BayWa AG
Annual Report 2009

Charting the course

09

BayWa

BayWa AG Annual Report 2009

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Key data at a glance

BayWa Group

In EUR million	2007	2008	**2009**
Revenues	7,227.2	8,794.6	7,260.2
Agriculture Segment	3,330.6	4,048.9	3,269.8
Agricultural Trade	2,594.2	3,203.4	2,443.2
Agricultural Equipment	736.5	845.5	826.6
Building Materials Segment	1,676.3	1,785.8	1,776.1
Building Materials	1,233.4	1,354.8	1,327.0
DIY & Garden Centres	442.9	431.1	449.1
Energy Segment	1,788.0	2,462.5	1,837.5
Other Activities	432.1	497.3	376.9
EBITDA	234.6	258.1	209.7
EBIT	143.6	161.9	115.4
Earnings before tax	90.5	103.5	75.1
Net income for the year	71.8	76.7	59.4
of which: profit due to minority shareholders	25.8	18.4	14.3
of which: profit due to shareholders of the parent company	46.0	58.3	45.0
Total assets (as per 31/12)	3,118.0	3,065.8	2,939.3
Non-current assets	1,239.3	1,305.6	1,427.2
Current assets	1,875.1	1,755.5	1,507.4
Non-current liabilities	666.1	644.9	691.8
Current liabilities	1,597.4	1,505.8	1,290.0
Equity	854.5	915.1	957.5
Equity ratio in percent	27.4	29.8	32.6
Share capital (as per 31/12) in EUR million	86.8	87.0	87.3
Number of shares (as per 31/12) in million shares	33.9	34.0	34.1
Earnings per share in EUR	1.36	1.72	1.33
Dividend per share in EUR	0.32	0.34	0.40
Special dividend per share in EUR		0.06	
Employees (as per 31/12) number	16,325	16,596	16,177

The Agriculture, Building Materials and Energy Segments

Agriculture Segment. The Agriculture segment provides a wide range of trading and associated services for the agricultural and food industries. As part of its agricultural trading operations, the Group sells agricultural products and resources. The Agricultural Equipment business unit supplements this offer through technical facilities, machinery and equipment, along with services and repair.

Building Materials Segment. The product mix of the Building Materials segment covers the need for building, renovating, and refurbishing for home and garden in its two business units of Building Materials and DIY & Garden Centres. A franchise system serves to make the range on offer even more accessible.

Energy Segment. BayWa's Energy segment trades in heating oil, diesel and Otto fuel, as well as lubricants and solid fuel. In addition, it is consistently building up activities in the field of renewable energies under its BayWa r.e brand.

In a market environment which spans the world we strive to be a reliable and efficient partner in our core businesses of agriculture, building materials and energy to our customers in the region. To safeguard and expand this position, we intend to grow and to raise profitability within the Group.

Letter to the Shareholders

Foreword by Klaus Josef Lutz, Chief Executive Officer

Dear Shareholders,

Last year the global economy was hit by one of its most severe crises. Global output fell sharply and the volume of world trade contracted by more than 12 percent. Even today the impact of the crisis is still not fully foreseeable. But, so the saying goes, every cloud has a silver lining – and BayWa acted exactly in this spirit in the year ended. Despite the extremely difficult economic situation, which also had a considerable impact on our customers, we succeeded in achieving a very satisfactory result. In doing so, we ultimately took advantage of the opportunities arising from the crisis to expand our business and develop new business activities.

The latter concerned in particular the area of renewable energies: In 2009, BayWa redefined this area of business in order to establish itself more firmly in this promising and profitable future market. In 2009, the company invested around EUR 70 million in companies which develop and build biogas, solar power plants and wind power stations. In Aufwind Neue Energien GmbH, MHH Solartechnik GmbH and RENERCO Renewable Energy Concepts AG, BayWa has sent out a clear signal of positioning itself as a project developer and a company trading in systems in the area of renewable energies. The companies in which BayWa holds either all the shares or a majority stake operate throughout Europe and have huge future potential through their know-how as well as through projects already realised or in the pipeline. In 2010, we expect additional contribution to revenues of around EUR 300 million through these business activities combined under the Energy segment. In the long-term, I believe revenues of some EUR 1 billion possible. With this goal in mind, we have concentrated all activities in the area of renewable energies under BayWa r.e GmbH in order to join forces in promoting business success.

Irrespective of whether areas of activity are new or already established, BayWa is fully aware of the risk in markets which are becoming increasingly volatile: Sound business takes precedence over growth at any cost. We are committed to enhancing profitability while expanding. A commercial approach to doing business, managing the company towards achieving its goals, and reliability in our conduct with customers have always been values and guiding principles for BayWa. Given public discussions about the impact of the economic crisis, these values have become even more important.

Against the backdrop of the crisis in 2009, we have – on the basis of these values – delivered more than just a respectable result. In the first half of the year, the agri-business was impacted by the sharp decline in the price of grain and fertilisers which presented our customers and ourselves with difficulties. Exploiting all opportunities in the market, our strong relationships with our customers and reinforcing our professional risk management system, however, ultimately led to a result which can match that of the years 2006 and 2007. In the first six months of 2009, agricultural equipment benefited from surplus orders remaining from the exceptional year 2008. In the second half of the year, there was a decline in delivery contracts in line with expectations. By contrast, the demand for services rose. Over the course of the year 2009 as a whole, the building materials trade was exposed to wide fluctuations but was almost able to repeat revenues generated in 2008 on the back of economic stimulus programmes slowly taking effect and significant process optimisation. The DIY and garden centres outperformed the previous year, supported by the general "homing effect" and the implementation of the specialist market concept. The Energy segment delivered the best results in the history of the company through acquiring mineral oil trading companies and owing to a combination of favourable weather conditions and the relatively low level of oil prices.

BayWa's ability to emerge unscathed from the difficult year 2009 and to use the crisis as an opportunity is not least due to the Group's almost 17,000 employees: They contribute to achieving the success of the company in meanwhile 14 countries. My special thanks to them for their commitment in 2009 when they were called upon not only to master the challenges in the markets, but also to adapt to a great deal of internal change necessary for charting the future course. For instance, in our last annual report we announced that we had implemented a value-oriented

management to ensure more transparency, both within the company and externally, and to give all management levels clear management and control rules and guidelines based on a new set of parameters.

We have stepped up our investor relations activities in order to foster a more intensive and effective dialogue with investors and analysts. Although general trends on the stock exchange are beyond anyone's influence, we can use the opportunity of communicating our business model and our corporate strategy more directly and transparently. This proved to be a good decision made at the right time given that BayWa was admitted to the MDAX in September 2009. The new quality of our interaction with shareholders is most certainly also a building block underpinning the steady increase in the share price in 2009.

In 2009, we also worked consistently on optimising the processes and systems in all our segments, Group companies and organisation units. Process optimisation in the building materials trade and combining a number of functions with the DIY & Garden Centres business unit is only one example. Our aim is to improve our cost-benefit ratio on an ongoing basis to achieve a greater degree of competitiveness in the future.

We have also sharpened our market profile to reflect our goals more adequately. In North-Rhine Westphalia, building materials activities now operate under the BayWa brand. A cooperation with Fußball- und Leichtathletikverband Westfalen e.V. (football and athletics association in Westphalia) has enhanced our uniform market appearance and raised the awareness of our company as one of the largest building material traders in this federal state. We will continue to position and communicate the BayWa brand strongly in the future. The brand stands for continuity, expertise, quality to the highest standards, and stability.

For our customers and shareholders, this means that they can continue to count on us as one of Europe's leading agricultural groups which seizes its opportunities: The importance of agribusiness is growing against the backdrop of an increasing global population, dwindling farmland and rising demand for sophisticated products. More efficient operating resources and innovative agricultural equipment will be needed in the future, along with the necessary services. Changes in climatic conditions, higher energy consumption in so-called emerging markets as well as the demand for efficient technologies compatible with the environment for producing and using electricity will significantly widen the basis for the energy business. Not least the increased awareness of the environment and, as a result, a growing volume of business in construction which can conserve resources will determine the key growth areas in the building materials business.

Dear Shareholders,
with this as an outlook I am very confident that BayWa will continue to develop well. That we are well equipped through our business model in times of crisis has been proven. The four cardinal virtues of credibility, trust, moderation and courage will continue to light the way in our daily work. We know that we can count on the support of our customers, shareholders and business partners. May I thank you on behalf of my Board member colleagues and the employees of the BayWa Group. We hope that you will stay with us in the future.

Your
Klaus Josef Lutz
Chief Executive Officer
of the BayWa Group

The Supervisory Board

Manfred Nüssel

Master of Agriculture (University of Applied Sciences), 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

Master of Agriculture, Vice Chairman, Chairman of the Main Works Council

Klaus Auhuber

Union Law Secretary ver.di, Munich

Georg Fischer

Master Mechanic for Agricultural Machinery

Dr. E. Hartmut Gindele

Master of Agriculture, farmer

Dr. h.c. Stephan Götzl

Association President, Chairman of Genossenschaftsverband Bayern e.V.

Other mandates:
- Bayerische Raiffeisen-Beteiligungs-AG, Beilngries (Vice Chairman)
- DVB Bank SE, Frankfurt am Main (effective 10 June 2009)
- SDK Süddeutsche Krankenversicherung a.G., Fellbach

Otto Kentzler

Engineer, President of the German Confederation of Skilled Crafts

Other mandates:
- Bank für Kirche und Caritas eG, Paderborn
- Dortmunder Volksbank eG, Dortmund (Chairman)
- Handwerksbau AG, Dortmund (Chairman)
- SIGNAL IDUNA Holding AG, Dortmund
- SIGNAL IDUNA Krankenversicherung a.G., Dortmund (Vice Chairman)

General Attorney Dr. Christian Konrad

Chairman of RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN reg.Gen.m.b.H., Vienna

Other mandates:
- AGRANA Beteiligungs-AG, Vienna (Chairman)
- DO & CO Restaurants & Catering AG, Vienna
- LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG, Vienna (Chairman)
- RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG, Vienna (Chairman)
- RWA Raiffeisen Ware Austria AG, Vienna
- Raiffeisen Zentralbank Österreich AG, Vienna (Chairman)
- Saint Louis Sucre S.A., Paris
- Siemens AG Österreich, Vienna (Vice Chairman)
- Südzucker AG Mannheim/Ochsenfurt, Mannheim (Vice Chairman)
- SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt
- UNIQA Versicherungen AG, Vienna (Chairman)

Stefan Kraft M. A.

Secretary of the Union ver.di, Bavaria

Erna Kurzwarth

Regional Administration Centre Manager

Dr. Johann Lang

Engineer, farmer

Other mandates:
- Niederösterreichische Versicherung AG, St. Pölten
- RWA Raiffeisen Ware Austria AG, Vienna (Chairman)
- RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen., Vienna (Chairman)

Albrecht Merz

Chairman 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, Nuremberg (Chairman)
- VR Kreditwerk Hamburg-Schwäbisch Hall AG, Schwäbisch Hall and Hamburg (until 30 September 2009; Second Vice Chairman)
- VR-LEASING AG, Eschborn

Gunnar Metz

Member of the Commercial Staff

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)
- FIDUCIA IT AG, Karlsruhe (Vice Chairman until 18 June 2009; effective 18 June 2009, Chairman)
- R+V Lebensversicherung AG, Wiesbaden
- Wohnungsbau- und Verwaltungsgenossenschaft Forchheim eG, Forchheim (Chairman)

Werner Waschbichler

Department Manager

Bernhard Winter

Functional Area Manager

The Cooperative Council

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

Manfred Nüssel

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

Dr. Johann Lang

Engineer, farmer

Other members

Helmut Haun (until 30 June 2009)

Chairman, Chairman of the Board of Directors of Raiffeisenbank Aschaffenburg eG

Wolfgang Eckert

MBA, Chairman (effective 5 August 2009), Chairman of the Board of Directors of VR-Bank eG

Dietmar Berger

Master of Agriculture & Economics, President of Mitteldeutscher Genossenschaftsverband e.V.

Franz Breiteneicher

Managing Director of Raiffeisen-Waren GmbH Erdinger Land

Günter Dreher

MSc Administration, Chairman of the Board of Directors of Augusta-Bank eG

Martin Empl

Master of Agriculture, farmer

Erhard Gschrey

Certified Public Accountant/Tax Consultant, member of the Board of Directors of Genossenschaftsverband Bayern e.V.

Lorenz Hebert

Chairman of the Board of Directors of Raiffeisenbank im Stiftland eG

Lothar Hertzsch

Master of Agriculture & Economics, member of the Board of Directors of Reinsdorfer Agrargenossenschaft eG

Konrad Irtel

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

Martin Körner

Engineer (University of Applied Sciences), farmer, fruit farmer

Erwin Kuhn (until 31 March 2009)

Economist, Certified Public Accountant/Tax Advisor, President of Württembergischer Genossenschaftsverband e.V.

Franz Kustner

Farmer

Alois Pabst

Farmer

Hans Paulus

Master of Agriculture, Director of Commodities Department at Raiffeisenbank im Stiftland eG

Josef Raffelsberger

Farmer

Joachim Rukwied

MSc Engineering (University of Applied Sciences), President of Landesbauernverband in Baden-Württemberg e.V.

Hermann Schultes

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

Gerd Sonnleitner

President of the German Association of Farmers and of the Bavarian Association of Farmers

Ludwig Spanner

Farmer

Prof. Dr. Jakob P. Stöckl (until 5 October 2009)

Managing Director of Bayerische Milchindustrie eG

Wolfgang Vogel

President of Sächsischer Landesbauernverband e.V.

Maximilian Zepf

MBA, member of the Board of Directors of Raiffeisenbank Schwandorf-Nittenau eG

The Board of Management

Klaus Josef Lutz

(Chief Executive Officer)
Finance, Press & Public Relations/Corporate Communication, Investor Relations, Internal Audit, Central Controlling, Law, Corporate Marketing, Risk Management, Real Estate/Corporate Real Estate Management, Architectural Management

External mandates:
- Eramon AG, Augsburg
- Graphit Kropfmühl AG, Hauzenberg
- MAN Nutzfahrzeuge AG, Munich (effective 17 April 2009)
- VK Mühlen AG, Hamburg (effective 19 March 2009; Chairman)

Group mandates:
- RWA Raiffeisen Ware Austria AG, Vienna (First Vice Chairman)
- "UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt (Vice Chairman until 28 May 2009; effective 28 May 2009, Chairman)
- RENERCO Renewable Energy Concepts AG, Munich (effective 29 December 2009)

Dr. Stefan Bötzel (until 4 March 2009)

Agriculture

External mandate:
- SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt (until 7 July 2009)

Group mandate:
- RWA Raiffeisen Ware Austria AG, Vienna (until 16 April 2009)

Klaus Buchleitner

RWA Raiffeisen Ware Austria AG, Vienna

External mandates:
- ifb Austria AG, Vienna (until 19 June 2009)
- Raiffeisen Zentralbank Österreich AG, Vienna

Group mandates:
- Raiffeisen-Lagerhaus GmbH, Bruck a.d. Leitha (until 15 May 2009, Chairman; effective 15 May 2009, First Vice Chairman)
- "UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt (effective 28 May 2009)

Frank Hurtmanns

Building Materials, DIY & Garden Centres, Franchise, Personnel, Information Systems, Group Logistics & Organisation

External mandates:
- Pensionskasse der Genossenschaftsorganisation VVaG, Munich (First Vice Chairman)
- R+V Pensionsversicherung a.G., Wiesbaden
- update software AG, Vienna (Chairman)

Group mandate:
- RWA Raiffeisen Ware Austria AG, Vienna

Executive Managers

Dr. Josef Krapf

Agriculture, Fruit

External mandate:
– SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt (effective 7 July 2009)

Roland Schuler

Agricultural Equipment, Energy, BayWa r.e* (formerly BayWa Green Energy), coordination of the Württemberg region

External mandate:
– SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt (effective 2 December 2009)

Group mandate:
– RENERCO Renewable Energy Concepts AG, Munich (effective 29 December 2009; Chairman since 27 January 2010)

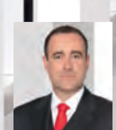
Andreas Helber

Finance, Investor Relations, Lending, Insurance, Regional Administration Centres

Hans Witzig

Building Materials

Allocation of operations as per 31 December 2009;
* effective 22 February 2010



Andreas Helber
Executive Manager

Finance, Investor Relations, Lending, Insurance, Regional Administration Centres

Klaus Buchleitner

since 1 March 2003
RWA Raiffeisen Ware Austria AG, Vienna

Roland Schuler

since 1 October 2002
Agricultural Equipment, Energy, BayWa r.e (formerly BayWa Green Energy), coordination of the Württemberg region

Frank Hurtmanns

since 1 May 1999
Building Materials, DIY & Garden Centres, Franchise, Personnel, Information Systems, Group Logistics & Organisation

Klaus Josef Lutz
(Chief Executive Officer)

since 1 July 2008
Finance, Press & Public Relations/Corporate Communication, Investor Relations, Internal Audit, Central Controlling, Law, Corporate Marketing, Risk Management, Real Estate/Corporate Real Estate Management, Architectural Management

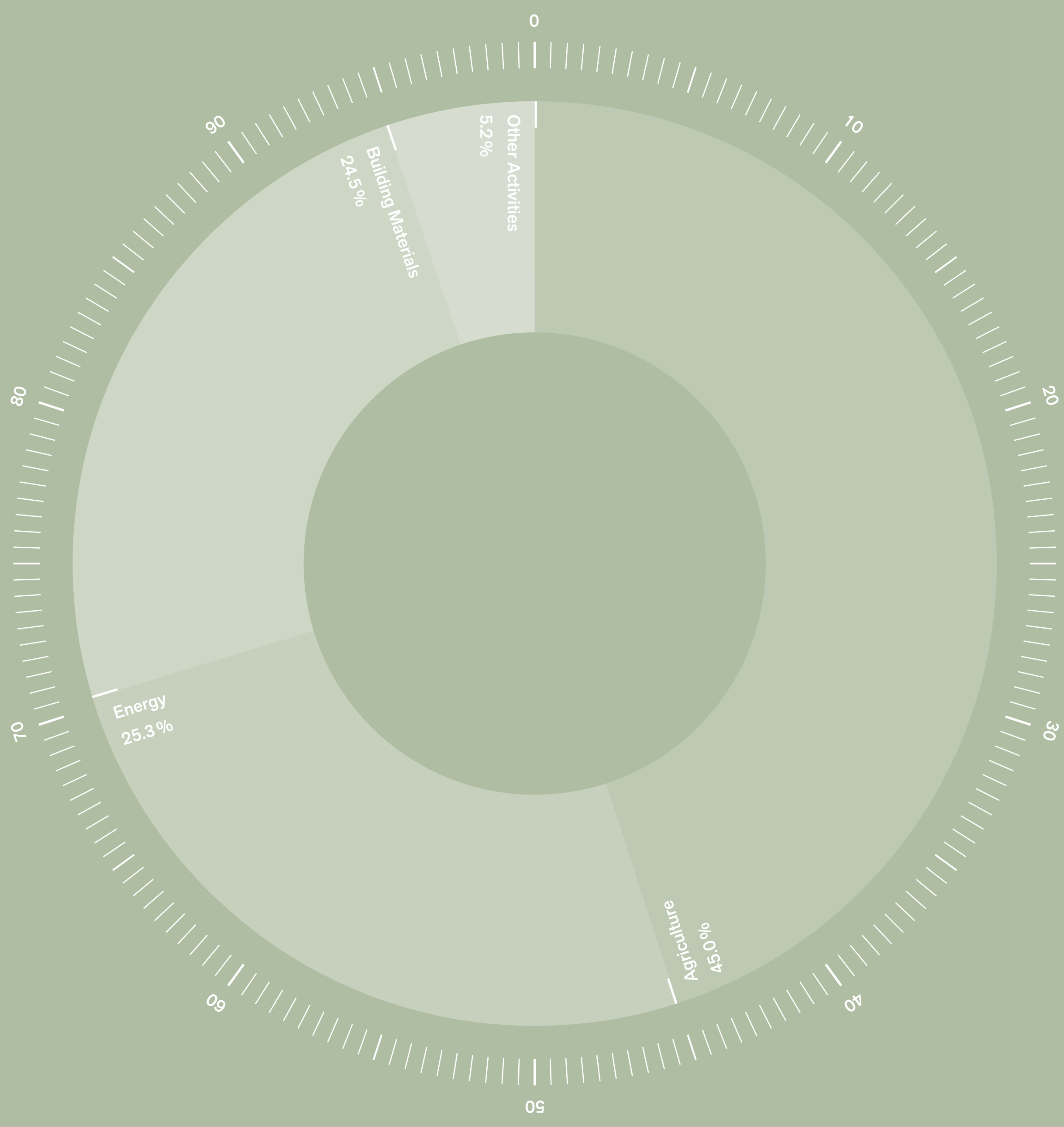
Dr. Josef Krapf

since 1 October 2002
Agriculture, Fruit

01

The Company. The core competences of BayWa reside in trading, logistics and supplementary services in the segments of Agriculture, Building Materials and Energy. Our range of products and services caters to the fundamental human needs for food, housing, warmth and mobility. Developing business on a sustainable basis has therefore always been one of BayWa's guiding principles.

Share in consolidated revenues by segment
In percent



The Business Model of the BayWa Group

The business model of BayWa is characterised by diversification into the areas of agriculture, building materials and the supply of energy. Through its business in these segments BayWa covers the fundamental needs of food, housing, energy, mobility and warmth. BayWa has its roots in the cooperatives structures of rural trading. The company has evolved through steady growth and consistently extending its range of products and services into a leading trading and logistics group.

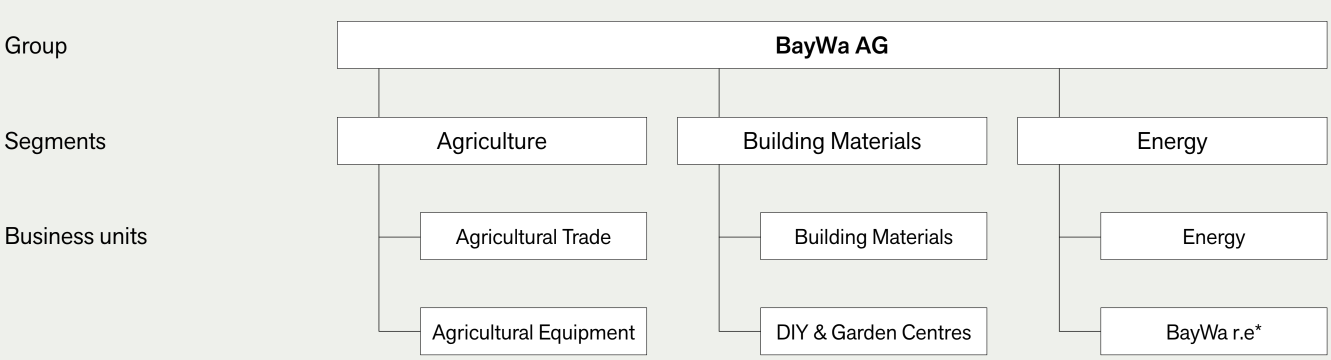
Activities are divided up into the three operating segments of Agriculture, Building Materials and Energy. What these business activities have in common are strong regional roots and a concentration on trading and logistics, complemented by an extensive service offer.

At the core of BayWa's entrepreneurial thinking and activities are its long-standing partnership-based relationships with its customers. At the same time, the company, which is listed on the stock exchange and whose share has been part of Deutsche Börse's MDAX index since autumn 2009, also takes account of the expectations in the capital market. The development of the capital markets in recent times is special confirmation of BayWa's corporate strategy which is geared to long-term success. Whereas, only a few years ago, diversified companies were viewed as unattractive conglomerates and therefore traded at discount in the capital markets, the extreme turbulence and volatility in the global capital markets have resulted in many markets participants returning to a corporate structure and policy which minimises risk. And last but not least, a diversified business model is viewed as being considerably more stable in respect of corporate finance.

The markets in which BayWa operates, especially trading in agricultural commodities and energy, have seen increasingly wider price fluctuations over the last years. Being a reliable partner to your customers in such a market environment poses an ever greater challenge to management from price- and inventory-related risks while still guaranteeing the ability to deliver. Against this backdrop, one of the focal points of strategic development in the financial year ended was on establishing a groupwide Risk Board with the capability of quantifying inventory- and price-induced risks as to their amount and change, as well as assessing the impact on the BayWa Group and of deriving the need for action from this information at any time.

The BayWa Group generates sales of more than EUR 7 billion with a workforce of around 16,000 employees. The Group's three core segments of Agriculture, Building Materials and Energy operate independently under their own responsibility each with their own locations and sales networks. The complementary range of products and services of the three segments serves to deepen customer relationships as positive experiences of customers in one segment are transferred to other business activities. Characteristic of BayWa's business in all three segments is its full-coverage regional sales and distribution network which guarantees customer proximity and the availability of its whole

Structure of the BayWa Group



* Business line

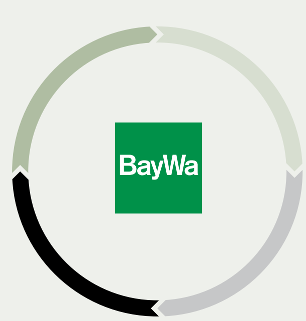
product and service range. The ease with which customers can access these products and services often creates a unique selling proposition for BayWa in the respective region as compared with competitors. The optimisation of its network of locations in line with changing customer needs, on the one hand, and the dictates of business, on the other, is a permanent challenge for BayWa.

Extensive product know-how in particular as well as logistics and management of large- and small-volume trade flows are among the core competences of BayWa. The business of all three segments is subject to seasonally-induced effects which necessitate a great deal of flexibility in securing processing capacities to handle peak periods. Moreover, guaranteeing readiness to deliver is contingent upon having the requisite storage capacities and the ability to manage large volumes of products within a narrow time window. BayWa has set in place the necessary infrastructure which is generally operated from its own land and property. This ensures that locations can be optimally aligned to the different local and regional requirements. In addition, BayWa's business can be operated independently of fluctuations in the real estate and rental markets and is not affected by risks from changes in the ownership structure of real estate. Adjustments to the network of its locations often mean that individual properties are no longer used for operations. This real estate is consistently placed in the market and sold. To this end, BayWa put its real estate portfolio on an even more professional footing in 2009 by combining it into a profit centre tasked with optimising the timely and market-oriented sale or development of such property and capital committed within the Group. Capital released through these measures is reinvested in core and strategic growth businesses such as in renewable energies, thereby contributing to profit-oriented growth for the company.

The business activities of BayWa

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

Markets
- Agriculture
- Construction
- Energy



Operating activities
- Trade
- Logistics
- Services
- Finance

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

The Agriculture Segment

The Agriculture Segment comprises two business units, namely Agricultural Trade and Agricultural Equipment. The Agricultural Trade business unit supplies farmers with a full range of operating resources, from the seed through to the harvest. Advisory services complementing this offering, from technical issues relating to farming through to business aspects, make BayWa a full-line partner to the farmers. In its Agricultural Equipment business unit, BayWa offers farmers and foresters, local authorities and private individuals a wide selection of large machinery through to small appliances. In addition, the company offers the turnkey planning and building of agricultural facilities as well as full-line services for the whole product range.

By buying up and storing the harvest, BayWa acts as the interface between the seasonal production of agricultural produce and its use over the course of the whole year. Moreover, BayWa trades in selected agricultural raw materials in the international markets. These activities ensure that the agricultural produce is sold under market-oriented conditions.

The agricultural business, which makes up a share of 45 percent in the consolidated revenues, is BayWa's largest segment. The two business units of Agricultural Trade and Agricultural Equipment cover the whole value chain across the cultivation cycle in a year, from sowing the seed through to the harvest. The offering includes agricultural operating resources such as seed, fertilisers and crop protection, feedstuff for animal husbandry as well as a full range of products for yard and barn. Some of the most important services in the agri-business are the storage and the sale of the harvest. BayWa also assumes a financing function for the operating resources. BayWa is one of Europe's largest full-line suppliers in the buying and selling of plant-based products, from the field through to the food industry, and also trades in some of its products worldwide. BayWa enjoys a strong market position in regions throughout Germany with around 500 locations, 16 of which have their own ports, where it offers the services of its Agriculture segment. BayWa is represented in the Federal States of Bavaria, Baden-Württemberg, Saxony, Thuringia and the southern part of Brandenburg with a full range of products and services and a network of locations which ensure customer proximity. It operates its agri-business through subsidiaries in almost all areas of Austria where a full range of products and services is also on offer. The aim is to use opportunities for growth arising from the necessity of ongoing market consolidation, thereby at minimum maintaining or even expanding the Group's market position. With the opening of Eastern European markets at the start of the 90's, BayWa made selected investments in countries in Central and Eastern Europe and is represented today in the Czech Republic, Slovakia, Hungary, Slovenia, Croatia and Serbia through its own local companies. Grain and seed are the focus of its business activities, with other product segments being offered depending on the specific markets. Based on these activities, the Agriculture segment of the Group is forging ahead with the process of internationalisation. Developing other markets in Eastern Europe has been planned.

In its agricultural trade business, BayWa caters to the needs of farmers, from seed sowing, the optimum care of plants during the vegetation phase through to the harvest, by offering a comprehensive range of products comprising seeds, fertilisers and crop protection products. The supply of farmers with seed is covered both from the Group's own production of seed and through the sale of seed bought externally, which enables a full range of seed to be offered. In the sale of fertilisers and crop protection products, the selection and timely storage of the range of products to ensure availability on the dates when they are needed is particularly important. With the trading volume of an average 2 million tons of fertilisers and approximately 260 thousand tons of crop protection products a year, BayWa is an important distribution partner in the industry. The BayWa Group produces around 450 thousand tons a year of different feedstuff in its mills

Structure of the Agriculture segment

Segment	**Agriculture**	
Business units	Agricultural Trade	Agricultural Equipment
Products/services	– Grain and oilseed – Fruit – Seed – Fertilisers – Crop protection – Feedstuff – Cultivation consultancy services	– Agricultural equipment for farmers, forestry, local authorities and commerce – Agricultural buildings – Customer service/workshop service – Spare parts – Letting – Brokerage services for financing and leasing agreements

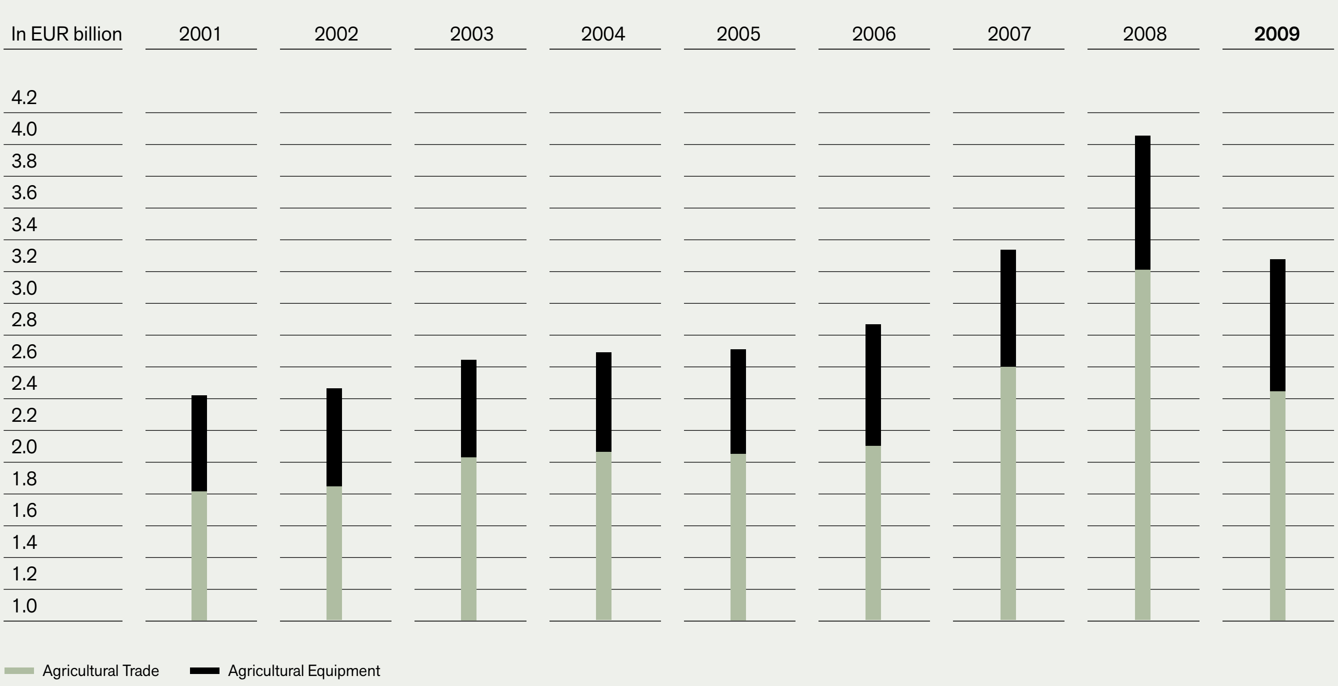
Key operating data of the Agriculture segment

In millions of tons	2007	2008	**2009**
Volume of grain traded	4.179	4.362	4.832
Volume of fertilisers traded	2.039	2.019	1.599
Volume of seed traded	0.279	0.256	0.243
Volume of feedstuff traded	2.364	2.198	2.090

in southern Germany and Austria for animal husbandry, mainly for cattle, piggery and poultry farming but also for horse care and domestic animals. To supplement these activities, BayWa offers extensive consultancy services geared to improving feeding efficiency. In addition, products for animal health are also developed and offered in cooperation with AGRAVIS Raiffeisen AG. The product range is supplemented by services such as advice on the scope of application and the mixing of feedstuff in line with individual requirements. As part of agricultural produce, grain and oilseeds are some of BayWa's most important products. For instance, the turnover of grain and oilseed in the 2008/2009 season came to around 5 million tons. Core services here are the buying up, processing, drying, storage and sale of produce. BayWa has silo capacities of more than 2 million tons for the storage and subsequent selling of the harvest.

With its ability to collect larger volumes of goods and transport them in homogenous lots, BayWa fulfils a buffer function between producers and consumers or processors such as grain or oil mills, malthouses, feedstuff producers and trading. In its fruit operations, the BayWa Group is a leading supplier of German dessert fruit to food retailers and the largest supplier of pip fruit from organic production. The takeover of the pip fruit business of VOG Ingelheim and the operations of VOG Weisenheim, two

Revenues of the Agriculture segment



leading companies in the buying up and selling of table fruit in the respective regions, has reinforced the market position of BayWa's fruit activities in 2009. In addition, a joint venture was founded for the processing and selling of pears with the partner company Veiling Haspengouw cvba in Belgium. At the start of the year 2010, BayWa acquired Hamburg-based Frucom, a company with international fruit trading operations.

The Agricultural Equipment business unit covers the whole value chain of agricultural equipment except for manufacturing. Its product spectrum encompasses agricultural and forestry machinery, including cutting-edge milk and feed technology and machinery for local authorities, ranging from the building of stables and stable facilities as well as other facilities, for instance for harnessing renewable energies such as biogas, through to special equipment and spare parts for the agricultural industry. The core competences of the Agricultural Equipment business unit are sales and distribution as well as services as a full-line supplier to farmers and foresters, contractors, local authorities and private individuals. In its sales regions of Bavaria, Baden-Württemberg, Saxony, southern Brandenburg and Austria, the business unit is a market leader, a position which it will reinforce over the course of 2010 through taking over as general distributor for the Claas brand in the regions of Lower Bavaria and the southern part of Upper Bavaria. In the service business, the BayWa Agricultural Equipment business unit's central warehouse in Schweinfurt with more than 100,000 articles ensures a high level of just-in-time replacement parts. Along with original parts, BayWa also offers high-quality spare and wear parts under its own Tecparts brand. High service standards are guaranteed through full network coverage with more than 230 workshops and a fleet of around 200 service vehicles. Services such as leasing machinery or acting in a brokerage capacity for financing and leasing agreements through partners from the cooperatives association round off the business unit's range of products and services.

The growth in the world population is steadily driving demand for agricultural commodities which is not being met by a commensurate increase in arable land which can be cultivated. Moreover, the need for food production is growing through changes in eating habits. The consumption of meat, for example, has resulted in higher demand for feedstuff. In addition, agriculture is becoming increasingly important for the production of renewable energy which, in turn, can open up new sources of income for the farmers. Finally, given the growing demand in the emerging markets, the amount of agricultural produce exported to these countries can be expected to rise. Against this backdrop, the outlook for agriculture and agri-business is exceptionally positive in the long term, particularly in Central Europe with its moderate climate conditions and general availability of water. BayWa will use the springboard of its strong position to participate in this trend through tapping growth potential in existing and new markets. This applies to the Agricultural Trade as well as the Agricultural Equipment business units as capital expenditure in agricultural equipment will grow alongside the necessity of having greater mechanisation and streamlining operations.

The Building Materials Segment

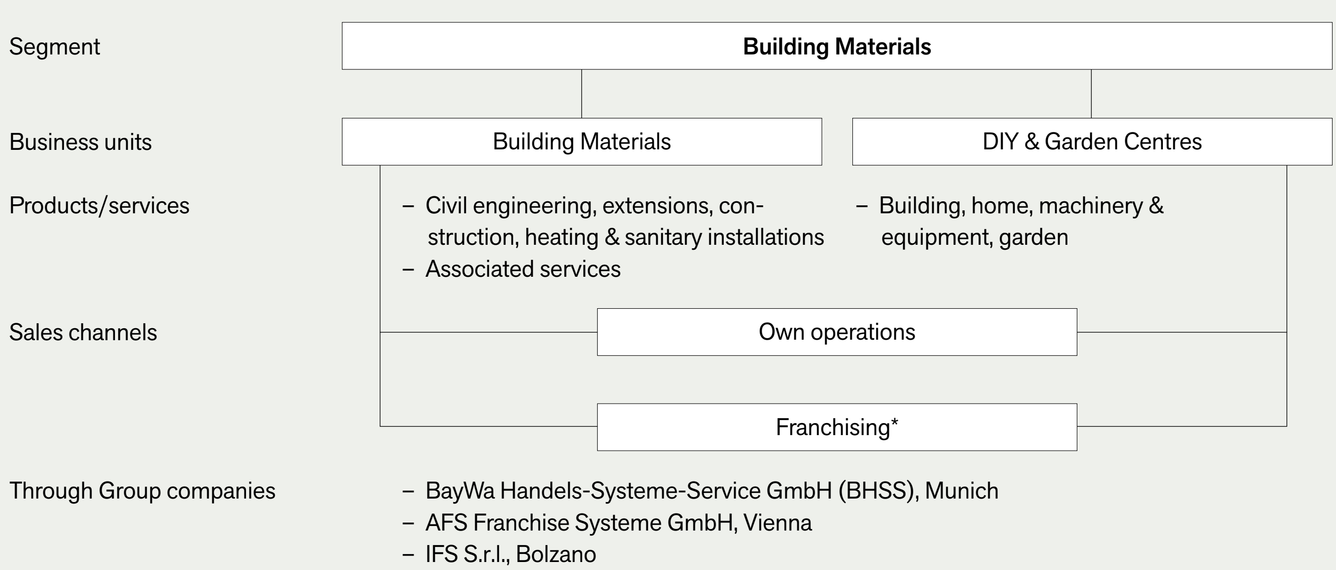
As a professional and service-oriented specialist trader, the Building Materials segment offers commercial customers and end customers solutions for new construction, renovation and modernisation in urban and rural regions. The business portfolio comprises the two business units of Building Materials and DIY & Garden Centres. Business is conducted through differentiated sales channels in BayWa's own centres in Germany and through franchise partners in Germany, Austria and Italy. In addition, there are plans for market entry into Bosnia and Herzegovina and Croatia.

BayWa ranks among the largest regional full-line suppliers in its building materials trading activities. Growth has been planned in the high-income regions of southern and western Germany and along the Rhine. The DIY and garden centres of BayWa have positioned themselves in the competitive arena as quality-oriented specialist centres for building, renovating, modernising and designing house, home, and especially garden, which serves to round off the offering of the Building Materials segment in the end consumer business. In addition, both business units offer a broad range of complimentary services.

The Building Materials segment contributes around 25 percent to BayWa's consolidated revenues. Of this amount, 75 percent is attributable to building materials trading, with just under 25 percent of revenues generated in the DIY and garden centres. The building materials business operates 271 locations in Germany and Austria. In addition, around 600 locations are operated by franchise partners. Germany is the largest domestic market for building materials in the EU. At the same time, building materials trade in Germany is characterised by numerous small and mid-sized companies. Given the considerable need for refurbishment and modernisation of the building stock, significant growth potential is likely. In Germany, BayWa therefore plays an active role in market consolidation in the building materials trade so as to tap this market potential. There are also attractive opportunities for expanding business in Austria. In the DIY and garden centre business, the regional focus of activities in Germany is on the Federal States of Bavaria and Baden-Württemberg. A total of 117 centres are autonomously managed in Germany and Austria, supplemented by around 600 centres managed by franchisees in both countries. Another 60 centres are operated in northern Italy by franchise partners.

BayWa is a full-line supplier in the building materials trade with a broad-based comprehensive product mix for target groups in the construction industry and private customers. The range comprises products from structural steel to windows, from concrete to building insulation materials, from natural stone for the garden through to tiling for the home. The Building Materials business unit supplies both commercial customers and private individuals with building materials of all types. In deciding on the product mix, BayWa's strategy is to raise its market share through building on the product range in a targeted way which appeals to new customer groups.

Structure of the Building Materials segment



* The know-how of the Building Materials and DIY & Garden Centres business units is marketed externally through franchising operations.

Key operating data of the Building Materials Segment

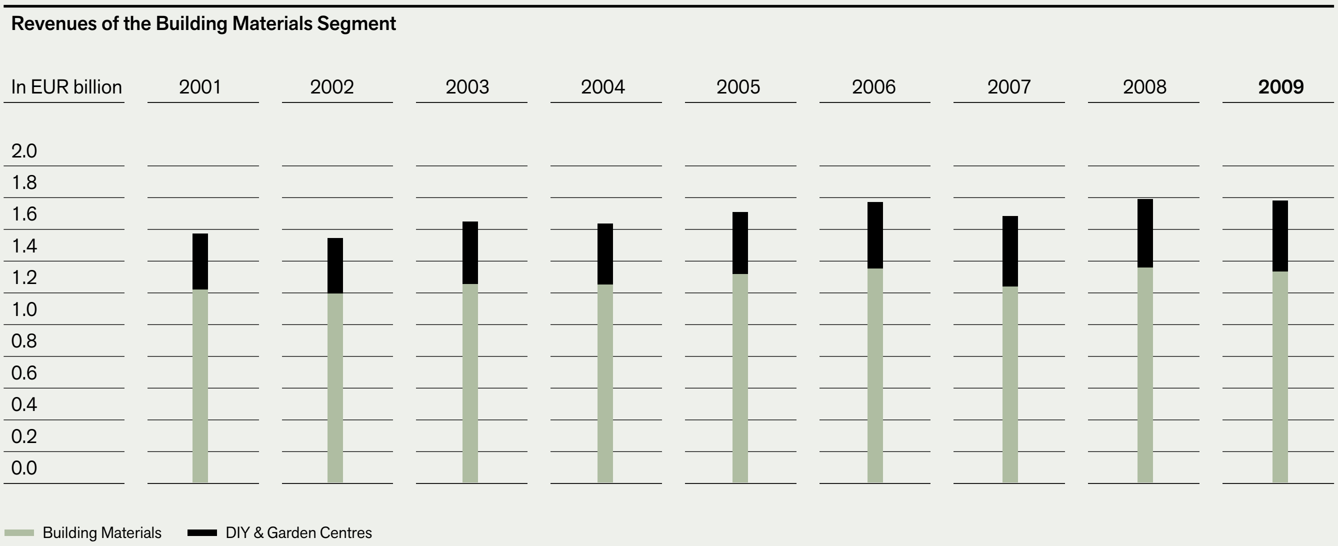
Building Materials business unit	2007	2008	**2009**
Number of locations	285	263	271
Surface area in m^2 thousand (all locations)	2,144	2,113	2,025
DIY & Garden Centres business unit			
Number of locations	119	118	117
Surface area in m^2 thousand (all locations)	275	280	287

Alongside trading in products, the Building Materials segment sets itself apart from the competition through competent advisory services and an extensive range of services for tradesmen such as, for instance, training in product application and marketing.

The DIY & Garden Centres business unit operates around 117 locations with a total surface area of over 220,000 m^2 (sales surface area calculated using the key established by the German Federal Association of DIY) mainly in southern Germany and in selected areas of Austria. The individual locations range from small, compact centres with a product mix especially geared to the needs of the customers in rural regions and mid-sized centres with a local supply concept through to large flagship centres with a sales surface area of about 12,000 m^2 and a correspondingly broad-based product mix. In comparison with the competition, BayWa's DIY and garden centres achieve prominence through their high-profile range of goods and their special focus on the garden business. A prime example is the newly opened DIY and garden centre in Backnang: The sales surface area is three times the size of that of the old centre and the product range comprises around 80,000 articles. In the presentation of products, Backnang sets new standards through a large exhibition area of heating and sanitary installations, flooring and paints. The range of products is rounded off by local produce, a shop with organically grown products, floristry and the largest garden centre and zoo market of BayWa AG.

A trend which has emerged in recent years is that the boundaries between classical trading in building materials with the DIY business of the centres are increasingly blurring owing to smaller commercial tradesmen and private end customers with a need for sophisticated full-solutions. At the same time, the need for advice in respect of complex technological systems and work involving multi-disciplinary trades is growing. BayWa has the technological know-how and the advisory competence to satisfy this demand. BayWa's building materials trade is, for instance, ideally positioned to fulfil the demand for solutions for energetic renovation of buildings as it offers complete packages. In classical building materials trading, BayWa presents itself as a high-quality system provider by linking up the sale of materials to handicrafts with the requisite profile. In addition, BayWa acts in an agency function and recommends established and qualified tradesmen and, through this cooperative advertising, facilitates the carrying out of building and construction work. During the construction phase, BayWa undertakes the just-in time building sites logistics and, as a competent supplier, the energetic renovation of buildings or recommends general contractors to carry out the order from one source. Moreover, advice on government funded subsidy programs for private individuals as well as the preparation of heat images and the issuing of Energy Performance Certificates for properties are offered. The financing of renovation or refurbishing measures resulting from these activities can be provided for private customers in the form of a renovation loan granted by way of cooperation with Schwäbisch Hall and the Bavarian Volksbanks and Raiffeisen banks. In addition, BayWa undertakes an agency role of bringing together interested parties for construction sites. The company has its own operations for heating and sanitary installations, air conditioning systems and the installation of photovoltaic systems, solar thermal systems and heat pumps for residential and commercial buildings and can put in doors and windows as well as laying tiles. In future, the synergies from sales and distribution channels within the Building Materials segment are to be used in multi-sales channels. The aim is to establish BayWa as a professional full-line supplier and to advise customers across segments.

An aging housing stock and new construction which has been in decline for more than a decade, in conjunction with rising requirements for energy efficiency of buildings, open up long-term, attractive growth prospects for the Building Materials segment in respect of refurbishment, renovation and modernisation. Moreover, it is BayWa's goal to expand in western Germany, across the frontiers of its current home markets. There are opportunities for gradually raising market shares through cooperations and takeovers in the strongly fragmented building materials trading business. A guiding principle for BayWa is to acquire only profitable companies with self-sustaining businesses. Synergies can be subsequently released using resources already available within the Group, and profitability raised. On the one hand, the DIY & Garden Centres business unit pursues a niche strategy as a supplier close to the customer, particularly in rural regions, with a range of products and services tailored to the specific requirements and, on the other, the business unit develops new customer groups through mid-sized and large DIY and garden centres as well as through building material centres as part of a multi-channel sales strategy. The quality-oriented specialist market concept for home, house and garden enables the DIY and garden centres to differentiate themselves clearly from price-oriented DIY operators.



The Energy Segment

The Energy segment is focused on the sale of fossil heating fuels, in particular heating oil, as well as other fuels and lubricants. Fossil heating fuels and fuel are exposed to partly considerable fluctuations in sales and revenues depending on the development of commodity prices and the weather. By contrast, the sale of lubricants is more strongly influenced by general economic trends. Despite these fluctuations in the market, the Energy segment is developing through steady expansion. The expansion of activities in the field of renewable energies will be another promising business mainstay in the future.

The Energy segment is the third largest area of BayWa's activities and contributes around 25 percent to consolidated revenues. Activities are focused on the sale of heating oil, diesel and Otto fuels, lubricants and solid fuel primarily in the form of wood pellets. Classical trading and distribution in heating oil and fuel is a low-margin business which can only be managed successfully through consistent cost management. On the other hand, the amount of committed capital is so low that an attractive return on investment can be achieved. BayWa intends to grow this business by making selected acquisitions as new market shares can be won in the greatly fragmented market.

The main sales regions are in Bavaria, Baden-Württemberg, the new German federal states and in Austria. The end customer business is operated by energy sales offices. BayWa runs a total of 275 of its own fuel stations in Germany under the name of BayWa and AVIA. Sales in Austria are carried out through the Group holding GENOL which ensures supplies to around 500 cooperative gas stations. The key customer business comprises the supplying of local authorities, commerce and mineral oil trade. The sale of lubricants was also extended to include industrial customers in 2009. BayWa is market leader in Germany for environmentally compatible rape oil-based lubricants. BayWa is working consistently on optimising structures in its existing business. A task of special importance is to improve logistics by adjusting the local network and the management of the vehicle fleet. In 2010, the Energy segment established a new business area through which the building, installation and operating of cogeneration units can be offered. Moreover, entry into the gas and electricity business is being reviewed. In the medium term, BayWa intends to develop into a full-supplier across all sources of energy for mid-sized enterprises and private customers.

By tradition, BayWa has always been a "green" company which has placed great importance on the use and conservation of natural resources. The move of having established itself early in the new markets for sustainable renewable energies has opened up very good potential for revenue and earnings in the future. BayWa's intention is to build up these sources of energy as a second mainstay in the Energy segment. Alongside classical business with fossil-based fuels, BayWa has been expanding its activities in the field of renewable energies for some years now. The acquisition of three companies in the areas of biogas, solar technology and wind power in 2009 has formed the basis for participating in the growth of this future market.

Existing and future activities in this area will be combined and developed under BayWa r.e, the Group's new renewable energies business. BayWa r.e will centralise existing activities in the field of solar technology and biomass where the Group is already active in sales, installation, maintenance and the supply of raw materials. In addition, selling and marketing new sources of renewable energy is another objective being pursued.

Structure of the Energy Segment

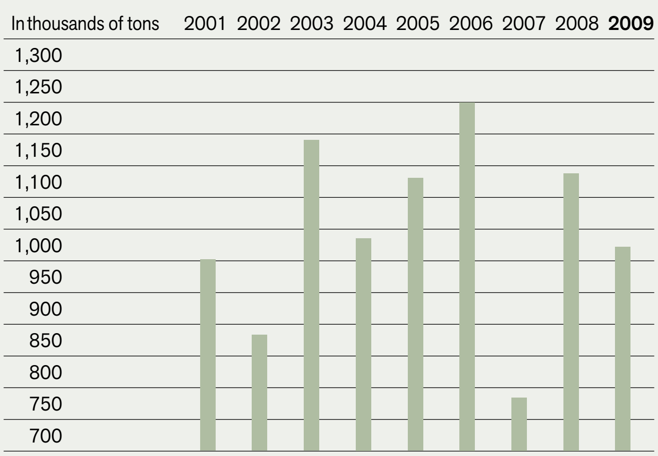
Segment	**Energy**	
Business units	Energy	BayWa r.e*
Products/services	– Heating oil – Diesel fuel – Otto fuel – Solid fuel – Lubricants	– Biomass technology – Solar technology – Other renewable energies

* Business line

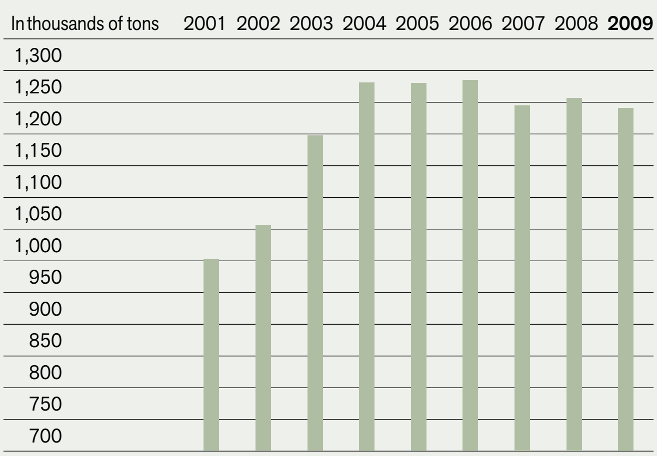
Key operating data of the Energy Segment

In thousands of tons	2007	2008	**2009**
Volume of heating oil	784	1,137	1,021
Volume of fuel	1,244	1,256	1,240
Volume of lubricants	20	22	18
Wood pellets	102	127	151
Number of fuel stations	259	275	275

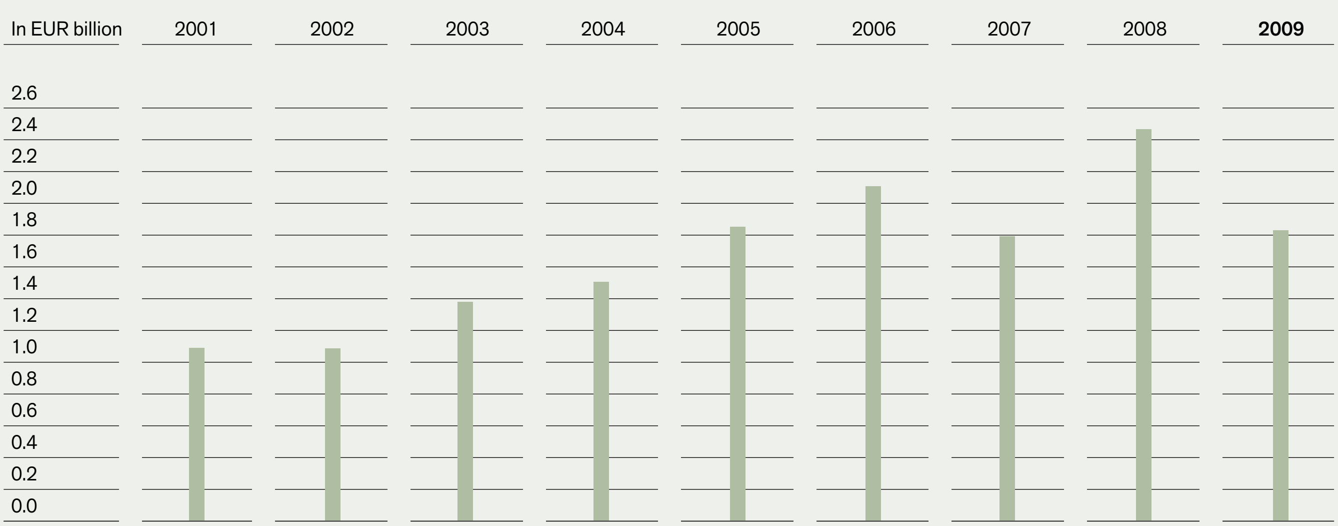
Sales volume heating oil



Sales volume fuel



Total revenues of the Energy Segment



BayWa r.e – Growth Market of Renewable Energies

A growing global population and increasing prosperity for ever larger numbers of people is raising the world's need for energy. A large part of energy consumption is covered today by fossil fuels which are limited resources. Against this background, society is undergoing a change towards covering energy consumption on a sustainable basis. BayWa is actively engaged in promoting this process through its commitment to renewable energies and, at the same time, through implementing its strategy of strengthening its know-how in a promising market.

The topic of renewable energies is not a new one for BayWa. There has been a range of different products on offer for many years in the Agricultural Equipment business unit and in the Building Materials segment, such as biogas and photovoltaic systems. Both in agriculture and forestry as well as in the construction industry BayWa has excellent access to customer groups who are placing increasing importance on the topic of renewable energies. Renewable energies are an ideal supplement to the company's business model and fully accord with BayWa's guiding principle of doing business on a sustainable basis. And last but not least, BayWa also equips its locations with renewable energies systems, thereby making its own direct contribution to conserving the environment.

BayWa bought three companies in the field of renewable energies in 2009. Aufwind Neue Energien GmbH focuses on the acquisition, project development and the construction of facilities, mainly in the area of biogas. The product and services range of the company, which was acquired in August, comprises the operation of facilities and process management, as well as the optimisation of biogas plants feeding into the supply of natural gas and the development of heating concepts. The company assumes all planning and implementation services for third parties in respect of planning facilities. The different types and sizes of plants are compared to ascertain the dimensioning of the plants. The range of activities in respect of the implementation covers the whole approval procedure through to the final building permit, checking of the grid feed-in connections and the grid capacity as well as preparation of the site. In addition, Aufwind Neue Energien GmbH acts in an advisory capacity in the financing of biogas plant funds. The company was founded in 1996 with headquarters in Regensburg. In 2009, it generated revenues from services of around EUR 4.5 million. The company has 29 employees.

In October 2009, another acquisition was made in purchasing MHH Solartechnik GmbH. As a system integrator which operates independently of manufacturers, MHH Solartechnik covers all areas of competence, from consultancy across planning through to the sale of plants. MHH Solartechnik has four locations in Germany, namely in Tübingen, Munich, Nuremberg, Duisburg, and a workforce of 71 people in total. The company also has a subsidiary in France. It concentrates on the wholesale and retail trade of photovoltaic systems and ranks among the largest traders in solar modules sourced from renowned manufacturing brand names. The sales operations of the company are focused

Structure of the renewable energies business

Business line	**BayWa r.e GmbH**		
Company	Aufwind Neue Energien GmbH	MHH Solartechnik GmbH	RENERCO AG
Sales	EUR 4.5 million	EUR 168 million	EUR 56 million
Employees	29	71	50
Products/services	Biogas facilities – Development – Project development – Preparation for construction work – Operation	Photovoltaic systems – Consultancy – Facilities planning – Sale	Wind and solar parks – Consultancy – Project development – Facilities operation and sale of electricity – Service and management

on Germany, France, the Benelux countries, the Czech Republic, Italy, Greece, Switzerland and Austria. MHH Solartechnik generated revenues of EUR 168 million in 2009.

Finally, the acquisition of 87.7 percent of the shares in RENERCO Renewable Energy Concepts AG from Babcock & Brown GmbH was completed in November 2009. The RENERCO Group operates an integrated business model in the field of wind and solar parks. Its business is based on three complimentary pillars: the development of projects and their sale, the building up of the company's own portfolio and the resulting sale of electricity, as well as a range of services for operating companies and technical consultancy for operator companies. The RENERCO Group owns energy-producing projects with a total peak output of 80 megawatts. The project pipeline currently includes wind and solar parks in Europe with an installed capacity of more than 500 megawatts. With a strategic goal of regional specification and strategic alignment towards promoting growth in European countries outside Germany, RENERCO is ideally suited to supplementing the existing activities and the corporate policy of BayWa. Moreover, there are synergies with BayWa's other businesses, such as building materials, for instance. The company, which has its principal place of business in Munich, generated revenues of around EUR 56 million with a workforce of 50 employees.

Within the space of not even six months, BayWa has used the currently favourable situation in the market and its own financial strength to acquire the three sustainably profitable companies of Aufwind Neue Energien, MHH Solartechnik and RENERCO in the renewable energies sector. These acquisitions have enabled BayWa to establish itself in the strategic growth markets of solar, wind and biogas and to cover the value chain from planning, development and trading, across services through to the operating of plants. BayWa is consciously focusing on these areas as they supplement the existing activities of the Group both as to the range of products and services as well as in terms of customer access. By contrast, there is no intention of entering research and development and production, also in the long term.

As early as in the current year, the new BayWa r.e business will contribute around EUR 300 million to the revenues of the BayWa Group. Against the backdrop of political efforts to raise the share of renewable energies in Germany's and the EU's electricity production to at least 30 percent and 20 percent respectively by 2020, expectations in the medium term are for revenues in the region of around EUR 1 billion.

Goals and Strategy

BayWa's aim is to reinforce its market position in its core segments of Agriculture, Building Materials and Energy. At the same time, in-depth know-how in trading and logistics will be used to develop new, high-growth businesses. The strategy therefore combines a focus on traditional strengths and core competences with expanding new, profitable activities. The divestiture of non-core activities has released the capital necessary for investment in growth. Moreover, there is considerable potential for improving margins, especially in the new high-growth businesses.

BayWa is geared to long-term success with a sustainable and transparent business model. Diversification into the three segments of Agriculture, Building Materials and Energy gives the company great stability and minimises the risk at Group level. This three-pillar strategy is one of BayWa's special strengths. Its cooperative roots are behind BayWa's strong anchoring in regional commerce and make the company a reliable partner to its customers. The cooperative association and the stability of the shareholder structure, with its major cooperative shareholders, underpin the long-term positive development of the company. Along with great mutual trust, founded on shared underlying values and convictions, which is particularly important in times of crisis, the good cooperative network across borders also opens up opportunities for international growth. At the same time, as a company listed on the stock exchange BayWa comes under the scrutiny of the capital market and must fulfil expectations placed on achieving a competitive return. BayWa rises to meet this challenge. The main driver behind the growth course of BayWa is the development of its existing activities. Globalisation and structural change has triggered greater concentration in respect of suppliers and customers. This trend requires BayWa to grow in order to keep pace with competition. Opportunities for more growth in the segments arise from the market shakeout in the wake of concentration and globalising agricultural trade. Moreover, BayWa is expanding by developing new markets in the area of renewable energies. The guidelines for expansion are fostering existing customer contacts and the internationalising of the business. BayWa releases the capital necessary for investment also through divestiture as part of streamlining its portfolio of non-core activities. The overriding aim is to improve margins by leveraging synergy effects and economies of scale in existing business and by building up new areas of business with significantly higher margins. The expansion of business is made on the basis of a sound capital structure with an equity ratio of at least 30 percent. Once the necessary transfers to equity have been made from retained earnings for the financing of the planned company growth, BayWa also pursues a policy of consistently paying dividend.

Strategic focus of the Group

BayWa made great progress in the strategic realignment of the company in 2009. Car dealers operations forming part of the Other Activities' holding portfolio were sold, along with the associated real estate. Moreover, BayWa also sold its shares in the DZ Bank. The capital released through these measures came to around EUR 100 million and was invested first and foremost in purchasing three companies in the field of renewable energies. Core activities were also strengthened through further acquisitions. In its classical agri-business, BayWa purchased four German companies operating in collection and storage and the selling and trading of pip fruit and founded a joint venture with Veiling Haspengouw cvba for the collection and sale of pears. In the Building Materials segment, the company forged ahead with activities to streamline and focus the sales channels and to establish the prerequisites for the segment to position itself attractively in a changing market environment. In the classical energy business, BayWa acquired a number of small fossil-based fuel traders in Bavaria.

The Agriculture Segment

The Agriculture segment is a prime pan-European trading and services partner in the farming and food industries. The strategy of the segment is to develop the local network, thereby expanding its strong market position in the various regions, an objective achieved through direct investment in new locations and buying up smaller agricultural trading companies. Moreover, opportunities for entering the markets of countries where BayWa is not yet present are being reviewed. Neighbouring target countries include the EU member states in Central and Eastern Europe. The initial euphoria prevailing after the fall of the Iron Curtain has, however, given way today to a more sober approach. In many cases, markets were opened without there being an assurance of sufficient stability and legal certainty in the environment. With this in mind, BayWa analyses market conditions meticulously and makes investments only on a selective basis. Western and Southern Europe also harbour attractive business potential for BayWa, as exemplified by its recent joint venture in Belgium. Along with the geographical expansion of its business activities, BayWa's growth strategy also provides for the vertical expansion of business along the value chain, in the processing of agricultural commodities, for instance, if this creates value added for existing activities with sustainable, above average profit opportunities.

The Building Materials Segment
The Building Materials segment has great potential, particularly in Germany and Austria. In Austria, new building activities have been on the rise in recent years in contrast to Germany where new construction is at a low level but where the need for refurbishment, renovation and modernisation is accelerating owing to the old building stock. Against this backdrop, the Building Materials segment will pursue a strategy of combining the competences in the Building Materials and DIY & Garden Centres business units in the future and of presenting itself as a supplier of full-line solutions.This will promote the sale of products and, at the same time, create depth in the value chain. In building materials trading, BayWa actively participates in the process of market consolidation in Germany and has taken over numerous mid-sized market operators in recent years. In the DIY business, the market environment is characterised by new DIY markets springing up despite overcapacity. The consequence is intensive price-led competition in the standard product mix. BayWa's strategy is to clearly differentiate itself against its competitors by having a higher quality product mix tailored to the respective region, through offering professional advice and pursuing a niche concept for local supply. In addition, the network of locations is supplemented by franchise partners. An example of this is the Italian franchise centre in Bolzano, a subsidiary founded two years ago which now supports approximately 60 franchise operations.

The Energy Segment
The energy business is the third core segment of BayWa. In its traditional trading in fossil-based heating fuel, fuel and lubricants, the Group pursues the strategy of winning more market shares by taking over suitable competitors. BayWa is expanding in this business and is able to raise its earnings contribution through greater market penetration. Moreover, the company builds on its range of products and services with the aim of increasing the share of higher-margin business through streamlining the portfolio. Such measures also include entry into the energy services business. BayWa is reaping the benefit of the trend towards a more decentralised supply of energy through building, installing and operating cogeneration units. Finally, by concentrating existing competences in renewable energies and strengthening the business through the recent acquisition of three companies, the Energy segment has opened up the possibility of a second mainstay, with promising growth prospects and above-average margins.

Implementation of a growth-oriented company management and control

The environment and competitive conditions vary widely in the different businesses and regions where BayWa operates. For this reason BayWa has defined specific growth and profit targets for each individual business activity. Individual requirements on return depend on the type of business, the specific risks and the necessary capital. In order to render these requirements transparent both within the company and externally, BayWa developed and introduced a value-oriented management and control concept for the company in all segments and business units in the financial year 2009. The operating results of the business units after tax is compared with the capital committed in the respective unit. The return on investment calculated on this basis is then compared with risk-adjusted costs in respect of capital committed. This value-oriented management and control will be applied for the first time in the financial year 2010. The result is transparency in value creation at all levels of business. This information is the starting point for safeguarding intrinsic value, lowering volatilities and sustainably raising enterprise value.

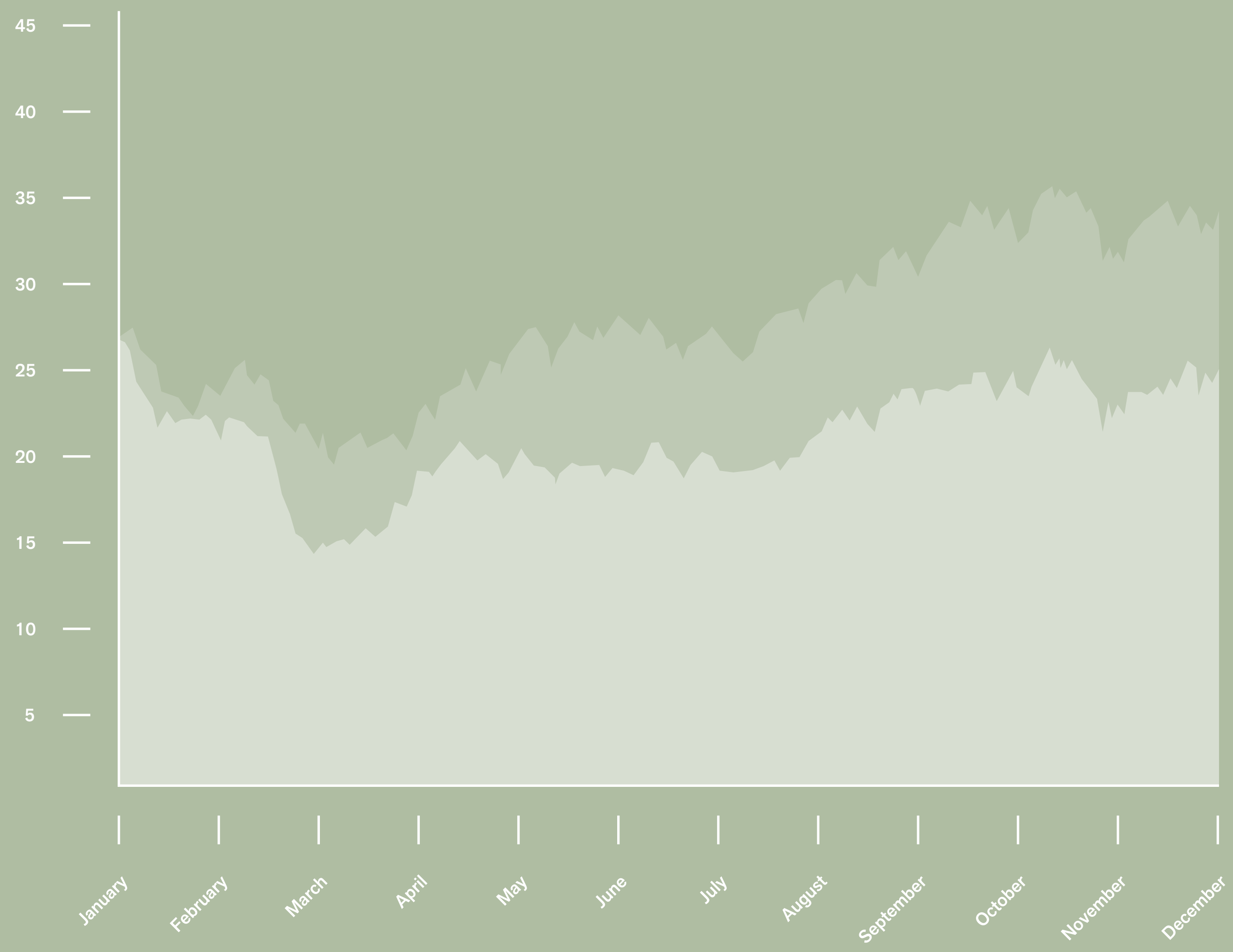
Development of risk management

Given the more extreme price fluctuations, particularly in agricultural commodities, managing these volatilities in BayWa's core businesses is becoming increasingly important. The Board of Management has taken account of this by introducing a Risk Board. Under the guidance of the Chairman of the Board of Management, the risk position of the entire operating business of the BayWa Group is calculated and assessed every two weeks.

02

The BayWa Share. As a company listed on the stock exchange, BayWa fulfils the stringent requirements placed on communication with the capital market. Transparency, continuity and reliability are the fundaments underpinning our dialogue with shareholders, investors and potential investors.

Price performance of the BayWa share in comparison with the MDAX 2009
In EUR



BayWa (registered shares with restricted transferability, securities code no. 519 406)
MDAX normed to BayWa

Share and Investor Relations

The price of the BayWa share fluctuated strongly in 2009, but at year-end 2009 it was virtually unchanged in a year-on-year comparison. The BayWa share has been part of the MDAX since September 2009. The Group is consistently building up its investor relations activities with the aim of raising the awareness of BayWa as an attractive investment alternative.

Stepping up of investor relations activities
Providing the capital market promptly with financial information, both via direct and indirect communication channels, is the core task of the Investor Relations Department. In the financial year 2009, the company stepped up its financial communication by expanding its personnel resources and through additional communication measures.

The aim is to provide the various stakeholders in the capital market promptly with comprehensive information on the Group's performance as well as on its long-term outlook. Open and reliable communication with analysts, institutional and private investors as well as the financial press improves the understanding of BayWa's business model, thereby raising the confidence of the capital market in the company. Beyond this, the intention is to enhance the way the company is perceived and to raise the awareness of the BayWa share through addressing new groups of investors in a targeted way.

BayWa held its first Capital Market Day in September 2009 and invited investors and analysts to the venue in Freiberg am Neckar. More than 30 financial experts from Germany and abroad came to the one-day event to gather in-depth information about the company. Along with presentations on the corporate strategy, participants had the opportunity of visiting a typical BayWa agricultural location and of gaining first-hand experience of logistics services in the agri-business.

The participants' positive response and the aspiration of the Group of ensuring transparent and sustainable capital market communication are behind the BayWa management's decision to hold the Capital Market Day as a regular event in future.

Another step in the progress made in the reporting year 2009 was the relaunching of our Investor Relations website. The content of the webpages was revised and supplemented by additional information. The presentations of the Capital Market Day, for instance, information on the corporate strategy or on BayWa's share price performance as against the German share indices were made available for viewing. In addition, the layout and structure of the individual pages were optimised. All financial reports and company presentations are available in both German and English and can be downloaded from the company's website at www.baywa.de and www.baywa.com under the Investor Relations heading.

The investor relations activities of BayWa elicited a positive response in 2009: BayWa notably improved its ranking in the "Investor Relations Prize" awarded annually by the "Capital" business magazine and the German Association for Financial Analysis and Asset Management (DVFA). Analysts and investors put BayWa in fifth place for its investor communication in the German Small Cap Index; in 2008, the company was still 26th in the ranking. Of a possible 500 points, BayWa was awarded 321. Moreover, the 2008 BayWa Annual Report was one of the award winners of the iF communication design award 2009.

Communication with the capital market
The basis of the investor relations activities of BayWa AG in 2009 were three telephone conferences on the occasion of the release of the quarterly figures and the annual Analysts' Conference. Supplementing these activities, direct contact with analysts and institutional investors at the level of one-to-one discussions as well as at an investor conference is an important instrument for explaining the prospects of the company. This interaction enables an ongoing comparison between the company's standpoint with how it is perceived externally. The assessment of capital market participants on developments, both in the respective sectors and as concerns the company, is particularly valuable to BayWa.

In the reporting year, BayWa therefore arranged 174 (2008: 142) individual meetings with fund managers and financial analysts and held 15 roadshows in the Benelux countries, Germany, Austria, France, Great Britain, Italy, Scandinavia, the USA and, for the first time, Greece. The number of contacts with institutional capital market participants was therefore raised again. Alongside the Capital Market Day, the company also organised a sector-specific event. High-profile experts gave presentations on the future trends in agriculture at the "BayWa-Agrarforum".

In addition, BayWa made presentations at the following capital market conferences:
- Cheuvreux German Corporate Conference
  January 2009, Frankfurt am Main
- Steubing Investor Conference
  June 2009, Frankfurt am Main
- UCG Global Investment Conference
  September 2009, Munich
- Equity Capital Forum
  November 2009, Frankfurt am Main

Admission of the BayWa share to the MDAX

The BayWa share with restricted transferability is traded on the regulated markets of the Frankfurt and Munich stock exchanges, as well as OTC in Berlin, Bremen, Düsseldorf, Hamburg and Stuttgart. The share fulfils the transparency requirements of Prime Standard. With effect from 21 September 2009, BayWa was admitted to the MDAX. The switch from the German SDAX of small cap stocks, which had included the BayWa share since 2003, to join the MDAX was based on the higher share turnover on the stock exchange and market capitalisation. Having ranked in 51st and 56th measured by market capitalisation and stock market turnover respectively, the BayWa share fulfilled the main criteria of Deutsche Börse for regular entry into the MDAX.

Advancing to join the MDAX proves that the BayWa share has been able to gain an increasingly stronger foothold in the German stock exchanges.

The high regard of the capital market is also reflected in the ratings of the individual banks which regularly report on BayWa. The following institutions provided regular analyst coverage of BayWa in the financial year 2009.

Ratings of the individual banks

Institution	As per	Rating
DZ BANK	07/12/2009	Buy
Cheuvreux	10/09/2009	Buy
Bankhaus Lampe	16/11/2009	Buy
SES Research	12/11/2009	Buy
Reuschel & Co. Privatbankiers	12/11/2009	Buy
UniCredit Group	23/11/2009	Sell

Price performance of the BayWa share

The registered BayWa share with restricted transferability was well able to hold its ground during the stock market year 2009 despite the economic and financial crisis and the considerable decline in the price of agricultural produce. On 30 December 2009, the BayWa share stood at EUR 25.16 which is only slightly below the level posted at year-end 2008 (EUR 25.80). The price of the BayWa registered share with restricted transferability reached its highest level in the reporting year at EUR 26.90 on 2 January 2009. The weak market environment and ongoing pressure on the prices of agricultural produce caused the share price to tumble in the first quarter. It reached its lowest point for the year of EUR 14.15 on 2 March 2009. At the end of the first quarter, German stock markets overall dipped to their absolute low for the year. The development of the benchmark indices in the first quarter of 2009 came to –21 percent on the MDAX and –16 percent on the SDAX. Following their sharp downturn, the BayWa share and the stock markets subsequently rallied in the spring. By mid-April, the price had recovered to just over EUR 20 and remained at this level through to mid-year. In the wake of a brightening in the capital market environment, the BayWa share price began to climb and reached its interim high of EUR 26.31 on 12 October 2009, supported by the Group's admission to the MDAX. At the end of October, the share fell again to EUR 21 only to gain ground once more to the level previously achieved in the final two months of the reporting year. Along with a more upbeat market environment, buoyed by growing confidence that the global financial crisis would be overcome, the promising prospects from the takeover of three companies in the strategic business of renewable energies contributed to boosting the BayWa share. The share shed around 2.5 percent as against its price at the start of the year, and market capitalisation contracted by EUR 18 million to EUR 856 million in 2009 as against the previous year. The trading volume of the registered BayWa share with restricted transferability, which averaged around 33,200 shares per trading day as compared with 33,000 in 2008, remained steady for the most part. The closing price of shares not subject to restricted transferability were quoted at EUR 26.14 on 30 December 2009 as compared with a year-end 2008 closing price of EUR 29.50, which corresponds to a decline of 11.4 percent.

Allocation of share capital

The share capital of BayWa comes to EUR 87,307,622.40. As against the previous year, liable capital rose by EUR 346,823.68, owing to the subscription of employee shares. The share capital comprises 34,104,540 registered shares, divided into two classes of shares: owing to their number of 32.9 million, the more liquid shares with restricted transferability (securities code no. 519 406) and 1.2 million in shares not subject to restricted transferability (securities code no. 519 400). The latter were primarily created through issuance in the context of business combinations. The trading volume of this "smaller" category of shares is very limited due to their low numbers.

Multi-year price performance of the BayWa share

In EUR	2002	2003	2004	2005	2006	2007	2008	**2009**
High	6.50	13.70	15.40	18.35	26.29	47.71	44.50	26.90
Low	4.60	4.60	11.62	12.70	16.51	23.05	17.92	14.15
Closing price	5.20	13.21	13.40	16.20	24.28	34.02	25.80	25.16
Market capitalisation (in EUR million)	176.3	443.4	452.9	548.6	823.2	1,154.1	874.4	855.9

Share price: registered shares with restricted transferability (sec. code no. 519 406); market capitalisation: both classes of shares (sec. code nos. 519 400 and 519 406)

Employees use Employee Share Scheme

For many years now the Employee Share Scheme has promoted the entrepreneurial thought and action of the workforce. Moreover, it enables employees to participate in the value of the BayWa share. In the summer of 2009, employees of BayWa AG and of the Group companies were again given the opportunity to buy BayWa shares under special conditions. Within the scope permitted under German tax law, those entitled to shares of BayWa AG were able to subscribe at an employee discount of 40 percent. All in all, 135,478 (2008: 79,485) registered shares with restricted transferability were issued as part of this scheme. These shares are subject to a prohibition on sale (company lock-up period) until 31 December 2011. The entering of the capital increase from Approved Capital into the Commercial Register took place on 22 October 2009. Overall, the company received refunds totalling EUR 1,938,690.18. The agio of EUR 1,591,866.50 was transferred to capital reserve.

BayWa share key data

	Registered shares with restricted transferability	Registered shares not subject to restricted transferability
Sec. code no.	519 406	519 400
ISIN	DE 0005194062	DE 0005194005
SE code	BYW6	BYW
Reuters	BYWGa.DE	BYWG.DE
Bloomberg	BYW6:GR	BYW:GR
Stock market segment	Regulated Market/Prime Standard	Regulated Market/Prime Standard
Stock markets	Frankfurt, Munich, XETRA,	Frankfurt, XETRA
	OTC in Berlin, Düsseldorf, Hamburg, Munich, Stuttgart	
Index	MDAX	–
Number of shares	32,725,811 + 135,478 recently issued	1,243,251

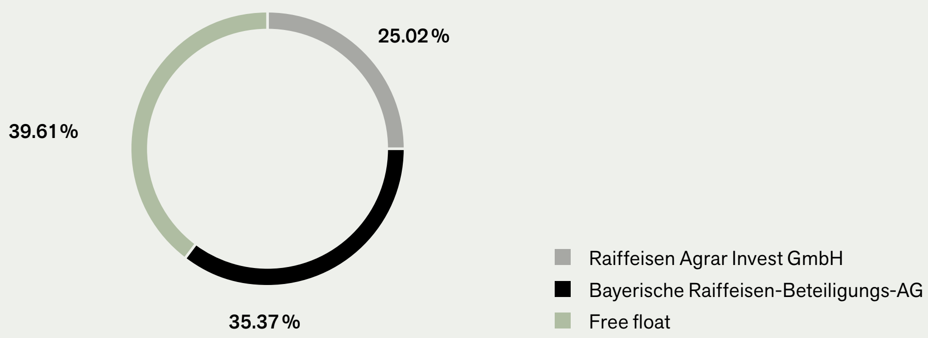
Dividend to remain stable
The Board of Management and the Supervisory Board will put forward a proposal to the Annual General Meeting of Shareholders to pay dividend of EUR 0.40 per dividend-bearing share. The payout will therefore remain at the level of the previous year when dividend distributed to the shareholders came to EUR 0.34, plus a special dividend of EUR 0.06. The intention of Management and the Supervisory Board in distributing dividend is to enable the shareholders to participate in the comparatively good company results achieved despite a difficult business environment. BayWa thus continues to uphold its steady, earnings-oriented dividend policy pursued in recent years. In relation to the consolidated net income of the BayWa Group, the payout ratio – pending approval by the Annual General Meeting of Shareholders – therefore comes to 22.9 percent as compared with 17.7 percent in 2008.

The amount earmarked for distribution to the shareholders will be reduced by the portion attributable to the shares owned by the company at the time when the resolution on profit appropriation was made. Pursuant to Section 71b of the German Stock Corporation Act (AktG), these shares are not entitled to dividend. The portion will be carried forward to new account.

Shareholder structure remains largely stable
The shareholder structure of BayWa AG in relation to the sum total of registered shares subject to and not subject to restricted transferability at year-end 2009 is illustrated below:

- As per 31 December 2009, Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, held 35.37 percent in accordance with the entry in the share register; this corresponds to an increase of one percent as against the previous year.
- Raiffeisen Agrar Invest GmbH headquartered in Vienna (formerly St. Wolfgang Beteiligung GmbH) holds 25.02 percent of the voting rights. The increase in voting rights of 10.3 percent as against 2008 was made by way of integration of RWA Verbundservice GmbH into Raiffeisen Agrar Invest.
- The proportion of free float stood at 39.61 percent at the end of the reporting date.

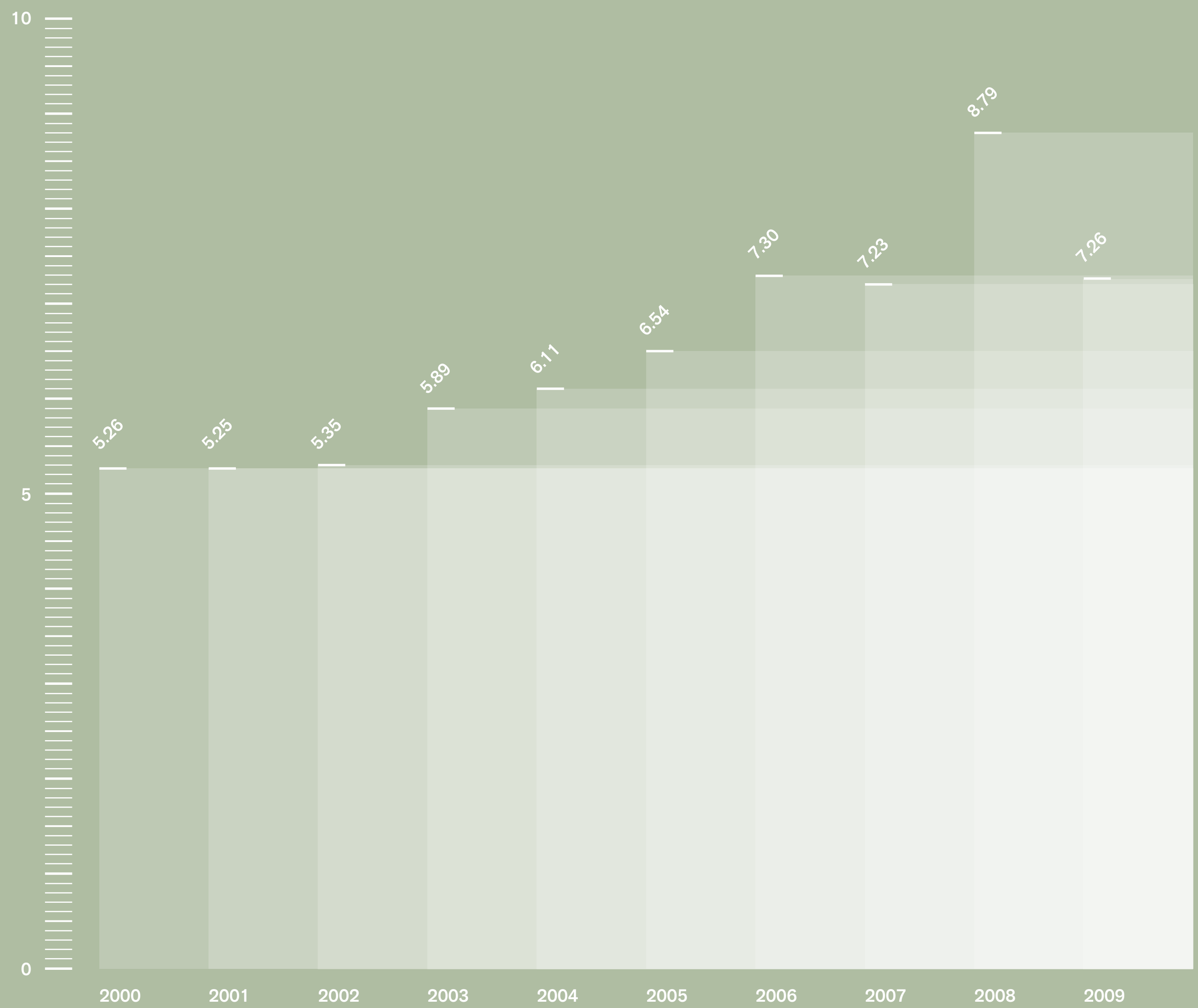
Shareholder structure of BayWa AG as per 31 December 2009



03

Management Report on the Company and the Group. Sustainable performance is the result of a corporate strategy with a long-term horizon, its consistent implementation and strong orientation towards fulfilling the needs of our customers and markets.

Development of consolidated revenues
In EUR billion



Management Report on the Company and the Group in the financial year 2009

I. Summary of performance in the financial year 2009

The BayWa Group was well able to safeguard its position in an extremely turbulent environment in the year 2009. Given the far-reaching crisis in the financial and merchandise markets, the company's diversified business model once again delivered proof of its worth. The decline in sales and profit in the agri-business and in the building materials trade was offset by a positive development in the DIY & Garden Centres business unit and in the Energy segment. At the same time, the Group succeeded in sharpening its profile in the crisis. Separation from peripheral activities which are not part of the company's core competences released capital which was then invested in building up strategic core businesses and the promising new field of renewable energies. The BayWa group has thus emerged stronger and in a better position from the crisis.

Performance in the Agriculture segment was characterised by substantial price declines across almost all agricultural products important for BayWa. In the wake of the extreme price hikes in the market on the back of the general increase in the price of commodities in 2008, there was a countertrend which had already set in by late summer 2008. The extremely good harvest, both as to volume and quality, led to an increase in inventories and, given the great insecurity of market participants due to the economic crisis, exerted considerable pressure on prices. Although prices for operating resources, especially for fertilisers, were still running at a very high level at the start of 2009, demand slumped as farmers restricted their use of fertilisers due to the lower level of selling prices of their produce. The sharp price fluctuations of volumes not taken up led to the corresponding impairment of inventories.

The decline in selling prices also impacted the agricultural equipment business as reflected in farmers' extreme reluctance to invest. Against this backdrop, the revenues of the BayWa Group's Agriculture segment were around EUR 779 million below the level of the exceptional year 2008. The operating result has therefore more than halved to EUR 48.8 million.

The Building Materials segment with its building material trade is hugely dependent on the economic conditions in the construction industry. In the financial year 2009, the extreme reluctance of trade and industry to invest because of unutilised capacity and uncertainty about the future were particularly adverse factors. By contrast, the DIY & Garden Centres business unit achieved higher revenues and profit owing to the successful implementation of strategic measures to reposition the business. The lower share of the DIY and garden centre activities in the overall volume of business generated by the segment was able to almost fully compensate for declines in the commercial building materials trade. Segment revenues stood at around EUR 1,176 million which is only some EUR 10 million below the previous year's figure. The decline in revenues led to a downturn in the operating result by just under EUR 3 million to EUR 18.5 million.

In the Energy segment, sales in the heating market were affected by the long winter 2008/2009 with its extreme periods of cold and mineral oil prices which were still at a level favourable for consumers. Brisk demand in the first half of 2009 presented this segment with great challenges in terms of its flexibility and ability to deliver whereas, in the second half-year, demand slowed appreciably due to the high level of tanks. The fuel business developed moderately accompanied by improved margins in the financial year 2009. The lubricants business fell short of the previous year's level owing to its strong dependency on the vehicles garage business and the metal processing industry. Alongside the classical energy business, the BayWa Group considerably strengthened its position in the field of renewable energies in the second half of 2009 through the acquisition of a number of companies and has concentrated these activities by combining them under the new BayWa r.e (formerly BayWa Green Energy). All in all, revenues in the Energy segment declined by around EUR 625 million as against the previous year mainly due to price effects. The operating result, however, was nearly doubled to a good EUR 24 million.

All in all, the BayWa Group generated revenues of EUR 7,260 million; consolidated revenues have thus fallen by EUR 1,534 million as against the previous exceptional year 2008. Despite the appreciable decline, the operating result came to around EUR 102 million which is about EUR 48 million lower in a year-on-your comparison. Given the enormous turbulence in the market in 2009, this development can be deemed positive. The shareholders of BayWa AG are also to participate in this performance: with this in mind, the Board of Management and the Supervisory Board will propose payment of a dividend of EUR 0.40 per share to the Annual General Meeting of Shareholders.

II. Business and general conditions

Group structure and business activities

The focus of the BayWa Group is on wholesale and retail trade and on logistics. The principal place of business of BayWa AG, the parent company founded in 1923, is Munich. With its roots in regional cooperative trading, the company has evolved into a leading trading and logistics group through steady growth and by consistently extending its range of products and services. The business model of BayWa is characterised by diversification into the areas of agriculture, building materials and the supply of energy. The company's activities are divided up accordingly into the three operating segments of Agriculture, Building Materials and Energy. The business activities of the segments are focused on trading and logistics services, supplemented by an extensive offering of specially customised services. BayWa is strongly anchored in rural regions. Including franchise and partner companies, the Group has around 3,000 sales locations spread across fourteen European countries. Its home markets are in Germany, Austria and Eastern Europe.

The BayWa Group

	Revenues (in EUR million)	Employees (annual average)
Agriculture	3,270	6,486
Building Materials	1,776	6,463
Energy	1,837	972
Other Activities	377	1,391

Traditionally, the BayWa Group generates the largest part of its revenues from the agricultural and food industry. The Agriculture segment contributed around 45 percent to consolidated revenues in 2009. BayWa is Europe's largest full-line distributor in the agricultural industry and trades some of its products worldwide. The Agricultural Trade business unit buys up, stores and sells plant-based products, from the field through to the food industry, and trades in agricultural resources such as seeds, fertilisers and crop protection as well as feedstuffs for animal husbandry. The Agricultural Equipment business unit sells equipment and facilities for yard and barn. The service range of the business unit includes maintenance, repair and the sale of spare parts through a dense network of its own workshops as well as mobile service vehicles.

The Building Materials segment contributes around 25 percent to consolidated revenues. The BayWa Group is Germany's no. 2 in the building materials trade and also ranks among the leading suppliers in Austria. The Group operates DIY and garden centres mainly in rural regions. Moreover, BayWa is an important franchisor in the building materials trade and through its DIY and garden centres.

The Energy segment, which makes up around 25 percent of consolidated revenues, sells mainly heating oil, diesel and Otto fuel, lubricants and wood pellets in Bavaria, Baden-Württemberg, Saxony and in Austria. In addition, the segment operates its own network of fuel stations. BayWa Green Energy (now renamed as BayWa r.e), with activities launched in 2009, comprises existing business and activities newly acquired in the reporting year 2009 in the field of renewable energies. BayWa views this new business as an area for sustainable growth. There are opportunities inherent in the necessary realignment of the supply of energy to counteract dwindling conventional sources of energy. Renewable energies hold the promise of an above average growth in the markets in the medium and long-term in which BayWa intends to participate through concentrating its core competences on this area.

Other Activities comprise food production and other financial participations. They contribute around 5 percent to the BayWa Group's revenues.

BayWa AG operates business in its three segments both directly as well as through its subsidiaries which are included in the group of consolidated companies. In the countries of Eastern Europe, where the BayWa Group is mainly engaged in agricultural trading, management is the province of each individual company in the respective countries. Including BayWa AG, the BayWa Group comprises 54 fully consolidated companies. In addition, six companies where management is carried out jointly with one or several partners are consolidated on a basis proportionate to the individual investment share. Seven companies have been included in the consolidated financial statements of BayWa as associated companies in application of the equity method.

Corporate goals, strategy, management and control

The BayWa Group has set itself the goal of safeguarding its position long term as one of the leading suppliers of products and services in its segments of Agriculture, Building Materials and Energy and to expand both through organic growth as well as through acquisitions, provided that conditions are attractive.

The earnings strength of the Group is enhanced on an ongoing basis through economies of scale in the wake of revenue growth and efficient cost management. On the cost front, measures are concentrated primarily on raising the efficiency of locations, streamlining processes and making more intensive use of sales and distribution structures. Focusing on efficient working capital management and optimising the allocation of capital within the Group will serve to widen the scope for investments and improve the balance sheet structure. Beyond this, a balanced relationship between debt and equity is conserved.

The segments are managed and controlled by way of applying strategic and operational parameters and a number of financial ratios. An important parameter for management tasks is revenue growth, both organic and through acquisitions.

In addition, earnings before interest and tax (EBIT) and the EBIT margin, which is the ratio of EBIT to sales, are the most important ratios for measuring the profitability of the segments. Emphasis is also placed on earnings before interest, tax, depreciation and amortisation (EBITDA). This ratio serves as a benchmark for the ability of the operating units to generate surplus funds and service financial obligations. Finally, the debt-to-equity ratio at Group level, defined as the ratio of net financial liabilities to EBITDA, is an important parameter for the whole Group.

In the financial year 2009, the prerequisites were set in place to supplement the management and control of the operating units by adding a value-oriented measurement component. The segments will be assessed on the basis of their contribution to developing the enterprise value of the Group, measured as return on net assets against the risk weighted cost of capital.

Services, products and business processes

BayWa's logistics competence is especially important in its agri-business when it comes to the buying, storing and selling of the harvest. Buying up the harvest necessitates a sophisticated transport system and a high level of storage capacities, as well as seamless integration of the delivery of goods, processing, garnering and produce maintenance. During the subsequent phase when the harvest is sold, knowledge of both local and global supply and demand conditions is essential for an informed assessment of market developments, especially in times of high price volatility. Upstream and downstream from the harvest are activities encompassing the supplying of farmers with seed, resources and consultancy services for cultivation as well as the sale and servicing of agricultural equipment, which means that BayWa remains in close contact with its customers from the agricultural industry throughout the whole year.

In its building materials business, BayWa mainly caters to the needs of small and mid-sized construction companies, tradesmen and commercial enterprises, as well as local authorities. Another group of important customers are builder-owners and house owners. The key success factors in this business are the regional proximity to the customer, the product mix and advisory services. In the case of conventional construction materials, being close to the customer is a significant competitive advantage due to the amount of weight or volume, which can cause high transport costs, with concurrently relatively low value added. Together with direct availability, these are the reasons which drive the pronounced regional structure of BayWa's building materials trade. By contrast, business in renovation products necessitates knowledge of new trends in materials and technologies and the associated consultancy services, which is one of BayWa's core competences. The DIY and garden centre business is defined by a niche-based local supplier concept first and foremost geared to servicing the regional customer. It is subject to seasonal fluctuation as, particularly in the spring, the sale of plants and accessories makes a major contribution to revenues.

Outside the planting season, articles for leisure activities and for building external to the house are in strong demand in the summer while the emphasis in the winter months is more on interior decoration and living space accessories. The product mix therefore varies greatly over the course of the year. In addition, BayWa achieves differentiation in the building materials business by having a basic stock of high quality products accompanied by extensive advisory services.

Both business units operate independently from one another. The Building Materials segment optimises its activities across the business units by combining central functions and existing know-how in order to be able to offer the customer optimal service.

BayWa's energy business is made up of the sale of fossil-based heating fuels, fuels and lubricants as well as the new BayWa r.e (formerly BayWa Green Energy) which will forge ahead with activities in the field of renewable energies in its capacity as a centre of competence. In the case of fossil-based heating materials, fuel and lubricants, BayWa's activities concentrate purely on logistics and distribution. BayWa does not maintain supplies of any great scope itself. For this reason, the impact of price changes on inventories is minimal. The sale of heating fuel is mainly carried out via the company's own energy sales offices. Diesel and Otto fuel are sold through the company's more than 275 fuel stations. In addition, supplies are also delivered to the fuel station chains of partner companies and wholesalers. BayWa reaps competitive advantage from logistics and distribution by expanding its sales and distribution network, coupled with a higher degree of market penetration. For this reason, the Energy segment intends to grow through acquisitions in the future as well as recently exemplified by the takeover of the heating oil business from Shell Direct Bayern in 2008. As trading in fuel is characterised by business with mid-sized enterprises, to the exception of a few market participants with nationwide operations, there are good opportunities arising from this approach. In the sale of lubricants where the target customers are mainly in the agricultural industry as well as small and mid-sized commercial customers, efforts are being made to expand business to include industrial customers. BayWa is market leader for environmentally compatible plant-based lubricants. In the field of renewable energies, the Group has achieved significant diversification through the acquisition of three companies in 2009. Along with facilities for producing energy from biomass, the product range also comprises facilities for the generating of wind and solar energy. In addition, planning, resources and services form part of the offer associated with these plants. The combining of all these activities under BayWa r.e set in place the prerequisites for releasing synergies and enabling the Group to participate in the expected market growth.

Sales markets and competitive position

BayWa ranks among Europe's leading companies in agricultural wholesale and retail trading. It is anchored in the agri-business as part of the agricultural cooperatives trading structure where it has its roots. By the nature of their historical development, these trading structures cater to the needs of different regions in Germany and Austria. BayWa has approximately 1,300 locations which form part of an extensive and tight network 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 private mid-sized agricultural trading enterprises, mainly operating locally, constitute the competitive environment for agricultural products. In addition, there are a number of wholesalers offering equipment and resources represented nationwide. All in all, BayWa has carved out a significant market position in agricultural trading in Germany and Austria.

Key factors for success in the building materials trade are regional presence and close contact to commercial customers. The building materials market is very fragmented, both in Germany and in Austria. In Germany there are some 1,000 companies in total, with around 2,500 locations specialised in the building materials trade. The majority of suppliers are mid-sized companies which work together in different forms of cooperation. With its 235 locations, BayWa takes second place in Germany and has a strong market position in many regions. BayWa also has an important position in the most attractive regions in Austria through its 36 locations and its extensive network coverage of franchise partners. With 117 centres in Germany and Austria, BayWa concentrates on rural regions in its DIY and garden centre business.

BayWa has a good position in the energy business, mainly in southern Germany and Austria. The competitive environment is fragmented and characterised mainly by mid-sized fuel traders; in addition, the large oil companies also operate in this market. From a historical standpoint, there is a close connection with agriculture, as farmers are among the largest customer groups.

Fundamental legal and economic factors of influence

The Group's Agriculture segment is, on the one hand, exposed to the impact of natural phenomena, such as the weather, which are determinant factors for the success of the harvest. On the other, the development of supply and pricing in the markets for agricultural raw materials and natural products have a direct impact on business. Changes in the legal framework conditions may lead to considerable market adjustments, especially in the area of renewable primary products, which in turn may affect other areas of trading in agricultural commodities. Similarly, EU directives also exert a major influence on prices and structures in a number of relevant markets.

Changes in the economic and political environment may in particular have a positive or negative effect on the Building Materials segment, especially in the case of measures affecting residential construction or government subsidies to promote renovation and refurbishment. The performance of the building materials trade generally tracks the overall construction economy and depends particularly on public spending patterns in civil engineering and roadworks. 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 influence investment propensity. In addition, construction law, construction directives such as, for instance, 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, also influence investment behaviour and the demand for certain products.

Business in the Energy segment is strongly influenced by the volatility of crude oil prices. Accordingly, the prices of fossil-based fuel and lubricants are subject to considerable fluctuations which naturally affect the demand for these products. In the case of renewable energies, by contrast, rising prices for fossil-based fuels result in stronger demand. The sale of biodiesel depends to a great extent on fiscal framework conditions. This is also valid for photovoltaic systems where yield from a profitability standpoint has been largely determined to date by the tariffs for feeding into the grid defined under the law.

General business conditions

In 2009, the global economy suffered its severest setback for decades. Price-adjusted global economic output fell by an estimated 0.8 percent, and the volume of global trade contracted by 12.3 percent. The recession had its roots in the international financial crisis which spread increasingly to the real economy as from autumn 2008 onwards. The massive economic stimulus programmes of the industrial nations and an exceptionally expansive monetary policy on an international scale succeeded in halting the downtrend of the global economy over the course of the year and in stabilising the situation. It is currently impossible to foresee the medium- to long-term impact of this policy on inflation rates, the interest rate level and currency parities for instance. Above all countries which play an integral part in the international distribution of labour and are highly dependent on having financial and credit markets which function smoothly were hard hit by the economic slump. Germany, for example, which sustained a decline of 5.0 percent in macroeconomic output in 2009, was much more strongly affected than the USA where the downturn in the gross domestic product was only 2.4 percent. Austrian economic output fell by 3.7 percent in 2009 which is somewhat lower than the average in the eurozone (minus 4.0 percent). Initially still strong exports to Eastern European countries were instrumental in stabilising Austria's economy. The second half of 2009 marked the start of a modest recovery in the economy in Austria which was nonetheless hindered by the slowdown in growth and credit default meanwhile evident in the Eastern European countries. In the countries of Eastern Europe, where BayWa is also present, economic growth in 2009 fell by an average 4.3 percent as compared with 3.1 percent in the previous year. The downturn in growth in these countries ranged from 3.0 percent in Serbia, to 4.8 percent in the Czech Republic, 5.8 percent in Croatia and in Slovakia, and 6.5 percent in Hungary through to 7.4 percent in Slovenia.

Trends in the agriculture sector

In 2009, the agricultural industry and many agricultural products stood under the influence of the third record harvest in a row. This was accompanied by a decline in the prices of grain and oilseed, a trend which set in back in the second half of 2008 and, given the high level of inventories, which continued throughout most of the year 2009. The demand for fertilisers, specifically compound fertilisers, remained weak over the course of 2009. Prices of fertilisers which were still high at the start of 2009 combined with the impact of the lower level of farmers' income led to sparing use of this resource. With a time lag, this therefore caused the price of fertilisers to fall substantially over the course of the year. By contrast, the development of seed and feedstuff sales volumes was relatively stable. Given the low price level of agricultural products, upfront buying of operating resources in the spring was also moderate in the second half-year. In the first half of 2009, business with agricultural equipment benefited from the high order level left over from the previous year as the willingness of farmers to invest had resulted in more orders being placed, especially for agricultural machinery, on the back of the positive selling price trend in 2008. Demand in the second half of the year was, by contrast, in decline. This was attributable, on the one hand, to the harvesting process not having been completed and the resulting lower liquidity of farmers and, on the other, to the fact that Agritechnica, the leading trade fair for agricultural equipment which takes place once every two years, led to investments being postponed as this trade fair exhibits technological innovations which can be used to raise productivity.

Trends in the construction industry

In the first quarter of 2009, the construction industry in Germany and Austria suffered from the severe winter, compounded by the effects of the general economic crisis. Numerous construction projects already planned were only commenced with a delay due to the weather. Over the course of the year, the economic crisis had a braking effect most particularly on new construction in the commercial sector. The effect of the approved economic stimulus packages and investments planned in public-sector construction filtered through only with a time lag owing to the long lead times before funds were made available, over completion of planning through to construction. In private construction, even the very low level of interest did not stimulate new building activities as builder owners' anxiety about the development of the economy and their own financial situation outweighed the cost advantages in financing. Despite an increase in investing activities relating to refurbishment, renovation and modernisation, overall investment in housing declined by 0.8 percent. New residential construction went into considerable decline in Germany. In the reporting year, less than 160,000 residential units were completed which is a downturn of 9.5 percent as against the previous year. Non-residential investment in the commercial sector slowed by 2.5 percent in 2009. Although the volume of public-sector construction grew by 4.0 percent, its relatively low share of around 13 percent in total construction spending was unable to compensate for the decline in the other two sub-sectors. Up until and including November, the construction industry recorded a decline in revenues from construction activities of 4.1 percent. In Austria as well, the long winter and general economic environment had a negative effect on building activities. The downturn in demand, especially for commercial real estate, sent investment in non-residential business and even in housing construction, which had been stable up until that point, into decline. As a result, construction investments in Austria contracted by an overall 4.0 percent in 2009.

Trends in the energy industry

Falling crude oil prices and the long hard winter 2008/2009 triggered brisk demand for heating oil. In the spring, private households used the still favourable price level against the backdrop of the rising price of crude oil to keep the levels of their tanks high. The high levels of tanks at the start of the summer and seasonally induced lower consumption caused demand to fall sharply up until autumn. It only picked up again with the first wave of cold in winter 2009/2010. Business with mineral-based fuel held stable over the course of the whole year. Despite lower price levels, the volume of sales was only marginally below the level of 2008. It can be assumed that, owing to the unutilised capacity of oil refineries and the – on occasion – even negative refining margins, oil refinery operators sought to implement price increases for processed products in order to improve their own margins. The margins in the fuel station business were therefore higher in 2009 in comparison with the previous year. Demand in the market for lubricants was much slower in 2009 as a whole due to the dramatic slump in orders in the metal processing industry.

III. Earnings, financial position and assets

Development of the Group's business segments

Development of the Agriculture segment in 2009

Revenues in the BayWa Group's Agricultural Trade business unit comprising trading in agricultural produce and resources declined by 23.7 percent to EUR 2,443.2 million in the financial year 2009. The downturn in revenues is mainly price induced, as the prices of agricultural produce, which were in a distinct downtrend in comparison with the high levels seen in 2008, and volumes were only able to match the high year-earlier level to a certain extent owing to the bumper harvest. BayWa's turnover of grain came to 4.8 million tons in 2009 as compared with 4.4 million tons a year ago. Moreover, the lower volume of sales in respect of crop protection, fertilisers and other operating resources contributed to the lower level of revenues. The decline in revenues caused EBITDA to drop by 43.4 percent to EUR 67.7 million. This result is also due to windfall profits from the grain selling business in 2008 not being repeated as well as to a non-recurrent downward valuation of fertilisers. By contrast, depreciation and amortisation fell by only 6.5 percent, bringing EBIT to EUR 36.0 million which is 57.9 percent lower than the previous year's figure. Interest income improved by EUR 11.6 million to EUR minus 17.0 million on the back of the lower level of trading volume requiring financing. The Agricultural Trade business unit's earnings before tax (EBT) therefore declined by 66.6 percent to EUR 19.0 million as against that of the exceptional year 2008.

In 2009, the Agricultural Equipment business unit benefited initially from a high level of orders left over from the previous year. As agricultural production has become increasingly lucrative, boosting income as a result, many farmers were using technological progress to step up their farming activities. The development of the business unit's revenues was relatively stable in the first six months owing to deliveries of orders placed in 2008. An increase in the use of agricultural machinery is accompanied by a rise in the need for repair and servicing which resulted in the revenues in services rendered climbing as against the previous year. Growth in services received additional impetus from the introduction of the Group's own Tecparts brand which comprises high-quality parts for replacement and wear and tear. This development served to virtually compensate for the slowing of fresh sales of agricultural equipment over the course of the year. With a slight decline of 2.2 percent to EUR 826.6 million, the development in the business unit's revenues was stable for the most part. Narrower margins, the fact that one-off earnings generated in 2008 were not repeated and higher discounts on merchandise caused EBITDA to decline 35.6 percent to EUR 23.8 million. Depreciation and amortisation posted EUR 8.6 million, which is EUR 1.2 million or 12.0 percent below the year-earlier figure, bringing the decline in EBIT to EUR 12.0 million, the equivalent of 44.1 percent. Interest income, which rose by EUR 2.1 million to minus EUR 9.1 million, primarily reflects the downturn in advance financing for machinery over the course of the year. In total, earnings before tax in the Agricultural Equipment business units came in at EUR 6.1 million.

The Agriculture segment's revenues thus fell by 19.2 percent to EUR 3,269.8 million in the reporting year as compared with the exceptional year 2008. EBITDA dropped by 41.5 percent to EUR 91.5 million. As, at the same time, depreciation and amortisation posted EUR 40.3 million, which is only 7.7 percent below the 2008 figure, EBIT declined by 54.6 percent to EUR 51.3 million. Given that financing expenses had declined by EUR 13.7 million, the equivalent of 34.4 percent, earnings before tax came to EUR 25.1 million which is 65.6 percent less than the level of the exceptional year 2008.

Development of the Building Materials segment in 2009

After a weak start to the year owing to the long, severe winter, the BayWa Group's Building Materials business unit benefited from rising demand for refurbishment in residential construction. By contrast, the development in commercial construction was very moderate throughout the whole year owing to the general economic environment. With a marginal decline in revenues of 2.1 percent to EUR 1,327.0 million, revenues which failed to materialise, especially in the first quarter, were compensated for the most part in the second half-year. EBITDA decreased by 12.6 percent to EUR 33.4 million. Net of depreciation and amortisation, which posted EUR 21.0 million, and was thus virtually unchanged from the previous year's level, EBIT stood at EUR 12.4 million which represents a decline of 27.9 percent. The interest result in the building materials trading business also improved by EUR 2.7 million to minus EUR 7.4 million. Earnings before tax therefore declined by EUR 2.1 million overall, which is 29.8 percent, to EUR 5.0 million.

The DIY & Garden Centres business unit reaped the benefit of the successful streamlining measures which were part of a strategic realignment to take account of the specialist market concept and a new product mix. The business unit's revenues were lifted 4.2 percent to EUR 449.1 million. Despite an increase in costs incurred by the realignment of business activities in 2009, EBITDA came to EUR 18.2 million which virtually matches the year earlier-figure of EUR 18.3 million. Depreciation and amortisation fell by EUR 2.0 million to EUR 11.9 million against the high previous year's figure incurred by expenses for restructuring measures and investment in the conversion of markets. This lifted EBIT 44.4 percent to EUR 6.2 million. At the same time, the business unit's net interest expenses came to EUR 5.0 million in 2009, which is a decrease of EUR 1.8 million or 26.4 percent as against the year-earlier figure. All in all, earnings before tax therefore improved by EUR 3.7 million to post positive earnings of EUR 1.2 million, up from a loss in the previous year of minus EUR 2.5 million.

Total revenues of the Building Materials segment came in at EUR 1,776 billion which is EUR 9.7 million, or 0.5 percent, below the year-earlier figure.

The segment's EBITDA fell by EUR 5.0 million, which is the equivalent of an 8.8 percent decline. Net of depreciation and amortisation of EUR 32.9 million, which is a decline of EUR 2.1 million in a year-on-year comparison, EBIT stood at EUR 18.7 million in 2009, thus falling EUR 2.9 million, or 13.4 percent, below the previous year's figure. The segment's net financing expenses dropped considerably by EUR 4.5 million to EUR 12.4 million. Overall earnings before tax climbed 34.0 percent to EUR 6.2 million, which corresponds to an increase of EUR 1.6 million.

Development of the Energy segment in 2009

Revenues of the Energy segment declined by 25.4 percent to EUR 1,837.5 million in 2009 on the back of a downturn in heating fuel sales volumes, driven particularly by tumbling mineral oil prices. In the first half of 2009, sales volumes in the heating market, especially for heating oil, were considerably higher than in the previous year due to the long winter 2008/2009 and good price levels for consumers. Over the course of the remaining year, sales fell appreciably owing to the above-average filling levels of heating tanks, which brought sales volumes in 2009 to around 10 percent below the level posted in 2008. Sales of wood pellets performed well, though from a low starting level, and recorded an increase of 19 percent. The sales volumes of mineral fuels suffered a slight decline owing to the general economic trend and the greater share in the number of fuel-efficient vehicles. Lubricant sales volumes fell by a good 17 percent. The main reasons behind this development were the weak demand from the metal processing industry as well as the higher number of vehicles which were bought because of the scrap premium and which do not yet require servicing.

The performance of the Energy segment was mainly attributable to the extremely positive development of margins in the heating market in 2009 as well. Sales volumes in the fuel station business were raised and margins widened. The lubricants business underperformed in comparison with the previous year owing to the economic environment. A contribution of EUR 12.5 million to segment revenues was made for the first time by the activities in the field of renewable energies which are combined under the young business of BayWa r.e. The Energy segment's EBITDA advanced EUR 13.3 million to EUR 33.2 million, which is an increase of 66.7 percent. After deduction of the lower volume of depreciation and amortisation, which fell by EUR 0.2 million to EUR 8.9 million as against the previous year, the segment's EBIT had risen by EUR 13.5 million, an increase of 124.5 percent, to EUR 24.4 million. Net financing expenses came to EUR 1.4 million for financing the sales volume as well as acquisition finance to build up BayWa r.e. All in all, the Energy segment's earnings before tax have more than doubled, climbing by EUR 11.5 million to EUR 22.9 million.

Development of the Other Activities segment in 2009

Other Activities comprise the Austrian food producers Ybbstaler and Frisch & Frost, a number of participating interests which, from the standpoint of the Group, are immaterial, and, up until 30 September 2009, car dealer operations. Some 50 percent of the downturn in sales, which fell by EUR 120.4 million to EUR 376.9 million, was attributable to the sale of the car dealer operations which became effective on 30 September 2009. Ybbstaler, a fruit juice concentrate producer, recorded a decline of around EUR 73 million in sales owing to the good fruit harvest which drove fruit prices down in comparison with the previous year. By contrast, Frisch & Frost, a producer of potato and pastry products held sales at the level of 2008. The EBITDA of Other Activities rose by EUR 8.3 million to EUR 33.4 million mainly owing to proceeds from the sale of the car dealer operations and associated real estate. At the same time, depreciation and amortisation posted EUR 12.3 million, which is EUR 3.8 million above the year-earlier figure, resulting in an increase in EBIT of 4.5 percent to EUR 21.1 million. The interest result improved by EUR 1.9 million to minus EUR 0.3 million due to the appreciable reduction in working capital. All in all, earnings before tax therefore improved by EUR 6.4 million to EUR 20.8 million.

Earnings position of the BayWa Group

In EUR million	2005	2006	2007	2008	**2009**	Change 2008/2009 in percent
Revenues	6,537.1	7,299.8	7,227.2	8,794.6	7,260.2	– 17.4
EBITDA	171.7	200.9	234.6	258.1	209.7	– 18.7
EBITDA margin (in percent)	2.6	2.7	3.2	2.9	2.9	–
EBIT	79.8	111.8	143.6	161.9	115.4	– 28.7
EBIT margin (in percent)	1.2	1.5	2.0	1.8	1.6	–
EBT	42.1	69.8	90.5	103.5	75.1	– 27.5
Consolidated net income	38.9	57.4	71.8	76.7	59.4	– 22.6

Earnings position of the BayWa Group

The revenues of the BayWa Group stood at EUR 7,260.2 million which is 17.4 percent or EUR 1,534.3 million short of the previous year's figure, a result primarily attributable to the lower market prices for agricultural commodities and mineral oil products. Account must be taken of the fact that prices for many products in the agri-business and for crude oil in part reached their highest levels ever in 2008.

There was an overall increase in other operating income of EUR 18.6 million to EUR 131.8 million. A major portion of other operating income is accounted for by rental income (EUR 22.6 million), regular cost reimbursement (EUR 12.7 million) and recurring advertising subsidies (EUR 4.3 million). The aforementioned results remained generally unchanged from the level of the previous year. Earnings from receipt of receivables written down came in at EUR 5.9 million, which is lower than the year-earlier figure of EUR 9.0 million. Gains from the release of provisions of EUR 7.4 million (2008: EUR 12.2 million) are generally set off against expenses from new transfers to provisions. Hedging transactions resulted in EUR 9.4 million (2008: EUR 11.1 million). The corresponding expenses are recorded under other operating expenses. Proceeds from the disposal of assets come to EUR 29.5 million and are offset by book losses of EUR 4 million disclosed under other operating expenses.

After deduction of the cost of materials which fell by EUR 1,422.3 million, the equivalent of 18.6 percent, to EUR 6,244.3 million owing to the lower market prices in the agriculture and energy businesses, gross profit came to EUR 1,134.0 million which is EUR 58.4 million, or 4.9 percent, below the previous year's figure.

Personnel expenses, which rose by EUR 11.7 million to EUR 619.6 million, reflected the increase in contributions announced by the Pensions-Sicherungs Verein aG at the end of the year, along with adjustments made within the Group owing to the result of collective bargaining which alone came to EUR 4.3 million. The anticipated increase in the number of bankruptcies have caused the contributions to underwriters to rise sharply.

Other operating expenses stood at EUR 318.0 million which is EUR 20.0 million lower in a year-on-year comparison. This development was due in the main to the lower level of costs for the vehicle fleet and energy of EUR 6.0 million as well as the decline in IT expenses of EUR 3.9 million and maintenance expenses of EUR 3.2 million for refurbishment measures at a number of outlet locations. This amount is offset by the increase in expenses for legal services, consultancy and audits which rose by EUR 7.6 million to EUR 17.9 million. Expenses incurred by hedging transactions came to EUR 8.0 million (2008: EUR 13.6 million). In terms of its amount, this position is, however, to be taken in the context of gains of EUR 9.4 million disclosed under other operating income.

All in all, the BayWa Group's EBITDA in the financial year 2009 fell by EUR 48.3 million, which is 18.7 percent, to EUR 209.7 million.

Depreciation and amortisation decreased by EUR 1.8 million to EUR 94.4 million as against the previous year. In 2008, this figure took account of unscheduled depreciation and amortisation amounting to around EUR 5 million. A major part of this depreciation and amortisation was attributable in an amount of EUR 84.5 million to property, plant and equipment, which reflects the level posted in 2008.

The sum total of these effects resulted in a decline in EBIT of EUR 46.5 million, or 28.7 percent, to EUR 115.4 million.

The financial result is composed of income from participating interests, which is allocated to EBITDA and EBIT, and the interest result. The rise in income from participating interests of EUR 1.8 million to EUR 13.4 million is attributable to a slight increase in the dividend payout of non-consolidated financial investments.

The negative interest result came to EUR 40.3 million, which is some EUR 18.0 million below the previous year's figure, owing to the low market interest rate and considerable decline in inventories in a year-on-year comparison.

Including the interest result, consolidated earnings before tax dropped by EUR 28.5 million, which is 27.5 percent, to EUR 75.1 million. The decline in the operating result of EUR 48.3 million was mainly due to the downturn of EUR 61.5 million in the result generated by agricultural activities caused by tumbling market prices. The operating result in the Building Materials business unit came to EUR 18.5 million, and was thus EUR 2.9 million below the year-earlier figure. In contrast, the Energy segment lifted its operating result by EUR 12.1 million to EUR 24.3 million.

Income tax within the BayWa Group also fell to EUR 15.7 million as compared with EUR 26.8 million in the previous year, owing to the earnings performance. The effective tax rate comes to 20.9 percent (2008: 25.9 percent), which is below the Group's tax rate of 28.2 percent. The lower rate is the result of tax-free proceeds from the disposal of investments.

After deduction of income taxes, the Group generated a net income for the year of EUR 59.4 million; as against the previous year's figure of EUR 76.7 million, this represents a decline of 22.6 percent.

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 in the financial year 2009 (dividend-bearing shares minus treasury shares), fell 22.7 percent to EUR 1.33 in 2009, down from EUR 1.72 in 2008.

Financial position

Financial management

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

In the BayWa Group, financial management has not been set up as a profit centre in its own right but functions as a service centre for the operating units. 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.

In daily financial management the focus is on deploying incoming funds in the context of broad-based cash pooling as well making liquidity available to the most accurate extent possible for the purpose of placing it in creditor transactions. Treasury has the relevant IT systems to aid it in fulfilling these tasks. Integration into the Geno Cash System enables both the automated booking of incoming payments as well as the daily clearing of payment accounts at regional banks which take receipt of payments by the decentralised business units in the capacity of principal banks. These funds are combined under a central management and used again in daily settlement or reassigned. As a trading company, the BayWa Group generally has a funds inflow which exceeds its outflow in its daily business, with the result that excess liquidity is used exactly to the day to reduce any overdraft on current accounts.

Similar to the Group's operations the procurement of funds is also organised decentrally. Here the principle of each national unit refinancing in the respective national currency is applied, first and foremost to activities in Eastern Europe. However, the BayWa Group conducts its business mainly in euros. Despite decentralised management, Treasury is responsible for the centralised monitoring of groupwide financial exposures.

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

The most important financing principle of the BayWa Group is in observing the principle of matching maturities. Almost exclusively short-term debt serves to fully cover the financing of similarly short-term working capital. Long-term funds used, such as investments in non-current assets as well as acquisitions, are covered by long-term capital.

Interest rate risks inherent in current debt are countered by BayWa in the event of interest rates rising in the context of risk management through the use of simple derivative instruments. Around 50 percent 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. By contrast, lower interest rates are directly reflected in the declining cost of financing.

BayWa evolved from the cooperatives sector with which it still remains closely connected through its shareholders structure as well as through the shared interest in the region of banks and commerce. These historical ties form the basis for a special kind of mutual trust. Particularly in the current phase of heightened anxiety in the financial markets, both sides benefit from this partnership. The cooperative banks have a portfolio of particularly strong primary customers and deposit business where the preference falls on the financing of stable business models.

Along with its integration into the cooperatives financial association, the broad-based and international diversification of financial activities also lowers the risk within the BayWa Group.

Capital structure and capitalisation

In 2009, BayWa achieved a targeted equity ratio of 30 percent at minimum through the net income it generated and the consistent optimisation of working capital. This sound level of equity constitutes a substantial asset for a trading company and forms a stable basis for business activities to develop.

Current liabilities are committed exclusively to the financing of funds used in working capital in the short-term. The status disclosed of short-term borrowing at year-end regularly reflects the highest level of utilisation. Influenced by the seasons, borrowings rise through the prior storage of resources and through buying up of harvest produce in the fourth quarter of the financial year. The decline of EUR 215.8 million in current liabilities as against the previous year is primarily attributable to the sale of car dealer operations and the associated disposal of considerable current assets as well as a reduction in inventories. The increase in non-current liabilities must be seen in the context of the first-time consolidation of companies acquired under BayWa r.e.

Capital structure and capitalisation

In EUR million	2007	2008	**2009**	Change 2008/2009 in percent
Equity	854.5	915.1	957.5	4.6
Equity ratio (in percent)	27.4	29.8	32.6	
Current liabilities	1,597.4	1,505.8	1,290.0	– 14.3
Non-current liabilities	666.1	644.9	691.8	7.3
Debt	2,263.5	2,150.7	1,981.8	– 7.9
Debt ratio (in percent)	72.6	70.2	67.4	
Total capital (equity plus liabilities)	3,118.0	3,065.8	2,939.3	– 4.1

Total assets as a reflection of total capital committed has declined by EUR 126.5 million.

Cash flow statement and development of cash and cash equivalents

In the financial year 2009, the cash flow from operating activities rose by around EUR 28.4 million as against the previous year through the reduction of inventories and receivables; this had a correspondingly positive impact on the inflow of funds.

Funds outflow of around EUR 127.5 million for investments was some EUR 16.4 million below the year-earlier figure, whereas investments relating to the acquisition of companies were approximately EUR 30.8 million higher than in 2008. The decline in cash flow from investments as against the previous year is attributable to incoming payments from the sale of real estate and participating interests.

Operating cash flow was used to cover the high level of investment in connection with acquiring companies and other investments in property, plant and equipment and non-current financial investments.

The negative balance of the cash flow from financing activities was the result of dividend distribution amounting to around EUR 17.2 million and non-current financing of EUR 97.6 million. The company took receipt of funds of EUR 1.9 million from the Employee Share Scheme in 2009.

Cash flow statement and development of cash and cash equivalents

In EUR million	2007	2008	**2009**
Cash flow from operating activities	57.4	215.5	243.9
Cash flow from investing activities	– 61.7	– 143.9	– 127.5
Cash flow from financing activities	4.8	– 73.5	– 112.8
Cash and cash equivalents at the end of the period	18.0	16.1	19.7

Financial base and capital requirements

The financial base of the BayWa Group draws primarily from funds accruing from operations. In addition, the company received funds from portfolio streamlining measures such as the sale of property not crucial to business operations and non-strategic participating interests.

Capital requirements comprise the financing of investments and the ongoing financing of operations, the redemption of financial liabilities and running interest payments. The overall view of liquidity and debt is determined by the calculation of net liquidity and debt and is used for internal financial management as well as external communication with financial investors and analysts.

Net liquidity and net debt are calculated on the basis of the sum total of funds minus outstanding commercial paper, liabilities to banks and liabilities from finance leasing, as disclosed in the balance sheet.

Matched to funds committed, the financing structure remains for the most part short term. Alongside term and overnight money, the Group finances itself by way of a EUR 300 million multi-currency Commercial Paper Programme; on the reporting date, drawdowns came to EUR 11.7 million (2008: EUR 5.8 million). At year-end 2009, demand for commercial paper had slowed notably in the wake of the recession, which made placement modest. As per the reporting date, EUR 74.2 million (2008: EUR 74.5 million) had been financed from the ongoing Asset Backed Securitisation Programme.

Investments

Along with the acquisition of companies, the BayWa Group invested some EUR 110 million in intangible assets, along with property, plant and equipment, in the financial year 2009. These investments were primarily for replacements and maintenance of buildings, facilities as well as office furniture and equipment. Despite the difficult economic environment, investments planned were not scaled back. State-of-the-art locations and efficient operating facilities are the prerequisites for efficient logistics processes which is the reason why investments were implemented as planned.

Investments of around EUR 41.9 million were made in new properties used for business purposes. Alongside buying land in the context of acquiring companies (approximately EUR 3.7 million), investments were made primarily in the completion of buildings for operations. For instance, a DIY and garden centre was renovated and extended in Backnang, an investment which cost around EUR 11.9 million. An amount of EUR 2.8 million was invested in the extension of the agricultural operations to include technical facilities at the Dietfurt location. A new building materials location was built in Siegsdorf for around EUR 2.3 million.

As before, BayWa's strategic approach centres around conducting its trading wherever possible on its own land and property. This ensures that its business can remain independent from rigidly set rental prices which, due to their cyclical exposure, are not necessarily reflected in the results of operations. Moreover, real estate assets provide stability for operations. By contrast, non-core business real estate is consistently sold off. The proceeds accruing from these transactions are used to reduce debt or finance growth. The transformation of BayWa's of real estate operations into a dedicated profit centre is intended to accelerate the selling of redundant properties.

Approximately 26 percent of total investments were earmarked for the Agricultural Trade and Agricultural Equipment business units. Investments were channelled into necessary repair and maintenance work as well as modern facilities.

Composition of assets
In the reporting year, the asset structure of the BayWa Group continued to develop in favour of non-current assets. The asset ratio climbed to 48.6 percent, owing mainly to the reduction in the current assets due to the lower level of inventories.

Financial assets rose slightly through the addition of shares valued at equity in connection with the acquisition of companies for the new BayWa r.e business.

Inventory-related current assets fell by around EUR 200 million as a result of the sharp decline in prices and a lower level of fertiliser inventories. Moreover, accounts receivable of the Group on the reporting date were another EUR 50 million lower than in the previous year. Total assets fell accordingly by 4.1 percent to EUR 2,939.3 million.

The BayWa Group places special importance on matched maturities in the financing of assets. Non-current liabilities totalling EUR 1,262.2 million on the liabilities side, consisting of financial liabilities, trade receivables, tax and other liabilities as well as current provisions, are offset by current assets all of EUR 1,507.4 million. Non-current assets are covered at around 116 percent through equity and long-term borrowings. Ensuring matched maturities in financing is an important quality criterion for our financing partners in the raising of short-term funds.

General statement on the business situation of the Group
At the time when the Management Report on the BayWa Group was drawn up, the Board of Management continued to view the development of business as positive. Following the price declines seen in the year 2009, there are signs of a moderate recovery in the agri-business. The economic environment in the Building Materials segment has stabilised on the back of programmes to stimulate the economy and the gradual improvement of the macroeconomic situation. In its energy business, the company benefited from the brighter economy in the commercial sector. The severe winter had a positive impact on sales in the heating fuel business. Moreover, BayWa has created an additional mainstay by strengthening its business in the area of renewable energies. With its balanced business portfolio, the BayWa Group has set in place the prerequisites for successful performance in the financial year 2010 as well.

Composition of assets

In EUR million	2007	2008	**2009**	Change 2008/2009 in percent
Non-current assets	1,239.3	1,305.6	1,427.2	9.3
of which land and buildings	659.4	680.6	663.3	
of which financial assets	147.2	172.6	226.5	
of which investment property	82.4	75.2	78.8	
Non-current asset ratio (in percent)	39.8	42.6	48.6	
Current assets	1,875.1	1,755.5	1,507.4	– 14.1
of which inventories	1,083.2	1,101.3	905.0	
Current asset ratio (in percent)	60.1	57.3	51.3	
Assets held for sale	3.6	4.7	4.7	
Total assets	3,118.0	3,065.8	2,939.3	– 4.1

Employees

Decline in the numbers of employees in the Group through changes in the group of consolidated companies

In the financial year 2009, the workforce of the BayWa Group fell by an annual average of 186 to 15,312 employees. The number of employees declined by 186 and 37 employees in the Agriculture and Building Materials segment respectively. By contrast, there was an increase in employee numbers of 86 in the Energy segment owing to companies acquired for BayWa r.e. The drop in the number of employees of Other Activities is mainly due to the sale of car dealer operations as per 30 September 2009. On the balance sheet date of 31 December 2009, workforce numbers stood at 16,177, which is 419 lower than the previous year's figure of 16,596.

Personnel management instruments

BayWa uses a system of cutting edge analysis and financial ratios 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.

Further training and human resource development

The further training of and achieving of qualifications by our employees is a crucial and integral part of the personnel strategy of the BayWa Group. With an average number of trainees of 1,000 and a training ratio of 8.6 percent, the parent company BayWa in particular belongs to the group of companies which offer large training programmes in German-speaking countries. A special training programme to promote young employees forms the basis of systematic human resource development. The ongoing fostering of the skills and development of employees is geared to the needs of the Group companies. The focus of measures continues to be on vocational training with a share of 70 percent in the various business units. Beyond this, sales and procurement, management and IT applications play a large role in the training measures which span the business units.

Integration of handicapped employees within the Group

The integration of handicapped employees into the working world is a social responsibility which is especially incumbent on large companies. BayWa fulfils this responsibility by offering suitable positions to more than 300 handicapped employees. Moreover, BayWa has entered into an additional partnership with a rehabilitation centre for handicapped people. The partnership covers a major order for the ongoing recording and scanning of vouchers and invoices. These activities serve to secure a larger number of jobs.

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 corporate governance. CSR has not been institutionalised as a department in its own right within the Group, but the segments of the Group also take account of the principles set out under CSR in their respective businesses, for instance through ecologically sound action, sustainability, the promotion of renewable primary materials, consumer protection and education, as well as dialogue fostered with various groups in society.

In its daily activities BayWa puts accepted social values into practice throughout the whole Group and ensures its sustainable integration into business and society through ongoing dialogue with the public at large and interested parties. This ultimately serves to enhance the image and the value of the BayWa brand and to limit entrepreneurial risk. The measures under CSR therefore underpin the business development of the company.

Good corporate governance is ensured throughout the Group by applying the rules set out under the German Corporate

Development of the average number of employees in the BayWa Group

	2007	2008	**2009**	Change 2008/2009	
				absolute	in percent
Agriculture	6,568	6,672	6,486	– 186	– 2.8
Building Materials	6,379	6,500	6,463	– 37	– 0.6
Energy	860	886	972	86	9.7
Other Activities	1,464	1,440	1,391	– 49	– 3.4
BayWa Group	15,271	15,498	15,312	– 186	– 1.2

Governance Code. BayWa's understanding of its responsibility for the environment includes transparent communication as part of investor relations, maintaining dialogue with the various stakeholders, securing profitable growth in all business units and Group companies, as well as having an efficient risk and complaints management. Fair conduct towards one another, both in the BayWa Group as well as with business partners, has been anchored in the ethical principles and is lived throughout the company.

BayWa lives up to its ecological responsibility both through its own activities and in its dealings with customers and suppliers. In its own companies, ecological aspects are taken account of through the use of renewable energies and renewable primary materials as well as of 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 services 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 company to society at large and to its employees. BayWa ranks among the leading companies in respect of training and further education and has thus laid the cornerstone for its long-term success in human resource development.

BayWa Foundation
In the area of corporate citizenship, BayWa is involved in projects to secure the global supply of food through its foundation which was set up in 1997. The BayWa Foundation supports future-oriented projects both nationally and internationally in the areas of food, energy and education. The aim is to enhance the quality of life, particularly of disadvantaged people. Activities range from the promotion of school and education projects in Africa and Asia and a project securing the supply of energy through a biogas plant in Tanzania, overseen jointly with the University of Hohenheim, through to agricultural and nutrition projects in Germany. The foundation receives 100 percent of all donations as BayWa assumes the administration costs. Moreover, each euro donated is matched by BayWa and therefore doubled to ensure that as many projects as possible are implemented. In addition to 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 share capital of BayWa AG amounted to EUR 87,307,622.40 on the reporting date and is divided into 34,104,540 bearer shares with an arithmetical portion of EUR 2.56 each in the share capital. Of the shares issued, 32,725,811 are registered shares with restricted transferability and 135,478 are recently registered shares with restricted transferability (from 1 January 2010 onwards, dividend-bearing employee shares). 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 German Stock Corporation Act (AktG), in conjunction with Section 6 of the Articles of Association of BayWa AG, 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. There are no other restrictions which relate to the voting rights or the transfer of shares.

Holdings which exceed ten percent of the voting rights
The following shareholders held stakes in the capital which exceeded 10 percent of the voting rights:
– Bayerische Raiffeisen-Beteiligungs-AG, Beilngries
– Raiffeisen Agrar Invest GmbH, Vienna

Statutory provisions and the provisions of the Articles of Association relating to the appointment of members of the Board of Management and amendments to the Articles of Association
In addition to Sections 84 et seq. of the German Stock Corporation Act (AktG) pertaining to the appointment and dismissal of members of the Board of Management, Article 10 of the Articles of Association of BayWa AG requires that members of the Board of Management are appointed by the Supervisory Board. Members of the Board of Management are appointed for a maximum term of five years; reappointment is permitted. The Supervisory Board appoints the Chairman and the Vice Chairman of the Board of Management.

Pursuant to Section 179 of the German Stock Corporation Act (AktG), in conjunction with Article 22 of the Articles of Association of BayWa AG, amendments to the Articles of Association are 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 increase the share capital in the period on or before 29 May 2013 by a maximum nominal EUR 10,000,000 through the issuing of new registered shares against non-cash contribution under exclusion of the subscription rights of shareholders for the purpose of acquiring companies or participating interests. This authorisation may be used in the form of partial amounts. Moreover, subject to approval by the Supervisory Board, the Board of Management is authorised to determine the further content of the share rights and the terms and conditions under which shares are to be issued.

Beyond this, subject to approval by the Supervisory Board, the Board of Management is authorised to increase the share capital once or several times in the period on or before 30 April 2010 up to a maximum nominal EUR 3,997,672.96 through the issuing of new registered shares with restricted transferability. In respect of the employees of BayWa AG and of companies associated with BayWa AG within the meaning of Section 15 et seq. German Stock Corporation Act (AktG), this will take place against cash contribution at purchase prices of at least 50 percent of the price ascertained when the authorisation is exercised.

Moreover, subject to approval by the Supervisory Board, the Board of Management is authorised to raise the share capital once or several times in the period on or before 30 April 2011 by a maximum nominal EUR 12,500,000 through the issuing of new registered shares against non-cash contribution.

The Board of Management has not been 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 (HGB).

IV. Opportunities and Risk Report

Opportunity and risk management
The policy of the BayWa Group is geared towards assessing the opportunities and risks of entrepreneurship in a responsible way. To ensure long-term business success, the management of opportunities and risks is embedded in entrepreneurial activity. This approach enables the BayWa Group to innovate, and safeguard and improve on 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 decentralised regional organisation and management structure enables the Group to identify early on trends, requirements, and the opportunities and potential risks of frequently fragmented markets, analyse them and take action that is both flexible and close to the market. Moreover, systematic and 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 individual parts of the Group, which releases additional opportunities and synergy potential.

A key component and innovation of opportunity and risk management is the Risk Board, which was implemented in the financial year 2009. This executive body, which is composed of operational managers and functional support staff, is presided over by the Chief Executive Officer and 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, forming a basis of the measure of risk in respect of operational decision-making.

Principles of opportunity and risk management
BayWa exploits opportunities which arise in the context of its business activities but is also called upon to enter into entrepreneurial risks. The identification of entrepreneurial opportunities, the safeguarding of assets and the enhancing of enterprise value therefore necessitate an opportunity and risk management system. In the BayWa Group, risk management is an integral component of planning and management and control processes. The Group's strategy aims to make optimum use of opportunities while identifying and limiting business-related risks to the greatest extent possible. 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. The principles set in place within the BayWa Group for the identification and

monitoring of risks inherent in the specific 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 processes. ISO certifications for the standardisation of workflows and for risk avoidance, as well as taking out insurances, supplement the Group's management of risk.

Moreover, the BayWa Group has established binding goals and a code of conduct in its Corporate Guidelines and in a set of Ethical Principles, and has implemented these on a Group-wide basis. These guidelines and principles relate to both the individual employees' action when applying the corporate values as well as to their fair and responsible conduct towards suppliers, customers and colleagues.

Opportunity and risk management in the BayWa Group

A comprehensive risk management system records and monitors both corporate performance and any existing vulnerabilities on an ongoing basis. The risk management system covers all segments and includes reporting as a key component. This enables the management of the Group to react swiftly and effectively. All units have risk officers and risk reporting officers who are responsible for implementing the reporting process.

The reporting process classifies risks and opportunities into categories, reports on them and estimates their probable occurrence and potential impact in terms of monetary units. 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 trade receivables. As an extension of the business segments' planning process, procurement, sales and distribution operations as well as centralised operations, the Group's risk and opportunity 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 exploit opportunities while reducing risks.

Risk reports, which are periodically prepared by the organisation units, form the core of the risk management system. 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 early warning component makes an indispensable contribution to strengthening and consistently building up a groupwide opportunity and risk culture.

Macroeconomic opportunities and risks

Macroeconomic factors have an influence on consumer behaviour and investment patterns in the core markets of the Group. This may, in turn, impact BayWa's revenues and profit either positively or negatively. In 2009, the German economy was hit by the most severe recession of the post-war period. In a year-on-year comparison, the gross domestic product declined by 5.0 percent, which is a new low. Government economic stimulus packages were put together and launched. Overall, however, they were unable to achieve any noticeable impact, let alone trigger a sustained trend reversal. These altogether unfavourable environmental factors exerted less of an impact on the BayWa Group than other companies. BayWa's business model is primarily geared to satisfying fundamental human requirements, such as the need for food, housing, mobility and the supply of energy. Accordingly, the impact of cyclical swings is likely to be less strong than in other areas of business. 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 the identification and acquisition of takeover candidates for the purpose of building up or expanding existing or new business activities.

Sector and company-specific opportunities and risks

Changes in political conditions such as, for example, changes in subsidies for agricultural products or tax-related government subsidies of sources of energy, 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 both the offering, pricing and trading with agricultural produce and also downstream on the resources business. Global climate changes also have a long-term effect on agriculture. Global demand for agricultural products, particularly grain, continues to grow. This may give rise to a sustained price uptrend. The development of income in the agriculture sector filters through directly to sale of high-end capital goods. Developments in the economic and political environment are the main factors influencing demand in the construction sector. An example is the investment incentives at the start of the 90's in Germany which triggered a construction boom, especially in the new federal states, which was then followed by a long-standing downswing entailing structural adjustments to capacity. The abolition of the home-owner subsidy of the German government exacerbated the slowdown in private residential construction. Even today, the number of building permissions in residential construction is considerably below the level seen at the start of the 90's. At the same time, the ageing housing stock is triggering growing demand for modernisation and renovation.

Price opportunities and risks
BayWa trades in merchandise which displays very high price volatility, such as grain, fertilisers and oil, 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 mean that BayWa is also exposed to the risk of prices fluctuating. Whereas the risk in mineral oils is relatively low due to BayWa's pure distribution function, fluctuations in the price of grain and fertilisers may harbour 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 the 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.

Currency opportunities and risks
BayWa's business activity is largely located within the eurozone. If foreign currency positions arise from goods and services transactions, these are always hedged without delay. Speculative borrowing or investing funds denominated in foreign currencies is prohibited.

Share price opportunities and risks
The BayWa Group's investment portfolio comprises both 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 mainly from the issuing of short-term commercial paper and loans. Short-term debt is used mainly to finance similarly short-term working capital. To reduce interest rate risk, BayWa uses derivative instruments in the form of interest rate caps and swaps. The BayWa Group's financing structure with its matching maturities ensures that interest-related opportunities are reflected within the Group.

Regulatory and legal opportunities and risks
Changes in the regulatory environment can affect the Group's performance. One such example is government intervention in the general regulatory framework for the agricultural industry. Negative impacts emanate from the reduction or abolition of subsidies. 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 the building materials business.

The companies of the Group are exposed to a number of risks in connection with law suits in which they are currently involved or in which they 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. 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 reserved amount.

Through legal action filed on 6 July 2009, shareholders of BayWa AG contested all decisions taken during the Annual General Meeting of Shareholders of BayWa AG, which took place on 4 June 2009. These decisions pertain to applications for resolution on the bylaws (adjournment of the Annual General Meeting of Shareholders and individual voting on the discharge of the members of the Board of Management and Supervisory Board) and a number of items on the agenda, namely Item 2 (Appropriation of unappropriated retained earnings), Item 3 (Discharge of the members of the Board of Management for the year 2008), Item 4 (Discharge of the members of the Supervisory Board for the year 2008) and Item 5 (Selection of the statutory auditor for the financial year 2009). The plaintiffs assert their claim mainly against formal irregularities in the adoption of resolutions. All six contested resolutions have been declared null and void by the District Court of Munich I in the default judgement issued on 26 November 2009. BayWa lodged an appeal against this verdict by the due date. A judgement on the merits in the first instance is awaited on 1 April 2010. If the claim is allowed, BayWa will appeal against the verdict to the Munich Court of Appeal. The resolutions are valid until an enforceable verdict has been reached. If the resolutions are finally declared null and void, the legal basis for payment of dividends for the financial year 2008 and the concurrent additional transfer to revenue reserves will become invalid. Moreover, this invalidity may affect transfers to other revenue reserves in the context profit appropriation in the balance sheet as at 31 December 2009 and therefore that of the financial statements drawn up as at 31 December 2009. A further consequence may be that the financial statements as at 31 December 2009 cannot be adopted effectively under the law because they have effectively not been audited by a statutory auditor selected by the 2009 Annual General Meeting of Shareholders. For this reason, as a precautionary measure, the Board of Management intends to have the resolutions contested under this lawsuit affirmed and thereby ascertained as correct.

Credit risks

As part of its entrepreneurial activities, the BayWa Group has an important function as a source of finance to its agricultural trading partners. In the context of so-called cultivation contracts, the companies of the Group are exposed to a financing risk arising from the interim financing of agricultural resources, the repayment of which is made through acquiring and selling the harvest. 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.

Liquidity risks

The liquidity risk is the risk that the BayWa Group may not be able – or only to a limited extent – to fulfil its financial obligations. In the BayWa Group, funds are generated by operating business and borrowing from external financial institutions. In addition, financing instruments such as multi-currency commercial paper programmes or asset-backed securitisation are used. 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 also provides cover for the seasonality of business activity. Owing to the diversification of the sources of financing, the BayWa Group does not currently have any risk clusters in liquidity.

Corporate rating

The banking sector has awarded the BayWa Group a very positive rating. This achievement is due to the solidity as well as to the long and successful history of the company, which enjoys a high level of corporate integrity underpinned by assets such as real estate. Even in the wake of the financial crisis, the BayWa Group did not face any difficulties in procuring liquidity in the financial market. On the contrary, the Group's reputation as a trustworthy borrower has attracted further banks to the company. 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 motivated and capable employees. The Group continues to require qualified personnel in order to secure its future success. Excessively high employee fluctuation, the brain drain and the failure to win junior staff loyalty can have a detrimental impact on the Group's business performance. BayWa counters these risks by offering its employees extensive training and continuous professional development opportunities in order to ensure their expertise. Management based on trust, the commitment of employees according to their natural talents and abilities, and the definition and observance of our ethical guidelines all create a positive working atmosphere.

At the same time, the BayWa Group promotes the continuous professional training and development of its employees. With over one thousand trainees, the Group ranks among the largest companies offering training specifically in the region. From this pool of trainees, BayWa recruits a large proportion of its future specialist personnel and management. Long years of service to the company are testament to the high degree of loyalty shown by BayWa personnel to “their” company. This attitude creates stability and continuity but also ensures the transfer of expertise down the generations.

IT opportunities and risks

The use of cutting-edge IT technology characterises the overall 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 workflows supported electronically is absolutely 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 the optimisation of process workflows, as a result of which opportunities in the form of synergy and savings potential can be identified and realised. At the same time, the risk inherent in the systems rises in tandem with 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. Resources are combined under RI-Solution GmbH, a company belonging to Group which provides the Group companies with IT services to the highest standards. Extensive precautionary measures such as firewalls, virus protection updated on a daily basis, disaster recovery plans and data protection training serve to safeguard data processing. Segregated in organisational terms, a data protection officer also monitors compliance with security and data protection standards.

Assessment of the opportunity and risk situation by company 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. 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. In respect of the latter, the BayWa Group has taken appropriate measures to manage and control this type of risk.

Internal control and risk management system pertaining to the (Group) accounting process

As pillars underpinning its corporate governance, BayWa has set in place an internal control and risk management system for the accounting process. The internal control system comprises all measures, structures and processes which are designed to ensure timely, uniform and correct capturing of all business processes and transactions in the accounting system. It ensures compliance with the legal standards, financial reporting requirements and internal Group guidelines on accounting which is binding on all companies included in the consolidated financial statements. Changes in the law, accounting standards and other official announcements are analysed on an ongoing basis for their relevance and impact on the consolidated financial statements and any changes resulting therefrom reflected in the internal guidelines and systems applied within the Group. Beyond this, a customised risk management system ensures the identification and ongoing assessment of the risks that are typical to the Group.

BayWa's risk management system is particularly important given the volatile nature of individual business activities. BayWa AG's Risk Board plays a key role, along with the opportunity and risk management control instruments embedded in structural and procedural organisation, as well as the discussion forums which take place in the meetings of the Board of Management right through to reconciliation in the operational units.

The internal control system of BayWa AG is based on functional segregation and the consistent application of the principle of dual control, as well as compliance with official guidelines and operating instructions. This is supplemented by manifold control mechanisms defined in business processes and implemented both in the IT systems and in manual reconciliation processes. At BayWa AG, the process of Group accounting is managed by centralised Corporate Accounting. In these tasks, risk management and control in (Group) accounting is facilitated by a clear assignment of the responsibilities and control associated with the drawing up of the financial statements, transparent instructions in the form of guidelines on accounting and the preparation of the financial statements, and defined access rights regulated in the IT systems used for the financial statements.

The Group companies prepare their financial statements themselves, also by drawing on the Group's own Shared Service Centre, and remit them through the medium of a groupwide uniform data model which is subject to corporate guidelines on accounting. The Group companies are responsible for adherence to guidelines and procedures valid throughout the Group as a whole as well as for the due, proper and timely workflow of their accounting-related processes and systems. The employees involved in the process of drawing up the consolidated financial statements receive regular continuous professional development. Local companies are supported by central contact partners during the entire accounting process.

The consolidated accounts are drawn up centrally, based on the data provided by the subsidiaries included in the group of consolidated companies. Consolidation measures, certain reconciliation measures, and the monitoring of defined procedural deadlines are the tasks of a special Consolidation Department. Controls performed in the IT system are monitored by employees and supplemented by manual testing. The principle of dual control always is carried out at least once at each level. Throughout the whole accounting process, there is a chain of approvals which must be followed.

Internal Audit as the central unit reviews i.a. the reliability of the accounting in the domestic and international companies. Special attention is paid to the following key aspects:

- compliance with legal requirements and directives issued by the Board of Management, as well as with other guidelines and internal operating instructions,
- formal and material regularity of accounting and of reporting based on this accounting,
- functionality and effectiveness of internal control systems for the avoidance of financial loss,
- regularity in carrying out tasks and compliance with business principles.

The effectiveness of the internal control system pertaining to accounting is assessed at least once a year, primarily in the context of drawing up the financial statements. Alongside Internal Audit, the external auditor also carries out its assessment of the processes relevant for accounting as part of its audit. It should, however, be noted that, irrespective of the way it has been set up, an internal control system is not an absolute guarantee for avoiding material misstatements in accounting or ensuring that they will be detected.

V. Significant events after the reporting date

With retrospective effect as per 1 January 2010, BayWa took over the building materials trading company Brands + Schnitzler GmbH & Co. KG, together with its subsidiary Brands + Schnitzler Tiefbau-Fachhandel GmbH & Co. KG, Mönchengladbach. The company has four locations, a workforce of 50 employees, and generates annual revenues of around EUR 20 million; it is now wholly owned by the BayWa Group. Purchase is still subject to approval by the anti-trust authority.

BayWa AG acquired 100 percent of the shares in the EUROGREEN Group from the WOLF-Garten i.L. on 21 January 2010. EUROGREEN is a system provider for the maintenance, intensive care, regeneration and renovation of turf and has an extensive range of special fertilisers and seed for turf and lawn. The EUROGREEN Group generated revenues of more than EUR 17 million in the financial year 2008. The purchase price of the three companies EUROGREEN GmbH, Betzdorf, EUROGREEN Schweiz AG, Oensingen, Switzerland, and EUROGREEN CZ s.r.o., Jiřetín pod Jedlovou, Czech Republic, came to EUR 2.8 million. The purchase price allocation prescribed by IFRS 3 had not yet been concluded at the time when the financial statements were drawn up.

On 25 January 2010, the BayWa Group signed a joint venture agreement with Bosnian Stanić Invest d.o.o. on the founding of a local joint franchise company with headquarters in Sarajevo. This local company is to assume the function of franchise system head office and to build up the franchise business both in DIY and garden centre and in the building materials trade in Southern Europe. The initial focus will be on Bosnia and Herzegovina and, following on from these countries, Croatia.

VI. Declaration on Company Management under Section 289a of the German Commercial Code (HGB) and Corporate Governance Report

BayWa AG's Board of Management and Supervisory Board report on company management in this declaration pursuant to Section 289a of the German Commercial Code and Article 3.10 of the German Corporate Governance Code. The declaration is permanently available on the company's website under http://ir.baywa.de/corporate-governance.

BayWa AG's Board of Management and Supervisory Board are committed to good corporate governance. Responsible and long-term management in conjunction with good and transparent corporate governance are, in the opinion of the Board of Management and the Supervisory Board, vital in sustainably increasing the company's value and fostering the trust and confidence of investors, financial markets, customers, employees and the public at large.

1. 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, BayWa AG is subject to the provisions laid down under German law. Its Board of Management and Supervisory Board fulfil the dual management and supervision structural requirements under German stock corporation law. The Board of Management and Supervisory Board work closely together in the best interests 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 five members, is independently responsible for running the company in the company's best interests, developing the company strategy, coordinating this strategy with the Supervisory Board and ensuring that it is implemented. It is responsible for the company's annual and long-term planning, as well as the preparation of the interim reports and the annual and consolidated financial statements. The Board of Management is responsible for observing legal provisions, official rules and internal guidelines, and it works towards the Group's compliance with them. In the framework of the statutory provisions, the Board of Management reports to the Supervisory Board regularly, promptly and comprehensively on all planning, performance, revenue, financial, asset, risk situation, risk management and compliance issues that are relevant to the company. The Supervisory Board is directly involved in all decisions of fundamental importance to the company. Furthermore, such decisions are subject to the Supervisory Board's consent. The Board of Management ensures open and transparent communication within the company.

The Board of Management is independently responsible for managing the company's business. The principle of joint responsibility applies in this regard, i.e. the members of the Board of Management jointly bear the responsibility for the management. Each Board member is attributed certain tasks to be specially handled under the allocation of the duties plan (Geschäftsverteilungsplan). Certain decisions, especially those for which the Supervisory Board's consent is necessary or for which the Board of Management is responsible according to the law or the Articles of Association, are reserved for the full Board of Management according to the rules of procedure. A resolution must also be adopted by the full Board of Management if the Chairman or the majority of members present request it.

Meetings of the Board of Management take place at least once per month. They are convened by the Chairman of the Board of Management. He also sets the agenda and chairs the meetings. Board resolutions are valid if more than half, but at least three, of the Board of Management members are in favour. In urgent cases, a written resolution may be adopted by being circulated in writing.

Supervisory Board's duties and practices

BayWa AG's Supervisory Board nominates the members of the Board of Management and advises and supervises the Board of Management in the management of the company. The Supervisory Board consists of 16 members. In accordance with the German Co-Determination Act (MitbestG), it is composed in equal parts of shareholder representatives and employee representatives. The Supervisory Board is composed of a sufficient number of independent members. A member is deemed independent if he has no business or personal ties to the company or its Board of Management which could constitute a conflict of interest. Last financial year, 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 that company was always undertaken under the same conditions as those with other parties (at arm's length). The independence of the corresponding Supervisory Board member was, and is, therefore not affected by these transactions. The Supervisory Board does not have any former members of BayWa AG's Board of Management. There were no changes to the composition of the Supervisory Board last year.

Rules of procedure stipulate the Supervisory Board's tasks, especially its internal organisation, committee functions and those Board of Management decisions that require the consent of the Supervisory Board. Meetings of the Supervisory Board take place at least every quarter, and also whenever necessary for business reasons. Meetings are convoked by the Chairman, in his absence by the Deputy Chairman. The Supervisory Board must also convene when one of its members or the Board of Management requests it, stating the reasons. In urgent matters, the Chairman of the Supervisory Board may pass a resolution of the Supervisory Board and its committees by circulated written procedure. Decisions generally require a simple majority. In cases of tie votes, the Supervisory Board Chairman has a second vote if the result is again equal after a second round of voting. The rules of procedure were adjusted in accordance with the new provisions of the German Act on the Appropriateness of Executive Remuneration (VorstAG) as well as the German Act on the Modernisation of Accounting Law (BilMoG).

The Supervisory Board meets without the members of the Board of Management to the extent that this is necessary for an independent discussion and decision. There is a standardised procedure for regular review of the efficiency of the Supervisory Board's work. An efficiency review was undertaken in the financial year 2009. BayWa AG has taken out D&O Insurance for the members of the Board of Management and the Supervisory Board, which covers the personal liability risk if damages are claimed against Board members in the exercising of their functions. There is currently no deductible (cf. reasons in the

Declaration of Compliance below). In future, however, BayWa AG will provide for a reasonable deductible on the D&O Insurance for the members of the Board of Management, in accordance with the interim provisions of the German Act on the Appropriateness of Executive Remuneration (VorstAG).

Supervisory Board committees

BayWa AG's Supervisory Board has set up five committees of specialised experts in order to increase its work efficiency. The respective committee chairmen report to the Supervisory Board regularly on their committee's work.

The Audit Committee concentrates mainly on the documentation of the independent auditor relating to the audit of the annual separate and consolidated financial statements and makes preparations for their approval 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 systems. It checks the auditor's independence, agrees on the key points of the audit with the auditor and concludes fee agreements with him. The Annual General Meeting of Shareholders, on 4 June 2009, selected Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Munich, as the auditors for the financial year 2009. A list of the fees paid to this auditor can be found in the annual report under (E.7.) "Group Auditor Fees" (Honorare des Konzernabschlussprüfers). 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 Committee is composed of two shareholder representatives, the Committee Chairman as well as one employee representative.

The Board of Management Committee concerns itself with personnel matters affecting the Board of Management, such as appointing Board members, the content of Board member contracts and the approval of sideline activities. The Board of Management Committee performs preparatory work in the determination of individual Board of Management remuneration. Moreover, the Committee puts forward potential candidates to the Supervisory Board for the latter's election proposals presented to the Annual General Meeting of Shareholders for the election of shareholder representatives to the Supervisory Board. The Committee is composed of the Chairman of the Supervisory Board as well as two shareholder representatives.

The Standing/Strategy Committee is mainly concerned with the preparation of Supervisory Board meetings. Moreover, the Committee follows and supervises the company's strategic orientation as well as the implementation of current company projects. It also is charged with the task of preparing the relevant Declaration of Conformity under Section 161 of the German Stock Corporation Act (AktG) on compliance with the German Corporate Governance Code. It is composed of the Chairman of the Supervisory Board, three shareholder representatives as well as three employee representatives.

The Credit and Investment Committee is tasked with the financing measures requiring approval by the Supervisory Board, and it supervises the investment activities. It is composed of the Chairman of the Supervisory Board, three shareholder representatives and three employee representatives.

Under the German Co-Determination Act (MitbestG), the Mediation Committee, anchored in the law, only meets if, during the voting process on the appointing or dismissal of a Board member, the required two thirds majority of the votes by the Supervisory Board is not attained. It is composed of the Chairman of the Supervisory Board, a further shareholder representative as well as two employee representatives.

The committees' practices are set out in the Articles of Association and in the Supervisory Board's bylaws. Furthermore, the Supervisory Board may entrust one or more of its members with special control functions.

More information on the Supervisory Board activities and those of its committees may be found in the Report of the Supervisory Board for the 2009 financial year. The names of the members of the various committees are also listed therein.

Prevention of conflicts of interest

Members of the Board of Management are required, under its bylaws, to disclose any conflicts of interest to the Supervisory Board without undue delay, and to notify the other members of the Board of Management thereof. The members of the Supervisory Board must, under the Supervisory Board's bylaws, disclose conflicts of interests, especially those that could occur based on consultancy or board functions at clients, suppliers or creditors or other business partners, to the Supervisory Board without undue delay. Substantial and more than merely temporary conflicts of interest in the person of a Supervisory

Board member should lead to the termination of the mandate. In the financial year ended, there were no conflicts of interest among members of the Board of Management or the Supervisory Board in the exercising of their functions for BayWa AG.

We additionally refer to the Notes to the Consolidated Financial Statements, which report on transactions with closely-related companies and persons.

Other company management measures
BayWa AG's ethical principles lay down maxims that concretely guide the handling of information, business partners and BayWa AG property. The code of ethics is a mandatory guideline for all employees. Furthermore, there is an internal control system for the compliance with laws, statutes and internal guidelines as well as the prevention of acts that are detrimental to business, which includes prevention, supervision and intervention. Employees also have the possibility of contacting BayWa AG's attorney (Vertrauensanwalt) with regard to unlawful acts at the company or abuses in the cooperation with business partners/other companies.

In order to prevent breaches of the prohibition on insider trading under Section 14 of the German Securities Trading Act (WpHG), at the company all persons who qualify as insiders according to the statutory provisions have confirmed in writing that they have been informed of the applicable statutory provisions on trading in company shares. All persons who, based on their activities and powers, have potential access to insider information are listed in a group-wide insider list. The compliance agent supervises the due maintenance of this insider list.

The applicable ethical principles are publicly available on the company's website at www.baywa.de.

2. Other aspects of good corporate governance

Communication and transparency
BayWa AG regularly and promptly provides information on the company's performance as well as its revenue, financial and asset situation. In order to guarantee an ongoing exchange of information with the capital markets, in the framework of investor relations, the company regularly holds events featuring the Chairman of the Board of Management and the Executive Manager of Finance, with analysts and institutional investors, in the form of road shows and individual meetings. Press conferences and conference calls with analysts on the business's performance are held every quarter. The release of the annual results occurs in the framework of a financial statements press conference and a meeting with analysts.

All new information that is disclosed to financial analysts and other recipients in the framework of the aforementioned investor relations work is also swiftly made available to shareholders. All presentations and press releases in this respect are promptly published on BayWa AG's website under the investor relations heading. It is very important to BayWa AG that all shareholders are treated equally with regard to information.

The dates of the main recurring publications (annual report, interim financial reports) and the date of the Annual General Meeting of Shareholders are published in the financial calendar in good time. Reports are made on all current developments in the form of press releases and – if necessary – ad-hoc notifications. All information is also made available on the website under www.baywa.de.

Shareholders and Annual General Meeting of Shareholders
The organisation and execution of BayWa AG's Annual General Meeting of Shareholders is done with the goal of quickly and comprehensively informing all shareholders before and during the event. All shareholders listed in the share transfer book (Aktienregister) and who have duly registered are entitled to participate. BayWa AG offers shareholders the possibility of having their vote exercised in accordance with their personal instructions by a voting proxy nominated by the company. The Annual General Meeting of Shareholders decides, among other things, on the distribution of profits, discharge of the Board of Management and the Supervisory Board, as well as the selection of the auditors. Changes to the Articles of Association and measures that change the share capital are the exclusive responsibility of the Annual General Meeting of Shareholders, with the exception of the use of authorised capital by the administration. BayWa AG's share capital is divided between registered shares with limited transferability (approx. 96 percent) and registered shares (approx. 4 percent). Transferring registered shares with limited transferability is formally subject to the Board of Management's consent. However, in the past, this consent has never been withheld. Each BayWa AG share possesses the same voting rights and entitlement to dividends. The firm thus applies the "one share, one vote, one dividend" principle.

Responsible activity and risk management
The goal of risk management at BayWa AG is to recognise and evaluate risks in the company's activities as soon as possible. Risk management is therefore an integral part of the company's planning and control processes. The internal control, risk management and audit system is subject to ongoing development by the Board of Management, and adjusted to the changing framework conditions. Sections of the internal control and risk management system for the accounting process are examined by the auditors.

More information on the risk management system's structure and the processes with regard to the accounting procedure can be found in the management report of the annual report.

Additional information with regard to the provisions of the German Corporate Governance Code:

Remuneration report
The remuneration report is part of the Group management report and explains the remuneration system for the members of the Board of Management and the Supervisory Board.

Board of Management remuneration
The remuneration system, including its main contractual elements, is reviewed annually by the Supervisory Board and, if necessary, adjusted.

The remuneration of the Board of Management is composed of a fixed salary and a variable component. The components that are not dependent on performance consist of a fixed annual salary and associated benefits. The associated benefits essentially consist of the use of a company car, the value which is taken into account according to tax guidelines, and the payment of premiums on accident as well as medical insurance. The paid fixed component is calculated based on the functions, areas of responsibility and performance of the respective member of the Board of Management. The performance-based components are a function of the company's business results and the reaching of individual targets that are set annually. The ratio of fixed to variable compensation is approximately 60 to 40. If the targets are reached, payment of the agreed upon performance premiums occurs in full. A pro rata excess payment is made if the targets are exceeded, however only up to a cap of 150 percent. If the targets are not reached, the performance-based compensation is reduced. Both negative and positive developments are therefore taken into account in calculating the variable remuneration components. Components with long-term incentive effect (for example share options or similar securities-based incentive systems) are not currently part of the agreements. Furthermore, the members of the Board of Management benefit from pension commitments. With the exception of the Board of Management Chairman's pension commitment, they are calculated based on the last fixed salary paid and are dependent on length of service on the Board of Management. A premium-based pension system has been agreed upon with the Chairman of the Board of Management. The Board of Management service agreements contain no commitments if service to the company is prematurely terminated. There are also no change-of-control clauses.

The basic principles in determining the remuneration of members of the Boards of Management have been redrafted within the framework of the German Act on the Appropriateness of Executive Remuneration (VorstAG). Due to the lack of interim provisions, however, the statutory provisions do not apply to existing agreements, but rather only to new service agreements as well as to changes to existing agreements. The Supervisory Board has looked into the new remuneration principles in depth and will take them into account if the current service agreements are amended or new ones are concluded.

Remuneration of the Board of Management totalled EUR 5.4 million (2008: EUR 5.5 million), of which EUR 1.2 million (2008: EUR 2.0 million) was variable. The amount allocated to pension reserves stood at EUR 0.4 million (2008: EUR 0.9 million).

The remuneration of the Board of Management is not itemised but divided up into fixed and variable/performance-oriented components 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 on 11 May 2006, in accordance with Section 286 para. 5 of the German Commercial Code (Corporate Governance Code Item 4.2.4.).

Supervisory Board remuneration
The Supervisory Board remuneration is based on the responsibility and scope of activities of the Supervisory Board member as well as the Group's financial situation and performance.

The total remuneration of the Supervisory Board came to EUR 0.3 million (2008: EUR 0.3 million), of which EUR 0.1 million were variable (2008: EUR 0.1 million).

No itemisation of the individual members of the Supervisory Board's remuneration is made in the Notes to the Consolidated Financial Statements (see the Declaration of Compliance for the reasoning behind this). The amount of the individual Supervisory Board members' variable remuneration was set by a resolution by the Annual General Meeting of Shareholders on 1 July 2003. The amount of the fixed remuneration was set by a resolution of the Annual General Meeting of Shareholders on 31 May 2007. Each member of the Supervisory Board receives, beside the reimbursement of his expenses, a fixed annual remuneration of EUR 8,000 as well as a variable remuneration of EUR 250 for each EUR 0.01 of cash dividend per share, decided upon by the Annual General Meeting of Shareholders, in excess of a profit share of EUR 0.10 per share paid out to the shareholders. The Chairman of the Supervisory Board receives twice, and the deputy 1.5 times the aforementioned amounts. A fixed annual remuneration of EUR 2,000 is paid for committee work. The chairmen each receive twice the respective amounts.

Securities transactions by the Board of Management and the Supervisory Board (Directors' Dealings)

According to Section 15a of the German Securities Trading Act (WpHG), the members of the Board of Management and the Supervisory Board, and persons close to them, are statutorily required to disclose the acquisition and divestiture of shares in BayWa AG or financial instruments related thereto, if the value of their transactions within one calendar year meets or exceeds the amount of EUR 5,000. This also applies to certain employees with management functions (e.g. executive managers). BayWa AG received the following notifications in the financial year 2009:

The transactions pertain exclusively to BayWa shares (ISIN: DE 0005194062/securities code no. 519 406). Purchase and sale were always carried out via XETRA.

The transactions are also disclosed on the company's website under www.baywa.de.

Shareholdings of the Board of Management and Supervisory Board

The number of BayWa AG shares held by the members of the Board of Management and Supervisory Board as of 31 December 2009 was less than one percent of the shares issued by the company. Therefore, no holdings needed to be disclosed pursuant Item 6.6 of the German Corporate Governance Code.

3. Declaration of Compliance under Section 161 of the German Stock Corporation Act (AktG)

The German Corporate Governance Code (the Code) was created in order to increase confidence in the management of German listed companies. Its purpose is to make the rules on management and supervision of companies in Germany transparent and comprehensible for national and international investors. BayWa AG's Board of Management and Supervisory Board support the principles set out in the Code. The overwhelming majority of the Code's recommendations and suggestions on responsible corporate management have long since become a part of the company's daily business.

On 11 November 2009, BayWa AG's Board of Management and Supervisory Board issued the following Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act with regard to the Code's recommendations, and made it available to the shareholders:

"The Board of Management and the Supervisory Board of BayWa AG herewith issue their Declaration of Compliance as follows:
In respect of the period from 13 November 2008 until 4 August 2009, the Declaration pertains to the recommendations of the German Corporate Governance Code ('GCGC') in the version dated 6 June 2008, published in the electronic German Federal Gazette on 8 August 2008 ('GCGC 2008'). For the period from 5 August 2009 onwards, the Declaration below pertains to the recommendations of the Code in the version dated 18 June 2009, published in the electronic German Federal Gazette on 5 August 2009 ('GCGC 2009').

Securities transactions by the Board of Management and the Supervisory Board

Date of transaction	Last name and first name	Function	Type of transaction	Number	Price in EUR	Total volume in EUR
30 March 2009	Klaus Josef Lutz	Member of the Board of Management	Purchase	859	17.90	15,376.10
30 March 2009	Klaus Josef Lutz	Member of the Board of Management	Purchase	141	17.86	2,518.26

The Board of Management and the Supervisory Board of BayWa AG declare that the recommendations of the Code have been complied with in the past and will be complied with in future, to the exception of the recommendations listed below which have not been and will not be observed:

Deductible in the D&O insurance policy – Code Item 3.8 (2) GCGC

Code Item 3.8 (GCGC 2008) recommends a deductible to be provided for when a Directors & Officers (D&O) insurance policy is taken out for members of the Board of Management and the Supervisory Board. BayWa AG has concluded a D&O insurance on behalf of the Board of Management and the Supervisory Board which does not provide for a deductible in respect of executive body members. BayWa does not consider that having a deductible in the D&O insurance policy is necessary to improve the motivation and the responsibility with which the members of the Board of Management and the Supervisory Board discharge their duties. In the amended version of the Code (GCGC 2009) an appropriate deductible is recommended only for the D&O insurance policy covering members of the Supervisory Board. A deductible under a D&O insurance policy for members of the Board of Management is now mandatory under the law. BayWa AG intends to comply with these new statutory provisions but, for the aforementioned reasons, will refrain, also in future, from agreeing a deductible under a D&O insurance policy for members of the Supervisory Board, thereby diverging from the recommendation under Code Item 3.8 (2) (GCGC 2009).

Information on the remuneration received by members of the Board of Management – Code Item 4.2.4 GCGC

Contrary to Code Item 4.2.4 GCGC, the remuneration of the Board of Management is not itemised but divided up into fixed and variable/performance-related components and disclosed annually in the Notes to the Consolidated Financial Statements. Remuneration does not include any long-term incentive components, such as share options or similar instruments. The relevant resolution has been passed by the Annual General Meeting of Shareholders in accordance with Section 286 (5) German Commercial Code (HGB) and Code Item 4.2.4 sentence 2 GCGC. The remuneration of Board of Management members has not been itemised as, in the medium term, this would lead to a levelling of Board member remuneration which would no longer take account of the performance of individual Board members.

Information on the remuneration received by members of the Supervisory Board – Code Item 5.4.6 GCGC

Contrary to the recommendation under Code Item 5.4.6 (3) GCGC, the remuneration of Supervisory Board members has not been and will not be itemised but is divided up into fixed and performance-related components and disclosed annually in the Corporate Governance Report. The information included in the Corporate Governance Report clearly shows the structure and amount of remuneration received by the Supervisory Board. BayWa AG considers this detailed information to be sufficient to satisfy the interest in such information of the capital market and of its shareholders."

VII. Outlook

Macroeconomic outlook

The global economy appears to have bottomed out and has been on the path to recovery since mid-2009. Growth is generally anticipated again in the year 2010. The forecasts are, however, very disparate. Global growth has been predicted in a range between 3.1 percent (ifo Institute for Economic Research) and 3.9 percent (IMF International Monetary Fund). Growth is currently underpinned mainly through the extensive monetary and economic support programmes launched in many countries. It is still unclear, at least in the industrial nations, to what extent private consumption in particular can provide stimulus for a self-sustaining economic uptrend. According to current forecasts, production in the industrial nations will not re-attain the pre-crisis level before the end of 2011. An increase in the unemployment rate in 2010, the high level of government debt and partly huge public-sector deficits place an additional burden on economic recovery in these countries. Lending by banks is still reticent. The development of emerging markets such as China and India is expected to be steady, driven by considerably more momentum, and their growth may be able to exert a generally positive influence on the global economy. The extensive economic stimulus packages are also bearing fruit in the USA where gross domestic product is likely to expand in 2010 in the range of between 1.9 percent (HWWI Hamburg Institute of International Economics, ifo) and 2.7 percent (IMF). The economic output of eurozone countries is expected to develop well, posting a growth of between 0.9 percent (ifw Institute for the World Economy) and 1.1 percent (HWWI).

As regards the sustainability and speed of the global upswing in 2011, the opinions of economic research institutes vary widely. All in all, 2010 is, however, viewed as the first post-crisis year, and growth rates of between 2.6 percent (ifo) and 4.3 percent (IMF) have been forecast for the global economy in 2011. Growth expectations have settled in the lower limit of the corridor owing to the expiry of the global economic stimulus packages, ongoing restrictions in the financial sector on lending and the growing necessity of consolidating national budgets in the wake of extensive programmes to support the economy.

The economic slump in Germany took place mainly in the winter half-year 2008/2009 but the economy will still have to bear the consequences of the crisis in 2010 and 2011. Economic output is expected to grow by 2.1 percent in 2010. The economic strength of mid-2008, directly preceding the dramatic downturn in production, is likely only to be achieved in 2011 again, with growth running at 1.8 percent. At the same time, economic researchers fear a pronounced increase in the unemployment rate of 8.2 percent in 2009, of more than 9.0 percent in 2010 rising to 9.7 percent in 2011. Moreover, public-sector transfer payments to private households are likely to be curbed by the high level of government deficits, tax cuts may be postponed or even shelved all together. Against this backdrop, growth is likely to be carried by exports and a recovery in investment activity with more of a stagnation in private consumption. On balance, macroeconomic conditions in Germany will remain initially difficult and depend to a great extent on developments in foreign markets.

The recovery in the Austrian economy is set to persist and deliver a growth of 1.5 percent in gross domestic product in 2010. Overall investment activity, however, is likely to remain modest due to the low level of capacity utilisation, which will exacerbate the unemployment rate. The lead in Austria's growth as compared with the eurozone average will narrow as exports to Central and Eastern Europe are set to lose momentum. Growth forecast for the year 2011 currently stands at 1.6 percent.

In 2010, the economic expansion of an average 2.0 percent in the countries of Central and Eastern Europe in 2010 will as yet be unable to return to the long-term growth path of this region, which is set at around four percent higher. The collapse in 2008 was too severe and the turbulence too great. In 2011, overall economic growth is likely to accelerate to 3.7 percent.

Outlook for the development of the market segments

Outlook for the agriculture sector

The bumper harvest for the third year in a row put prices under pressure in July 2009, right at the start of the grain marketing year 2009/2010. Global production in the grain year 2009/2010 came to just under 2,197 million tons, following on from 2,231 million tons in the previous year. Despite an increase in consumption, grain stored was therefore sufficient for 76 days following coverage of between 61 and 70 days in the years from 2005 to 2008. Exports to non-EU countries fell in comparison with the previous year owing to good harvests in classical import countries such as North Africa. An additional burden came from the exchange rate of the euro against the US dollar. Following the considerable decline in producer prices in 2008, sentiment in the international grain markets remains dampened. Against this backdrop, there is little scope for grain prices rising to any considerable extent in the first half of 2010.

In the second half of 2010 the price trend will depend mainly on the harvests in the large export countries of Australia and Argentina where harvest forecasts have currently been revised downwards owing to the lack of precipitation. Accordingly, the harvest anticipated for Australia has been reduced from 23.0 million tons to 21.0 million tons and for Argentina from 9.0 million tons to 7.5 million tons. A decline in crop acreage of around 14 percent is anticipated in the USA for the grain year 2010/2011. At the same time, the use of grain to produce ethanol is growing in some regions of the world. Generally speaking, excess supply can be expected to ease as from mid-2010 onwards, with demand remaining stable or rising slightly, enabling grain prices to recover from their currently very low level. The globalisation of markets for agricultural produce has brought these commodities more strongly to the attention of financial investors in recent years. The speculative inflow and outflow of funds have resulted in unabatedly higher price volatilities.

A record figure of 797.8 million tons is anticipated for the global production of maize in the harvest year 2009/2010 which ends on 30 September. At the same time, demand is expected to climb to a volume of 809.7 million tons by 4.5 percent compared with the previous year. A volume of 116 million tons of maize alone is likely to be processed to produce bioethanol, which is almost double the amount of three years ago. The use of maize to produce fuel, however, depends essentially on the level of mineral oil prices and is thus subject to sharp fluctuations, which is also reflected in the pricing. According to the forecasts released by the United States Department of Agriculture (USDA), the maize market will therefore disclose a deficit of 11.9 million tons worldwide this harvest year. Closing inventories will thus decline from 146 million tons a year ago to 134 million tons in the harvest year 2009/2010.

Despite the partly significant decline in the price of agricultural produce since the third quarter of 2008, the cost of agricultural operating resources remained high in the first months of 2009. This development called farmers to hold back on buying fertilisers in particular. Consequently, the price of fertilisers fell sharply. Fertiliser producers reacted by curbing the volume of production. The reduction in output and the lower price level resulted in demand rising again at the end of the fourth quarter of 2009, which has triggered a moderate increase in the price of fertilisers. In the medium term as well, fertiliser prices can be expected to rise again. The international demand for urea, for instance, runs at an uninterruptedly high level, especially in Asia and South America. Stocks held in nitrogen fertilisers are also reached a very low level throughout the world. In 2010 and 2011, the volume of demand is expected to climb overall as against the 2009. As a result, the fertiliser market will stabilise as farmers depend on applying fertilisers to achieve good harvests in the medium term.

The medium and long-term positive factors of influence are expected to persist in the years ahead, in particular growth in the global demand for agricultural commodities. These factors also include the rising global population and the improved standard of living in the emerging markets. Changes in nutrition habits are leading to a growing consumption of grain, meat and milk. This growth in demand is juxtaposed to a drastic decline in fertile agricultural land available for the per capita global population through overuse, erosion and salt intrusion. The short term supply and price trend are strongly dependent on factors such as how the land is used for the different agricultural products and especially on weather-induced influences, which are not foreseeable.

The low producer prices in 2009 are also reflected in the reluctance of farmers to invest in agricultural equipment. In dairy farming, the decline in milk prices had a particularly negative effect on the income situation of farmers. Moreover, the Agritechnica, the agricultural technology trade fair which takes place once every two years, had the effect of delaying investment decisions. Nonetheless, the underlying sentiment is discernibly positive as far as the price trend for grain and milk is concerned. How willingness to invest will develop over the course of the year depends on the income and price situation as well as on the 2010 harvest. In an environment where prices for agricultural products have improved it is likely that investments postponed will be made. In the longer term, however, the outlook for the sector is positive, as catering to the rising global demand for food and agricultural raw materials will necessitate stepping up agricultural production. In parallel, the combination of agricultural operations through, for instance, purchase or lease, is resulting in an increase in the average size of the remaining farms.

The growing professionalisation of farming and the increase in surface area productivity call for greater use of modern agricultural equipment.

Outlook for the construction sector

In the first half year of 2010, developments in the construction sector are likely to mirror the previous year. Owing to the long, severe winter, the level of construction activities will probably be low. Over the course of the remaining year, the development in the individual sub-sectors of the construction industry is likely to vary. Following from the historically lowest point marked for building permissions since 1946, there is likely to be a recovery in residential construction, carried on the one hand by rising demand for new construction in cities and, on the other, by an acceleration in the wake of the financial crisis in the willingness to invest in real estate. In addition, the need to carry out refurbishment, renovation and modernisation on private residential real estate is high given an aging building stock. However, the restrictive lending policies of banks and the generally demanding conditions placed on borrowers in construction finance also have a braking effect. With this environment in mind, there are predictions for a slight increase in the volume of housing completed and in investments in residential construction by 1.5 percent and 1.0 percent in the years 2010 and 2011. As regards commercial construction, given the undercapacity utilisation in industry and commerce construction, investments can be expected to decline significantly. According to current forecasts, the decline has been set at 5.5 percent for 2010 and another 1.0 percent in 2011. As regards public-sector construction, investments by the public-sector in kindergartens, schools, transport projects and hospitals as part of economic stimulus programmes will have a positive effect in 2010 and lead to a 10.9 percent increase in construction investments. Upon the expiry of these programmes, a probable 5.5 percent downturn in public-sector construction investments is already anticipated for the year 2011.

Outlook for the energy sector

The demand for fuels and lubricants is generally influenced by the oil price trends, economic activity and weather patterns. The long and extremely cold winter 2008/2009 and consumer-friendly energy prices drove demand for heating fuel to high levels in the first half of 2009. In addition, the favourable price level following winter was used to keep tank levels high. As, in comparison to past years, the winter 2009/2010 was above average in terms of length and coldness, this will be reflected in correspondingly higher consumption by customers. However, average tank levels were higher than a year ago, which means that the necessity of filling them will be lower in the first half of 2010 than in the previous year. Whether the high level of fuel sales in 2009 can be achieved in 2010 again depends on the weather in autumn and winter 2010 as well as on crude oil price trends over the course of the year. BayWa expanded its market territory by taking over smaller fuel traders. BayWa's overall sales volume can therefore be expected to remain at the previous year's level despite the marginal downturn in the market volume. In the fuel business, sales are expected to remain virtually unchanged. Mileage per year will increase in tandem with the recovery in the economy. This trend, however, will be offset by more modern vehicles which save on fuel so that, overall, there will be no significant market growth. Lubricants will benefit the most from an economic recovery as the metal processing industry was hardest hit by the crisis.

Growth is predicted for the field of renewable energies, driven by political efforts to raise the share of renewable energies in electricity production to at least 30 percent in Germany and 20 percent in the EU. The envisaged lowering of subsidies for solar energy will additionally boost demand for solar power plants in the first half of 2010.

Anticipated development of the BayWa segments

Outlook for the Agriculture segment

At the start of the current financial year, the general sentiment in the agricultural industry in regions where the BayWa Group operates was somewhat more optimistic than a year ago. There appears to be a bottoming out or even a slight improvement in the prices of many agricultural products such as, for instance, grain and milk. The downtrend in the cost of operating resources such as fuel and fertilisers has also served to improve the ratio between operating costs and product revenues. Business over the course of this year is likely to develop better as compared with the level observed in 2009 for most agricultural operations. Making an accurate forecast is, however, difficult because markets will remain very volatile. The agriculture business will continue to be a stable mainstay of the BayWa Group's business model: It will only be possible to raise farmers' income and surface area productivity by stepping up the use of operating resources and investments in machinery and equipment. BayWa's competence in logistics, consultancy services and services in general releases additional potential for value added. BayWa's Agricultural Trade business unit will continue to use the market shakeout in the sector for acquisitions and growth in the future. Strategic measures to streamline locations will be expedited and the Group's sales and distribution efficiency enhanced. BayWa takes account of the greater risks from price volatility in agricultural commodities by having a swift and meticulous risk management which will serve to minimise inventory risk and secure margins.

In the financial year 2008/2009, the earnings of many agricultural operations deteriorated substantially owing to lower earnings from grain and milk in comparison with the exceptional year 2007/2008. The unfavourable earnings situation was reflected in limited scope of investment activity. In the financial year 2009/2010, a slight improvement in the selling prices of agricultural products and technological impetus from Agritechnica is likely to bring about a stabilisation of investing activities and a moderate recovery in agricultural equipment. Alongside the sale of machinery and facilities, service is also a crucial factor determining the result from the Group's agricultural equipment business. Brisker investments made in the years 2007 and 2008 have led to a greater need for workshop services. By taking over the general agency for Claas, a manufacturer of agricultural machinery, on 1 October 2010 in the regions of Lower Bavaria and the southern part of Upper Bavaria and by introducing the Group's own Tecparts brand for high quality replacement and wear and tear parts, the Agricultural Equipment business unit is set to reinforce its market position. With this in mind, the business unit expects moderate growth in revenues and profit in 2010. The propensity and ability of the agricultural industry to invest is also subject to sharp fluctuations because of wide variations in harvest yields and volatile selling price trends which make it impossible to make informative assumptions underlying any sound forecast for the year 2011. The major trends towards larger operating units, the necessity of raising production and the envisaged scaling back of the subsidies for the agricultural industry by the EU as from 2013 will require farmers to make greater use of equipment. Against this backdrop, the medium to long term outlook for the Agricultural Equipment business unit can be deemed positive.

In general, the BayWa Group assumes that revenues will rise and profit improve in the Agriculture segment in 2010. The revenues and profit contributions of acquisitions made in the fruit business and the expansion of agricultural trade in the region of Saxony-Anhalt will have a full-year effect in 2010 for first time. The extent to which revenues and profit will increase will depend primarily on agricultural commodities price trends. Another positive effect on profit will be the non-recurrence of one-off burdens from the previous year arising from inventory risk. A stringent risk control system enables risks arising from inventory valuations to be identified at an early stage, quantified and limited. These measures enable BayWa to decouple its margins more strongly from price trends in the market which has a stabilising effect.

Outlook for the Building Materials segment

Growth in new residential construction is likely to be only moderate in 2010. The refurbishment, modernisation and renovation business with a share of around 75 percent in investments in residential building is in any case more significant than new construction. In this business, there is only potential in the short to medium term from energetic renovation. The subsidy anchored in the German Renewable Energies Act and the planned increase in subsidies for the private self-sufficient supply of energy may accelerate the use of the respective products. The government economic stimulus programmes, which will have an impact on the construction sector first and foremost in 2010, will serve to boost demand in public-sector construction and civil engineering. A counter effect will be the weak demand in commerce and industry due to the economic environment. The prospects for the Building Materials segment have brightened slightly in comparison with 2009. After a weak start to 2010 following the long winter, a notable recovery can be anticipated over the course of the remaining year. The Building Materials business unit is well positioned in the competitive arena through its focus on the areas of refurbishment, modernisation and renovation and the successful realigning of its product mix. Its market position was reinforced by taking over competitors. Selective growth will strengthen revenues and profit of the business unit. Against this backdrop, the Building Materials business unit expects a moderate development in earnings in the financial year 2010 as a whole. The earnings position is rendered stable through streamlining measures, enhancing value added through partnerships and the international expansion of the franchise concept. This releases positive effects on the business unit's profit in 2010. In 2011, a sideways movement can be anticipated as growth in residential construction and a general recovery in commercial construction activity will compensate for the expiry of economic stimulus programmes.

The DIY & Garden Centres business unit expects revenues to grow slightly based on the current sales surface area and in view of the fact that the measures to optimise the product mix and the redesigning of centres will have an effect throughout the whole year. In September 2009, for example, the newly converted Backnang Centre was very well received by the public. In line with this concept which divides up the surface area into 50 percent dedicated to building materials and 50 percent to the garden business, two other centres in Illertissen and Grafenau will be designed in 2010 and a new centre opened in Bad Tölz. In order to safeguard their position as niche suppliers in a strongly competitive environment, further adjustments will be made to accommodate the respective regional environment of the respective centres. More investments will be made to make the individual locations more attractive. The opening of 30 compact centres as part of existing building materials is scheduled for 2010. All in all, the expected positive trend of revenues and the cost reductions implemented in 2009 are to be reflected in an improvement of the profit quality. Competition is, however, still extremely fierce.

Seen as a whole, the BayWa Group anticipates moderate growth in revenues and a stable profit trend in the Building Materials segment in 2010, as the consolidation of central functions and the successful implementation of optimising measures at the operational level will have a positive effect. This will, however, be offset by a higher level of investments needed to realign the centres. In 2011, the Building Materials segment is cautiously optimistic as the new flagship centres of Illertissen, Grafenau and Bad Tölz will contribute over the whole year to revenues and profit. Moreover, the general economic environment can be expected to stabilise.

Outlook for the Energy segment

From today's standpoint, the price of crude oil is likely to be moderately above the average 2008 price level. The price of crude oil impacts more or less directly on pricing across all energy markets. In the case of heating oil, the cold, protracted winter led to a decline at the start of the current financial year of the extremely high filling levels of tanks in private households to a level which was only slightly above the seasonal average. The sales volumes in 2010 may therefore settle at a level comparable to that of 2009. Wood pellets remain a growth market with annual increases of between 10 and 20 percent as, within a short space of time, this natural source of energy, in combination with modern combustion technology, has developed into a favoured option for heating. The BayWa Group's Energy segment is participating in this trend. Fuel harbours potential owing to the economic stimulus programmes as these result in an increase in deliveries to building sites. Moreover, the product range has been extended to include additional products such as Ad Blue fuel for trucks and expanding the autogas network. Countereffects are, however, the greater proportion of more fuel efficient vehicles which has risen on the back of the scrappage premium. In the wake of ongoing economic recovery in 2010, the lubricants business is likely to perform better than in 2009. In the car repair garage business the assumption is that demand will slow slightly as service intervals will not yet have been reached by large number of vehicles registered in the second half of 2009. The revenues of the Energy segment in 2010 will probably attain the level of 2008 across all products. Nonetheless, the Energy segment can be expected to continue making stable contributions to the consolidated result. As before, the segment will pursue a strategy within and outside its existing sales territories of growing through takeovers and co-operations. In the long term, considerable price fluctuations and the dependency of sales on weather conditions in particular make forecasting only possible to limited extent.

Having acquired three companies in the field of renewable energies in the second half of 2009, BayWa has combined its activities in this business under the name of BayWa r.e. Through these acquisitions, BayWa is pursuing the goal of raising its market share in an expanding market. These measures will serve to raise profitability on a sustainable basis through enhancing the degree of value added as well as through the exploitation and building up of synergies with other BayWa business units. The project pipelines of all three companies acquired are well filled. In 2010, BayWa intends to install photovoltaic systems with a peak output of 5 megawatts on its own roofs. Revenues of around EUR 300 million have been budgeted for this new business in 2010, with an EBIT margin of at least 5 percent. In the medium term, expanding operations to generate revenues of up to EUR 1 billion is envisaged. This accords with the Group's strategic focus on forging ahead with its international orientation to become more independent of changes in the political framework conditions of the individual countries. More acquisitions will, however, only be made on the precondition of not raising the BayWa Group's debt, which means they will be financed for the most part from the cash flow generated by the Group.

Outlook for the BayWa Group

Based on the scenarios described above for the individual business units, the outlook for the BayWa Group is cautiously optimistic in 2010. The Agriculture segment can expect revenues above the year-earlier level with a concurrent improvement in profit. The Building Materials segment will be able to match the good results of the year 2009, with the revenue trend remaining stable at minimum. The Energy segment is likely to be able to maintain its volume of revenues in the classical energy business. There is also a good chance that the level of profits in the exceptional year of 2008 may be achieved again. Moreover, there will be additional contributions to revenue and profit from the new business activities combined under BayWa r.e.

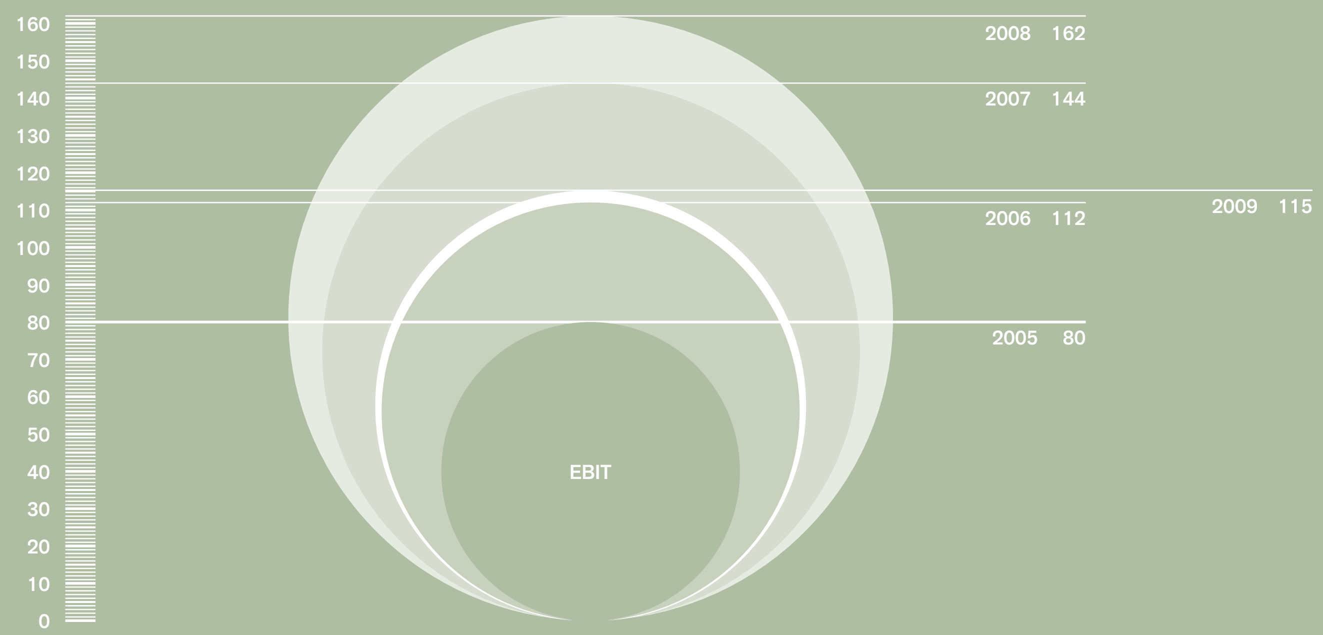
The opportunities for internal and external growth in the core segments of Agriculture, Building Materials and Energy which arise through market consolidation in many sectors and regions will be carefully screened by BayWa in 2010 and, in the event of being positively assessed, will be realised on the basis of the Group's sound financial structure. Measures to reduce costs and streamline processes are a permanent part of managing the Group. The introduction of value-oriented management, implemented for the first time in the current financial year, has been ultimately instrumental in greatly enhancing the information which forms the basis for the strategic orientation of the BayWa Group. The fine-tuning of instruments for assessing risk and management will also make their contribution to strengthening the BayWa Group. Although the volatility and risks described in individual areas of business may lead to developments which diverge from today's planning, BayWa nonetheless considers itself well-positioned in its operating activities. Against this backdrop, the business prospects are deemed to be cautiously optimistic.

04

Consolidated Financial Statements.

BayWa has shown extraordinary resilience in safeguarding its position against the backdrop of extremely difficult economic conditions in 2009. Diversification into the three areas of agriculture, building materials and energy forms a stable basis for profit.

Development of EBIT and consolidated net income
In EUR million



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 presents a true and fair description of the development of the Group's business, including its performance and position, and of the material risks and opportunities inherent in the prospective development of the Group.

Munich, 1 March 2010

BayWa Aktiengesellschaft
The Board of Management

Klaus Josef Lutz

Klaus Buchleitner

Frank Hurtmanns

Dr. Josef Krapf

Roland Schuler

Consolidated Financial Statements of BayWa AG

As at 31 December 2009

Consolidated Balance Sheet as at 31 December 2009

ASSETS

In EUR million	Note	2009	2008
Non-current assets			
Intangible assets	(C.1.)	65.555	35.410
Property, plant and equipment	(C.2.)	943.329	908.483
Participating interests recognised at equity	(C.3.)	37.961	10.695
Other financial assets	(C.3.)	188.582	161.855
Investment property	(C.4.)	78.833	75.161
Tax claims	(C.5.)	6.310	6.668
Other receivables and other assets	(C.6.)	15.841	16.299
Deferred tax assets	(C.7.)	90.770	91.023
		1,427.181	**1,305.594**
Current assets			
Securities	(C.3.)	1.864	1.747
Inventories	(C.8.)	905.005	1,101.318
Tax claims	(C.5.)	10.815	12.941
Other receivables and other assets	(C.6.)	569.988	623.355
Cash and cash equivalents	(C.9.)	19.723	16.133
		1,507.395	**1,755.494**
Non-current assets held for sale	(C.10.)	**4.710**	**4.717**
Total assets		**2,939.286**	**3,065,805**

SHAREHOLDERS' EQUITY AND LIABILITIES

In EUR million	Note	2009	2008
Equity	(C.11.)		
Subscribed capital		87.258	86.911
Capital reserve		85.276	82.391
Revenue reserves		580.656	535.368
Other reserves		49.698	71.604
Equity net of minority interest		802.888	776.274
Minority interest		154.592	138.838
		957.480	**915.112**
Non-current liabilities			
Pension provisions	(C.12.)	398.327	398.962
Other non-current provisions	(C.13.)	66.798	64.460
Financial liabilities	(C.14.)	74.119	44.331
Financial leasing obligations	(C.15.)	1.790	0.061
Trade payables and liabilities from inter-group business relationships	(C.16.)	43.783	41.086
Other liabilities	(C.17.)	3.504	3.515
Deferred tax liabilities	(C.18.)	103.517	92.456
		691.838	**644.871**
Current liabilities			
Pension provisions		27.351	26.988
Other current provisions	(C.13.)	98.219	113.115
Financial liabilities	(C.14.)	590.485	735.532
Financial leasing obligations	(C.15.)	0.465	0.047
Trade payables and liabilities from inter-group business relationships	(C.16.)	462.743	510.756
Tax liabilities		29.920	32.957
Other liabilities	(C.17.)	80.785	86.427
		1,289.968	**1,505.822**
Total shareholders' equity and liabilities		**2,939.286**	**3,065.805**

Consolidated Income Statement for 2009

Continued operations

In EUR million	Note	2009	2008
Revenues	(D.1.)	**7,260.244**	**8,794.565**
Changes in inventories		– 14.474	– 49.169
Own work capitalised		0.711	0.529
Other operating income	(D.2.)	131.776	113.146
Cost of materials	(D.3.)	– 6,244.264	– 7,666.600
Gross profit		**1,133.993**	**1,192.471**
Personnel expenses	(D.4.)	– 619.619	– 607.929
Depreciation and amortisation		– 94.367	– 96.194
Other operating expenses	(D.5.)	– 318.043	– 338.065
Operating result		**101.964**	**150.283**
Income from participating interests recognised at equity	(D.6.)	1.747	1.377
Other income from shareholdings	(D.6.)	11.648	10.199
Interest income	(D.7.)	4.395	8.237
Interest expense	(D.7.)	– 44.683	– 66.572
Financial result		**– 26.893**	**– 46.759**
Earnings before tax		**75.071**	**103.524**
Income tax	(D.8.)	– 15.679	– 26.781
Consolidated net income		**59.392**	**76.743**
of which: profit share of minority shareholders	(D.9.)	14.345	18.396
of which: profit share of the shareholders of the parent company		45.047	58.347
EBIT		**115.359**	**161.859**
EBITDA		**209.726**	**258.053**
Basic earnings per share (EPS, in euros)	(D.10.)	**1.33**	**1.72**
Diluted earnings per share (in euros)	(D.10.)	**1.33**	**1.72**

Transition to Consolidated Statement of Income and Expenses

In EUR million	2009	2008
Consolidated net income	59.392	76.743
Changes in “available for sale” assets carried at fair value		
Net gain from revaluation during the reporting period from financial assets in the “available for sale” category	1.278	– 3.025
Reclassification due to disposal of financial assets in the “available for sale” category during the reporting period	– 9.986	–.––
Differences from currency translation	1.373	– 0.876
Income and expenses recorded directly in equity	**– 7.335**	**– 3.901**
of which share due to minority interest	0.782	– 0.387
of which share due to shareholders of the parent company	– 8.117	– 3.514
Net income	**52.057**	**72.842**
of which to due to minority interest	15.127	18.009
of which share due to shareholders of the parent company	36.930	54.833

Consolidated Cash Flow Statement for 2009

(Note E.1.)

In EUR million	**2009**	2008
Consolidated net income	59.392	76.743
Write-downs/write-ups of non-current assets		
Intangible assets	7.192	6.081
Property, plant and equipment	84.534	83.812
Other financial assets	0.084	0.660
Investment property	2.642	6.232
Other non-payment related expenses/income		
Changes in deferred taxes	0.697	– 0.892
Equity results minus dividend	– 1.747	– 1.337
Expenses related to share-based payment through profit and loss	1.292	0.600
Other	– 0.682	– 11.993
Increase/decrease in non-current provisions	1.486	1.856
Payment-related expenses/income from special effects affecting payments		
Gain from the sale of financial investments	– 6.515	–.––
	148.375	**161.762**
Increase/decrease of current and medium-term provisions	– 17.342	3.888
Gain/loss from the disposal of assets	– 28.043	– 7.285
Increase/decrease in inventories, trade receivables and other assets not allocable to investing or financing activities	207.820	148.234
Increase/decrease in trade payables and other liabilities not allocable to investing or financing activities	– 66.916	– 91.070
Cash flow from operating activities	**243.894**	**215.529**
Outgoing payments for company acquisitions	– 67.117	– 36.323
Incoming payments from the divestiture of companies	0.433	–.––
Incoming payments from the disposal of intangible assets, property, plant and equipment and investment property	51.763	27.883
Outgoing payments for investments in intangible assets, property, plant and equipment and investment property	– 110.304	– 107.433
Incoming payments from the disposal of other financial assets	27.799	1.463
Outgoing payments for investments in other financial assets	– 30.061	– 29.459
Cash flow from investing activities	**– 127.487**	**– 143.869**
Incoming payments from equity contributions	1.939	0.898
Dividend payments	– 17.151	– 13.775
Incoming/outgoing payments from borrowing/redemption of (financing) loans	– 97.605	– 60.636
Cash flow from financing activities	**– 112.817**	**– 73.513**
Payment-related changes in cash and cash equivalents	3.590	– 1.853
Cash and cash equivalents at the start of the period	16.133	17.986
Cash and cash equivalents at the end of the period	**19.723**	**16.133**

Additional information

In EUR million	**2009**	2008
The cash flow from operating activities comprises the following cash flows:		
Income tax payments	– 12.743	– 22.630
Interest received	3.980	7.677
Interest paid	– 18.909	– 42.380
Dividend received and other income assumed	11.648	10.199
Disbursements for company acquisitions included in the cash flow from investing activities are as follows:		
Purchase price for company acquisitions	– 81.476	– 36.442
Purchase price eligible for disbursement	– 72.226	– 36.442
Cash and cash equivalents assumed from company acquisitions	5.109	0.119

Consolidated Statement of Changes in Equity

Note (C.11.)

In EUR million	Subscribed capital	Capital reserve	Revenue reserves/ Revaluation	Other revenue reserves	Other reserves	Equity net of minority interest	Minority interest	Equity
As per 01/01/2008	**86.707**	**81.097**	**13.358**	**482.058**	**67.550**	**730.770**	**123.728**	**854.498**
Differences from changes in the group of consolidated companies	–.––	–.––	–.––	–.––	–.––	–.––	0.049	0.049
Capital increase against cash contribution/share-based payment	0.204	1.294	–.––	–.––	–.––	1.498	–.––	1.498
Changes in "available for sale assets" carried at fair value	–.––	–.––	– 2.953	–.––	–.––	– 2.953	– 0.072	– 3.025
Dividend distribution	–.––	–.––	–.––	–.––	– 10.827	– 10.827	– 2.948	– 13.775
Difference from currency translation	–.––	–.––	–.––	–.––	– 0.561	– 0.561	– 0.315	– 0.876
Transfer to revenue reserves	–.––	–.––	–.––	42.905	– 42.905	–.––	–.––	–.––
Net income	–.––	–.––	–.––	–.––	58.347	58.347	18.396	76.743
As per 31/12/2008 // 01/01/2009	**86.911**	**82.391**	**10.405**	**524.963**	**71.604**	**776.274**	**138.838**	**915.112**
Differences from changes in the group of consolidated companies	–.––	–.––	–.––	–.––	–.––	–.––	0.541	0.541
Capital increase against cash contribution/share-based payment	0.347	2.885	–.––	–.––	–.––	3.232	3.689	6.921
Changes in "available for sale assets" carried at fair value	–.––	–.––	– 8.776	–.––	–.––	– 8.776	0.068	– 8.708
Dividend distribution	–.––	–.––	–.––	–.––	– 13.548	– 13.548	– 3.603	– 17.151
Difference from currency translation	–.––	–.––	–.––	–.––	0.659	0.659	0.714	1.373
Transfer to revenue reserves	–.––	–.––	–.––	54.064	– 54.064	–.––	–.––	–.––
Net income	–.––	–.––	–.––	–.––	45.047	45.047	14.345	59.392
As per 31/12/2009	**87.258**	**85.276**	**1.629**	**579.027**	**49.698**	**802.888**	**154.592**	**957.480**

Notes to the Consolidated Financial Statements of BayWa AG

as at 31 December 2009

Drawn up pursuant to the International Financial Reporting Standards (IFRS)/International Accounting Standards (IAS) adopted within the EU as well as in accordance with the additional information required under Section 315a paragraph 1 of the German Commercial Code (HGB)

(A.) Basis of 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 business units: Agricultural Trade, Agricultural Equipment, Building Materials, DIY & Garden Centres, Energy and New Energies. The Agricultural Trade business unit comprises trading in agricultural produce and resources. The Agricultural Equipment business unit offers a full-line range of agricultural equipment and services. The Building Materials business unit comprises activities involved in selling building materials. The DIY & Garden Centres business unit serves the customer in the "Do-It-Yourself" market. The Energy business unit has an extensive network which ensures the supply of heating oil, fuels, lubricants and wood pellets to commercial and individual customers. The New Energies business unit offers customers project development for wind power and biogas facilities and solar power plants, on the one hand, and operates its own wind power and biogas plants to produce electricity, on the other. The range of products and services under New Energies is rounded off by the sale of solar modules.

The Consolidated Financial Statements as at 31 December 2009 have been drawn up in accordance 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 applicable interpretations of 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 provision set forth under Section 315a para. 1 German Commercial Code (HGB) which forms the legal basis for group accounting pursuant to international accounting standards.

The financial year of the BayWa Group covers the period from 1 January to 31 December. The financial statements of BayWa AG and its subsidiaries are prepared in accordance with the balance sheet date of the consolidated financial statements. The financial statements of Deutsche Raiffeisen-Warenzentrale GmbH and Raiffeisen Beteiligungs GmbH constitute an exception as these companies are accounted for using the at-equity method. Both companies have a different reporting date, which is 30 June. The interim financial statements of both companies as at 31 December 2009 form the basis for consolidation.

The accounting implemented within the BayWa AG is carried out according to 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. For the purposes of clarity, individual items in the balance sheet and the income statement have been combined. These items have been disclosed separately in the Notes to the Consolidated Financial Statements and explained.

The consolidated financial statements have been prepared in euros. Unless otherwise indicated, amounts are in millions of euros (EUR 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 valuation of property, plant and equipment, and intangible assets, of inventories, in connection with the purchase price allocation, the recognition and valuation of deferred tax assets, the recognition and valuation of pension 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 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 the pension schemes.

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

Deferred tax on loss carry forwards on the assets side are recognised provided that future tax advantages are likely to be realised within the next three years. The actual taxable profit situation in future periods, and the actual usability of deferred tax assets, may diverge from the estimate at the time when the deferred taxes are capitalised.

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

Estimates have been made in respect of inventories, especially in the context of write-downs on the net realisable value. The estimates of the net realisable value are based on the substantial 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 scenarios after the reporting period as these scenarios serve to elucidate the conditions already prevailing by the end of the reporting period.

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

Rental 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, particular account has been taken of the economic development and the business environment of the BayWa Group. If, in future business periods, these framework conditions should develop otherwise there may be differences between actual amounts and estimated amounts. In such cases, the assumptions and, if necessary, the book values 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 expected.

(A.3.) Impact of new accounting standards

In the financial year 2009, the following standards and interpretations issued by the IASB were mandatorily applicable for the first time:

Standard	Description	Released by the IASB	Entry into force*	EU endorsement
New standards and interpretations				
IFRS 8	Operating Segments	30/11/2006	01/01/2009	22/11/2007
IFRIC 13	Customer Loyalty Programmes	28/06/2007	01/07/2008	17/12/2008
IFRIC 15	Agreements for the Construction of Real Estate	03/07/2008	01/01/2009	23/07/2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	03/07/2008	01/10/2008	05/06/2009
IFRIC 18	Transfers of Assets from Customers	29/01/2009	01/07/2009**	01/12/2009
Amendments to standards and interpretations				
IAS 23	Borrowing Costs	29/03/2007	01/01/2009	17/12/2008
IAS 1	Presentation of Financial Statements	06/09/2007	01/01/2009	18/12/2008
IFRS 2	Share-based Payment (exercise conditions and annulments)	17/01/2008	01/01/2009	17/12/2008
IAS 32	Financial Instruments: Presentation (Puttable Instruments)	14/02/2008	01/01/2009	22/01/2009
Diverse	Improvements of IFRS (Annual Improvement Project 2006 – 2008)	22/05/2008	01/01/2009	24/01/2009
IFRS 1 IAS 27	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	22/05/2008	01/01/2009	24/01/2009
IFRS 7	Financial Instruments: Disclosures	05/03/2009	01/01/2009	01/12/2009
IAS 39 / IFRIC 9	Financial Instruments: Recognition and Measurement/ Reassessment of Embedded Derivatives	12/03/2009	30/06/2009***	01/12/2009
Diverse	Improvements of IFRS (Annual Improvement Project 2007 – 2009)	16/04/2009	Diverse ****	anticipated Q1/2010

* for annual periods beginning on or after this date

** for transfers received by the company on or after this date

*** for annual periods ending on or after this date

**** earliest adoption for annual periods beginning on or after 1 January 2009

In November 2006, the IASB published IFRS 8 (Operating Segments) which supersedes IAS 14 (Segment Reporting), the former standard on segment reporting. Under IFRS 8, segment information to be released must be derived from information which management uses internally for the assessment of segment performance and to define reportable segments. IFRS 8 therefore espouses the so-called management approach.

In January 2008, the IASB published changes to IFRS 2 (Share-based Payment) which clarifies the definition of vesting conditions and regulations on the premature termination of share-based compensation. The revised standard serves mainly to clarify that vesting conditions are exclusively goods and services conditions customary in the market. Moreover, it determines that all cancellations of the plan must be treated equitably in accounting irrespective of whether cancellation is made by the company itself or by the employee.

In September 2007, the IASB published amendments to IAS 1 (Presentation of Financial Statements). These comprise suggestions for the renaming of the individual components of the financial statements, the obligation of drawing up an opening balance sheet for the previous year under certain conditions, and a separate disclosure of equity transactions with owners of the parent and non-controlling interests as well as separate disclosure of the impact of income tax per component recorded either in the statement of comprehensive income without effect on income or in the notes to the financial statements. BayWa AG has selected the so-called two statement approach – presentation of a separate income statement and of a statement of comprehensive income.

In February 2008, the IASB published amendments to IAS 32 (Financial Instruments: Presentation) and IAS 1 (Presentation of Financial Statements). The amendments deal first and foremost with the definition of equity and borrowings in the accounting treatment of capital under company law featuring cancellation rights. Puttable capital of shareholders may now be classified as equity under certain circumstances.

In May 2008, the IASB published amendments to a number of IFRSs in the context of the Annual Improvement Project which mainly affect terminology and editorial aspects.

The amendments to IFRS 7 (Financial Instruments: Disclosures), published in March 2009, provide for additional disclosures on financial instruments measured at fair value. Moreover, additional disclosures must be made on liquidity risks. Significant amendments to IFRS 7 are, in particular, the requirement to disclose how fair value has been measured using a three-level hierarchy. The top hierarchical level are fair values based on the prices quoted in the market. Fair values not based on observable market data are level three inputs. Financial instruments measured on this basis require additional information relating in particular to the result for the period from the measurement of these instruments.

Financial guarantees and credit commitments must be included in the maturity analysis of a company.

In June 2007, IFRIC released the interpretation of IFRIC 13 (Customer Loyalty Programmes). IFRIC 13 regulates the recognition of income and expenses in the context of premium points awarded under customer loyalty programmes which can be redeemed at a future point in time for goods or services free of charge or at a discount. Benefits accruing to the customer must be accounted for as revenue which is disclosed separately from the transaction in which context they were granted. Part of the value of the consideration received is allocated to benefits granted (premiums) and carried as an accrued item on the liabilities side. Recognition of revenues is made in the period in which benefits granted (premiums) are redeemed or expire.

The interpretation of IFRIC 15 (Agreements for the Construction of Real Estate) released in July 2008 regulates the recognition of earnings from real estate sold before completion.

The interpretation defines criteria which specify whether the recognition of sales revenues must be made under IAS 11 or IAS 18.

In July 2008, IFRIC published the interpretation of IFRIC 16 (Hedges of a Net Investment in a Foreign Operation). IFRIC 16 clarifies what is to be considered a foreign currency exposure in the hedging of a net investment in a foreign operation and where the hedging instrument used to minimise this risk may be held within a group.

IFRIC 18 (Transfers of Assets from Customers) was published in January 2009. The interpretation regulates the recognition of assets and liabilities relating to agreements under which a company receives a property, plant or equipment from a customer which the company then has to use either to connect the customer with a network or to provide the customer with ongoing access to a supply of goods or services. Rules on recognising earnings are also defined.

In March 2009, amendments to IFRIC 9 (Reassessment of Embedded Derivatives) and IAS 39 (Financial Instruments: Recognition and Measurement) were published. The amendments serve to clarify accounting for embedded derivatives by entities which make use of the reclassification amendment published by the IASB in October 2008. The reclassification amendment allows entities to reclassify certain financial instruments out of the fair value through profit or loss category under certain circumstances. The amendments clarify that, on reclassification out of the "fair value through profit or loss" category, all embedded derivatives must be reassessed and, if necessary, separately accounted for in the financial statements.

None of the standards had a major impact on the presentation of the assets, financial position or results of operations or on earnings per share.

The following standards, amendments to standards and interpretations have already been approved but their adoption is not yet mandatory; voluntarily earlier adoption was abstained from.

Standard	Description	Released by the IASB	Entry into force*	EU endorsement
New standards and interpretations				
IFRIC 17	Distributions of Non-cash Assets to Owners	27/11/2008	01/07/2009	27/11/2009
IFRS for SMEs	IFRS for small and medium-sized entities	09/07/2009	–	Still outstanding
IFRS 9	Financial Instruments: Revision and Replacement of all existing Standards on Classification and Measurement	12/11/2009	01/01/2013	Still outstanding
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	26/11/2009	01/07/2010	anticipated Q2/2010

* for annual periods beginning on or after this date

Standard	Description	Released by the IASB	Entry into force*	EU endorsement
Amendments to standards and interpretations				
IFRS 3	Business Combinations	10/01/2008	01/07/2009	12/06/2009
IAS 27	Consolidated and Separate Financial Statements	10/01/2008	01/07/2009	12/06/2009
IAS 39	Financial Instruments: Recognition and Measurement (Embedded Derivatives)	31/07/2008	01/07/2009	16/09/2009
IFRS 1	Restructuring of the Standard	27/11/2008	01/07/2009	26/11/2009
Diverse	Improvements of IFRS (Annual Improvements Project 2007 – 2009)	16/04/2009	Diverse **	anticipated Q1/2010
IFRS 2	Share-based Payment Group cash-settled share-based Payment Transactions	18/06/2009	01/01/2010	anticipated Q1/2010
IFRS 1	Additional Exemptions for first-time Adopters	23/07/2009	01/01/2010	anticipated Q2/2010
IAS 32	Financial Instruments: Disclosure and Presentation (Classification of Subscription Rights)	08/10/2009	01/02/2010	anticipated Q4/2009
IAS 24	Related Party Disclosures	04/11/2009	01/01/2011	anticipated Q2/2010
IFRIC 14	IAS 19 – Asset Ceiling, Minimum Funding Requirements and their Interaction (Prepayments of a Minimum Funding Requirement)	26/11/2009	01/01/2011	anticipated Q2/2010

* for annual periods beginning on or after this date

** earliest adoption for annual periods beginning on or after 1 January 2009

In January 2008, the IASB published the revised standards IFRS 3 (Business Combinations) and IAS 27 (Consolidated and Separate Financial Statements). The main amendments to IFRS 3 (revised 2008) are the following in particular:

– In accounting for the shares of other shareholders, there is an option in future permitting these shares to be recognised at fair value (i.e. including goodwill) or at their proportionate interest in the identifiable net assets.

– In the case of step acquisitions, shares held in a company formerly had to be re-measured through profit and loss on the date when control was achieved. The difference between the (revalued) book value of the investment in the subsidiary and the proportionate re-measured net assets of the subsidiary is to be disclosed as goodwill.

– Liabilities recognised on the date of acquisition for future purchase price adjustments owing to future events may no longer be adjusted in subsequent periods against goodwill without effect on income.

– Transactions costs are to be recorded through profit and loss.

The main amendments from IAS 27 (revised 2008) are as follows:

- A change which results in lowering the ownership interest in a subsidiary is to be disclosed in future as an equity transaction without effect on income as long as the parent company retains a controlling influence.

- In the event of a lowering of the ownership interest which also incurs loss of control over the subsidiary, the assets and liabilities of the subsidiary are derecognised. Remaining shares in the company must be recognised at fair value. The difference between the remaining carrying amounts and the fair values must be recorded through profit and loss.

- Shares of other shareholders which become negative owing to losses incurred must be disclosed as a negative balance.

IFRS 3 (revised 2008) and IAS 27 (revised 2008) must be applied prospectively for the annual periods beginning on or after 1 July 2009. The impact on the presentation of the assets, financial position and results of operations depends on the size of future business combinations and sale of shares.

The amendments to IAS 39 (Financial Instruments: Recognition and Measurement) published in July 2008 address the issue of the one-sided hedging of risks through options and inflation in hedging relationships. The amendments serve to clarify the circumstances under which a hedged risk or a portion of cash flows can be designated for the purposes of hedge accounting. The amendments are to be applied to annual periods beginning on or after 1 July 2009. These changes do not result in any material effects on the presentation of the assets, financial position and results of operations.

In April 2009, the IASB published the second collection of "Improvements to IFRS" as part of the Annual Improvements Project. The amendments specify the recognition, measurement and disclosure of transactions and uniform terminology and are to be understood in the main as editorial corrections to existing standards. If otherwise not specified, the amendments are to be applied for the annual periods beginning on or after 1 January 2010. Enactment under European law by the European Union has not yet taken place. These changes do not result in any material effects on the presentation of the assets, financial position and results of operations.

In June 2009, amendments to IFRS 2 (Share-based Payment) regulating cash-settled share-based payments within a group were published. The amendments prescribe how an individual subsidiary within a group must account for certain share-based payment agreements in its separate financial statements. In connection with the revision, the standards set out under IFRIC 8 (Scope of Application of IFRS 2) and IFRIC 11 (IFRS 2 – Group and Treasury Share Transactions) were subsumed under IFRS 2. The amended standard is to be applied retrospectively to annual periods beginning on or after 1 January 2010. Enactment under European law by the European Union is still outstanding. This amendment will have no effect on the presentation of the assets, financial position and results of operations and earnings per share.

In October 2009, an amendment to IAS 32 (Financial Instruments: Disclosure) was published. Under the revised standards, certain subscription rights as well as options and warrants denominated in a currency other than the functional currency of the issuer to which these rights pertain must be disclosed in the balance sheet in equity. Such rights were formerly reported as liabilities. The amendment only pertains to subscription rights offered in a fixed amount of foreign currency and all former holders of equity instruments in the same class granted this right on a pro rata basis. The amendments are to be applied to annual periods beginning on or after 1 February 2010. Early application is permitted. This amendment will have no material effect on the presentation of the assets, financial position and results of operation and earnings per share.

In November 2009, the IASB published the revised IAS 24 (Related Party Disclosures). The new standard simplifies the reporting duties of companies in which the government holds a stake. Certain related-party relationships which result from the government holding shares in private enterprises are exempted from some of the reporting duties cited in the amended standard pursuant to IAS 24. Furthermore, the definition of related parties was fundamentally revised. The amendments apply to annual periods beginning on or after 1 January 2011, with earlier adoption permitted. Enactment under European law is still outstanding. The impact of the new standard on the presentation of the assets, financial position and results of operation is currently being examined.

In November 2009, the IASB published IFRS 9 (Financial Instruments: Revision and Replacement of all existing Standards on Classification and Measurement) which introduces new requirements for classifying and measuring financial assets. The publication presents the completion of the first part of a three-phase project for the complete revising of accounting for financial instruments. IFRS 9 defines two instead of four measurement categories for financial instruments on the asset side of the balance sheet. Categorisation is based, on the one hand, on the business model of the company and, on the other, on the features of the contractual cash flows of the respective financial asset. In respect of structured products with embedded derivatives, the requirements for separation and potential separate recognition are only applicable to non-financial host contracts. Structured products with financial host contracts must be categorised in their entirety and measured. IFRS 9 is to be mandatorily applied for the first time for annual periods beginning on or after 1 January 2013. Enactment under European law is still outstanding. The impact of the new standard on the presentation of the assets, financial position and results of operation is currently being examined.

The interpretation of IFRIC 17 (Distributions of Non-cash Assets to Owners) was published in November 2008 and regulates the recognition and measurement of liabilities in connection with non-cash dividend. IFRIC specifies when a non-cash dividend must be reported on the liabilities side, that an obligation to distribute a non-cash dividend is to be capitalized at fair value and that the difference between the carrying amount of the assets to be distributed and the obligation to pay dividend at the time of distribution is to be reported through profit and loss. The interpretation is to be applied prospectively to annual periods beginning on or after 1 July 2009. These changes will not result in any material effects on the presentation of the assets, financial position and results of operations.

In November 2009, IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments) was published. The interpretation is to be applied when a debtor issues equity instruments to a creditor to extinguish all or part of a financial liability. The interpretation is to be applied to annual periods beginning on or after 1 July 2010. Early adoption is permitted. Enactment under European law is still outstanding. The impact on the presentation of the assets, financial position and results of operation will depend on the extent to which financial liabilities are extinguished through equity capital instruments in future.

In November 2009, an amendment to IFRIC 14 (IAS 19 – Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction), an interpretation of IAS 19 (Employee Benefits), was published. The amendment is relevant if an enterprise, which has to fulfil minimum funding requirements in respect of its retirement benefits, makes prepayments for this purpose. The amendment permits an enterprise to report the benefit from such prepayment as an asset. The amended standard is to be applied to annual periods beginning on or after 1 January 2011. Early adoption is permitted. Enactment under European law is still outstanding. These changes do not result in any material effects on the presentation of the assets, financial position and results of operations.

(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 minor importance, have been included in the consolidated financial statements, alongside BayWa AG.

	Share in capital in percent	Comment
The Agriculture segment		
Bayerische Futtersaatbau GmbH, Ismaning	64.9	
BOR s.r.o., Chocen, Czech Republic	92.8	
Claas Südostbayern GmbH, Munich (formerly: Agrartechnik Vertrieb GmbH, Munich)	70.0	
F. Url & Co. Gesellschaft m.b.H., Unterpremstätten, Austria	100.0	
Garant-Tiernahrung Gesellschaft m.b.H., Pöchlarn, Austria	100.0	
Raiffeisen-Kraftfutterwerke Süd GmbH, Würzburg	85.0	
Raiffeisen Agro d.o.o., Belgrade, Serbia	100.0	
Sempol spol. s.r.o., Trnava, Slovakia	100.0	
TechnikCenter Grimma GmbH, Mutzschen	70.0	
The Building Materials segment		
AFS Franchise-Systeme GmbH, Vienna, Austria	100.0	
Bauzentrum Westmünsterland GmbH & Co. KG, Ahaus	100.0	
BayWa Handels-Systeme-Service GmbH, Munich	100.0	
IFS S.r.l., Bolzano, Italy	51.0	
Krois Baustoffe + Holz Handelsgesellschaft mbH, Bochum	100.0	
Mobau-Marba GmbH, Herten	100.0	
Voss GmbH & Co. KG, Coesfeld	100.0	
ZES Zentrale Einkaufs-Service GmbH, Munich	100.0	
The Energy segment		
GENOL Gesellschaft m.b.H. & Co., Vienna, Austria	71.0	
TESSOL Kraftstoffe, Mineralöle und Tankanlagen GmbH, Stuttgart	100.0	
Aufwind Neue Energien GmbH, Regensburg	50.0	First-time consolidation on 16/06/2009
Aufwind 19. Biogas KG, Rain am Lech	100.0	First-time consolidation on 16/06/2009
Aufwind Elsö Biogáz Kft, Szarvas, Hungary	100.0	First-time consolidation on 16/06/2009
BayWa r.e GmbH, Munich (formerly BayWa Green Energy GmbH, Munich, and BayWa BHG Handelsgesellschaft, Munich)	100.0	First-time consolidation on 01/01/2009
MHH France S.A.S., Toulouse, France	100.0	First-time consolidation on 31/12/2009
MHH Solartechnik GmbH, Tübingen	100.0	First-time consolidation on 31/12/2009
RENERCO Group		
RENERCO Renewable Energy Concepts AG, Munich	87.7	First-time consolidation on 16/12/2009
Gehrlicher Solar Management GmbH &. Co. Solarpark 2006 KG, Munich	100.0	First-time consolidation on 16/12/2009
Hydroel S.r.l., Bressanone, Italy	90.0	First-time consolidation on 16/12/2009
La Benâte Energies SARL, Strasbourg, France	100.0	First-time consolidation on 16/12/2009

	Share in capital in percent	Comment
RENERCO Energies SAS, Strasbourg, France	100.0	First-time consolidation on 16/12/2009
Umspannwerk Gürtelkopf GmbH & Co. KG, Munich	100.0	First-time consolidation on 16/12/2009
Umspannwerk Klein Bünsdorf GmbH & Co. KG, Munich	100.0	First-time consolidation on 16/12/2009
Windpark Everswinkel GmbH & Co. KG, Grünwald	100.0	First-time consolidation on 16/12/2009
WP EWL Infrastruktur GmbH & Co. KG, Munich	100.0	First-time consolidation on 16/12/2009
Windpark Wegeleben GmbH & Co. KG, Munich	100.0	First-time consolidation on 16/12/2009
Wind am Speckberg GmbH, Munich	100.0	First-time consolidation on 16/12/2009
Other Activities segment (including financial participations)		
Agroterra Warenhandel und Beteiligungen GmbH, Vienna, Austria	100.0	
BayWa Finanzbeteiligungs-GmbH, Munich	100.0	
DRWZ-Beteiligungsgesellschaft mbH, Munich	64.3	
Frisch & Frost Nahrungsmittel-Gesellschaft m.b.H., Hollabrunn, Austria	100.0	
IPV Immobilien Projektentwicklungs- und Verwertungs-GmbH & Co. KG, Munich	100.0	First-time consolidation on 10/12/2009
Raiffeisen-Lagerhaus Investitionsholding GmbH, Vienna, Austria	100.0	
RI-Solution GmbH Gesellschaft für Retail-Informationssysteme, Services und Lösungen mbH, Munich (for short: RI-Solution)	100.0	
RWA International Holding GmbH, Vienna, Austria	100.0	
Unterstützungseinrichtung der BayWa AG in München GmbH, Munich	100.0	
Ybbstaler Fruit Austria GmbH, Kröllendorf, Austria (formerly: Ybbstaler Fruchtsaft Gesellschaft m.b.H., Kröllendorf)	100.0	
Ybbstaler Fruit Polska Sp. z o.o., Chelm, Poland (formerly: Ybbstaler Fruchtsaft Polska Sp. z o.o., Chelm)	99.9	
Lukta Sp. z o.o., Warsaw, Poland	100.0	First-time consolidation on 15/06/2009
Cross-segment subsidiaries		
“UNSER LAGERHAUS” WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria (for short: UNSER LAGERHAUS) (Segments: Agriculture, Building Materials, Energy)	51.1	
BayWa Vorarlberg HandelsGmbH, Lauterach, Austria (Segments: Agriculture, Building Materials, Energy)	51.0	
Raiffeisen-Agro Magyarország Kft., Székesfehérvár, Hungary (formerly Raiffeisen Agrárház Kft.) (Segments: Agriculture, Energy)	100.0	
Raiffeisen-Lagerhaus GmbH, Bruck an der Leitha, Austria (Segments: Agriculture, Building Materials, Energy)	89.9	
RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria (for short: RWA AG) (Segments: Agriculture, Building Materials, Energy, Other Activities)	50.0	Majority voting interest
RWA SLOVAKIA spol. s.r.o., Bratislava, Slovakia (Segments: Agriculture, Energy)	100.0	

Ybbstaler Fruit Austria GmbH acquired 100 percent of the shares of Lukta Sp. z o.o., Warsaw, Poland, as part of a share deal on 31 May 2009. Under the Control Concept, BayWa AG has had a controlling influence over this company since 15 June 2009, the date when the purchase price was paid. First-time consolidation was therefore carried out on this day.

The purchase price of the shares amounted to EUR 2.788 million, which includes the contractually agreed purchase price component paid out in June.

The net assets purchased in connection with the acquisition of the company break down as follows:

In EUR million	Book value	Adjustments to the attributable fair value	Fair value
Intangible assets	–.––		–.––
Property, plant and equipment	6.037		6.037
Financial assets	–.––		–.––
Inventories	0.042		0.042
Receivables and other assets	0.014		0.014
Deferred tax assets	–.––	0.118	0.118
Cash and cash equivalents	0.014		0.014
Non-current liabilities	5.651	– 2.662	2.989
Current liabilities	0.306	– 0.039	0.267
Deferred tax liabilities	–.––	0.513	0.513
	0.150	**2.306**	**2.456**
Goodwill			0.332
Total purchase price			**2.788**
Share of the shareholders of the parent company in goodwill			0.161

If the purchase of the company had been concluded by the first day of the financial year, the share contributed to consolidated sales would have been EUR 0.761 million higher and the consolidated profit attributable to investors EUR 0.041 million lower. Since 15 June 2009, the date of its first-time consolidation into the group of consolidated companies, Lukta Sp. z o.o. has generated revenues of EUR 1.276 million and net loss of EUR 0.108 million.

Pursuant to a purchase agreement dated 2 June 2009, BayWa r.e GmbH acquired 50 percent plus one share in Regensburg-based Aufwind Neue Energien GmbH as part of a share deal with retrospective effect on 1 January 2009. Under the Control Concept, BayWa r.e GmbH has had a controlling influence over this company since 16 June 2009, the date when the purchase price was paid. First-time consolidation was therefore carried out with effect from this day.

The acquisition costs came to EUR 1.043 million and include the contractually agreed purchase price component (EUR 0.750 million) paid out in June 2009, a variable purchase price component (EUR 0.250 million) and transaction costs of EUR 0.043 million.

The net assets purchased in connection with the acquisition of the company break down as follows:

In EUR million	Book value	Adjustments to the attributable fair value	Fair value
Intangible assets	0.015		0.015
Property, plant and equipment	0.075		0.075
Financial assets	0.330	– 0.004	0.326
Inventories	0.775		0.775
Receivables	2.986	– 0.478	2.508
Deferred tax assets	–.––		–.––
Cash and cash equivalents	0.003		0.003
Non-current liabilities	2.189		2.189
Current liabilities	1.940		1.940
Deferred tax liabilities	–.––		–.––
	0.055	**– 0.482**	**– 0.427**
Proportionate net assets			– 0.214
Goodwill			1.257
Total purchase price			**1.043**

If the purchase of the company had been concluded by the first day of the financial year, the share contributed to consolidated sales would have been EUR 0.210 million higher and the consolidated profit attributable to investors EUR 0.887 million lower. Since 16 June 2009, the date of its first-time consolidation into the group of consolidated companies, Aufwind Neue Energien GmbH has generated revenues of EUR 2.436 million and net loss of EUR 0.243 million.

Pursuant to a purchase agreement dated 27 October 2009, BayWa r.e GmbH acquired 100 percent of the shares in MHH Solartechnik GmbH, Tübingen. Under the Control Concept, BayWa AG has had a controlling influence over this company since 31 December 2009, the date when the purchase price was paid. The inclusion of the company in the consolidated financial statements by way of full consolidation was therefore carried out with effect from this day.

The purchase price of the shares (including transaction costs incurred) amounted to EUR 20.377 million. This included the contractually agreed purchase price component (EUR 15.342 million) paid out in December, a variable purchase price component (EUR 4.000 million) and transaction costs of EUR 1.035 million.

The net assets purchased in connection with the acquisition of the company break down as follows:

In EUR million	Book value	Adjustments to the attributable fair value	Fair value
Intangible assets	0.055	7.736	7.791
Property, plant and equipment	0.581		0.581
Financial assets	2.540	0.092	2.632
Inventories	7.444		7.444
Receivables	2.641		2.641
Deferred tax assets	–.––		–.––
Cash and cash equivalents	0.008		0.008
Non-current liabilities	–.––		–.––
Current liabilities	12.705		12.705
Deferred tax liabilities	–.––	2.180	2.180
	0.564	**5.648**	**6.212**
Goodwill			14.165
Total purchase price			**20.377**

If the purchase of the company had been concluded by the first day of the financial year, the share contributed to consolidated sales would have been EUR 157.033 million higher and the consolidated profit attributable to investors EUR 7.327 million higher.

Pursuant to a purchase agreement dated 3 November 2009, BayWa r.e GmbH acquired 87.7 percent of the shares in RENERCO Renewable Energy Concepts AG, Munich. Under the Control Concept, BayWa AG has had a controlling influence over this company since 16 December 2009, the date when the purchase price was paid. The inclusion of the company in the consolidated financial statements by way of full consolidation was therefore carried out with effect from this day.

The purchase price of the shares (including transaction costs incurred) amounted to EUR 51.781 million. This included the contractually agreed purchase price component (EUR 45.000 million) paid out in December, a variable purchase price component (EUR 5.000 million) and transaction costs of EUR 1.781 million.

The net assets purchased in connection with the acquisition of the company break down as follows:

In EUR million	Book value	Adjustments to the attributable fair value	Fair value
Intangible assets	4.294		4.294
Property, plant and equipment	41.411	17.838	59.249
Financial assets	20.924	24.084	45.008
Inventories	8.369	0.417	8.786
Receivables	6.292		6.292
Deferred tax assets	2.784		2.784
Cash and cash equivalents	5.084		5.084
Non-current liabilities	28.854		28.854
Current liabilities	22.874		22.874
Deferred tax liabilities	1.366	11.931	13.297
	36.064	**30.408**	**66.472**
Proportionate net assets			**58.296**
Negative goodwill			– 6.515
Total purchase price			**51.781**

Negative goodwill of EUR 6.515 million was recorded under other operating income through profit and loss.

If the purchase of the company had been concluded by the first day of the financial year, the share contributed to consolidated sales would have been EUR 50.005 million higher and the consolidated profit attributable to investors EUR 3.553 million higher.

Since 16 December 2009, the date of its first-time consolidation into the group of consolidated companies, RENERCO Renewable Energy Concepts AG has generated revenues of EUR 8.198 million and an annual net income of EUR 0.301 million.

With effect from 1 October 2009, BayWa AG took over the heating oil and diesel end-customer business of Sailer Umwelttechnik GmbH, Augsburg, by way of an asset deal. The purchase price of the assets came to EUR 0.588 million, which corresponds to the purchase price component paid out in September.

The purchase prices agreed are as follows:

In EUR million	Purchase price
Intangible assets	0.350
Property, plant and equipment	0.238
Total purchase price	**0.588**

The acquired intangible assets correspond to the acquired customer base. There was no goodwill from the purchase.

With effect from 1 July 2009, BayWa AG acquired Wurth Agrar GmbH & Co. KG by way of an asset deal. Locations purchased include Niemberg, Oberröblingen, Wolferstedt and Allstedt. The purchase price of the assets came to EUR 4.900 million.

The purchase price agreed is as follows:

In EUR million	Purchase price
Intangible assets	0.500
Property, plant and equipment	4.400
Total purchase price	**4.900**

The acquired intangible assets correspond to a customer base of EUR 0.500 million. There was no goodwill from the purchase.

Owing to their overall minor importance, 20 domestic and 39 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 the cost of purchase.
The aggregated annual results and aggregated equity (unconsolidated HB 1 values based on individual financial statements) of these companies in the financial year 2009 are set out below:

Unconsolidated affiliated companies		
	In EUR million	Share in percent in relation to the sum total of all fully consolidated companies
Net income	1.112	1.9
Equity	10.530	1.1

(B.2.) Group of consolidated companies – jointly held companies under IAS 31

Companies which are managed jointly with one or several partners are proportionately consolidated in the financial statements of the Group, i.e. the assets and liabilities items and the expenses and income of the jointly held companies are included in the consolidated financial statements on the basis of the proportion held by the Group.

The companies below were included in the group of consolidated companies of BayWa AG under the standards applying to proportionate consolidation:

	Share in capital in percent	Comment
The Agriculture segment		
Animedica Group		
ANIMEDICA Group GmbH, Senden	50.0	
aniMedica GmbH, Senden	50.0	
aniMedica Herstellungs GmbH, Senden	50.0	
aniMedica Polska Sp. z.o.o., Weijherowo, Poland	50.0	
Dr. E. Gräub AG, Bern, Switzerland	50.0	
Friedrich Ernst GmbH & Co. Veterinär-pharmazeutische Präparate KG, Senden	50.0	

Apart from the investment in the Animedica Group there are no other significant business relationships.

The table below shows the non-current and current assets and liabilities as well as the revenues, gross earnings and the profit figures of the jointly held companies included in the group of consolidated companies on a pro-rata basis prior to consolidation:

In EUR million	**2009**	2008
Non-current assets	14.671	14.032
Current assets	10.468	10.717
Long-term liabilities	4.293	5.134
Current liabilities	10.607	9.604
Revenues	31.384	30.139
Gross earnings	7.649	7.517
Result of operating activities	0.781	0.690
Earnings before tax	1.067	0.396
Net income	0.946	0.356

(B.3.) Associated companies pursuant to IAS 28

The following seven (2008: two) associated companies over which the BayWa Group has a controlling influence, i.e. a proportion of voting rights of at least 20 percent and a maximum of 50 percent, and which are not jointly held companies or companies of minor importance, were recognised under the equity method.

	Share in capital in percent	Comment
New Energies segment		
Parque Eólico La Carracha S.L., Zaragoza, Spain	33.1	First-time recognition on 16/12/2009
Parque Eólico Plana de Jarreta S.L., Zaragoza, Spain	32.2	First-time recognition on 16/12/2009
CRE Project S.r.l., Matera, Italy	49.0	First-time recognition on 16/12/2009
Süddeutsche Geothermie-Projekte GmbH & Co. KG, Haar near Munich	30.0	First-time recognition on 16/12/2009
Other Activities segment (including financial participations)		
AHG Autohandelsgesellschaft mbH, Horb am Neckar	49.0	
Deutsche Raiffeisen-Warenzentrale (DRWZ) GmbH, Frankfurt am Main	37.8	
Raiffeisen Beteiligungs GmbH, Frankfurt am Main	47.4	

Along with the investment and the loans extended, as set out below, there are no material business relationships with Parque Eólico La Carracha S.L., Parque Eólico Plana de Jarreta S.L., Zaragoza, CRE Project S.r.l., Süddeutsche Geothermie-Projekte GmbH & Co. KG, Deutsche Raiffeisen-Warenzentrale GmbH, Raiffeisen Beteiligungs GmbH and AHG Autohandelsgesellschaft mbH.

Associated companies	Loan status on 31/12/2009 in EUR	Loan term	Interest rate
La Carracha	368,599.91	31/12/2018	performance-related
Plana de Jarreta	710,320.66	31/12/2018	performance-related
CRE	944,720.00	31/12/2011	0 percent
SGG	15,818,540.87	30/06/2010	6-month EURIBOR plus 200 basis points
	17,842,181.44		

The shares in these companies have been recognised at 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 EUR million	AHG Autohandels-gesellschaft mbH	Deutsche Raiffeisen-Warenzentrale GmbH	Raiffeisen Beteiligungs GmbH
Total assets	91.620	31.098	14.920
Revenues	246.640	100.000	0.000
Net income	0.140	0.033	3.001
Assets	91.620	31.098	14.920
Liabilities	86.480	20.939	1.057
Share in annual result	0.072	0.320	1.422
Book value of the financial asset	2.595	3.722	7.199

In EUR million	Parque Eólico La Carracha S.L.	Parque Eólico Plana de Jarreta S.L.	CRE Project S.r.l.	Süddeutsche Geothermie-Projekte GmbH & Co. KG
Total assets	41.388	39.960	54.261	65.917
Revenues	8.903	8.392	2.652	–.––
Net income	1.246	0.813	0.374	– 1.356
Assets	41.388	39.960	54.261	65.917
Liabilities	39.662	38.629	48.826	62.316
Share in annual result	– 0.034	– 0.033	–.––	–.––
Book value of the financial asset	0.859	0.824	2.515	–.––

A total of 36 (2008: 27) associated companies of overall minor importance for the consolidated financial statements have not been accounted for under the equity method but at the carrying cost of purchase.

(B.4.) Summary of the changes to the group of consolidated companies of BayWa AG

As 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 December 2008	**25**	**22**	**47**
of which fully consolidated	19	20	39
of which consolidated proportionately	4	2	6
of which recognised at equity	2	–	2
Included as per 31 December 2009	**37**	**31**	**68**
of which fully consolidated	29	26	55
of which consolidated proportionately	4	2	6
of which recognised at equity	4	3	7

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

(B.5.) Principles of consolidation

Capital consolidation is carried out through offsetting the cost of purchase against the portion of the Group at the fair value attributable to identifiable assets, liabilities and contingent liabilities of the subsidiaries and jointly held companies 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 amount, an impairment loss must be recognised; otherwise goodwill remains unchanged. If the cost of purchase is lower than the fair value of the identifiable assets, liabilities and contingent liabilities, the difference is booked immediately through profit and loss.

All receivables and liabilities as well as provisions within the group of consolidated companies are set off against each other and interim results, if material, are eliminated. Intra-group revenues, expenses and earnings are netted.

(B.6.) 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 set forth under IAS 21 (“The Effect of Changes in Foreign Exchange Rates”). The companies of the BayWa Group operate independently. They can therefore be considered “foreign operations”. The 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. The differences resulting from foreign currency translation are treated without effect on income, until such time as the subsidiary is disposed of, and set off against other reserves. The difference resulting from currency translation rose by EUR 1.373 million in the reporting year.

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

	1 euro	Balance sheet middle rate on		Income statement average rate	
		31/12/2009	31/12/2008	**2009**	2008
Poland	PLN	4.105	4.154	4.323	3.519
Switzerland	CHF	1.484	1.485	1.506	1.583
Serbia	RSD	95.889	88.601	93.754	81.508
Czech Republic	CZK	26.465	26.930	26.503	25.135
Hungary	HUF	270.840	264.780	278.680	250.566

(C.) Notes to the Balance Sheet

(C.1.) Intangible assets

Intangible assets purchased against payment are capitalised at cost of purchase and, with the exception of goodwill, amortised, as scheduled, on a straight-line basis over their useful economic lives (generally 3 – 5 years). Intangible assets which have been created in house have been capitalised in accordance with IAS 38 ("Intangible Assets") if it is likely that future economic advantage will accrue from the use of the assets and if the cost of the assets can be reliably ascertained. These assets have been recognised at the cost of purchase or of production, with an appropriate portion of the overheads relating to their development, and amortised, as scheduled, on a straight-line basis according to their useful life. The calculation of unscheduled amortisation has been carried out in consideration of IAS 36 "Impairment of Assets". There was no unscheduled amortisation in the reporting year (2008: no unscheduled amortisation).

Goodwill disclosed under intangible assets relate to the following company acquisitions:

In EUR million	**2009**	2008
Aufwind Aufwind Neue Energien GmbH	1.257	–.––
WHG "Unser Lagerhaus"	0.624	0.624
Bauzentrum Westmünsterland GmbH & Co. KG	0.696	0.593
BayWa Bau und Gartenmarkt Weinsberg GmbH & Co. KG (integrated into BayWa AG)	1.008	1.008
BSF BauCenter GmbH (integrated into BayWa AG)	0.492	0.492
Krois Baustoffe + Holz Handelsgesellschaft mbH	0.665	0.661
Küppers-Unternehmensgruppe (integrated into BayWa AG)	1.378	1.378
Lukta Sp. z o.o.	0.161	–.––
MHH Solartechnik GmbH	14.165	–.––
Mobau-Marba GmbH	2.343	2.343
Raiffeisen-Kraftfutterwerke Süd GmbH	0.409	0.409
RWA SLOVAKIA	0.152	0.152
Sempol spol. s r.o.	0.245	0.245
Stark GmbH & Co. KG (goodwill from asset deal)	1.624	1.624
Voss GmbH & Co. KG	1.902	1.282
Wilhelm Bruchof GmbH & Co. KG (integrated into BayWa AG)	1.364	1.364
Other	0.892	0.867
	29.377	**13.042**

The changes in the reporting year relate mainly to goodwill from the first-time inclusion of the companies acquired into the group of consolidated companies as well as the increase in goodwill of Bauzentrum Westmünsterland GmbH owing to a subsequent purchase price payment of EUR 0.103 million for profit and equity capital guarantees furnished by the seller and the increase in goodwill of Voss GmbH owing to a subsequent purchase price payment of EUR 0.620 million for profit and equity capital guarantees furnished by the seller. The increase in goodwill of Krois Baustoffe + Holz Handelsgesellschaft mbH in an amount of EUR 0.004 million is the result of subsequent capitalisation of notary fees. The changes in other goodwill were attributable to various purchase price adjustments.

Goodwill and intangible assets undergo an impairment test once a year. In the context of the impairment test, the residual book values of the goodwill allocated to the individual cash generating unit are compared with their value in use.

All cash-generating units are initially defined as the legally independent organisation units which are generally directly assignable to the reporting segments within the BayWa Group (see Note B.1.). In the case of a business combination of legally independent companies, the respective operating entity 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 current planning prepared by Management on a 3-year horizon as well as other assumptions which are based on the knowledge available at the time, market forecasts and empirical experience. A discount factor of an unchanged average 6.0 percent has been applied to the cash flow series. The growth rates are the expected average for the sector. For the purpose of extrapolation of the forecast, an expected growth rate of 2 percent has been assumed in the period of development in the third budget year. The impairment test did not result in any unscheduled write-downs of goodwill in the financial year.

The following is a breakdown of additions to retangible assets:

In EUR million	**2009**	2008
Additions from developments within the company	1.905	0.699
Additions from separate acquisition	7.006	10.930
Addition from business combinations	28.550	3.338
	37.461	**14.967**

(C.2.) Property, plant and equipment

All property, plant and equipment is used for operations. It is measured at the cost of acquisition and production, 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 is written down on a straight-line basis over the course of its useful life. Scheduled depreciation is based on the following periods of useful life 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 – 11

The calculation of unscheduled write-downs has been carried out in consideration of IAS 36 “Impairment of Assets”. In the reporting year, impairment of EUR 0.162 million (2008: EUR 0.791 million) in the Agriculture segment was carried out in respect of aniMedica GmbH, Münster, Raiffeisen-Agro Magyarország Kft., Hungary, RWA Slovakia spol. s r.o., Slovakia, and Sempol spol. s r.o., Slovakia, owing to restricted usability. An impairment loss in respect of aniMedica GmbH was recognised in an amount of EUR 0.045 million under intangible assets for a license lost for animal generics. Unscheduled write-downs in respect of Raiffeisen-Agro Magyarország (EUR 0.056 million), RWA SLOVAKIA (EUR 0.041 million) and Sempol (EUR 0.020 million) were carried out on buildings and technical facilities. The calculation of the unscheduled write-downs was based on a comparison of the carrying amounts of the land and buildings and their recoverable amount. The calculation of the recoverable amount was deduced from the value in use. The unscheduled write-downs have been recognised in the income statement under depreciation and amortisation.

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

Assets from leasing are also disclosed under fixed assets. These assets mainly comprise finance lease qualifications relating to real estate. Under IAS 17, lease agreements are to be valued on the basis of opportunities and risks according to whether beneficial ownership of the object of leasing is allocable to the lessee (so-called finance lease) or the lessor (so-called operating lease). Consequently, under IFRS the substance rather than the form of such transactions is the factor for determining values.

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 leasing 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 leasing instalments are recorded on the liabilities side under other financial liabilities.

Property, plant and equipment comprise technical facilities and machinery worth EUR 2.255 million (2008: EUR 0.108 million) which qualify as finance leases and which are assignable to the Group as beneficial owner owing to the content of the related leasing agreements.

Details on future leasing instalments of the respective leasing agreements are as follows:

In EUR million	**2009**	2008
Total amount of future minimum lease payments		
Not later than one year	0.580	0.052
Later than one year and not later than five years	1.977	0.066
Later than five years	–.––	–.––
	2.557	**0.118**
Interest portion included in future minimum lease payments		
Not later than one year	0.115	0.005
Later than one year and not later than five years	0.187	0.005
Later than five years	–.––	–.––
	0.302	**0.010**
Present value of future minimum lease payments		
Not later than one year	0.465	0.047
Later than one year and not later than five years	1.790	0.061
Later than five years	–.––	–.––
	2.255	**0.108**

In respect of agreements which are classified as operate leases, mainly real estate rental contracts and irrevocable building rights agreements, the future minimum lease instalments are as follows:

In EUR million	**2009**	2008
Total amount of future minimum lease payments		
Not later than one year	21.317	18.486
Later than one year and not later than five years	55.393	42.837
Later than five years	67.862	67.189
	144.572	**128.512**

Rental expenses from operate leases of EUR 20.023 million were paid in the financial year.

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

The financial assets of the BayWa Group mainly comprise interests in non-consolidated affiliated companies, interests in associated companies and other holdings, credit balances with cooperatives and securities. These financial assets are allocated to the categories of “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. 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.

On the reporting date, securities with a fair value totalling EUR 1.864 million (2008: EUR 1.747 million) were assigned to the “financial assets held for trading” category. Owing to the fact that they are held for trading they are disclosed under current assets.

Assets which are assigned to the “available for sale” category are reported at fair value provided there is an active market or fair values can be calculated reliably with a justifiable amount of effort, and otherwise carried at amortised cost. In the case of assets recognised at fair value, the difference between the originally recognised amortised cost and fair values on the balance sheet date is set off in equity without effect on income.

In the reporting year, write-ups totalling EUR 1.278 million were carried out on assets “available for sale”. The DZ Bank shares classified as “available for sale“ in past years were sold in the financial year. The book value of securities “available for sale” fell by EUR 20.968 million through the sale. Proceeds from the sale came to EUR 19.952 million. A gain of EUR 8.970 million was therefore realised in the financial year. Based on the previous year’s figure, an amount of EUR 9.986 million was released from the revaluation reserve.

Participating interests classified as “available for sale” in Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, and in Raiffeisen Zentralbank AG, Vienna, were capitalised 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.

Owing to the fact that both companies belong to an association of cooperatives, the marketability of the participating interests also is 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 group of consolidated companies are recognised under the equity method in proportion to equity.

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.

Analysis of Fixed Assets for 2008

Note (C.1. – C.4.)

In EUR million	Acquisition/production costs						
	01/01/2008	Currency differences	Changes in consolidated group	Additions	Disposals	Transfers	31/12/2008
Intangible assets							
Industrial property rights, similar rights and assets	61.702	0.005	1.203	8.812	1.833	0.535	70.424
Goodwill	10.791	–.––	2.536	1.624	0.134	–.––	14.817
Prepayments on account	1.041	0.004	–.––	1.193	0.111	– 0.489	1.638
	73.534	**0.009**	**3.739**	**11.629**	**2.078**	**0.046**	**86.879**
Property, plant and equipment							
Land, similar rights and buildings, including buildings on leasehold land	1,290.442	0.417	27.808	31.180	8.848	– 3.502	1,337.497
Plant and machinery	506.542	– 1.119	1.775	16.409	14.194	2.720	512.133
Other facilities, fixtures and office equipment	331.462	0.185	10.144	32.211	27.543	0.063	346.522
Prepayments and construction in progress	11.315	0.047	0.241	21.697	0.253	– 11.765	21.282
	2,139.761	**– 0.470**	**39.968**	**101.497**	**50.838**	**– 12.484**	**2,217.434**
Participating interests valued at equity	**9.843**	**–.––**	**– 0.485**	**1.337**	**–.––**	**–.––**	**10.695**
Financial assets							
Shareholdings in affiliated companies	18.535	–.––	0.026	2.960	–.––	–.––	21.521
Loans to affiliated companies	0.780	–.––	–.––	0.007	0.087	–.––	0.700
Holdings in other companies	111.115	–.––	0.042	26.343	1.370	–.––	136.130
Non-current marketable securities	5.048	–.––	–.––	0.148	0.127	–.––	5.069
Other loans	0.372	–.––	0.026	0.001	0.039	–.––	0.360
	135.850	**–.––**	**0.094**	**29.459**	**1.623**	**–.––**	**163.780**
Investment property							
Land	57.768	–.––	–.––	0.005	0.824	– 0.802	56.147
Property	73.110	–.––	–.––	–.––	5.008	7.072	75.174
	130.878	**–.––**	**–.––**	**0.005**	**5.832**	**6.270**	**131.321**
Consolidated non-current assets	**2,489.866**	**– 0.461**	**43.316**	**143.927**	**60.371**	**– 6.168**	**2,610.109**

In EUR million	Depreciation/amortisation								Book values	
	01/01/2008	Currency differences	Changes in consolidated group	Write-downs in the financial year	Disposal-related depreciation	Write-ups	Transfers	31/12/2008	31/12/2008	31/12/2007
Intangible assets										
Industrial property rights, similar rights and assets	44.565	– 0.027	0.401	6.081	1.317	–.––	– 0.030	49.673	20.751	17.137
Goodwill	1.775	–.––	–.––	–.––	–.––	–.––	–.––	1.775	13.042	9.016
Prepayments on account	0.086	–.––	–.––	–.––	0.065	–.––	–.––	0.021	1.617	0.955
	46.426	**– 0.027**	**0.401**	**6.081**	**1.382**	**–.––**	**– 0.030**	**51.469**	**35.410**	**27.108**
Property, plant and equipment										
Land, similar rights and buildings, including buildings on leasehold land	631.049	0.040	3.210	36.032	7.615	0.069	– 5.755	656.892	680.605	659.393
Plant and machinery	398.120	– 0.699	0.888	19.876	13.520	–.––	1.298	405.963	106.170	108.422
Other facilities, fixtures and office equipment	236.802	0.079	8.280	27.973	25.775	–.––	– 1.274	246.085	100.437	94.660
Prepayments and construction in progress	0.011	–.––	–.––	–.––	–.––	–.––	–.––	0.011	21.271	11.304
	1,265.982	**– 0.580**	**12.378**	**83.881**	**46.910**	**0.069**	**– 5.731**	**1,308.951**	**908.483**	**873.779**
Participating interests valued at equity	**–.––**	**–.––**	**–.––**	**–.––**	**–.––**	**–.––**	**–.––**	**–.––**	**10.695**	**9.843**
Financial assets										
Shareholdings in affiliated companies	12.346	–.––	–.––	0.179	–.––	–.––	–.––	12.525	8.996	6.189
Loans to affiliated companies	–.––	–.––	–.––	–.––	–.––	–.––	–.––	–.––	0.700	0.780
Holdings in other companies	– 13.979	–.––	0.027	3.054	0.182	0.020	–.––	– 11.100	147.230	125.094
Non-current marketable securities	0.138	–.––	–.––	0.407	0.001	0.044	–.––	0.500	4.569	4.910
Other loans	–.––	–.––	–.––	–.––	–.––	–.––	–.––	–.––	0.360	0.372
	– 1.495	**–.––**	**0.027**	**3.640**	**0.183**	**0.064**	**–.––**	**1.925**	**161.855**	**137.345**
Investment property										
Land	1.977	–.––	–.––	2.003	–.––	–.––	–.––	3.980	52.167	55.791
Property	46.548	–.––	–.––	4.229	2.852	–.––	4.255	52.180	22.994	26.562
	48.525	**–.––**	**–.––**	**6.232**	**2.852**	**–.––**	**4.255**	**56.160**	**75.161**	**82.353**
Consolidated non-current assets	**1,359.438**	**– 0.607**	**12.806**	**99.834**	**51.327**	**0.133**	**– 1.506**	**1,418.505**	**1,191.604**	**1,130.428**

Analysis of Fixed Assets for 2009

Note (C.1. – C.4.)

In EUR million	Acquisition/production costs						
	01/01/2009	Currency differences	Changes in consolidated group	Additions	Disposals	Transfers	31/12/2009
Intangible assets							
Industrial property rights, similar rights and assets	70.424	0.004	11.833	8.262	2.014	0.919	89.428
Goodwill	14.817	–.—	15.966	–.—	0.051	– 0.082	30.650
Prepayments on account	1.638	–.—	–.—	0.649	0.045	– 0.822	1.420
	86.879	**0.004**	**27.799**	**8.911**	**2.110**	**0.015**	**121.498**
Property, plant and equipment							
Land, similar rights and buildings, including buildings on leasehold land	1,337.497	0.020	– 5.648	41.918	35.256	– 15.860	1,322.671
Plant and machinery	512.133	0.110	54.455	17.700	10.373	3.627	577.652
Other facilities, fixtures and office equipment	346.522	– 0.001	– 6.254	34.047	29.978	0.984	345.320
Prepayments and construction in progress	21.282	0.021	3.798	7.727	0.138	– 20.081	12.609
	2,217.434	**0.150**	**46.351**	**101.392**	**75.745**	**– 31.330**	**2,258.252**
Participating interests valued at equity	**10.695**	**–.—**	**24.743**	**–.—**	**–.—**	**2.523**	**37.961**
Financial assets							
Shareholdings in affiliated companies	21.521	–.—	2.574	2.966	2.888	– 4.981	19.192
Loans to affiliated companies	0.700	–.—	0.554	–.—	–.—	–.—	1.254
Holdings in other companies	136.130	0.053	1.226	26.243	12.873	2.458	153.237
Loans to affiliated companies	–.—	–.—	17.263	0.579	–.—	–.—	17.842
Non-current marketable securities	5.069	–.—	–.—	0.272	0.450	–.—	4.891
Other loans	0.360	–.—	2.529	–.—	0.024	–.—	2.865
	163.780	**0.053**	**24.146**	**30.060**	**16.235**	**– 2.523**	**199.281**
Investment property							
Land	56.147	–.—	–.—	0.033	5.384	6.916	57.712
Buildings	75.174	–.—	–.—	0.062	7.926	20.542	87.852
	131.321	**–.—**	**–.—**	**0.095**	**13.310**	**27.458**	**145.564**
Consolidated non-current assets	**2,610.109**	**0.207**	**123.039**	**140.458**	**107.400**	**– 3.857**	**2,762.556**

In EUR million	Depreciation/amortisation								Book values	
	01/01/2009	Currency differences	Changes in consolidated group	Write-downs in the financial year	Disposal-related depreciation	Write-ups	Transfers	31/12/2009	31/12/2009	31/12/2008
Intangible assets										
Industrial property rights, similar rights and assets	49.673	0.005	– 0.182	7.192	2.004	–.—	– 0.035	54.649	34.779	20.751
Goodwill	1.775	–.—	– 0.486	–.—	0.051	–.—	0.035	1.273	29.377	13.042
Prepayments on account	0.021	–.—	–.—	–.—	–.—	–.—	–.—	0.021	1.399	1.617
	51.469	**0.005**	**– 0.668**	**7.192**	**2.055**	**–.—**	**–.—**	**55.943**	**65.555**	**35.410**
Property, plant and equipment										
Land, similar rights and buildings, including buildings on leasehold land	656.892	0.017	– 4.337	35.663	11.821	–.—	– 17.072	659.342	663.329	680.605
Plant and machinery	405.963	0.125	– 3.605	20.092	10.070	–.—	0.477	412.982	164.670	106.170
Other facilities, fixtures and office equipment	246.085	0.006	– 3.845	28.718	27.740	–.—	– 0.686	242.538	102.782	100.437
Prepayments and construction in progress	0.011	–.—	–.—	0.061	0.011	–.—	–.—	0.061	12.548	21.271
	1,308.951	**0.148**	**– 11.787**	**84.534**	**49.642**	**–.—**	**– 17.281**	**1,314.923**	**943.329**	**908.483**
Participating interests valued at equity	**–.—**							**–.—**	**37.961**	**10.695**
Financial assets										
Shareholdings in affiliated companies	12.525	–.—	–.—	–.—	–.—	–.—	–.—	12.525	6.667	8.996
Loans to affiliated companies	–.—	–.—	–.—	–.—	–.—	–.—	–.—	–.—	1.254	0.700
Holdings in other companies	– 11.100	–.—	0.076	0.002	– 10.070	1.217	–.—	– 2.169	155.406	147.230
Loans to affiliated companies	–.—	–.—	–.—	–.—	–.—	–.—	–.—	17.842	–.—	
Non-current marketable securities	0.500	–.—	–.—	0.082	0.050	0.189	–.—	0.343	4.548	4.569
Other loans	–.—	–.—	–.—	–.—	–.—	–.—	–.—	–.—	2.865	0.360
	1.925	**–.—**	**0.076**	**0.084**	**– 10.020**	**1.406**	**–.—**	**10.699**	**188.582**	**161.855**
Investment property										
Land	3.980	–.—	–.—	–.—	0.101	–.—	0.899	4.778	52.934	52.167
Buildings	52.180	–.—	–.—	2.642	6.334	–.—	13.465	61.953	25.899	22.994
	56.160	**–.—**	**–.—**	**2.642**	**6.435**	**–.—**	**14.364**	**66.731**	**78.833**	**75.161**
Consolidated non-current assets	**1,418.505**	**0.153**	**– 12.379**	**94.452**	**48.112**	**1.406**	**– 2.917**	**1,448.296**	**1,314.260**	**1,191.604**

(C.4.) Investment property

The “Investment property” item comprises 201 (2008: 203) properties and buildings under lease and not necessary to the operations of the Group. The allocation is made if the property is leased by third parties, if it is land or green field sites which are not built on and which are not expressly intended for development or use and, in the case of property used for a number of purposes, if own use is of minor significance. Properties in this category are mainly warehouses, market buildings, garden centres, farm buildings, silos and other undeveloped land as well as, to a minor extent, office and residential buildings.

Pursuant to the option under IAS 40, these properties are recognised solely 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 EUR 78.833 million (2008: EUR 75.161 million). In the financial year, scheduled write-downs of EUR 2.642 million were carried out on buildings. The expense in the same amount has been included under depreciation and amortisation in the income statement.

The fair value of this property was set at EUR 161.632 million (2008: EUR 155.539 million). Fair value is usually not calculated by an appraiser. Fair value on the reporting date is generally calculated on the basis of the earning value. 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 was calculated by taking the actual rent generated during the year, less management expenses and residual useful life, and a corresponding multiplier of the income value of the structural works.

The rental income came to EUR 5.893 million (2008: EUR 6.173 million), operating expenses (excluding depreciation) for the properties for which rental income was realised came to EUR 0.531 million (2008: EUR 0.676 million). The reduction in operating expenses is due to the disposal of properties which had incurred high operating expenses in the preceding years. In respect of properties for which no rental income was generated operating expenses came to EUR 0.180 million (2008: EUR 0.159 million).

(C.5.) Tax claims

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

In EUR million	**2009**	2008
Non-current tax receivables (with a residual term of more than one year)	6.310	6.668
Current tax receivables (with a residual term of less than one year)	10.815	12.941
	17.125	**19.609**

(C.6.) Other receivables and other assets

Other receivables and other assets are recognised at net book value. All discernable risks have been 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 follows; the fair value of the items disclosed does not diverge materially from the book values:

In EUR million	**2009**	2008
Non-current receivables (with a residual term of more than one year)		
Trade receivables	0.813	1.179
Other receivables, including deferred income	15.028	15.120
	15.841	**16.299**
Current receivables (with a residual term of up to one year)		
Trade receivables	361.751	453.711
Receivables from affiliated companies	19.825	15.428
Receivables from companies in which a participating interest is held	10.065	9.911
Positive market value of derivatives	1.388	8.694
Other receivables, including deferred income	176.959	135.611
	569.988	**623.355**

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

In EUR million	**Gross value 2009**	Specific adjustments on receivables	Receivables neither overdue nor with value adjustments	Overdue receivables without value adjustments	Of which: without specific adjustments on the reporting date and overdue in the following time bands			
					less than 30 days	between 31 and 60 days	between 61 and 90 days	91 days and over
Receivables	608.578	39.009	491.314	78.255	64.603	8.590	2.779	2.283

In EUR million	**Gross value 2008**	Specific adjustments on receivables	Receivables neither overdue nor with value adjustments	Overdue receivables without value adjustments	Of which: without specific adjustments on the reporting date and overdue in the following time bands			
					less than 30 days	between 31 and 60 days	between 61 and 90 days	91 days and over
Receivables	659.655	41.236	503.484	114.935	93.805	13.831	4.166	3.133

The BayWa Group’s customer structure is diversified, both regionally and in terms of the specific segments. As part of risk management, minimum requirements for creditworthiness 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 made up of numerous small receivables. Credit limits of more than EUR 1 million are only given to a small number of customers with particularly good credit standing. The continual analysis of the receivables portfolio enables early identification and evaluation of concentration risks (risk clusters). As per 31 December 2009, the credit risk positions of 22 debtors (2008: 39) were more than EUR 1 million respectively. The Group does not estimate any material default risk in respect of these customers.

Value adjustment account:
There are material value adjustments requiring disclosure under 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 very minor role.

The value adjustment account has developed as follows:

In EUR million	2009	2008
Status of value adjustments on 1 January	20.001	22.423
Currency differences	0.294	– 0.222
Changes in specific valuation adjustments	3.282	– 0.932
Change of specific valuation adjustments calculated on a flat rate basis	– 0.828	– 1.268
Status of value adjustments on 31 December	**22.749**	**20.001**

The estimates underlying the calculation of value adjustments to trade receivables are based on estimates which use historical default rates. In the reporting year, there was a release of value adjustments of EUR 5.866 million through profit and loss owing to incoming payments of value-adjusted receivables

Receivables due from affiliated companies and associated companies relate to both trade receivables and short-term financings.

Other assets comprise first and foremost supplier credits not yet settled as well as receivables from the sale of property. In addition, payments on account for inventories amounting to EUR 25.712 million (2008: EUR 30.794 million) are included.

In order to enhance its financing structure, the Group has securitised receivables in a total volume of EUR 150.0 million in the context of Assets-Backed Securitisation (ABS measure). Utilisation is adjusted to the variable and seasonal conditions and came to EUR 74.194 million (2008: EUR 74.536 million) on the reporting date.

(C.7.) Actual and deferred tax assets

Tax expenses comprise the sum total of actual tax expenses and deferred taxes. Tax expenses are calculated on the basis of taxable income in the year. Taxable income differs from net income in the consolidated balance sheet owing to expenses and income which are taxable or tax deductible in subsequent years or never. The Group’s liability in respect of actual 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 valuation rates in the context of calculating taxable income. Deferred taxes are generally reported for all taxable temporary differences; deferred taxes are not recorded if it is probable that there are taxable gains which can be used for deductible temporary differences. Such deferred tax assets and deferred taxes are not recognised if they arise from temporary differences from 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 shares in joint ventures, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred taxes arise through the temporary differences in the context of such investments and loans which are only recorded to the extent that it is probable there will be sufficient taxable income available from which claims 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 not probable 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 fulfilled 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 fulfilled 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 recorded as expense or income through profit and loss unless they are incurred in connection with an item not reported in the income statement (either in other result or directly in equity). In this case, tax is also to be reported outside the statement of income. Moreover, there is no recognition 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.8.) Inventories

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

Inventories of raw materials, consumables and supplies as well as merchandise are always valued at their average cost of acquisition, taking account of lower net realisable value. 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 comprise all costs directly allocable to the production process, as well as an appropriate portion of production-related overheads. The financing costs are not part of the cost of acquisition or production. Inventory risks arising from the storage period or diminished marketability incur depreciation. Lower values on the reporting date due to lower realisable value have been accounted for.

The following is a breakdown of inventories:

In EUR million	2009	2008
Raw materials, consumables and supplies	31.453	31.486
Unfinished goods/services	54.524	49.440
Finished goods/services and merchandise	819.028	1,020.392
	905.005	**1,101.318**

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 there a flat rate calculation. At the end of the reporting period, there was an increase in impairments through profit and loss from EUR 34.480 million in 2008 to EUR 41.843 million in the reporting year. There were no reversals through profit and loss in the reporting year.

The carrying amount of the inventories reported at fair value less selling expenses amounted to EUR 558.588 million on the reporting date (2008: EUR 672.351 million).

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

(C.9.) Cash and cash equivalents

Cash and cash equivalents worth EUR 19.723 million (2008: EUR 16.133 million) comprise cash in hand, cheques and deposits in banks falling due in the short term.

(C.10.) Non-current assets held for sale

On the reporting date, a sum total of 14 (2008: 15) properties intended for sale were disclosed under the non-current assets held for sale item. These are primarily developed and undeveloped land with warehouses, silos, market buildings or office/residential buildings.

The assets of the BayWa Group are classified as non-current assets held for sale if there is a Board resolution on the sale and the sale is more than 50 percent probable within the following year (2010).

The measurement standard under IFRS 5 provides for suspending schedule depreciation of the assets affected and that only unscheduled depreciation on the basis of the lower fair value be carried out.

On the reporting date, assets (mainly property, plant and equipment and investment property) with book values totalling EUR 4.710 million (2008: EUR 4.717 million) were classified as non-current assets held for sale. The fair value, less estimated selling costs, comes to EUR 9.683 million (2008: EUR 12.536 million). As per 31 December 2009, no unscheduled write-downs from impairment on the difference between the book value and the respective attributable fair value had to be carried out.

There are non-current assets held for sale in the following segments:

In EUR million	**2009**	2008
Agriculture	3.611	2.748
Building Materials	1.080	1.560
Energy	0.019	–.—
Other Activities	–.—	0.409
	4.710	**4.717**

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

(C.11.) Equity

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

Share capital
On 31 December 2009, the share capital of BayWa AG in the amount of EUR 87.308 million (2008: EUR 86.961 million) was divided into 34,104,540 ordinary registered shares with an arithmetical portion in the share capital of EUR 2.56 per share. Of the shares issued, 32,725,811 are registered shares and 135,478 are registered shares with restricted transferability recently issued (from 1 January 2010 onwards, dividend-bearing employee shares). 1,243,251 shares are not registered shares with restricted transferability.

Pursuant to IAS 32, the share capital disclosed declined by the nominal value of the shares bought back in previous years (19,500 units, the equivalent of EUR 0.050 million); the capital reserve also decreased by EUR 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
As per 01/01/2009	1,243,251	32,706,311
Issuing of employee shares	–	135,478
As per 31/12/2009	**1,243,251**	**32,841,789**

Pending approval by the Supervisory Board, the Board of Management is authorised to raise the share capital on or before 30 April 2010 one or several times by up to a nominal EUR 3,997,672.96 (2008: EUR 4,344,496.64) through the issuing of new registered shares with restricted transferability, against cash contribution, to employees of BayWa AG and of affiliated companies within the meaning of Sections 15 et seq. of the German Stock Corporation Act (AktG), at purchase prices of up to at least 50 percent of the share price ascertained at the time when this authorisation is exercised.

In addition, pending approval by the Supervisory Board, the Board of Management is authorised to raise the share capital on or before 30 April 2011 one or several times by up to a nominal EUR 12,500,000 through the issuing of new registered shares with restricted transferability against non-cash contribution.

Pending 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 EUR 10,000,000 through the issuing of new registered shares against non-cash contribution.

Capital reserve
The capital reserve worth EUR 85.276 million (2008: EUR 82.391 million) is derived mainly from the premiums in the amount of EUR 55.263 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 price. These have also been disclosed under capital reserve.

In the financial year 2009, BayWa issued 135,478 new registered shares with restricted transferability (dividend bearing as from 1 January 2010) as part of its Employee Share Scheme. The exercise price of employee shares came to EUR 14.31, and was thus 60 percent of the stock market price of registered BayWa shares with restricted transferability which, on the preceding day, had stood at EUR 23.85; BayWa's Board of Management had passed the resolution on the capital increase required for this measure. The advantage granted of EUR 1.292 million, which was the difference between the actual buying price and the stock market price, was posted to capital reserve under IFRS 2 and reported as an expense.

Revenue reserves
The revenue reserves of the Group came to EUR 580.656 million on the reporting date (2008: EUR 535.368 million). Of this amount, EUR 5.751 million (2008: EUR 5.748 million) was attributable to statutory reserve, EUR 1.629 million (2008: EUR 10.405 million) to revaluation reserve and EUR 573.276 million (2008: EUR 519.215 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.

Other reserves
Other reserves mainly comprise consolidated retained earnings as well as currency differences carried without effect on income.

Minority interest
Minority interest in equity is especially attributable to cooperatives which hold stakes in the subsidiaries in Austria.

Capital management
The capital structure of the Group is made up of liabilities and equity. It is described in more detail in the Notes C.11 to C.18. Equity capital comes to around 32.6 percent of total equity. Equity capital ex-dividend has been reduced to 32.1 percent owing to the proposed dividend distribution of EUR 13.588 million. The aim in the capital management process of the BayWa Group is to achieve a ratio of equity to debt of 30 to 70 percent.

Gearing
The management of the BayWa Group regularly reviews and controls the capital structure. The current improved net gearing, which is the result of the ratio between net debt to equity, comes to:

In EUR million	**31/12/2009**	31/12/2008
Non-current and current financial liabilities	666.859	779.863
./. Cash and cash equivalents	– 19.723	– 16.133
Net borrowings	647.136	763.730
Equity	957.480	915.112
Net borrowings to equity (in percent)	**68**	**83**

Owing to strong seasonal fluctuations during the course of the BayWa Group's business, the gearing is very volatile. The ratio indicated at year-end is therefore only of limited relevance as a single criterion for assessing risk. For the purposes of comparison, the values as per 30 June are therefore also shown.

In EUR million	**30/06/2009**	30/06/2008
Non-current and current financial liabilities	552.570	538.170
./. Cash and cash equivalents	– 41.024	– 70.736
Net borrowings	511.546	467.434
Equity	922.903	905.094
Net borrowings to equity (in percent)	**55**	**52**

(C.12.) Pension provisions

In Germany, there is a contribution-oriented statutory basic care scheme for employees which undertakes pension payments depending on income and 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 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 old age which are generally based on the length of service and the remuneration of the employees.

The BayWa Group's existing old-age pension commitments are based exclusively on performance-oriented benefit plans defined through company agreement and commitments made on a case-by-case basis. For the most part, these are final pay plans. The commitment of the company consists of fulfilling committed benefits to active and former employees ("defined benefit plans"). The benefit commitments undertaken by the Group are financed by allocations from provisions.

The pension provisions have been set up according to the projected unit credit method under IAS 19. Pursuant to this method, not only the pensions and pension rights earned 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.

In order to enhance the informative value of the consolidated financial statements, a classification of pension provisions into current and non-current pension provisions has been made for the first time in the 2009 consolidated balance sheet. For reasons of comparability, figures from the previous years have been divided up accordingly.

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 uniformly 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	**31/12/2009**	31/12/2008
Discount factor	5.5	5.5
Salary trend	3.0	3.0
Pension trend	1.0 – 2.0	1.15

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 performance-oriented obligations can give rise to actuarial gains or losses, the cause of which can also be divergences between actual and estimated parameters of calculation. The resulting actuarial gains and losses are recognised as income or expenses if the balance of the aggregated actuarial gains or losses not recorded is higher or lower than the so-called corridor at the end of the prior reporting period (10 percent of the net present value of performance-oriented obligation at this time). This being the case, the difference between the actual and the disclosed obligation would be spread over the average remaining period of service of the employees covered by the plan and carried as income or expenses in the income statement.

Following the switching of the calculation of pension provisions to comply with IAS 19, there are as yet no gains and losses to be netted off according to these rules. The actuarial gains not set off following the increase in the rate of pension progress posted EUR 0.011 million on the reporting date (2008: EUR 2.571 million).

Total expenses from pensions in the defined benefit plans amounted to EUR 26.587 million (2008: EUR 26.646 million) and comprise the following:

In EUR million	**2009**	2008
Ongoing service cost	3.966	4.503
+ share of interest	22.621	22.143
= Total amount recognised through profit and loss	**26.587**	**26.646**

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 the net value of capitalised amounts at Group level have changed as follows:

In EUR million		2009	2008
	DBO as per 1 January	423.379	417.331
+	Changes in the group of consolidated companies	0.039	–.––
+	Sum total through profit and loss	26.587	26.646
+ / –	Changes in non-realised actuarial gain/loss	2.560	6.032
–	Pension payments during the reporting period	– 26.939	– 26.839
+ / –	Assumption of obligations	0.041	0.209
=	**DBO as per 31 December**	**425.667**	**423.379**

In EUR million		2009	2008
	DBO as per 31 December	425.667	423.379
+ / –	non-realised actuarial gain/loss	0.011	2.571
=	**Net value of amounts capitalised as per 31 December**	**425.678**	**425.950**

The DBO of pension obligations has changed as follows:

In EUR million	2005	2006	2007	2008	2009
	470.179	465.905	417.331	423.379	425.667

In the financial year 2010, we expect that a probable amount of EUR 26.912 million will be recorded through profit and loss for defined pension plans.

(C.13.) 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 anticipated utilisation. Provisions which were not drawn upon in the following year are recognised at the discounted amount to be paid as per the balance sheet date. Discounting is based on market interest rates.

Other provisions are mainly attributable to:

In EUR million	2009	2008
Non-current provisions (with a maturity of more than one year)		
Obligations from personnel and employee benefits	61.075	57.871
Other provisions	5.723	6.589
	66.798	**64.460**
Current provisions (with a maturity of less than one year)		
Obligations from personnel and employee benefits	42.127	44.314
Other provisions	56.092	68.801
	98.219	**113.115**

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 arising 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 liabilities, follow-up costs and litigation risks.

Provisions have developed as follows:

2009 In EUR million	As per 01/01/2009	Transfer	Reclassi- fication	Compound interest	Utilisation	Release	Price differences	As per **31/12/2009**
Non-current provisions								
Obligations from personnel and employee benefits	57.871	9.404	–.—	1.356	7.365	0.191	–.—	61.075
Other provisions	6.589	0.173	–.—	–.—	0.582	0.457	–.—	5.723
	64.460	**9.577**	**–.—**	**1.356**	**7.947**	**0.648**	**–.—**	**66.798**
Current provisions								
Obligations from personnel and employee benefits	44.314	34.905	–.—	–.—	33.338	3.758	0.004	42.127
Other provisions	68.801	33.833	–.—	–.—	43.492	3.018	– 0.032	56.092
	113.115	**68.738**	**–.—**	**–.—**	**76.830**	**6.776**	**– 0.028**	**98.219**

2008 In EUR million	As per 01/01/2008	Transfer	Reclassi- fication	Compound interest	Utilisation	Release	Price differences	As per **31/12/2008**
Non-current provisions								
Obligations from personnel and employee benefits	57.276	1.941	– 0.029	1.490	2.541	0.264	– 0.002	57.871
Other provisions	5.344	1.102	1.080	–.––	0.774	0.163	–.––	6.589
	62.620	**3.043**	**1.051**	**1.490**	**3.315**	**0.427**	**– 0.002**	**64.460**
Current provisions								
Obligations from personnel and employee benefits	44.911	36.857	– 0.002	–.––	34.208	3.267	0.023	44.314
Other provisions	64.316	56.428	– 1.049	–.––	42.418	8.466	– 0.010	68.801
	109.227	**93.285**	**– 1.051**	–.––	**76.626**	**11.733**	**0.013**	**113.115**

(C.14.) Financial liabilities

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

2009 In EUR million	Residual term of up to one year	Residual term of up to five years	Residual term of more than five years	Total
Financial liabilities				
Due to banks	577.094	44.532	29.587	651.213
Commercial paper	11.700	–.––	–.––	11.700
Profit-sharing capital	1.691	–.––	–.––	1.691
	590.485	**44.532**	**29.587**	**664.604**

2008 In EUR million	Residual term of up to one year	Residual term of up to five years	Residual term of more than five years	Total
Financial liabilities				
Due to banks	728.041	34.027	10.304	772.372
Commercial paper	5.800	–.––	–.––	5.800
Profit-sharing capital	1.691	–.––	–.––	1.691
	735.532	**34.027**	**10.304**	**779.863**

The BayWa Group finances itself mainly through credit lines and short-term loans for which no collateral is provided. In individual cases, long-term bank loans are used. The short-term loans of EUR 574.884 million are due and payable at any time. The difference of EUR 2.210 million relates to the short-term portion of non-current liabilities due to banks. The average effective interest rate on short-term loans currently comes to around 2.8 percent (2008: 4.6 percent) per year.

Of the Commercial Paper Programme set up by BayWa AG with a total volume of EUR 300.0 million, EUR 11.700 million worth of commercial paper with a term of 31 days and an average weighted effective interest rate of 1.21 percent had been issued as per the reporting date.

Of the liabilities due to banks, EUR 25.957 million at Group level (2008: EUR 45.661 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 is disclosed as participatory capital under financial liabilities. The dormant equity holdings each have indefinite terms 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 any time, the fair value is the book value.

(C.15.) Financial leasing obligations

The future leasing payments are carried as liabilities under the financial leasing obligations disclosed (see also Note C.2.).

2009 In EUR million	Residual term of up to one year	Residual term of up to five years	Residual term of more than five years	Total
Financial leasing obligations	0.465	1.790	–.—	2.255

2008 In EUR million	Residual term of up to one year	Residual term of up to five years	Residual term of more than five years	Total
Financial leasing obligations	0.047	0.061	–.—	0.108

(C.16.) Trade payables and liabilities from inter-group business relationships

Non-current liabilities are disclosed in the balance sheet in their 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 amount or in the amount to be paid.

Liabilities due to affiliated companies and companies in which a participating interest is held (associated companies) comprise not only trade payables but also liabilities arising from financings. Liabilities due to companies in which a participating interest is held consist of financial liabilities of EUR 42.5 million due to KIRKA.

As per 31/12/2009 In EUR million	Residual term of up to one year	Residual term of up to five years	Residual term of more than five years	Total
Trade payables	397.094	1.312	–.––	398.406
Liabilities due to affiliated companies	9.364	–.––	–.––	9.364
Liabilities due to companies in which a participating interest is held	33.438	–.––	42.471	75.909
Bills and notes payable	–.––	–.––	–.––	–.––
Payments received on orders	22.847	–.––	–.––	22.847
	462.743	**1.312**	**42.471**	**506.526**

As per 31/12/2008 In EUR million	Residual term of up to one year	Residual term of up to five years	Residual term of more than five years	Total
Trade payables	463.478	0.042	–.––	463.520
Liabilities due to affiliated companies	8.003	–.––	–.––	8.003
Liabilities due to companies in which a participating interest is held	2.046	–.––	41.044	43.090
Bills and notes payable	0.030	–.––	–.––	0.030
Payments received on orders	37.199	–.––	–.––	37.199
	510.756	**0.042**	**41.044**	**551.842**

Trade payables include claims of customers from customer loyalty programmes of BayWa AG. Under IFRIC 13 ("Customer Loyalty Programmes"), which has been mandatorily applicable since 1 January 2009, loyalty credits awarded by an entity as part of customer loyalty programmes 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 point collected one cent is credited to the customer. In the financial year 2009, there was an amount of EUR 0.775 million (2008: EUR 0.810 million) in bonus points not yet redeemed.

(C.17.) Other liabilities

The table below shows a breakdown of other liabilities:

As per 31/12/2009 In EUR million	Residual term of up to one year	Residual term of up to five years	Residual term of more than five years	Total
Social security	7.741	–.––	–.––	7.741
Allowances received	0.251	0.843	1.210	2.304
Other liabilities including deferred income	72.793	1.387	0.064	74.244
	80.785	**2.230**	**1.274**	**84.289**

As per 31/12/2008 In EUR million	Residual term of up to one year	Residual term of up to five years	Residual term of more than five years	Total
Social security	3.014	–.––	–.––	3.014
Allowances received	0.409	0.905	1.412	2.726
Other liabilities including deferred income	83.004	1.198	–.––	84.202
	86.427	**2.103**	**1.412**	**89.942**

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

In the case of public subventions, these are amounts granted by the public-sector authorities in connection with new investments. These subventions are released over the probable useful life of the respective assets with the concurrent effect on income. In the financial year, the release came to EUR 0.495 million (2008: EUR 0.602 million) which is disclosed under other operating income.

(C.18.) Deferred tax liabilities

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

(C.19.) Contingent liabilities

In EUR million	**2009**	2008
Bills and notes payable	5.188	7.656
(of which to affiliated companies)	(–.––)	(–.––)
Guarantees	17.081	23.141
(of which to affiliated companies)	(3.160)	(2.196)
Warranties	72.428	0.001
(of which to affiliated companies)	–.––	–.––
Collateral for liabilities of third parties	1.116	1.238
(of which to affiliated companies)	(0.500)	(0.683)

(C.20.) Other financial obligations

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

In EUR million	2009	2008
Other financial obligations		
from buyback obligations	14.500	15.282
from amounts guaranteed for interests in cooperative companies	13.106	13.442

There are contractual obligations (purchase commitments) of EUR 96.490 million (2008: EUR 80.388 million) for the purchase of property, plant and equipment (real estate, vehicles) and inventories.

(C.21.) Financial instruments

Accounting policies and valuation methods
Under IAS 32, a financial instrument is an agreement which gives rise 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 measurement, the financial instruments are allocated to the measurement categories pursuant to IAS 39 and treated accordingly. Financial assets in the BayWa Group are in particular receivables, financial instruments and cash and cash equivalents. Financial liabilities regularly constitute a right of return 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): The 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 the assets in this category are not traded on 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 recorded under equity in an available-for-sale reserve without effect on income. Upon the disposal of financial assets, the accumulated gains and losses from subsequent measurement at fair value are recorded in equity 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. Profit and loss are recorded directly in the consolidated results when the loans and receivables are charged off or impairment carried out.

Cash in hand and bank deposits (cash): Cash in hand and bank deposits have terms of a maximum of one year. By definition, their book value corresponds to fair value. They accord with the funds in the Group's cash flow statement.

Financial assets held for trading (FAHfT): Assets held for trading are measured at 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 their fair value upon their first-time recognition was not selected by the BayWa Group.

The financial liabilities cover the following classes:

Financial assets measured at amortised cost (FLAC): Financial assets measured at amortised cost 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 not resulted in a negative attributable 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 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 their 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. Upon their initial recognition and on each subsequent reporting date, derivative financial instruments are carried at fair value. The fair value corresponds to the positive or negative market value.

The BayWa Group transacts its business mainly in the euro region. Accordingly, foreign currencies are of secondary importance within the Group. The business activities of the consolidated Hungarian companies are restricted almost without exception to the Hungarian currency area. A few transactions in foreign currencies are carried out in agricultural trading, and purchasing activities are denominated predominantly in the common currency. If foreign currency futures are closed, they are hedged by the respective forward exchange transactions. As there is no clear hedging connection in respect of these transactions, the market values are ascertained on the basis of market information available on the reporting date. As per 31 December 2009, there were derivative transactions denominated in Czech krona, Hungarian forint, US dollar and Canadian dollar.

In the context of financial management, the Group is active on the capital 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 thus exposed to interest rate risk in particular. The Group counteracts this risk by using derivative financial instruments, in the main, interest rate swaps or caps or collars. 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. The market values are ascertained on the basis of market information available on the reporting date.

The BayWa Group also uses commodities futures, transactions which are fair value hedges within the meaning of IAS 39 and where there is an effective hedging relationship.

Book and fair values of financial instruments
The following table 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 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.

As per 31/12/2009 In EUR million	IAS 39 category and IFRS 7 class	Book value 31/12/2009	Measurement subsequent to initial recognition Amortised cost	 Fair value without effect on income	 Fair value through profit and loss	Not IFRS 7 class
Non-current financial assets						
Participating interests recognised at equity	AfS	37.961	37.961	–.—	–.—	–.—
Other financial assets	AfS	166.620	155.405	11.215		
Other financial assets	LaR	21.962	21.962	–.—	–.—	–.—
Other receivables and other assets – trade receivables	LaR	0.813	0.813	–.—	–.—	–.—
Other receivables and other assets – other assets	LaR	15.028	14.747	–.—	–.—	0.281
Current financial assets						
Securities	FAHfT	1.864	–.—	–.—	1.864	–.—
Other receivables and other assets – trade receivables	LaR	391.641	391.641	–.—	–.—	–.—
Other receivables and other assets – other assets	LaR	176.959	173.668	–.—	–.—	3.291
Other receivables and other assets – derivatives	FAHfT	1.388	–.—	–.—	1.388	–.—
Cash and cash equivalents	Cash	19.723	19.723	–.—	–.—	–.—
Non-current financial liabilities						
Financial liabilities	FLAC	74.119	74.119	–.—	–.—	–.—
Liabilities from finance leasing	FLAC	1.790	1.790	–.—	–.—	–.—
Trade payables and liabilities from inter-group business relationships	FLAC	43.783	43.783	–.—	–.—	–.—
Other liabilities	FLAC	3.504	1.388	–.—	–.—	2.116
Derivatives	FLHfT	0.092	–.—	–.—	0.092	–.—
Current financial liabilities						
Financial liabilities	FLAC	590.485	590.485	–.—	–.—	–.—
Liabilities from finance leasing	FLAC	0.465	0.465	–.—	–.—	–.—
Trade payables and liabilities from inter-group business relationships	FLAC	462.743	462.743	–.—	–.—	–.—
Other liabilities	FLAC	80.785	76.445	–.—	–.—	4.340
Derivatives	FLHfT	0.810	–.—	–.—	0.810	–.—
Aggregated pursuant to IAS 39 category/IFRS 7 class						
Assets available for sale	AfS	204.581	193.366	11.215	–.—	–.—
Loans and receivables	LaR	606.403	602.831	–.—	–.—	3.572
Cash in hand and bank deposits	Cash	19.723	19.723	–.—	–.—	–.—
Financial assets held for trading	FAHfT	3.252	–.—	–.—	3.252	–.—
Financial liabilities measured at amortised cost	FLAC	1,257.674	1,251.218	–.—	–.—	6.456
Financial liabilities held for trading	FLHfT	0.902	–.—	–.—	0.902	–.—

As per 31/12/2008 In EUR million	IAS 39 category and IFRS 7 class	Book value 31/12/2008	Measurement subsequent to initial recognition: Amortised cost	Fair value without effect on income	Fair value through profit and loss	Not IFRS 7 class
Non-current financial assets						
Participating interests recognised at equity	AfS	10.695	10.695	–.––	–.––	–.––
Other financial assets	AfS	160.795	147.230	13.565	–.––	–.––
Other financial assets	LaR	1.060	1.060	–.––	–.––	–.––
Other receivables and other assets – trade receivables	LaR	1.179	1.179	–.––	–.––	–.––
Other receivables and other assets – other assets	LaR	15.120	14.785	–.––	–.––	0.335
Current financial assets						
Securities	FAHfT	1.747	–.––	–.––	1.747	–.––
Other receivables and other assets – trade receivables	LaR	479.050	479.050	–.––	–.––	–.––
Other receivables and other assets – other assets	LaR	135.611	132.754	–.––	–.––	2.857
Other receivables and other assets – derivatives	FAHfT	8.694	–.––	–.––	8.694	–.––
Cash and cash equivalents	Cash	16.133	16.133	–.––	–.––	–.––
Non-current financial liabilities						
Financial liabilities	FLAC	44.331	44.331	–.––	–.––	–.––
Liabilities from finance leasing	FLAC	0.061	0.061	–.––	–.––	–.––
Trade payables and liabilities from inter-group business relationships	FLAC	41.086	41.086	–.––	–.––	–.––
Other liabilities	FLAC	3.515	1.198	–.––	–.––	2.317
Derivatives	FLHfT	0.145	–.––	–.––	0.145	–.––
Current financial liabilities						
Financial liabilities	FLAC	735.532	735.532	–.––	–.––	–.––
Liabilities from finance leasing	FLAC	0.047	0.047	–.––	–.––	–.––
Trade payables and liabilities from inter-group business relationships	FLAC	510.756	510.756	–.––	–.––	–.––
Other liabilities	FLAC	86.427	42.215	–.––	–.––	44.212
Derivatives	FLHfT	4.496	–.––	–.––	4.496	–.––
Aggregated pursuant to IAS 39 category/IFRS 7 class						
Assets available for sale	AfS	171.490	157.925	13.565	–.––	–.––
Loans and receivables	LaR	628.828	628.828	–.––	–.––	–.––
Cash in hand and bank deposits	Cash	16.133	16.133	–.––	–.––	–.––
Financial assets held for trading	FAHfT	10.441	–.––	–.––	10.441	–.––
Financial liabilities measured at amortised cost	FLAC	1,375.226	1,375.226	–.––	–.––	–.––
Financial liabilities held for trading	FLHfT	4.641	–.––	–.––	4.641	–.––

Net gain and net loss

The following table shows the net gain/loss from financial instruments in the income statement.

2009 In EUR million	Assets				Shareholders' equity and liabilities			Total	Transition	
Category	FAHfT	AfS	LaR	Cash	FLHfT	FLAC	No allocation		Not an FI	Financial result
1. Net gain/loss in the financial result										
Equity valuation of participating interests	**–.––**	**1.747**	**–.––**	**–.––**	**–.––**	**–.––**	**–.––**	**1.747**	**–.––**	**1.747**
Income from participating interests	–.––	3.111	–.––	–.––	–.––	–.––	–.––	3.111	–.––	3.111
Expenses from participating interests	–.––	– 0.046	–.––	–.––	–.––	–.––	–.––	– 0.046	–.––	– 0.046
Result from disposals	–.––	0.434	–.––	–.––	–.––	–.––	–.––	0.434	–.––	0.434
Result of participating interests	**–.––**	**3.499**	**–.––**		**–.––**	**–.––**	**–.––**	**3.499**	**–.––**	**3.499**
Income from other financial assets	0.070	5.892	–.––	–.––	–.––	–.––	–.––	5.962	–.––	5.962
Result from disposals	2.187	–.––	–.––	–.––	–.––	–.––	–.––	2.187	–.––	2.187
Result of other financial assets	**2.257**	**5.892**	**–.––**		**–.––**	**–.––**	**–.––**	**8.149**	**–.––**	**8.149**
Interest income	–.––	–.––	1.931	2.316	–.––	–.––	–.––	4.247	–.––	4.247
Interest income from fair value measurement	–.––	–.––	–.––	–.––	–.––	0.148	–.––	0.148	–.––	0.148
Sum total of interest income	–.––	–.––	1.931	2.316	–.––	0.148	–.––	4.395	–.––	4.395
Interest expenses	–.––	–.––	–.––	–.––	–.––	– 18.971	–.––	– 18.971	–.––	– 18.971
Interest portion in personnel provisions	–.––	–.––	–.––	–.––	–.––	–.––	–.––	–.––	– 25.359	–.––
Interest expenses from fair value measurement	–.––	–.––	–.––	–.––	– 0.353	–.––	–.––	– 0.353	–.––	– 0.353
Sum total of interest expenses	–.––	–.––	–.––	–.––	– 0.353	– 18.971	–.––	– 19.324	– 25.359	– 19.324
Net interest	**–.––**	**–.––**	**1.931**	**2.316**	**– 0.353**	**– 18.823**	**–.––**	**– 14.929**	**– 25.359**	**– 14.929**
Sum total net gain/loss	**2.257**	**11.138**	**1.931**	**2.316**	**– 0.353**	**– 18.823**	**–.––**	**– 1.534**	**– 25.359**	**– 1.534**
Financial result										**– 26.893**
2. Net gain/loss in operating result										
Income from hedging transactions	9.413	–.––	–.––	–.––	–.––	–.––	–.––	9.413		
Income from the receipt of written-off receivables/release of receivables value adjustments	–.––	–.––	5.866	–.––	–.––	–.––	–.––	5.866		
Expenses from hedging transactions	– 8.044	–.––	–.––	–.––	–.––	–.––	–.––	– 8.044		
Value adjustments/write-downs of receivables	–.––	–.––	– 7.836	–.––	–.––	–.––	–.––	– 7.836		
Sum total net gain/loss	**1.369**	**–.––**	**– 1.970**	**–.––**	**–.––**	**–.––**	**–.––**	**– 0.601**		
3. Net gain/loss in equity										
Changes in the fair value from the market valuation of securities	–.––	1.278	–.––	–.––	–.––	–.––	–.––	1.278		
Currency translation	–.––	–.––	–.––	–.––	–.––	–.––	1.373	1.373		
Sum total net gain/loss	**–.––**	**1.278**	**–.––**	**–.––**	**–.––**	**–.––**	**1.373**	**2.651**		

2008 In EUR million	Assets				Shareholders' equity and liabilities			Total	Transition	
Category	FAHfT	AfS	LaR	Cash	FLHfT	FLAC	No allocation		Not an FI	Financial result
1. Net gain/loss in the financial result										
Equity valuation of participating interests	**–.––**	**1.377**	**–.––**	**–.––**	**–.––**	**–.––**	**–.––**	**1.377**	**–.––**	**1.377**
Income from participating interests	–.––	3.827	–.––	–.––	–.––	–.––	–.––	3.827	–.––	3.827
Expenses from participating interests	–.––	– 0.211	–.––	–.––	–.––	–.––	–.––	– 0.211	–.––	– 0.211
Value adjustments	–.––	– 0.467	–.––	–.––	–.––	–.––	–.––	– 0.467	–.––	– 0.467
Result from disposals	–.––	0.055	–.––	–.––	–.––	–.––	–.––	0.055	–.––	0.055
Result of participating interests	**–.––**	**3.204**	**–.––**	**–.––**	**–.––**	**–.––**	**–.––**	**3.204**	**–.––**	**3.204**
Income from other financial assets	0.069	7.450	–.––	–.––	–.––	–.––	–.––	7.519	–.––	7.519
Result from disposals	– 0.492	– 0.031	–.––	–.––	–.––	–.––	–.––	– 0.523	–.––	– 0.523
Result of other financial assets	**– 0.423**	**7.419**	**–.––**	**–.––**	**–.––**	**–.––**	**–.––**	**6.996**	**–.––**	**6.996**
Interest income	–.––	–.––	1.879	6.358	–.––	–.––	–.––	8.237	–.––	8.237
Interest income from fair value measurement	–.––	–.––	–.––	–.––	–.––	–.––	–.––	–.––	–.––	–.––
Sum total of interest income	–.––	–.––	1.879	6.358	–.––	–.––	–.––	8.237	–.––	8.237
Interest expenses	–.––	–.––	–.––	–.––	–.––	– 42.392	–.––	– 42.392	–.––	– 42.392
Interest portion in personnel provisions	–.––	–.––	–.––	–.––	–.––	–.––	–.––	–.––	– 23.633	–.––
Interest expenses from fair value measurement	–.––	–.––	–.––	–.––	– 0.548	–.––	–.––	– 0.548	–.––	– 0.548
Sum total of interest expenses	–.––	–.––	–.––	–.––	– 0.548	– 42.392	–.––	– 42.940	– 23.633	– 42.940
Net interest	–.––	–.––	**1.879**	**6.358**	**– 0.548**	**– 42.392**	–.––	**– 34.703**	**– 23.633**	**– 34.703**
Sum total net gain/loss	**– 0.423**	**12.000**	**1.879**	**6.358**	**– 0.548**	**– 42.392**	**–.––**	**– 23.126**	**– 23.633**	**– 23.126**
Financial result										**– 46.759**
2. Net gain/loss in operating result										
Income from hedging transactions	11.104	–.––	–.––	–.––	–.––	–.––	–.––	11.104		
Income from the receipt of written-off receivables/release of receivables value adjustments	–.––	–.––	9.008	–.––	–.––	–.––	–.––	9.008		
Expenses from hedging transactions	– 13.602	–.––	–.––	–.––	–.––	–.––	–.––	– 13.602		
Value adjustments/write-downs of receivables	–.––	–.––	– 11.442	–.––	–.––	–.––	–.––	– 11.442		
Sum total net gain/loss	**– 2.498**	**–.––**	**– 2.434**	**–.––**	**–.––**	**–.––**	**–.––**	**– 4.932**		
3. Net gain/loss in equity										
Changes in the fair value from the market valuation of securities	–.––	– 2.916	–.––	–.––	–.––	–.––	–.––	– 2.916		
Currency translation	–.––	–.––	–.––	–.––	–.––	–.––	– 0.876	– 0.876		
Sum total net gain/loss	**–.––**	**– 2.916**	**–.––**	**–.––**	**–.––**	**–.––**	**– 0.876**	**– 3.792**		

Income from participating interests includes dividend payments.

The following table shows the analysis of maturity dates of financial liabilities not discounted by IFRS 7 class.

2009 In EUR million	Residual term of up to one year	Residual term of up to five years	Residual term of more than five years	Total
Financial liabilities measured at amortised cost (FLAC)	1,144.896	60.115	71.490	1,276.501
Financial liabilities held for trading (FLHfT)	0.810	0.092	–.—	0.902
	1,145.706	**60.207**	**71.490**	**1,277.403**

2008 In EUR million	Residual term of up to one year	Residual term of up to five years	Residual term of more than five years	Total
Financial liabilities measured at amortised cost (FLAC)	1,301.151	43.750	52.933	1,397.834
Financial liabilities held for trading (FLHfT)	4.496	0.145	–.—	4.641
	1,305.647	**43.895**	**52.933**	**1,402.475**

The following schedule of maturities shows how the forecast cash flows of the contractually agreed interest and redemption payments in the IFRS 7 category "Liabilities measured at amortised cost (FLAC)" were distributed as per 31 December 2009.

In EUR million	Total	until 6/2010	7 – 12/2010	2011 – 2015	> 2015
Interest portion	18.827	7.399	3.019	5.541	2.868
Redemption portion	1,257.674	1,083.388	51.090	54.574	68.622
Total	**1,276.501**	**1,090.787**	**54.109**	**60.115**	**71.490**

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 collars, caps and swaps. The fair values are shown in the table below. In the reporting year, losses of EUR 8.044 million and gains of EUR 9.413 million were recorded as part of 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.

31/12/2009 In EUR million	Total	Market value Residual term of up to one year	Residual term of one up to five years	Residual term of more than five years
Assets				
Interest rate hedging transactions	0.680	0.680	–.––	–.––
Commodity and currency hedging transactions	0.708	0.708	–.––	–.––
	1.388	**1.388**	**–.––**	**–.––**
Shareholders' equity and liabilities				
Interest rate hedging transactions	0.401	0.309	0.092	–.––
Commodity and currency hedging transactions	0.501	0.501	–.––	–.––
	0.902	**0.810**	**0.092**	**–.––**

31/12/2008 In EUR million	Total	Market value Residual term of up to one year	Residual term of one up to five years	Residual term of more than five years
Assets				
Interest rate hedging transactions	0.334	–.––	–.––	0.334
Commodity and currency hedging transactions	8.360	8.360	–.––	–.––
	8.694	**8.360**	**–.––**	**0.334**
Shareholders' equity and liabilities				
Interest rate hedging transactions	0.145	–.––	0.145	–.––
Commodity and currency hedging transactions	4.496	4.496	–.––	–.––
	4.641	**4.496**	**0.145**	**–.––**

The market value is ascertained on the basis of market prices quoted on the reporting date without netting off against counterdevelopments of 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.22.) Risk Management

Principles of risk and opportunity management

The BayWa Group exploits opportunities which arise in the context of its business activities but is also called upon to enter into entrepreneurial risks. The identification of entrepreneurial opportunities, the safeguarding of assets and the enhancing of enterprise value therefore necessitate an opportunity and risk management system. Risk management is an integral component of planning and management and control processes. The Group's strategy aims to make optimum use of opportunities while identifying and limiting business-related risks to the greatest extent possible. 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.

The principles set in place within the BayWa Group for the identification and monitoring of risks inherent in the specific 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 processes. ISO certifications for the standardisation of workflows and for risk avoidance, as well as for the taking out of insurance, supplement the Group's management of risk.

Moreover, the BayWa Group has established binding goals and a code of conduct in its Corporate Guidelines and in a set of Ethical Principles, and has implemented them throughout the Group. These guidelines and principles relate to the individual employees' action when applying the corporate values as well as to their fair and responsible conduct towards suppliers, customers and colleagues.

Opportunity and risk management within the BayWa Group

A comprehensive risk management system records and monitors both corporate performance and any existing weak points within the Group on an ongoing basis. The risk management system covers all segments and includes reporting as a key component. 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.

The reporting process classifies risks and opportunities into categories, reports on these and estimates their probable occurrence and potential impact in terms of monetary units. 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 trade receivables. As an extension of the business segments' planning process, procurement, sales and distribution operations as well as centralised operations, the Group's risk and opportunity management system serves to identify 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 opportunities while reducing the risks.

Risk reports, which are regularly prepared by the organisation units, form the core of the risk management system. 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 early warning component makes an indispensable contribution to strengthening and consistently building up a groupwide opportunity and risk culture.

General opportunities and risks

General economic factors have an influence on consumer behaviour and investment patterns in the core markets of the Group. This may, in turn, impact BayWa's revenues and profit either positively or negatively. In 2009, the German economy was confronted with the most severe recession in the post-war period. In a year-on-year comparison, the gross domestic product declined by 5.0 percent which is a new low. Government economic stimulus packages were put together and launched. Overall, however, they were unable to achieve any noticeable impact, let alone trigger a sustained trend reversal. The generally unfavourable environmental factors exerted less of an impact on the BayWa Group than on other companies. BayWa's business model is primarily geared to satisfying fundamental human requirements, such as the need for food, housing, mobility and the supply of energy. Accordingly, the impact of cyclical swings is likely to be less strong than in other areas of business. 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 business activities.

Sector and company-specific opportunities and risks

Changes in political conditions such as, for example, changes in subsidies for agricultural products or tax-related government subsidies of sources of energy, 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 both the offering, pricing and trading with agricultural produce and also downstream on the resources business. Global climate changes also have a long-term effect on agriculture. Global demand for agricultural products, particularly grain, continues to grow. This may give rise to a sustained price uptrend. The development of income in the agriculture sector filters through directly to sale of high-end capital goods. Developments in the economy and political environment are the main factors influencing demand in the construction sector. An example is the investment incentives at the start of the 90's in Germany which triggered a construction boom, especially in the new federal states, which was then followed by a long-standing downswing entailing structural adjustments to capacity. The abolition of the home-owner subsidy of the German government exacerbated the slowdown in private residential construction. Even today, the number of building permissions in residential construction is considerably below the level seen at the start of the 90's. At the same time, the aging housing stock will trigger a growing demand for modernisation and renovation.

Price opportunities and risks

BayWa trades in merchandise which displays very high price volatility, such as grain, fertilisers and oil, 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 mean that BayWa is also exposed to the risk of prices fluctuating. Whereas the risk in mineral oils is relatively low due to BayWa's pure distribution function, fluctuations in the price of grain and fertilisers may harbour 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 the 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.

Currency-related opportunities and risks

The BayWa Group's business activity is largely focused on the eurozone. If foreign currency positions arise from goods and services transactions, these are always hedged without delay. Speculative borrowing or investing funds denominated in foreign currencies is prohibited.

Interest-rate related opportunities and risks

Interest rate risk positions arise mainly from the issuing of short-term commercial paper and loans. Short-term debt is used mainly to finance similarly short-term working capital. To reduce the interest rate risk, BayWa Group companies uses derivative instruments in the form of interest rate caps and swaps. The BayWa Group's financing structure with its 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 2.8 percent (2008: 4.6 percent). A change in this interest rate of plus 1.0 percent to 3.8 percent would cause interest expenses to rise by EUR 6.759 million, whereas the reverse, i.e. a change in this interest rate of minus 1.0 percent to 1.8 percent, would lead to interest expenses falling by EUR 6.759 million.

Regulatory and legal opportunities and risks
Changes in the regulatory environment can affect the Group's performance. Examples of this are government intervention in the general regulatory framework for the agricultural industry. Negative impacts emanate from the reduction or abolition of subsidies. Conversely, new regulatory and legislative developments influencing bioenergy activities can also result in opportunities. In the construction sector, changes to building or fiscal regulations may have an impact on the development of the building materials business.

The BayWa Group is exposed to a number of risks in connection with law suits in which it is currently involved or in which it 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 reserved amount.

Through legal action filed on 6 July 2009, shareholders of BayWa AG contested all decisions taken during the Annual General Meeting of Shareholders of BayWa AG, which took place on 4 June 2009. These decisions pertain to applications for resolution on the bylaws (adjournment of the Annual General Meeting of Shareholders and individual voting on the discharge of the members of the Board of Management and Supervisory Board) and a number of items on the agenda, namely TOP 2 (Appropriation of unappropriated retained earnings), TOP 3 (Discharge of the members of the Board of Management for the year 2008), TOP 4 (Discharge of the members of the Supervisory Board for the year 2008) and TOP 5 (Selection of the statutory auditor for the financial year 2009). The plaintiffs assert their claim mainly against formal irregularities in the adoption of resolutions. All six contested resolutions have been declared null and void by the District Court of Munich I in the default judgement issued on 26 November 2009. BayWa lodged an appeal against this verdict by the due date. A judgement on the merits in the first instance is awaited on 1 April 2010. If the claim is allowed, BayWa will appeal against the verdict to the Munich Court of Appeal. The resolutions are valid until an enforceable verdict has been reached. If the resolutions are finally declared null and void, the legal basis for payment of dividends for the financial year 2008 and the concurrent additional transfer to revenue reserves will become invalid. Moreover, this invalidity may affect transfers to other revenue reserves in the context of profit appropriation in the balance sheet as at 31 December 2009 and therefore that of the financial statements drawn up as at 31 December 2009. A further consequence may be that the financial statements as at 31 December 2009 cannot be adopted effectively under the law because they have effectively not been audited by a statutory auditor selected by the 2009 Annual General Meeting of Shareholders. For this reason, as a precautionary measure the Board of Management intends to have the resolutions contested under this lawsuit affirmed and thereby ascertained as correct.

Credit risks
As part of its entrepreneurial activities, the BayWa Group has an important function as a source of finance to its agricultural trading partners. In the context of so-called cultivation contracts, the companies of the Group are exposed to a financing risk arising from the interim financing of agricultural resources and equipment, the repayment of which is made through acquiring and selling the harvest. 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 book value of this class. The BayWa Group does not consider this significant.

Loans and receivables (LaR): As part of its entrepreneurial activities, the BayWa Group has an important function as a source of finance to its agricultural trading partners. The Group enters into so-called crop-growing contracts and thus carries a financing risk arising from the upfront financing of resources for agroeconomic production. Settlement is effected by way of buying up the harvest, storing it and selling it in the market. 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 made in respect of the residual risk of trade receivables.

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 book value of this class.

Cash: This class comprises primarily cash in hand and deposits at bank with a short residual term. There are no credit risks.

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 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 be able – or only to a limited extent – to fulfil its financial obligations. In the BayWa Group, funds are generated by operating business and borrowing from external financial institutions. In addition, financing instruments such as a multi-currency commercial paper programmes or asset-backed securitisation are used. 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 also provides cover for the seasonality of business activity. Owing to the diversification of the sources of financing, the BayWa Group does not currently have any risk clusters in liquidity.

Opportunities and risks associated with personnel

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

At the same time, the BayWa Group promotes the ongoing vocational training and development of its employees. With more than a thousand trainees, the companies of the BayWa Group are among the largest companies offering training specifically in the region. The BayWa Group recruits a large majority of its future specialist and managerial employees from the ranks of these trainees. The long-standing terms of service to the company is evidence of the loyalty of the employees towards “their” BayWa. This creates stability and continuity and also secures the transfer of knowledge from generation down to generation.

Opportunities and risks associated with information technology
The use of cutting-edge IT characterises the entire business activity of the BayWa Group. All major business processes are supported by IT systems and mapped with the aid of state-of-the-art software solutions. In a trading company with high numbers of employees, having workflows supported electronically is absolutely imperative. The ongoing monitoring and reviewing of processes mapped electronically, however, involves more than just implementing new IT components. It is always accompanied by an optimisation of process workflows through which opportunities in the form of synergy and cost savings potential can be identified and realised. At the same time, the risk inherent in the systems rises in tandem with growing complexity and dependency on the availability and reliability of the IT systems.

In order 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 the Board of 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 risks inherent in global politics, which are potentially not influenceable at all or only indirectly, and macroeconomic risks, operational risks form the focus of observation. As far as the latter is concerned, the BayWa Group has taken appropriate measures to manage and control risk.

(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 risks and rewards associated with the ownership of the goods and products sold and the services provided have passed to the buyer. Revenues and earnings are disclosed minus discounts, rebates and bonuses.

The breakdown by business units and regions 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.

Sales revenues break down as follows:

In EUR million	2009	2008
Goods	7,191.902	8,730.581
Services	68.342	63.984
	7,260.244	**8,794.565**

(D.2.) Other operating income

In EUR million	2009	2008
Rental income	22.574	20.411
Income from the disposal of assets	29.470	8.533
Gains from the reversal of negative goodwill	6.515	–.––
Income from the release of provisions	7.424	12.160
Reimbursement of expenses	12.713	12.484
Sourcing of employees	3.767	6.237
Advertising allowance	4.293	4.595
Price gains	9.413	11.104
Income from receivables written down/release of value adjustments	5.866	9.008
Other income	29.741	28.614
	131.776	**113.146**

Other income comprises income from licences and numerous other individual positions. Rental income include gains from incidental costs.

(D.3.) Cost of materials

In EUR million	2009	2008
Expenses for raw materials, consumables and supplies and for goods sourced	6,118.055	7,533.905
Expenses for services outsourced	49.435	56.375
Selling expenses	76.774	76.320
	6,244.264	**7,666.600**

(D.4.) Personnel expenses

In EUR million	2009	2008
Wages and salaries	499.799	494.692
Share-based payment	1.292	0.600
Expenses for old-age pension provisions, support and service units	46.388	42.892
(of which ongoing service cost)	(3.966)	(4.503)
Social insurance levies	72.140	69.745
	619.619	**607.929**

After calculation of the pension provisions under IAS 19, total expenses for old-age pension provisions came to EUR 26.587 million (2008: EUR 26.646 million). Of this amount, a portion of EUR 3.966 million has been disclosed under personnel expenses and a portion of EUR 22.621 million under interest expenses.

Number	2009	2008
Employees		
Annual average (Section 267 para. 5 of the German Commercial Code – HGB)	15,312	15,498
of which jointly held companies	155	149
As per 31 December	16,177	16,596
of which jointly held companies	155	130

(D.5.) Other operating expenses

In EUR million	**2009**	2008
Vehicle fleet	40.421	44.448
Maintenance	36.022	39.232
Advertising	34.112	33.455
Energy	29.768	31.767
Rent	28.875	28.635
Expenses for staff hired externally	16.501	19.864
Information expenses	12.485	13.763
Commission	11.112	11.790
Insurances	9.403	11.840
Costs of legal and professional advice, audit fees	17.888	10.265
Depreciation/value adjustments of receivables	7.836	11.442
IT costs	2.313	6.199
Travel expenses	6.767	6.740
Office supplies	6.482	6.512
Other tax	5.803	5.770
Administrative expenses	5.533	6.067
Induction and further training	5.819	5.982
Decommissioning and disposal	7.204	5.455
Currency-induced losses	8.044	13.602
Loss from the disposal of assets	4.049	1.271
Other costs	21.606	23.966
	318.043	**338.065**

Other costs comprise mainly general selling and other expenses, such as costs incurred by securing against operating risks.

(D.6.) Income from participating interests recognised at equity and other income from shareholdings

In EUR million	**2009**	2008
Profit/loss from participating interests recognised at equity	**1.747**	**1.377**
Income from affiliated companies	0.602	0.791
Income from the disposal of affiliated companies	2.192	–.––
Other income from holdings and similar income	8.877	10.069
Write-downs of financial assets and other expenses	– 0.023	– 0.661
Other income from shareholdings	**11.648**	**10.199**
	13.395	**11.576**

Dividend is recorded as and when claim to payout arises.

(D.7.) Interest income and expense

In EUR million	2009	2008
Interest and similar income	4.247	8.237
(of which from affiliated companies)	(0.422)	(0.350)
Interest from fair value measurement	0.148	–.––
Interest income	**4.395**	**8.237**
Interest and similar expenses	– 18.909	– 42.380
(of which to affiliated companies)	(– 0.066)	(– 0.228)
Interest from fair value measurement	– 0.352	– 0.548
Interest portion of finance leasing	– 0.063	– 0.011
Interest portion of the transfers to pension provisions and other personnel provisions	– 25.359	– 23.633
Interest expense	**– 44.683**	**– 66.572**
Net interest	**– 40.288**	**– 58.335**

(D.8.) Income tax

Income tax breaks down as follows:

In EUR million	2009	2008
Actual tax	– 14.982	– 27.673
Deferred taxes	– 0.697	0.892
	– 15.679	**– 26.781**

Actual tax income and expenses comprise the corporate and trade tax of the companies in Germany and comparable taxes of the 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, deferred taxes on the assets side of EUR 0.028 million (2008: EUR 0.109 million) were set off against revaluation reserve in equity without effect on income. The taxes on the assets side 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 EUR 3.110 million (2008: EUR 0.393 million). As part of corporate planning, a time horizon of three years has been assumed here. No deferred tax on the assets side was formed for the loss carryforwards of subsidiaries, which came to EUR 6.497 million as one does not assume their usability. Loss carryforwards of individual Group companies can partly be 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 percent, unchanged from the previous year.

Deferred tax assets and liabilities are allocated to the individual balance sheet items as shown in the table below:

In EUR million	Deferred tax assets		Deferred tax liabilities	
	2009	2008	**2009**	2008
Intangible assets and property, plant and equipment	6.115	2.205	70.961	74.585
Financial assets	13.699	13.981	2.576	2.663
Current assets	1.099	1.060	3.129	3.178
Other assets	1.421	0.033	5.403	–.––
Tax loss carryforwards	9.606	6.472	–.––	–.––
Provisions	57.244	58.613	5.757	4.900
Liabilities	12.875	12.455	0.141	0.053
Other	0.154	1.190	1.185	0.666
Deferred value-adjusted tax assets	– 9.547	– 6.079	–.––	–.––
Balance	– 6.140	–.––	– 6.140	–.––
Consolidation	4.244	1.093	20.505	6.411
	90.770	**91.023**	**103.517**	**92.456**

The actual tax expenses are EUR 5.476 million below the amount which would have been incurred if the German tax rate had been applied under the currently prevailing law, plus the solidarity surcharge and the trade tax on the profit of the Group before tax. The mathematical tax rate of 28.18 percent is calculated on the basis of the uniform corporate tax rate of 15.0 percent, plus the solidarity surcharge of 5.5 percent, and an average effective trade tax of 12.35 percent. Deferred taxes 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. Deferred taxes on the liabilities side were not formed for temporary differences of EUR 5.2 million (2008: EUR 5.3 million) of 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 disclosed:

In EUR million	2009	2008
Consolidated result before income tax	**75.071**	**103.524**
Mathematical tax rate given a tax rate of 28.18 percent	21.155	29.173
Difference against tax rates abroad	– 1.192	– 1.148
Tax not relating to the period	0.318	0.038
Permanent difference changes	– 0.206	– 0.827
Tax effect due to non-tax deductible expenses/trade tax effects	– 0.579	2.596
Final consolidation effect	– 0.617	–.––
Tax-exempt income	– 5.732	– 4.502
Changes in the value adjustments of deferred tax assets	3.468	2.657
Tax effect from equity results	– 0.065	– 0.388
Other tax effects	– 0.871	– 0.818
Income tax	**15.679**	**26.781**

(D.9.) Profit share of minority interest

Profit of EUR 14.345 million (2008: EUR 18.396 million) due to other shareholders is mainly attributable to minority shareholders of the Austrian subsidiaries.

(D.10.) Earnings per share

Earnings per share is calculated by taking the proportion of profits of BayWa AG's shareholders divided by the average number of the shares issued in the financial year and bearing dividend. There were no diluting effects.

		2009	2008
Net income adjusted for minority interests	In EUR million	45.047	58.347
Average number of shares issued	Units	33,949,562	33,870,077
Basic earnings per share (EPS)	EUR	1.33	1.72
Diluted earnings per share (EPS)	EUR	1.33	1.72
Proposed dividend per share	EUR	0.40	0.34
Proposed special dividend per share	EUR	–.—	0.06

(E.) Other Notes

(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. The cash and cash equivalents shown in the cash flow statement comprised all liquid funds disclosed in the balance sheet, i.e. cash in hand, checks 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 flows from operating activities, investment activities and financing activities are shown separately in the cash flow statement.

The cash flow from operating activities is calculated indirectly, based on consolidated net income. This cash flow is ascertained by adjusting it for non-payment-related expenses (mainly depreciation and amortisation) and income. The cash flow from investing activities is calculated on a payment-related basis and comprises payment-related changes in consolidated non-current assets. The cash flow from financing activities is also ascertained on a payment-related basis and comprises primarily payment-related changes in the financing of operations and dividend disbursement. Within the scope of indirect calculation of these positions, changes from currency translation and from the group of consolidated companies were eliminated, as they do not impact payments. For this reason, a comparison of these figures with the corresponding figures in the consolidated balance sheet is not possible.

(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, which is 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 a greater uniformity of the internal and external reporting system. In addition to the segments of Agriculture, Building Materials, Energy and Other Activities, therefore, information on the following business units as operational segments will be disclosed: “Agricultural Trade” and “Agricultural Equipment” as sub-segments/business units of the Agriculture segment, and “Building Materials” and “DIY & Garden Centres” as sub-segments/business units of the Building Materials segment, as well as “New Energies” as a sub-segment of the Energy segment. The Other Activities segment remains as it is.

Segment report by business line

Through its Agricultural Trade business unit (sub-segment), the Group serves the whole value chain covering the production of agricultural produce. This includes the delivery of agricultural resources such as fertilisers, crop protection, seed and feedstuff. 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 business unit (sub-segment) also operates workshops providing services.

The Building Materials business unit (sub-segment) sells building materials for construction and civil engineering. The DIY & Garden Centres business unit (sub-segment) comprises retail activities.

The Energy sub-segment mainly covers trading activities in mineral oils, fuel and lubricants and the fuel station business. The New Energies sub-segment combines the activities of the Group in the field of renewable energies. Business is also focused on the project development as well as trading and offering a range of services for the operation of photovoltaic, wind power and biogas facilities.

Along with the revenues disclosed under the sub-segments, inter-segment revenues are also shown. In addition, write-downs and write-ups and the financial result 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 allocated to the sub-segments. This concerns the addition of intangible assets and property, plant and equipment. Moreover, information in the segment report includes the annual average number of employees per sub-segment.

Segment information by business unit (segment) for 2009

In EUR million	Agricultural Trade	Agricultural Equipment	Agriculture	Building Materials (sub-segment)	DIY & Garden Centres	Building Materials	Energy (sub-segment)	New Energies	Energy	Other Activities	Transition	Group
Revenues generated with third parties	2,443.200	826.621	3,269.821	1,326.980	449.090	1,776.070	1,825.018	12.461	1,837.479	376.874	–.––	7,260.244
Inter-segment revenues	–.––	–.––	–.––	–.––	–.––	–.––	5.134	–.––	5.134	30.568	– 35.702	–.––
Total revenues	**2,443.200**	**826.621**	**3,269.821**	**1,326.980**	**449.090**	**1,776.070**	**1,830.152**	**12.461**	**1,842.613**	**407.442**	**– 35.702**	**7,260.244**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**67.685**	**23.833**	**91.518**	**33.438**	**18.152**	**51.590**	**26.941**	**6.302**	**33.243**	**33.375**	**–.––**	**209.726**
Write-downs/write-ups	– 31.650	– 8.612	– 40.262	– 21.024	– 11.910	– 32.934	– 8.648	– 0.217	– 8.865	– 12.306	–.––	– 94.367
Earnings before interest and tax (EBIT)	**36.035**	**15.221**	**51.256**	**12.414**	**6.242**	**18.656**	**18.293**	**6.085**	**24.378**	**21.069**	**–.––**	**115.359**
Financial result	– 14.576	– 9.036	– 23.612	– 7.293	– 4.975	– 12.268	– 1.259	– 0.124	– 1.383	10.370	–.––	– 26.893
of which: interest result	– 16.995	– 9.121	– 26.116	– 7.389	– 5.025	– 12.414	– 1.360	– 0.082	– 1.442	– 0.316	–.––	– 40.288
of which: equity result	–.––	–.––	–.––	–.––	–.––	–.––	–.––	– 0.067	– 0.067	1.814	–.––	1.747
Earnings before tax (EBT)	**19.040**	**6.100**	**25.140**	**5.026**	**1.217**	**6.243**	**16.934**	**6.002**	**22.936**	**20.752**	**–.––**	**75.071**
Income tax												– 15.679
Net income												**59.392**
Assets	880.131	350.613	1,230.744	480.198	315.707	795.905	150.187	218.079	368.266	544.371	–.––	2,939.286
Inventories	413.260	180.743	594.003	105.520	104.685	210.205	23.885	22.206	46.091	54.706	–.––	905.005
Liabilities	555.589	276.718	832.307	306.284	152.656	458.940	234.193	115.993	350.186	340.373	–.––	1,981.806
Investments in intangible assets, property, plant and equipment and investment property (incl. company acquisitions)	42.598	11.807	54.405	14.216	21.913	36.129	9.718	40.677	50.395	66.342	–.––	207.271
Employee annual average	3.728	2.758	6.486	4.217	2.246	6.463	949	23	972	1.391	–	15.312

Segment information by business unit (segment) for 2008

In EUR million	Agricultural Trade	Agricultural Equipment	Agriculture	Building Materials (sub-segment)		DIY & Garden Centres	Building Materials	Energy (sub-segment)	New Energies	Energy	Other Activities	Transition	Group
Revenues generated with third parties	3,203.435	845.487	4,048.922	1,354.763		431.053	1,785.816	2,462.529	–.—	2,462.529	497.298	–.—	8,794.565
Inter-segment revenues	–.—	–.—	–.—	–.—		–.—	–.—	5.047		5.047	34.026	– 39.073	–.—
Total revenues	**3,203.435**	**845.487**	**4,048.922**	**1,354.763**		**431.053**	**1,785.816**	**2,467.576**	**–.—**	**2,467.576**	**531.324**	**– 39.073**	**8,794.565**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**119.493**	**37.024**	**156.517**	**38.275**		**18.265**	**56.540**	**19.946**	**–.—**	**19.946**	**25.050**	**–.—**	**258.053**
Write-downs/write-ups	– 33.837	– 9.790	– 43.627	– 21.057		– 13.942	– 34.999	– 9.087	–.—	– 9.087	– 8.481	–.—	– 96.194
Earnings before interest and tax (EBIT)	**85.656**	**27.234**	**112.890**	**17.218**		**4.323**	**21.541**	**10.859**	**–.—**	**10.859**	**16.569**	**–.—**	**161.859**
Financial result	– 25.734	– 11.403	– 37.137	– 10.017		– 6.714	– 16.731	– 0.805	–.—	– 0.805	7.914	–.—	– 46.759
of which: interest result	– 28.567	– 11.217	– 39.784	– 10.058		– 6.824	– 16.882	0.548	–.—	0.548	– 2.217	–.—	– 58.335
of which: equity result	–.—	–.—	–.—	–.—		–.—	–.—	–.—	–.—	–.—	1.377	–.—	1.377
Earnings before tax (EBT)	**57.089**	**16.016**	**73.105**	**7.160**		**– 2.502**	**4.658**	**11.407**	**–.—**	**11.407**	**14.354**	**–.—**	**103.524**
Income tax													– 26.781
Net income													**76.743**
Assets	1,139.718	337.749	1,477.467	531.620		336.112	867.732	213.454	–.—	213.454	507.152	–.—	3,065.805
Inventories	568.841	166.957	735.798	107.105		106.402	213.507	26.991	–.—	26.991	125.022	–.—	1,101.318
Liabilities	715.659	311.170	1,026.829	369.155		191.633	560.788	168.360	–.—	168.360	394.716	–.—	2,150.693
Investments in intangible assets, property, plant and equipment and investment property (incl. company acquisitions)	54.074	12.223	66.297	24.423		25.481	49.904	11.070	–.—	11.070	16.788	–.—	144.059
Employee annual average	3.950	2.722	6.672	4.307		2.193	6.500	886	–	886	1.440	–	15.498

Segment report by region

Beyond reporting under IFRS 8, which does not require secondary segmental information, information on segment reporting by region continues to be disclosed. Accordingly, external sales are allocated according to where the customer has its principal place of business; the Group's core markets are in Germany and Austria. These countries are therefore shown separately. Other international operations mainly include the activities of the Group in Eastern Europe.

Segment information by region

In EUR million	Revenues		Investments		Assets	
	2009	2008	**2009**	2008	**2009**	2008
Germany	4,872.823	5,780.135	176.080	107.406	2,003.522	2,059.543
Austria	1,916.766	2,391.075	20.229	32.337	831.545	919.879
Other international operations	470.655	623.355	10.962	4.316	104.219	86.383
Group	**7,260.244**	**8,794.565**	**207.271**	**144.059**	**2,939.286**	**3,065.805**

(E.3.) Material events after the reporting date

With effect from 2 January 2010, BayWa AG took over the heating oil and diesel end-customer business of Firma Bielmaier GbR, Viechtach, as part of an asset deal. The purchase price of the assets came to EUR 0.615 million.

The purchase prices agreed are as follows:

In EUR million	**Purchase price**
Intangible assets	0.340
Property, plant and equipment	0.275
Total purchase price	**0.615**

The acquired intangible assets correspond to the acquired customer base. There was no goodwill from the purchase.

Through its Munich-based company Frucom Fruitimport GmbH, BayWa took over the import business of apples and pipfruits from South America by FRUCOM Hamburg GmbH & Co. KG, Hamburg, from the insolvency administrator with effect from 19 January 2010 by way of an asset deal. The purchase price of the assets came to EUR 0.040 million.

The purchase prices agreed are as follows:

In EUR million	Purchase price
Intangible assets	0.010
Property, plant and equipment	0.030
Total purchase price	**0.040**

The acquired intangible assets correspond to the acquired customer base. There was no goodwill from the purchase.

On 21 January 2010, BayWa AG took over 100 percent of the shares in the EUROGREEN from WOLF-Garten i.L. EUROGREEN is a system provider for the maintenance, intensive care, regeneration and reconstruction of lawn and turf and sells an extensive range of special fertilisers and seeds for grass and lawns. In the financial year ended, the EUROGREEN Group generated revenues of more than EUR 17 million. The purchase price of the three companies EUROGREEN GmbH, Betzdorf, EUROGREEN Schweiz AG, Oensingen, Switzerland, and EUROGREEN CZ s r.o., Jiřetín pod Jedlovou, Czech Republic, came to EUR 2.8 million. The purchase price allocation required under IFRS 3 had not yet been completed at the time when the financial statements were drawn up.

Pending approval by the federal antitrust authority, BayWa AG took over Baustoffhandel Brands + Schnitzler GmbH & Co. KG together with its subsidiary Brands + Schnitzler Tiefbau-Fachhandel GmbH & Co. KG, Mönchengladbach, with effect from 1 January 2010. The company, which has a long tradition, maintains four locations with around 50 employees and generates annual revenues of EUR 20 million, will therefore become a fully-owned holding of BayWa AG. Brands + Schnitzler is a full-line building materials supplier which is also a specialist for civil engineering, road and path construction through its two civil construction specialist companies in Mönchengladbach-Wickrath and Neuss. Two more companies, also located in Mönchengladbach, cover garden and landscaping as well as decorative interior finishing. Owing to the fact that approval by the antitrust authorities has yet to be granted, providing information within the meaning of IFRS 3 has been waived. The final purchase price allocation connected with this acquisition has not yet been made.

(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 companies for any financial burdens arising from a court case or arbitration proceedings and/or there is an appropriate insurance cover.

In respect of the contesting of the resolutions of the 2009 Annual General Meeting, reference is made to the explanations given under Note C.22. (Risk Management).

(E.5.) Information pursuant to Section 160 para. 1 item 8 German Stock Corporation Act (AktG)

Pursuant to the German Securities Trading Act (WpHG), any shareholder who reaches, exceeds, or falls below a threshold of 3, 5, 10, 15, 20, 25, 30, 50 or 75 percent of the voting rights of a listed company is required to inform the company and 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 be meanwhile outdated):

Pursuant to Section 41 para. 2 in conjunction with Section 21 para. 1 of the German Securities Trading Act (WpHG), Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, informed us on **4 April 2002** that the proportion of its voting rights in our company came to 37.51 percent on 1 April 2002.

On **12 November 2007**, we were informed by SKAGEN AS, Stavanger (Norway), that the fund SKAGEN Global, which is under management by SKAGEN AS, exceeded the threshold of 3 percent of the voting rights in BayWa AG on 9 November 2007 and that the proportion of voting rights at this time came to 3.18 percent (1,076,340 voting rights).

On **7 August 2008**, we were informed by S.W. Mitchell Capital LLP, London (England), that on 31 July 2008 S.W. Mitchell Capital LLP had fallen below the threshold of 3 percent of the voting rights in BayWa AG and, on this date, held 2.9949 percent of the voting rights (the equivalent of 977,740 voting rights). 2.9949 percent of the voting rights in BayWa AG (calculated from 977,740 voting rights) are apportionable to S.W. Mitchell Capital LLP pursuant to Section 22 para. 1 sentence 1 item 6 of the German Securities Trading Act (WpHG).

SMALLCAP World Fund, Inc., Los Angeles (USA), informed on **5 January 2009** that, pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), the share of SMALLCAP World Fund, Inc. in the voting rights of BayWa AG had fallen below the threshold of 3 percent on 30 December 2008. On this date, SMALLCAP World Fund, Inc. held 2.96 percent of all voting rights in BayWa AG (voting rights accruing from 1,004,190 ordinary shares).

Pursuant to Section 21 para. 1 German Securities Trading Act (WpHG), Capital Research and Management Company, Los Angeles (USA), informed us on **27 January 2009** that the share of Capital Research and Management Company in the voting rights of BayWa AG had fallen below the threshold of 3 percent on 23 January 2009. On this date, Capital Research and Management Company held 2.98 percent of all voting rights in BayWa AG (voting rights accruing from 1,013,176 ordinary shares). 2.98 percent (voting rights accruing from 1,013,176 ordinary shares) of all voting rights in BayWa AG were assigned to Capital Research and Management Company pursuant to Section 22 para. 1 sentence 1 item 6 of the German Securities Trading Act (WpHG).

Pursuant to Section 21 para. 1 of the German Securities Trading Act (WpHG), RWA Verbundservice GmbH, Mödling (Austria), informed us on **30 January 2009** that the share of voting rights of RWA Verbundservice GmbH in BayWa AG had exceeded the respective thresholds of 3, 5 and 10 percent of the voting rights on 30 January 2009 and that RWA Verbundservice GmbH held 10.31 percent of the voting rights on this date, which corresponds to 3,500,625 votes. On 9 February 2009, RWA Verbundservice GmbH informed us that RWA Management, Service und Beteiligungen GmbH, Vienna (Austria), is the sole shareholder of RWA Verbundservice GmbH.

Pursuant to Sections 21 para. 1, 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), 'KORMUS' Holding GmbH, Vienna (Austria), informed us on **5 February 2009** (thereby correcting the notification of 8 October 2008 which has meanwhile been withdrawn) that its share of the voting rights in BayWa AG had exceeded the threshold of 3, 5 and 10 percent on 23 September 2008 and that the whole share in the voting rights came to 14.08 percent (4,770,940 voting rights) on 23 September 2008. A proportion of the voting rights of 14.08 percent (the equivalent of 4,770,940 voting rights) was apportionable to 'KORMUS' Holding GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG). Pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), these voting rights were apportionable to it via LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG.

Pursuant to Sections 21 para. 1, 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), 'LAREDO' Beteiligungs GmbH, Vienna (Austria), informed us on **5 February 2009** (thereby correcting the notification of 8 October 2008 which has meanwhile been withdrawn) that its share of the voting rights in BayWa AG had exceeded the thresholds of 3, 5 and 10 percent on 30 September 2008 and that the whole share in the voting rights came to 14.82 percent (5,021,989 voting rights) on 30 September 2008. Of these voting rights, 14.82 percent (5,021,989 voting rights) were apportioned to 'LAREDO' Beteiligungs GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG). They were apportionable to it via 'KORMUS' Holding GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG).

Pursuant to Sections 21 para. 1, 22 para. 1 sentence 1 item 1 German Securities Trading Act (WpHG), Raiffeisen-Holding Niederösterreich Wien reg. Gen.m.b.H, Vienna (Austria), informed us on **5 February 2009** (thereby correcting the notification of 8 October 2008 which has meanwhile been withdrawn) that the apportioned share of the voting rights in BayWa AG had exceeded the thresholds of 3, 5 and 10 percent on 23 September 2008 and that the whole share in the voting rights came to 14.08 percent (4,770,940 voting rights) on 23 September 2008. Of these voting rights, 14.08 percent (4,770,940 voting rights) were apportionable to Raiffeisen-Holding Niederösterreich Wien reg. Gen.m.b.H pursuant to Section 22 para. 1 sentence 1 item 1 German Securities Trading Act (WpHG).

Pursuant to Sections 21 para. 1, 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), Raiffeisen-Holding Niederösterreich Wien reg. Gen.m.b.H, Vienna (Austria), informed us on **16 July 2009** that the apportioned share of the voting rights in BayWa Aktiengesellschaft, 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 percent (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 percent (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 Niederösterreich Wien reg. Gen.m.b.H pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG). These voting rights were apportionable to Raiffeisen-Holding 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 (WpHG).

Pursuant to Sections 21 para. 1, 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), 'LAREDO' Beteiligungs GmbH, Vienna (Austria), informed us on **16 July 2009** that the apportioned share of the voting rights in BayWa Aktiengesellschaft, 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 percent (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 percent (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 apportioned to 'LAREDO' Beteiligungs GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG). 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 (WpHG).

Pursuant to Sections 21 para. 1, 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG, Vienna (Austria), informed us on **16 July 2009** that the apportioned share of the voting rights in BayWa Aktiengesellschaft, 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 percent (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 percent were apportionable to LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG (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) pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG). 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 (WpHG).

Pursuant to Sections 21 para. 1, 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), 'KORMUS' Holding GmbH, Vienna (Austria), informed us on **16 July 2009** that the apportioned share of the voting rights in BayWa Aktiengesellschaft, 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 percent (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 percent (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 'KORMUS' Holding GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG). These voting rights were apportionable to 'KORMUS' Holding GmbH via LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG).

Pursuant to Sections 21 para. 1, 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), Raiffeisen Agrar Holding GmbH, Vienna (Austria), informed us on **16 July 2009** that the apportioned share of the voting rights in BayWa Aktiengesellschaft, 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 percent (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 percent (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 (WpHG). These voting rights were apportionable to Raiffeisen Agrar Holding GmbH via Raiffeisen Agrar Invest GmbH (direct holder of the voting rights) pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG).

Pursuant to Sections 21 para. 1, 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), RWA Raiffeisen Ware Austria Handel- und Vermögensverwaltung reg. Gen.m.b.H., Vienna (Austria), informed us on **16 July 2009** that the apportioned share of the voting rights in BayWa Aktiengesellschaft, Arabellastraße 4, 81925 Munich, Germany, had fallen below the thresholds of 10, 5 and 3 percent on 15 July 2009 and that the whole share in the voting rights amounts to 0 percent (the equivalent of 0 voting rights). To date a share in the voting rights of 10.33 percent (the equivalent of 3,510,684 voting rights) was apportionable to RWA Raiffeisen Ware Austria Handel- und Vermögensverwaltung reg. Gen.m.b.H. pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG) via the following companies which are controlled by RWA Raiffeisen Ware Austria Handel- und Vermögensverwaltung reg. Gen.m.b.H.:
- RWA Management, Service und Beteiligungen GmbH; and
- RWA Verbundservice GmbH.

RWA Management, Service und Beteiligungen GmbH is a wholly-owned subsidiary of RWA Raiffeisen Ware Austria Handel- und Vermögensverwaltung reg. Gen.m.b.H. RWA Verbundservice GmbH was a wholly-owned subsidiary of RWA Management, Service und Beteiligungen GmbH and was combined with Raiffeisen Agrar Invest GmbH with effect from 15 July 2009.

Pursuant to Sections 21 para. 1, 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), RWA Management, Service und Beteiligungen GmbH, Vienna (Austria), informed us on **16 July 2009** that the apportioned share of the voting rights in BayWa Aktiengesellschaft, Arabellastraße 4, 81925 Munich, Germany, had fallen below the thresholds of 10, 5 and 3 percent on 15 July 2009 and that the whole share in the voting rights amounts to 0 percent (the equivalent of 0 voting rights). To date a share in the voting rights of 10.33 percent (the equivalent of 3,510,684 voting rights) was apportionable to RWA Management, Service und Beteiligungen GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG) via the following company which is controlled by RWA Management, Service und Beteiligungen GmbH:
- RWA Verbundservice GmbH.

RWA Verbundservice GmbH was a wholly-owned subsidiary of RWA Management, Service und Beteiligungen GmbH and was combined with Raiffeisen Agrar Invest GmbH with effect from 15 July 2009.

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, 22 para. 1 sentence 1 item 1 of the German Securities Trading Act (WpHG), 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 percent on 8 September 2009 and that the whole share in the voting rights amounts to 0 percent (the equivalent of 0 voting rights).
To date a share in the voting rights of 25.12 percent (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 (WpHG) 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 percent of the shares and the voting rights) were directly transferred to 'LAREDO' Beteiligungs GmbH, the parent company, with effect from 8 September 2009."

(E.6.) Related Parties 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 in the management and/or supervisory executive bodies, but also by participation, for instance, in the policy-making process through material intra-group 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 a share ownership, significant influence is presumed in accordance with the definition under IAS 28 "Accounting for Investments in Associates" if a shareholder owns 20 percent or more of the voting rights, either directly or indirectly, unless this supposition is clearly refuted. Significant influence can be deemed irrefutable if the policy of a company can be influenced, for instance, by the corresponding appointing of members to the supervisory executive bodies.

In relation to the shareholder group of BayWa AG, irrefutable supposition of a significant influence is given due to the position of Beilngries-based Bayerische Raiffeisen-Beteiligungs-AG. Evidence can, however, be provided that Bayerische Raiffeisen-Beteiligungs-AG is a pure financial holding, the organisation and structure of which is not in any way designed to exert an influence on BayWa AG. In addition, the Group has not carried out any business transactions in the current year with Bayerische Raiffeisen-Beteiligungs-AG within the meaning of IAS 24 which needs to be reported here.

Transactions with related parties are shown in the table below:

2009 In EUR million	Supervisory Board	Board of Management	Bayerische Raiffeisen-Beteiligungs-AG	Non-consolidated companies > 50 %	Non-consolidated companies > 20 % < 50 %
Receivables	0	0	0	15	4
Liabilities	0	0	0	6	4
Interest income	0	0	0	0	0
Interest expenses	0	0	0	0	0
Revenues	0	0	0	10	71

2008 In EUR million	Supervisory Board	Board of Management	Bayerische Raiffeisen-Beteiligungs-AG	Non-consolidated companies > 50 %	Non-consolidated companies > 20 % < 50 %
Receivables	0	0	0	15	10
Liabilities	0	0	0	8	2
Interest income	0	0	0	1	0
Interest expenses	0	0	0	0	0
Revenues	0	0	0	54	40

The transactions conducted with related parties relate to the sale of goods and financing. All transactions with the aforementioned companies and persons are conducted under conditions that would apply to third parties (arm's length).

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. All transactions with the aforementioned companies and persons are conducted under conditions that would apply to third parties (arm's length).

(E.7.) Fees of the Group auditor

The following fees paid to the Group auditor Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft were recognised as expenses at BayWa AG and its subsidiaries:

In EUR million	**2009**	2008
For audits carried out	0.545	0.527
For other consultancy services	0.026	0.026
For tax consultancy services	0.037	0.035
For other services	0.238	0.048

(E.8.) Executive Bodies of BayWa AG

For the Executive Bodies of BayWa AG see pages 4 to 9.

(E.9.) Total remuneration of the Board of Management and the Supervisory Committees

The remuneration of the Advisory Council amounts to EUR 0.1 million (2008: EUR 0.1 million). The total remuneration paid to the Supervisory Board comes to EUR 0.3 million (2008: EUR 0.3 million), of which EUR 0.1 million (2008: EUR 0.1 million) is variable. The remuneration paid to the Board of Management comes to EUR 5.4 million (2007: EUR 5,5 million) and breaks down as follows:

In EUR million	**2009**	2008
Total remuneration of the Board of Management	5.352	5.549
Of which:		
Ongoing remuneration	3.711	4.538
Non-cash benefits	0.112	0.096
Transfers to pension provisions	0.364	0.915
Benefits upon termination of the employment relationship	1.165	–.––
The ongoing remuneration of the Board of Management is split up into		
fixed salary components	2.483	2.560
variable salary components	1.228	1.978

EUR 3.3 million (2008: EUR 3.3 million) have been set aside for former members of the Board of Management of the BayWa Group and their dependents. Pension provisions for former members of the Board of Management and their dependents are disclosed in an amount of EUR 32.1 million (2008: EUR 35.9 million).

Pursuant to Section 286 para. 5 German Commercial Code (HGB), the Annual General Meeting of Shareholders passed a resolution in its meeting on 11 May 2006, 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 9 of the German Commercial Code (HGB) and pursuant to Section 314 para. 1 item 6 letter a sentences 5 to 9 of the German Commercial Code (HGB) in the notes to the financial statements at company and at group level shall be waived in respect of an itemised disclosure of the remuneration of the Board of Management for the financial year 2006 and for the next four years.

(E.10.) Ratification of the consolidated financial statements and disclosure

The consolidated financial statements of BayWa AG as at 31 December 2009 were submitted to the Supervisory Board for ratification on 30 March 2010. Upon adoption, namely in all probability on 31 March 2010, the consolidated financial statements will be made available to the shareholders and the public. They can be downloaded from the company's website at www.baywa.com. The consolidated financial statements are published in the electronic German Federal Gazette and in the Register of Companies.

In accordance with Section 264 III German Commercial Code (HGB), 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. German Commercial Code – HGB):

- 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 company which heads up the BayWa Group, BayWa AG discloses profit available for distribution of EUR 26,379,533.31 in its financial statements as at 31 December 2009 which were drawn up in accordance with German accounting standards (German Commercial Code) and adopted by the Supervisory Board on 30 March 2010. The Board of Management and the Supervisory Board will propose the following use of this amount to the Annual General Meeting of Shareholders on 18 June 2010:

Dividend of EUR 0.40 per share	EUR	13,587,624.80
Transfer to other revenue reserves	EUR	12,791,908.51
	EUR	**26,379,533.31**

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 (AktG), 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 (AktG) on 11 November 2009, and have made it readily accessible to the shareholders on the company's web site under www.baywa.com.

Munich, 1 March 2010
BayWa Aktiengesellschaft
The Board of Management

Klaus Josef Lutz

Klaus Buchleitner

Frank Hurtmanns

Dr. Josef Krapf

Roland Schuler

Group Holdings of BayWa AG

as per 31 December 2009

Name and principal place of business	Share in capital in percent
Subsidiaries included in the group of consolidated companies	
"UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria	51.1
AFS Franchise-Systeme GmbH, Vienna, Austria	100.0
Agroterra Warenhandel und Beteiligungen GmbH, Vienna, Austria	100.0
Aufwind Neue Energien GmbH, Regensburg	50.0
Aufwind Schmack Betriebs GmbH & Neunzehnte Biogas KG, Regensburg	100.0
Aufwind Schmack Elsö Biogáz Szolgáltató Kft., Békéscsaba, Hungary	100.0
Bauzentrum Westmünsterland GmbH & Co. KG, Ahaus	100.0
Bayerische Futtersaatbau GmbH, Ismaning	64.9
BayWa Finanzbeteiligungs-GmbH, Munich	100.0
BayWa r.e GmbH (formerly BayWa BHG Handelsgesellschaft mbH respectively BayWa Green Energy GmbH), Munich	100.0
BayWa Handels-Systeme-Service GmbH, Munich	100.0
BayWa Vorarlberg HandelsGmbH, Lauterach, Austria	51.0
BOR. s.r.o., Chocen, Czech Republic	92.8
Claas Südostbayern GmbH (formerly Agrartechnik Vertrieb GmbH), Munich	70.0
DRWZ-Beteiligungsgesellschaft mbH, Munich	64.3
F. Url & Co. Gesellschaft m.b.H., Unterpremstätten, Austria	100.0
Frisch & Frost Nahrungsmittel-Gesellschaft m.b.H., Hollabrunn, Austria	100.0
Garant-Tiernahrung Gesellschaft m.b.H., Pöchlarn, Austria	100.0
Gehrlicher Solar Management GmbH & Co. Solarpark 2006 KG, Munich	100.0
GENOL Gesellschaft m.b.H. & Co., Vienna, Austria	71.0
Hydroel S.r.l., Bressanone, Italy	90.0
IFS S.r.l., Bolzano, Italy	51.0
IPV Immobilien Projektentwicklungs- und Verwertungs- GmbH & Co. KG, Munich	100.0
KROIS Baustoffe + Holz Handelsgesellschaft mbH, Bochum	100.0
La Benâte Energies SARL, Strasbourg, France	100.0
Lukta Polska Sp. z o.o., Warszawa, Poland	100.0
MHH France S.A.S., Toulouse, France	90.0
MHH Solartechnik GmbH, Tübingen	100.0
Mobau-Marba GmbH, Herten	100.0
Raiffeisen Agro d.o.o., Belgrade, Serbia	100.0
Raiffeisen-Agro Magyaroszág Kft., Székesfehérvár, Hungary	100.0
Raiffeisen-Kraftfutterwerke Süd GmbH, Würzburg	85.0
Raiffeisen-Lagerhaus GmbH, Bruck an der Leitha, Austria	89.9
Raiffeisen-Lagerhaus Investitionsholding GmbH, Vienna, Austria	100.0
RENERCO Energies SAS, Strasbourg, France	100.0
RENERCO Renewable Energy Concepts AG, Munich	87.8
RI-Solution GmbH Gesellschaft für Retail-Informationssysteme, Services und Lösungen mbH, Munich	100.0
RWA International Holding GmbH, Vienna, Austria	100.0
RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria	50.0*
RWA Slovakia spol. s r.o., Bratislava, Slovakia	100.0
Sempol spol. s r.o., Trnava, Slovakia	100.0
TechnikCenter Grimma GmbH, Mutzschen	70.0

* Voting right majority

Name and principal place of business	Share in capital in percent
TESSOL Kraftstoffe, Mineralöle und Tankanlagen GmbH, Stuttgart	100.0
Umspannwerk Gürtelkopf GmbH & Co. KG, Munich	100.0
Umspannwerk Klein Bünsdorf GmbH & Co. KG, Munich	100.0
Unterstützungseinrichtung der BayWa AG in Munich GmbH, Munich	100.0
Voss GmbH & Co. KG, Coesfeld	100.0
Wind am Speckberg GmbH, Munich	100.0
Windpark Everswinkel GmbH & Co. KG, Grünwald	100.0
Windpark Wegeleben GmbH & Co. KG, Munich	100.0
WP EWL Infrastruktur GmbH & Co. KG, Munich	100.0
Ybbstaler Fruit Austria GmbH (formerly Ybbstaler Fruchtsaft Gsellschaft m.b.H.), Kröllendorf, Austria	100.0
Ybbstaler Fruit Polska Sp. z o.o. (formerly Ybbstaler Fruchtsaft Polska sp. Z o.o.), Chelm, Poland	99.9
ZES Zentrale Einkaufs-Service GmbH, Munich	100.0
Subsidiaries not included in the group of consolidated companies	
Agrarproduktenhandel GmbH, Klagenfurt, Austria	100.0
AGROKER Kereskedelmik és Logisztikal Kft., Kecskemét, Hungary	96.6
AgroMed Austria GmbH, Kremsmünster, Austria	80.0
Agro-Property kft, Kecskemét, Hungary	100.0
Agrosaat d.o.o., Ljubljana, Slovenia	100.0
Bautechnik Gesellschaft m.b.H., Linz, Austria	100.0
BayWa Assekuranz-Vermittlung GmbH, Munich	100.0
BayWa Bulgaria EOOD i.L., Sofia, Bulgaria	100.0
BayWa Hungária Kft., Székesfehérvár, Hungary	100.0
BayWa InterOil Mineralölhandelsgesellschaft mbH, Munich	100.0
BayWa-Lager und Umschlags GmbH, Munich	100.0
Capella Energies SAS, Strasbourg, France	93.0
Danufert Handelsgesellschaft mbH, Vienna, Austria	60.0
Danugrain GmbH, Krems an der Donau, Austria	60.0
Donau-Tanklagergesellschaft mbH, Deggendorf	100.0
DTL Donau-Tanklagergesellschaft mbH & Co. KG, Deggendorf	100.0
Eoliennes de la Benate SARL, Strasbourg, France	100.0
Frucom Fruitimport GmbH, Munich	100.0
GENOL Gesellschaft m.b.H., Vienna, Austria	71.0
Graninger & Mayr Gesellschaft m.b.H., Vienna, Austria	100.0
GVB Grundstücksverwaltungs- und Beteiligungs GmbH & Co. KG, Munich	100.0
GVB Verwaltungsgesellschaft mbH, Munich	100.0
HERA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna, Austria	51.0
Hungaro-Ybbstal Kft., Vesprém, Hungary	100.0
Immobilia plus s.r.o., Chocen, Czech Republic	100.0
Immobilienvermietung Gesellschaft m.b.H., Traun, Austria	100.0
Jannis Beteiligungsgesellschaft mbH (formerly BKN TechnikCenter GmbH), Munich	100.0
Karl Theis GmbH, Munich	100.0
Lagerhaus Koordinierungs GmbH, Wels, Austria	100.0
Lesia a.s., Strážnice, Czech Republic	100.0
Livas 1 EPE, Kalamata, Greece	94.0

Name and principal place of business	Share in capital in percent
Magyar "Agrár-Ház" Kft., Székesfehérvár, Hungary	100.0
Neuilly St. Front Energies SAS, Bègles, France	70.0
Polaris Energies SAS, Strasbourg, France	93.0
Pyxis Energies SAS, Strasbourg, France	93.0
Raiffeisen Trgovina d.o.o., Lenart, Slovenia	100.0
RENERCO Beteiligungs GmbH, Munich	100.0
RENERCO Sud-Est S.R.L, Bucharest, Romania	100.0
RI-Solution Data GmbH, Vienna, Austria	100.0
RI-Solution Service GmbH, Auerbach	100.0
RUG Raiffeisen Umweltgesellschaft m.b.H., Korneuburg, Austria	75.0
RWA RAIFFEISEN AGRO d.o.o., Zagreb, Croatia	100.0
S.C. Ybbstal-Frucht Romania s.r.l., Oradea, Romania	100.0
Saatzucht Gleisdorf Gesellschaft m.b.H., Gleisdorf, Austria	66.7
Solarpark Lepus GmbH & Co. KG, Grünwald	100.0
Solarpark Lynx GmbH & Co. KG, Grünwald	100.0
Solarpark Scorpius GmbH & Co. KG, Grünwald	100.0
Spica Energies SAS, Strasbourg, France	93.0
Süd-Treber Gesellschaft mit beschränkter Haftung, Stuttgart	100.0
Talita Energies SAS, Strasbourg, France	93.0
Tierceline Energies SAS, Strasbourg, France	100.0
Ventus Vorpommern GmbH & Co. Windpark 1 KG, Munich	100.0
Voyennes Energies SAS, Bègles, France	70.0
WHG Liegenschaftsverwaltung GmbH, Klagenfurt, Austria	100.0
Wind Park Kotla Sp. Z.o.o., Warsaw, Poland	100.0
Windpark Namborn GmbH & Co. KG, Munich	100.0
Windpark Selmsdorf II GmbH & Co. KG, Munich	100.0
Ybbstaler Getränke Grundstoffe Vertriebsgesellschaft m.b.H, Munich	100.0
Yo-Pol Sp. z o.o., Warsaw, Poland	60.0
Associated companies included under the equity method	
AHG Autohandelsgesellschaft mbH, Horb a. N.	98.0
CRE Project S.r.l., Matera, Italy	49.0
Deutsche Raiffeisen-Warenzentrale GmbH, Frankfurt am Main	37.8
Parque Eólico La Carracha S.L., Zaragoza, Spain	33.1
Parque Eólico Plana de Jarreta S.L., Zaragoza, Spain	32.2
Raiffeisen Beteiligungs GmbH, Frankfurt am Main	47.4
Süddeutsche Geothemie-Projekte GmbH & Co. KG, Haar near Munich	30.0
Associated companies of secondary importance included at equity	
AHG Automobilcenter GmbH, Horb a. N.	100.0
AHG Servicegesellschaft mbH, Horb a. N.	100.0
BAG-Autohandelsgesellschaft mbH (formerly BAG BayWa Autohaus GmbH), Bopfingen	100.0
Ba-Rie Grundstücksgesellschaft mbH, Landsberg	50.0
Bautrak GmbH i.L., Münster	25.0
Berna Veterinärprodukte AG, Bern, Switzerland	50.0

Name and principal place of business		Share in capital in percent
BHG Bau-Heimwerker-Garten-Center Landsberg GmbH, Landsberg/Lech		50.0
BLE Bau- und Land-Entwicklungsgesellschaft Bayern GmbH, Munich		25.0
BRVG Bayerischer Raiffeisen- und Volksbanken Verlag GmbH, Munich		25.0
BVG Beton Vertrieb GmbH & Co. KG, Dortmund		42.6
BVT Technische Anlagen GmbH & Co. Blockheizkraftwerke KG, Munich		34.7
Chemag Agrarchemikalien GmbH, Frankfurt am Main		30.0
DIYCO Einkaufsgesellschaft mbH, Munich		50.0
EAV Energietechnische Anlagen Verwaltungs-GmbH, Stassfurt		49.0
EEV Beteiligungs GmbH, Grünwald		49.0
Friedrich Ernst GmbH, Senden-Bösensell		50.0
HKW Cottbus Verwaltungs GmbH, Munich		33.3
HKW-Pool Verwaltungs-GmbH, Munich		33.3
H-Ppack cvba, Sint-Truiden, Belgium		50.0
InterSaatzucht GmbH & Co. KG, Munich		40.0
Intersaatzucht Verwaltungs GmbH, Munich		40.0
Kärntner Saatbaugenossenschaft reg. Gen.m.b.H., Klagenfurt, Austria		33.3
Kartoffel-Centrum Bayern GmbH, Rain am Lech		50.0
KIRKA Grundstücksgesellschaft mbH & Co. KG, Grünwald		100.0*
Lagerhaus Technik-Center GmbH & Co. KG, Korneuburg, Austria		29.9
Lagerhaus Technik-Center GmbH, Korneuburg, Austria		32.1
Land 24 Gesellschaft mit beschränkter Haftung, Frankfurt am Main		24.9
LLT Lannacher Lager- und Transport Ges. m.b.H., Korneuburg, Austria		50.0
Obst vom Bodensee Vertriebsgesellschaft mbH, Oberteuringen		50.0
Raiffeisen- und Volksbanken Touristik GmbH, Munich		25.5
raiffeisen.com GmbH & Co. KG, Frankfurt am Main		30.0
Raiffeisen-BayWa-Waren GmbH Lobsing-Siegenburg-Abensberg-Rohr, Lobsing		22.8
Raiffeisen-Landhandel GmbH, Emskirchen		23.4
SachsenFonds Wind GmbH, Haar near Munich		49.0
Süddeutsche Geothermie-Projekte Verwaltungs GmbH, Haar near Munich		30.0
Wiech Autohandelsgesellschaft mbH, Rottenburg		100.0
Companies included on the basis of shares held		
ANIMEDICA Group GmbH, Senden		50.0
aniMedica GmbH, Senden		50.0
aniMedica Herstellungs GmbH, Senden		50.0
aniMedica Polska Sp. z o.o., Weijherowo, Poland		50.0
Dr. E. Gräub AG, Bern, Switzerland		50.0
Friedrich Ernst GmbH, Senden-Bösensell		50.0
Participations held in large corporations		
Bayerische Raiffeisen-Beteiligungs-AG, Beilngries		5.2
Equity in EUR thousand	481,160	
Annual net income/loss in EUR thousand	15,820	
Südstärke GmbH, Schrobenhausen		6.5
Equity in EUR thousand	109,362	
Annual net income/loss in EUR thousand	1,707	
VK Mühlen AG, Hamburg		10.0
Equity in EUR thousand	104,691	
Annual net income/loss in EUR thousand	12,006	
Deutsche AVIA Mineralöl-Gesellschaft mbH, Munich		10.6
Equity in EUR thousand	7,426	
Annual net income/loss in EUR thousand	441	

* Voting right share 19 percent

Independent Auditor's Report

We have audited the consolidated financial statements prepared by BayWa Aktiengesellschaft, Munich, – comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements – and the Group management report for the business year from January 1, 2009 to December 31, 2009. The preparation of the consolidated financial statements and the Group management report in accordance with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a para. 1 HGB ("German Commercial Code") 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 § 317 HGB 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 BayWa Aktiengesellschaft, Munich, comply with IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB 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, 12 March 2010

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Dr. Reitmayr)	(Götz)
Wirtschaftsprüfer [German Public Auditor]	Wirtschaftsprüfer [German Public Auditor]

Report of the Supervisory Board

Despite the financial and economic crisis that dominated the past year, BayWa AG can look back on good performance in the 2009 reporting year. Given the deep crisis on the financial and goods markets, the company's diversified business model proved its great worth. Stable total results were achieved despite a significantly weakened agricultural business, not least due to portfolio adjustments in the framework of the strategic repositioning.

The Supervisory Board of BayWa AG fulfilled the tasks 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 the Supervisory Board is to raise the enterprise value on a sustainable and ongoing 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 by way of a written voting procedure. Between the meetings, the Board of Management submitted written information on events of substantial 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 by the Board of Management on an ongoing basis about important business developments and imminent decisions and remained in close contact with the Chairman of the Board of Management. He was informed on the current business situation and on the forecast for the year as a whole by way of detailed reports submitted on a monthly basis.

The cooperation within the Supervisory Board and with the Board of Management was constructive and founded on trust in the 2009 reporting year as well.

Key points of consultation of the Supervisory Board meetings
In the four regular meetings of the Supervisory Board in the financial year 2009, the following issues were particularly discussed: the business and financial development of the company, the performance of the individual business units, the financial and investment planning, personnel-related decisions, the risk situation and questions of compliance, as well as the strategic development of the company. The Supervisory Board also addressed, on an ongoing basis, the issues of accounting and the audit of the annual financial statements of the company, as well as risk management and BayWa AG's risk status. The Board of Management regularly and comprehensively reported on these issue areas and the Group's current situation. The Supervisory Board was also regularly kept informed of the development and effects of the financial and economic crisis on the company in this reporting year as well.

In its meeting on 25 March 2009, the Supervisory Board mainly dealt with the annual financial statements of and management report on BayWa AG and the Group as of 31 December 2008 as well as the report on the audit performed. The meeting also discussed the agenda of the Annual General Meeting of Shareholders on 4 June 2009 and a new allocation of duties plan for the Board of Management. The Supervisory Board also accepted the resignation of the Board of Management member Dr. Stefan Bötzel.

In the meeting held on 14 May 2009, the 2009 first quarter statements and the strategy for BayWa Green Energy GmbH were discussed. In its meeting on 5 August 2009, the Supervisory Board dealt with the 2009 semi-annual report. A further key point at the meeting was the pending legal challenge and nullity action against the resolutions of the Annual General Meeting of Shareholders on 4 June 2009. Furthermore, the Supervisory Board received an overview of the current strategic projects and investment proposals. It also dealt with the BayWa Group's divestiture of its automobile trading activities in this respect.

An increase of the share capital and the corresponding amendment to the Articles of Association, due to the issuance of employee shares from the capital authorised in 2005, were adopted on 6/7 October 2009 via a written voting procedure.

In a special meeting on 26 October 2009, the Supervisory Board dealt with two acquisitions by BayWa Green Energy GmbH (Munich): the acquisition of shares in MHH Solartechnik GmbH (Tübingen) as well as in RENERCO Renewable Energy Concepts AG (Munich). In this context, the strategy of BayWa Green Energy GmbH was discussed again.

In its meeting on 11 November 2009, the third quarter report and the results of the Supervisory Board's efficiency review were presented and implemented accordingly. The meeting also focused on the amendment of the Supervisory Board's rules of procedure based on statutory changes (German Act on the Modernisation of Accounting Law (Bilanzrechtsmodernisierungsgesetz – BilMoG), German Act on the Appropriateness of Executive Remuneration (Gesetz zur Angemessenheit der Vorstandsvergütung – VorstAG), potential claims for damages against current and former Board of Management members as well as the sale of the shares in DZ Bank.

In its meeting on 30 March 2010, the Supervisory Board discussed inter alia the adjustment of the Board of Management members' remuneration to comply with the German Act on the Appropriateness of Executive Remuneration. The whole structure of the remuneration was changed and a long-term component with a multi-year basis for calculation was added to the variable remuneration. No member of the Supervisory Board was absent for more than half of the Supervisory Board meetings in 2009. There were no indications of any conflicts of interest among members of the Board of Management or the Supervisory Board in the past financial year.

Committees of the Supervisory Board

With the aim of enhancing the efficiency of its work, the Supervisory Board has set up a total of five committees which are tasked with preparing the resolutions of the Supervisory Board and the topics for discussion by the plenary board. In as much as permissible under the law, the 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 informed on an ongoing basis 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 and Dr. h.c. Stephan Götzl belong to the **Audit Committee**. The Chairman of the committee is Albrecht Merz. The Audit Committee held two meetings in the reporting year. In the presence of the independent auditor, the Chairman of the Board of Management and the Executive Manager of Finance, the Committee discussed the financial statements of BayWa AG and the Group, the management report and Group management report, the audit reports, as well as the proposal for the appropriation of profit, in its meeting on 24 March 2009. Members of the Committee had been provided with the respective reports and the other audit reports and documentation pertaining to the accounts in good time.

Other core tasks of its work included the assessment of the risk situation and the existing risk management system. Both the risk early-warning system and the IT system were especially reviewed. Topics of the meeting on 9 November 2009 were obtaining the statement declaring the independence of the auditor pursuant to Article 7.2.1 of the German Corporate Governance Code, allocating audit assignments, establishing the key areas of the 2009 annual audit and the audit fees.

The Audit Committee also dealt with the nomination of the auditors for the 2010 financial year and recommended that the full Supervisory Board propose to the Annual General Meeting of Shareholders on 18 June 2010 to nominate Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Munich, for election.

Supervisory Board Chairman Manfred Nüssel, as well as Supervisory Board members Albrecht Merz and Gregor Scheller belong to the **Board of Management Committee**. The Committee held three meetings in the reporting year. Activities were focused on personnel issues relating to the members of the Board of Management as well as the approval of external mandates exercised by members of the Board of Management, on a case-by-case basis. The Board of Management Committee is also responsible for the nomination of shareholder representatives to the Supervisory Board, for the latter's election proposals to the Annual General Meeting of Shareholders. No decisions were made in this regard in the 2009 financial year.

Supervisory Board Chairman Manfred Nüssel, Ernst Kauer, Dr. E. Hartmut Gindele, Dr. h.c. Stephan Götzl, Dr. Christian Konrad, Klaus Auhuber and Gunnar Metz belong to the **Standing/Strategy Committee**. The Committee held three meetings in the reporting year and was mainly concerned with the detailed preparation of Supervisory Board meetings and issues relating to Corporate Governance. It also dealt with the company's strategic orientation and current company projects and investment proposals. In particular, in the special meeting of the Standing/Strategy Committee on 14 October 2009, the strategy of BayWa Green Energy GmbH and two acquisition proposals by BayWa Green Energy GmbH were presented. Furthermore, in the meeting on 9 November 2009, an efficiency review of the Supervisory Board was performed.

Supervisory Board Chairman Manfred Nüssel and Supervisory Board members Ernst Kauer, Otto Kentzler, Dr. Johann Lang, Gregor Scheller, Georg Fischer and Werner Waschbichler belong to the **Credit and Investment Committee**. The Committee held two meetings in the reporting year. The Committee monitored the investment activities and reviewed lending activities and receivables in line with the authorisations it has been granted. Furthermore, the Committee dealt with the settlement of the 2008 investment budget as well as the investment budget for 2010.

The **Mediation Committee**, set up pursuant to Section 27 para. 3 of the German Co-Determination Act (Mitbestimmungsgesetz – MitbestG), the members of which are Supervisory Board Chairman Manfred Nüssel and members Ernst Kauer, Otto Kentzler and Bernhard Winter, did not have to convene in the 2009 financial year.

Corporate Governance

The Supervisory Board is regularly concerned with matters relating to Corporate Governance, the structures and processes of which make a large contribution to the transparent and responsible management of the company. More information on Corporate Governance at BayWa AG, as well as a detailed report on the amount and structure of the remuneration of the Supervisory Board and the Board of Management, can be found in the Declaration on Company Management.

In its meeting on 11 November 2009, the Supervisory Board resolved that the recommendations of the German Corporate Governance Code, in its version dated 18 June 2009, have been complied with by the company, with only very few exceptions. The Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz – AktG) can be found in the Declaration on Company Management under Section 289a of the German Commercial Code (Handelsgesetzbuch – HGB). It has also been posted on the company's website at www.baywa.de for ready accessibility.

Separate financial statements and consolidated financial statements

The separate financial statements of BayWa AG and the consolidated financial statements of the Group for the financial year 2009, as well as the management report on BayWa AG and on the Group have been audited by the Munich-based Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, and were both approved without qualification. The results of these audits were ratified by the Supervisory Board in its meeting on 30 March 2010.

The Supervisory Board carefully examined the financial statements of BayWa AG and the consolidated financial statements, as well as the management report on BayWa AG and on the Group, and discussed them in detail at its meeting on 30 March 2010 in the presence of the independent auditor and the Board of Management. The key points of the 2009 audit as set out by the Audit Committee were also extensively discussed. All audit reports and documentation pertaining to the financial statements had been made available to all Supervisory Board members in good time. The documents were dealt with in depth by the Audit Committee at its meeting on 29 March 2010. The Supervisory Board ratified the annual financial statements of BayWa AG both at company and at Group level. Pursuant to Section 172 of the German Stock Corporation Act, the annual financial statements of BayWa AG are hereby adopted.

The proposal of the Board of Management concerning the appropriation of profits through distribution of a dividend of EUR 0.40 per share, and the transfer of EUR 12,791,908.51 to other revenue reserves has been reviewed and approved by the Supervisory Board.

The auditor also reported, during the Supervisory Board meeting on 30 March 2010, that there were no substantial weaknesses in the internal controlling or risk management systems, with regard to the accounting processes. The Board of Management has thus taken all the appropriate measures to fulfil its obligations in this regard.

Given the final outcome of the audit, the Supervisory Board sees no reason to raise objections against the financial statements submitted.

Changes to the Supervisory Board and the Board of Management

In the 2009 reporting year there were no changes to the composition of the Supervisory Board.

On 5 March 2009 Dr. Stefan Bötzel resigned from his position on the Board of Management, for personal reasons.

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. It is due to their commitment that BayWa AG can again look back on a successful reporting year.

Munich, 30 March 2010

For the Supervisory Board

Manfred Nüssel
Chairman

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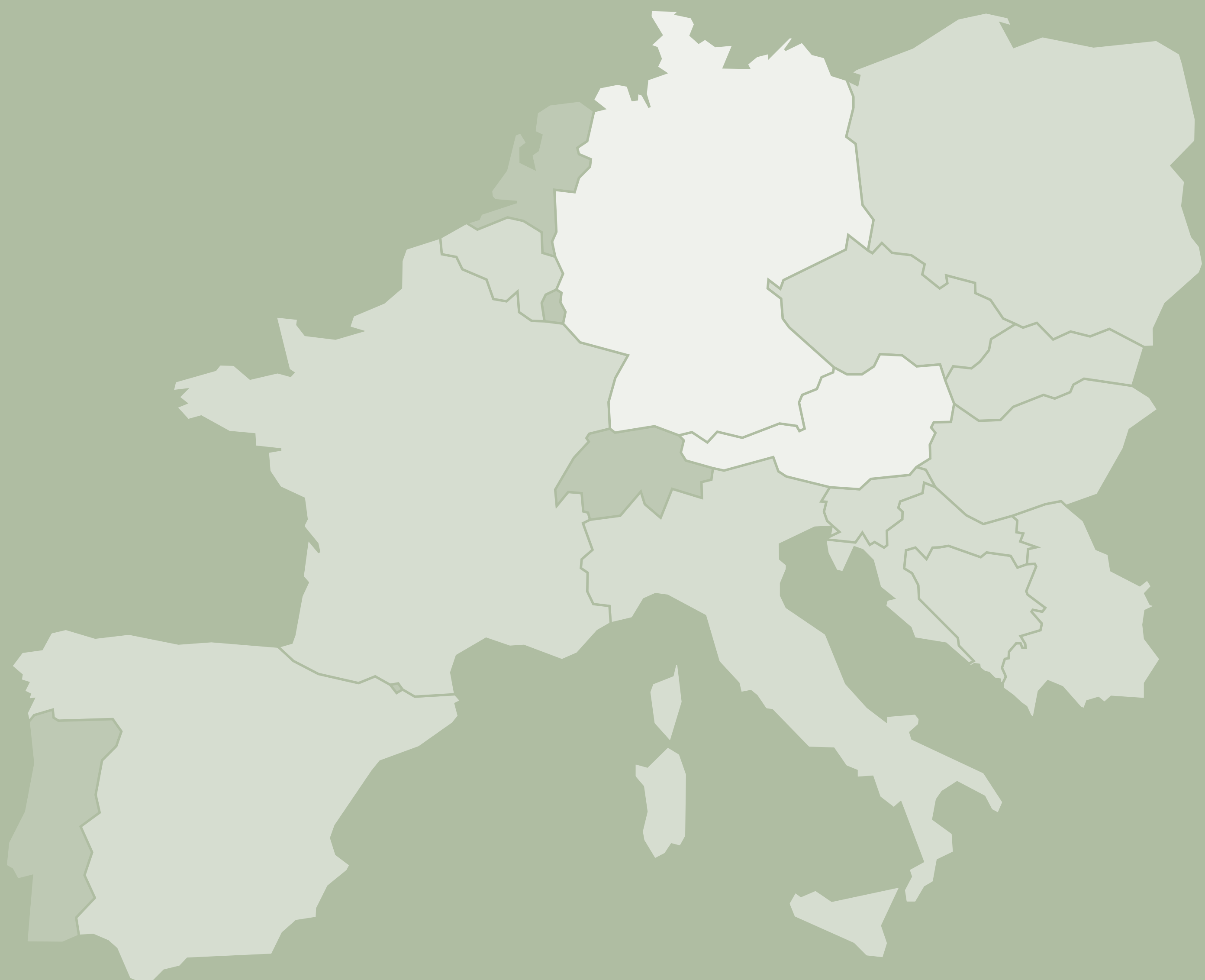
This Annual Report is also available in German.
Only the German version is legally binding.
Both versions can be viewed/downloaded from the website under www.baywa.de or www.baywa.com.

The BayWa Group in 14 countries



The BayWa Group is represented in 14 countries.

The BayWa Group operates in Germany and Austria in all of its three core segments of Agriculture, Building Materials and Energy, as well as in its franchise business.

The Agriculture segment is also represented through local companies and participations in Belgium, France and Eastern Europe, namely in the Czech Republic, Slovenia, Croatia, Poland, Slovakia, Hungary and Serbia.

Moreover, France and Spain are important for the renewable energies business. BayWa r.e GmbH has representative offices in these countries through its subsidiaries RENERCO Renewable Energy Concepts AG and MHH Solartechnik GmbH.

BayWa is currently in the process of building up its DIY & Garden Centres and Building Materials franchise business in Italy and Bosnia and Herzegovina.

Financial Calendar

Dates in 2010

Annual Results Press Conference	**31 March 2010**
BayWa Building, Munich 10.30 a.m.	
Analysts' Conference	**1 April 2010**
Frankfurt am Main 11.00 a.m.	
First Quarter Results	**6 May 2010**
Press release	
Analysts' Conference Call on the First Quarter	**7 May 2010**
10.00 a.m.	
Annual General Meeting of Shareholders	**18 June 2010**
ICM, Munich Trade Fair Centre 10.00 a.m.	
Press Conference on the First Half-Year: Second Quarter Results	**5 August 2010**
BayWa Building, Munich 10.30 a.m.	
Analysts' Conference Call on the Second Quarter	**5 August 2010**
14.00 p.m.	
Press Conference: Third Quarter Results	**11 November 2010**
BayWa Building, Munich 10.30 a.m.	
Analysts' Conference Call on the Third Quarter	**11 November 2010**
14.00 p.m.	

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