs the preparatory work for the determination of the remuneration paid to the individual Board of Management members. The committee is composed of the Chairman of the Supervisory Board as well as one shareholder representative and one employee representative.

The Strategy Committee is mainly concerned with the preparation of Supervisory Board meetings. Moreover, the committee monitors and supervises the company's strategic orientation as well as the implementation of current company projects. It is composed of the Chairman of the Supervisory Board, three shareholder representatives and three employee representatives.

The Lending and Investment Committee deals with the financing measures requiring approval by the Supervisory Board and supervises the investment activities. It is composed of the Chairman of the Supervisory Board, three shareholder representatives and three employee representatives.

The Nomination Committee is tasked with preparing the proposals of the Supervisory Board for the election of shareholder representatives to the Supervisory Board by the Annual General Meeting of Shareholders. It is composed of the Chairman of the Supervisory Board and two shareholder representatives.

Under the German Codetermination Act, the Mediation Committee, anchored in the law, only meets if, during the voting process on the appointment or dismissal of a member of the Board of Management, the required two-thirds majority of the votes by the Supervisory Board is not attained in the first round of voting. It is composed of the Chairman of the Supervisory Board, one further shareholder representative and two employee representatives.

The committees' practices are set out in the Articles of Association and in the bylaws of the Supervisory Board. Furthermore, the Supervisory Board may entrust one or more of its members with special control functions. More information on the activities of the Supervisory Board and its committees in financial year 2012 can be found in the Report of the Supervisory Board. The names of the members belonging to the various committees are also listed there.

Shareholders and the Annual General Meeting of Shareholders

The organisation and execution of BayWa AG's Annual General Meeting of Shareholders is carried out with the aim of informing all shareholders swiftly and extensively before and during the event. All shareholders listed in the share register (Aktienregister) and who have duly registered in good time are entitled to participate. BayWa AG offers its shareholders the possibility of having their vote exercised in accordance with their personal instructions by a voting proxy appointed by the company. The Annual General Meeting of Shareholders decides, among other things, on the appropriation of profit, the discharge of the Board of Management and Supervisory Board as well as the nomination of the auditor. Decisions on changes to the Articles of Association and on measures that may change the share capital are exclusively reserved for the Annual General Meeting of Shareholders, to the exception of the use of authorised capital by the administration. The share capital of BayWa AG is divided into shares with restricted transferability (approximately 96%) and registered shares (approximately 4%). Transferring registered shares with restricted transferability is formally subject to the Board of Management's consent. However, in the past, approval has never been withheld. Each share of BayWa AG carries equal voting rights and confers the same dividend entitlement. The company therefore applies the "one share, one vote, one dividend" principle.

Securities transactions by the Board of Management and the Supervisory Board (Directors' Dealings)

According to Section 15 of the German Securities Trading Act, the members of the Board of Management and the Supervisory Board, and persons close to them, are required by law to disclose the acquisition and sale of shares in BayWa AG or financial instruments related thereto if the value of such transactions equals or exceeds an amount of €5,000 in a given calendar year. This also applies to certain employees with managerial functions (executive managers, for instance). In financial year 2012, BayWa AG did not receive any notifications on securities transactions conducted by the Board of Management and the Supervisory Board in BayWa's shares (ISIN: DE 0005194062/securities identification number 519 406).

Shareholdings by the Board of Management and the Supervisory Board

As per 31 December 2012, the number of shares held in BayWa AG by members of the Board of Management and the Supervisory Board came to less than 1% of the shares issued by the company. There were therefore no holdings requiring reporting under Code Item 6.6 of the German Corporate Governance Code.

Avoidance of conflicts of interest

Under the bylaws of the Board of Management, its members are obliged to disclose any conflicts of interest to the Supervisory Board without delay and to inform the other members of the Board of Management thereof. Under the bylaws of the Supervisory Board, its members must disclose any conflicts of interest – particularly those that could occur due to consultancy or board functions at customers, suppliers, lenders or other business partners – to the Supervisory Board without delay. Significant conflicts of interest in the person of a Supervisory Board member that are not of a temporary nature should lead to the termination of the mandate. In the recently completed financial year, 2012, there were no conflicts of interest in respect of the members of the Board of Management or of the Supervisory Board in the exercising of their duties on behalf of BayWa AG.

Remuneration of the Board of Management and the Supervisory Board

As regards the remuneration of the Board of Management and the Supervisory Board in financial year 2012, we refer to the Remuneration Report that is part of the Management Report on the Group.

Additional information on management practices

BayWa AG's Code of Ethics lays down principles under a code of conduct pertaining to information, business partners and the property of BayWa AG. The Code of Ethics is a guideline binding on all employees. The Code of Ethics has been made publicly available on the company's website at www.baywa.com. In addition, an internal control system has been set in place to ensure compliance with the law, statutory provisions and internal guidelines as well as to avoid actions detrimental to business, which includes prevention, monitoring and intervention. Furthermore, the employees have the option of applying to the external legal counsel mandated by BayWa AG to serve as an ombudsman in the event of occurrences in the company that do not comply with the law or grievances in cooperation with business partners/companies.

In order to avoid breach of regulations against the prohibition of insider trading pursuant to Section 14 of the German Securities Trading Act, the company has all persons who are deemed insiders under the legal provisions confirm in writing that they were informed about all relevant statutory provisions governing trading in the shares of the company. All persons who, owing to their activities and authorisations, may have access to potential insider information are listed in a group-wide Insider Register. The compliance officer monitors the regular keeping of the Insider Register.

3. Other aspects of good corporate governance

Communication and transparency

BayWa AG communicates regularly and promptly on the development of business as well as on its earnings, financial position and assets. In order to guarantee an ongoing exchange of information with the capital market, the company holds regular events as part of its investor relations activities featuring the Chief Executive Officer and Chief Financial Officer for analysts and institutional investors in the form of road shows and individual meetings. Press conferences and conference calls with analysts on the business performance are held every quarter. The annual results are released at an Annual Results Press Conference and at an analysts' meeting. All new information disclosed to financial analysts and similar parties in the context of the aforementioned investor relations activities is also made available to the shareholders without delay. All relevant presentations and press releases are promptly published on the website of BayWa AG. BayWa AG places great importance on ensuring that all shareholders are treated equally with regard to information.

The dates of the main recurring publications (inter alia the annual report and interim financial reports) and the date of the Annual General Meeting of Shareholders are published in the financial calendar in good time. Current developments are reported in press releases and, if necessary, in ad-hoc releases. All information is also made accessible on the company's website under www.baywa.com.

Responsible action and risk management

The aim of risk management at BayWa AG is to identify the risks of entrepreneurial action at an early stage and evaluate them. Risk management is therefore an integral part of the company's planning and management and control processes. The internal control, risk management and audit system is developed by the Board of Management on an ongoing basis and adjusted to changes in the environment. Parts of the internal control and risk management system for the accounting processes are examined by the external auditor. More information on the structure and the processes of risk management is included in the Management Report on the Group.

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For more information please contact
BayWa AG
Investor Relations
Arabellastr. 4
81925 Munich
Germany
Telephone +49 (0)89 9222-3887
Fax +49 (0)89 9212-3887
E-mail investorrelations@baywa.de

BayWa website: www.baywa.de; www.baywa.com

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Financial Calendar

Dates in 2013

21 March 2013

Annual Results Press Conference

BayWa Building, Munich ▪ 10.30 a.m.

22 March 2013

Analysts' Conference

Frankfurt am Main ▪ 11.00 a.m.

13 May 2013

First Quarter Results

Press release

13 May 2013

Analysts' Conference Call on the First Quarter

2.00 p.m.

4 June 2013

Annual General Meeting of Shareholders

ICM, Munich Trade Fair Centre ▪ 10.00 a.m.

8 August 2013

Press Conference on the First Half-Year/Second Quarter

BayWa Building, Munich ▪ 10.30 a.m.

8 August 2013

Analysts' Conference Call on the First Half-Year/Second Quarter

2.00 p.m.

7 November 2013

Press Conference on the First Nine Months/Third Quarter

BayWa Building, Munich ▪ 10.30 a.m.

7 November 2013

Analysts' Conference Call on the First Nine Months/Third Quarter

2.00 p.m.

BayWa AG
Arabellastr. 4
81925 Munich
Germany