TACKLING THE FUTURE

BayWa AG
Annual Report
2011

BayWa

Key Data at a Glance
BayWa Group

In EUR million	2008	2009	2010	**2011**
Revenues	8,794.6	7,260.2	7,903.0	**9,585.7**
Agriculture Segment	4,048.9	3,269.8	3,505.1	**4,258.9**
Agricultural Trade	3,117.3	2,359.9	2,529.0	**3,029.6**
Fruit	86.1	83.3	102.8	**129.7**
Agricultural Equipment	845.5	826.6	873.3	**1,099.5**
Energy Segment	2,462.5	1,837.5	2,358.5	**3,111.8**
Energy	2,462.5	1,825.0	2,103.7	**2,805.9**
Renewable Energies	–	12.5	254.8	**306.0**
Building Materials Segment	1,785.8	1,776.1	1,903.1	**2,065.6**
Building Materials	1,354.8	1,327.0	1,370.8	**1,508.5**
DIY & Garden Centres	431.1	449.1	532.3	**557.1**
Other Activities	497.3	376.9	136.3	**149.4**
EBITDA	258.1	209.7	228.2	**253.6**
EBIT	161.9	115.4	128.9	**151.4**
EBT	103.5	75.1	87.1	**97.7**
Net income for the year	76.7	59.4	66.8	**69.8**
of which: profit due to minority shareholders	18.4	14.3	16.4	**18.5**
of which: profit due to shareholders of the parent company	58.3	45.0	50.4	**51.3**
Total assets (as per 31/12)	3,065.8	2,939.3	3,253.3	**3,913.0**
Non-current assets	1,305.6	1,427.2	1,427.4	**1,614.4**
Current assets	1,755.5	1,507.4	1,776.8	**2,039.8**
Non-current liabilities	644.9	691.8	881.0	**1,147.6**
Current liabilities	1,505.8	1,290.0	1,333.7	**1,615.2**
Equity	915.1	957.5	1,005.5	**1,068.0**
Equity ratio in percent	29.8	32.6	30.9	**27.3**
Share capital (as per 31/12) in EUR million	87.0	87.3	87.6	**87.9**
Number of shares (as per 31/12) in million shares	34.0	34.1	34.2	**34.3**
Earnings per share in EUR	1.72	1.33	1.48	**1.50**
Dividend per share in EUR	0.34	0.40	0.50	**0.60**
Special dividend per share in EUR	0.06			
Employees (as per 31/12) number	16,596	16,177	16,432	**16,834**

Page Table of Contents

Letter to the Shareholders
Foreword by Klaus Josef Lutz, Chief Executive Officer

Dear Shareholders,

The year 2011 was determined by the euro and the sovereign debt crisis, the consequences of the tsunami and the nuclear catastrophe in Japan, compounded by turbulence from political unrest in North Africa and in the Middle East. Against this backdrop, the BayWa Group once again delivered an excellent result in the past year. Revenues rose by 21% to €9.6 billion, with the segments of Agriculture, Energy and Building Materials all contributing to this strong performance. EBIT came in at €151 million, which is an increase of 17.5%. The fact is that we have fully achieved our targets and guidance and met the high expectations – another success for the Group's around 17,000 employees. We will continue to energetically pursue our goals with the requisite flexibility, underpinned by sound risk management.

This is particularly applicable to progressing our strategy of innovation and internationalisation. The takeover of Turners & Growers Ltd (T & G), New Zealand's market leader in the fruit business, is BayWa's largest international transaction ever. More than 73% in the shares in T & G and close cooperation with the fruit producers in New Zealand will enable BayWa to position itself as a global player in the supply of pome fruit. We believe that Asia will be the world's highest growth market for fresh fruit. BayWa's domestic fruit business and the German fruit farmers will also benefit through this investment from improved selling opportunities for the products in a global market.

We intend to forge ahead with expanding our project business in the field of renewable energies in the international and national arena. Having activities in different countries makes sense simply from the standpoint of evening out market fluctuations from political framework conditions. We will remain open for interesting acquisitions in Germany and abroad in all our businesses, which also particularly applies to the agricultural market. Our international network, which is becoming increasingly strong, releases numerous synergies for more growth phases in our trading, logistics and services group.

Similar to 2010, BayWa also issued a bonded loan at the end of 2011. We had great success again in placing this bonded loan of €220 million in the capital market. The original request was for €100 million. The order book, however, was oversubscribed almost three times. The response underscores how sound BayWa is and the trust of investors in our company. The bonded loan, which will be used exclusively to secure the financing of working capital in the longer term, will further strengthen the financial position of the Group.

At the end of 2011, BayWa made a strategically important decision with far reaching consequences: to hive off the DIY & Garden Centres Business Unit and integrate it into newly founded BayWa Bau- und Gartenmärkte GmbH & Co. KG. This step enables an operational link with Hellweg, a well-known operator of DIY and garden centres. It is also a forward-looking solution for the BayWa DIY and garden centres business in Germany which was unable to operate profitably due to lack of critical mass and a fiercely competitive market environment. The new constellation with Hellweg, effective at the start of January, will sharpen the competitive edge and profitability of the 56 DIY and garden centres carved out and promote job security. We have therefore found a good way, firstly of ensuring that the business can continue to operate in a future-oriented manner and secondly of enabling BayWa to withdraw in the medium term without loss of value. The new company will be reported at equity in future and is thus no longer part of the group of fully consolidated companies.

Our company is in good shape for the BayWa anniversary year 2013 when it will be 90 years old. BayWa has made huge leaps and bounds in its development and evolution in this decade – unchanged, however, is our view of its underlying cooperative structure as a sound foundation. The BayWa brand also reaps the benefit of this: A strong brand contributes to success, in national and international markets alike. This is why we consistently pursue our family brand strategy. To promote awareness of the brand still further, we have opted for sport sponsoring, among other measures. BayWa is the new premium partner of the first basketball league team of FC Bayern München.

Now to our development on the stock market: BayWa's registered share with restricted transferability surpassed the €35 threshold for the first time, also in 2011. Over the course of the year, the BayWa share was unable to decouple from the downturn in Germany's leading DAX index. BayWa's success is clearly reflected in its dividend. The Executive Board and the Supervisory Board will therefore put forward a proposal to the Annual General Meeting of Shareholders to raise dividend from 50 to 60 cents, an increase of 20%. Since 2007, when it was 32 cents, dividend from the BayWa share has almost doubled. Moreover, an increasing number of analysts are regularly covering the share, which is very pleasing. BayWa is and remains a worthwhile investment because the Group, with its core segments of Agriculture, Energy and Building Materials, stands for satisfying the fundamental need for food, shelter, energy, warmth and mobility.

BayWa intends to grow sustainably, while achieving a balance between economy, ecology, commitment to society and corporate social responsibility. My Board member colleagues and I view open dialogue with our customers, shareholders and business partners as an integral part of value-oriented company management. May I thank you on behalf of all our employees and the whole BayWa Group for your renewed solidarity and support in the year 2011.

Your

Klaus Josef Lutz
Chief Executive Officer of BayWa AG

The Board of Management

A

Klaus Josef Lutz
since 1 July 2008

(Chief Executive Officer)

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

B

Klaus Buchleitner
since 1 March 2003

RWA Raiffeisen Ware Austria AG, Vienna

C

Andreas Helber
since 15 November 2010

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

D

Dr. Josef Krapf
since 1 October 2002

Agriculture, Fruit

E

Roland Schuler
since 1 October 2002

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

Executive Manager

Götz Ganghofer
since 10 November 2010

Building Materials Segment

Information on mandates is included in the Notes to the Consolidated Financial Statements under (E.8.)
Allocation of operations as per 31/12/2011

E


B


D


C


A


The Supervisory Board

Manfred Nüssel

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

Ernst Kauer

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

General Att. Ök.-Rat Dr. Christian Konrad

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

Georg Fischer

Master Mechanic for Agricultural Machinery

Dr. E. Hartmut Gindele

MSc Agriculture, farmer

Prof. Dr. h. c. Stephan Götzl

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

Otto Kentzler

MSc Engineering, President of the German Confederation of Skilled Crafts

Peter König

Secretary of the Union, ver.di, Bavaria

Stefan Kraft M.A.

Secretary of the Union, ver.di, Bavaria

Erna Kurzwarth

Regional Administration Centre Manager of BayWa AG

Dr. Johann Lang

MSc Engineering, farmer

Albrecht Merz

Member of the Board of Management of DZ Bank AG

Gunnar Metz

Chairman of the Main Works Council of BayWa AG

Gregor Scheller

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

Werner Waschbichler

Vice Chairman of the Works Council of BayWa Headquarters, Operations Manager Logistics (until 16 February 2012)

Bernhard Winter

Head of Accounting Control Agriculture

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

The Cooperative Council (1/2)

Wolfgang Eckert

MBA, Chairman, Chairman of the Board of Directors of VR-Bank eG

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

Manfred Nüssel

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

Dr. Johann Lang

MSc Engineering, farmer

Other members

Wolfgang Altmüller

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

Dietmar Berger

MSc Agricultural Engineering & Economics, President of Mitteldeutscher Genossenschaftsverband e.V.

Franz Breiteneicher

Managing Director of Raiffeisen-Waren GmbH Erdinger Land

Albert Deß

Member of the European Parliament

Günter Dreher (until 31 May 2011)

MSc Administration, Chairman of the Board of Directors of Augusta-Bank eG (until 4 May 2011)

Martin Empl

MSc Agriculture, farmer

Manfred Geyer

Chairman of the Board of Directors of RaiffeisenVolksbank eG Gewerbebank

Erhard Gschrey

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

Lorenz Hebert (until 31 July 2011)

Chairman of the Board of Directors of Raiffeisenbank im Stiftland eG (until 31 July 2011)

Lothar Hertzsch

MSc Agricultural Engineering & Economics, farmer

Franz-Xaver Hilmer (since 1 August 2011)

Managing Director of Raiffeisenbank Straubing eG

The Cooperative Council (2/2)

Karl Hippeli

Member of the Board of Management of Raiffeisenbank Ochsenfurt eG

Konrad Irtel

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

Martin Körner

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

Franz Kustner

Farmer

Alois Pabst

Farmer

Hans Paulus

MSc Agriculture, Director, Commodities Department of Raiffeisenbank im Stiftland eG

Josef Raffelsberger

Farmer

Joachim Rukwied

MSc Engineering (University of Applied Science), 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, the Bavarian Association of Farmers and the European Association of Farmers

Ludwig Spanner

Farmer

Wolfgang Vogel

President of Sächsischer Landesbauernverband e.V.

Thomas Wirth (since 1 August 2011)

Spokesman of the Board of Directors of Raiffeisenbank im Stiftland eG

Maximilian Zepf

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

Section

The Company

1

Vision

In a closely knit international market environment, we rank among the leading trading and services companies in our core segments of Agriculture, Energy and Building Materials. We intend to sustainably reinforce this position and continue to grow profitably. These goals will raise the Group's earnings strength and secure our future in increasingly globalised markets.

(Taken from BayWa AG's Corporate Guidelines)

Page

Turners & Growers – a special acquisition

6 March 2012: The takeover of Turners & Growers (T & G), Auckland, New Zealand, has been approved. For BayWa, this is not only one of its largest acquisitions ever but also a purchase of exceptional significance. With more than 73%, BayWa now holds a majority stake in New Zealand's leading exporter and producer of fresh fruit and has access via the global distribution and trading structures of T & G to all important international sales regions, in particular to Asia as the high-growth market of the future. In joining up with T & G, BayWa has taken a major step in the direction of globalisation which will also benefit BayWa's domestic fruit business.

89
years old

BayWa was established in 1923, which is 89 years ago. Trust, solidity and innovation are the hallmarks of the company and the foundation of its long-standing success.

17
countries

The BayWa Group is represented in 17 countries: 15 European states, the US and New Zealand.

+ 44%

A sign of BayWa's growing internationalisation: The Group's international revenues (excluding Austria as home territory) rose 44% in 2011 compared with a year ago.

The Business Model of the BayWa Group

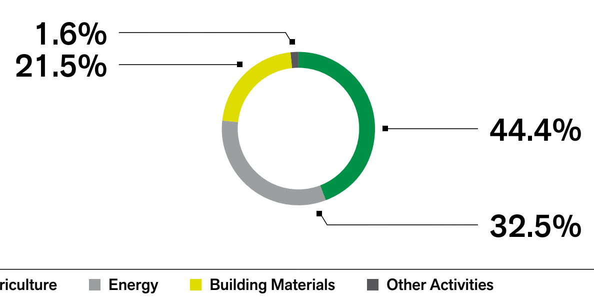
The BayWa Group's business model is based on trading and services in its three core segments of Agriculture, Energy and Building Materials. Efficient logistics across all segments play an important role in the company's successful development. BayWa has evolved from a regional agricultural trader into one of the leading trading and services groups through growth geared to the long term, coupled with the steady expansion and adjusting of its range of products and services. With strong roots its home market, the BayWa Group is currently represented in 15 countries in Europe, the US and New Zealand.

Growth in the global population, the rising standard of living in many parts of the world and the associated increase in the need for resources, particularly food and energy, are the great challenges of the 21st century. At the same time, there are good growth opportunities especially in the business of catering to the fundamental human need for food, shelter, energy, mobility and warmth. The development of harvest volumes and the fluctuating availability of fossil energy carriers in important producer countries have a direct impact on the price of these commodities in the global market. Individual countries, sub-markets and companies are no longer able to decouple from this trend.

All about the offerings of Agriculture, Energy and Building Materials under **www.baywa.de**, and information on the company under **www.baywa.com**

BayWa covers the fundamental need for food, shelter, energy, mobility and warmth in its three segments of Agriculture, Energy and Building Materials. At the same time, the diversification of its activities is also a stabilising component in the development of the company. BayWa's core competences reside in its extensive product know-how as well as in its logistics and control of the flow of goods. Beyond this, BayWa expands its offering of supplementary services on an ongoing basis.

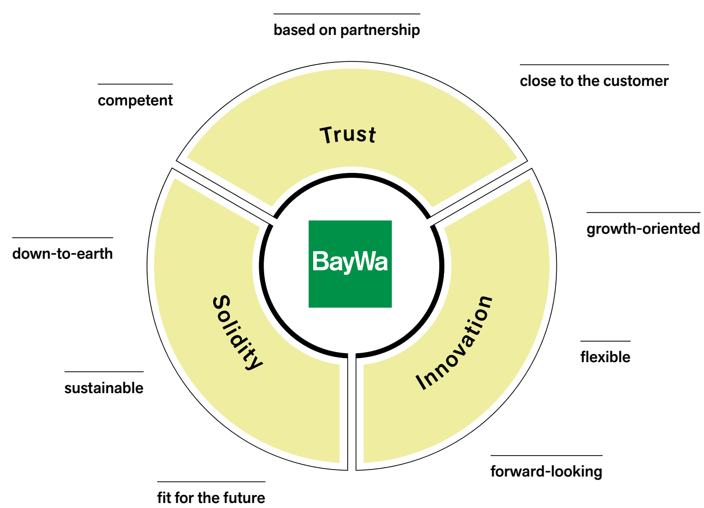
Revenues by segment



What BayWa stands for

BayWa's thought and action is aligned to long-term customer relationships built on the premise of partnership and fostered through trust, solidity and innovation. These are the values which BayWa stands for – values which are also perceived by its customers. As a listed company, BayWa attracts the attention of the capital market as well, and the corresponding expectations of return are derived from competition with other corporations. In markets where the pace of change is accelerating the capacity for innovative solutions is becoming increasingly important. The key words here are: growth orientation, flexibility and sustainability. Adjusting flexibly to accommodate changing requirements and leveraging promising new business opportunities to preserve sustainability are the prerequisites underpinning future growth. The centrepiece of BayWa's strategy is therefore the steady development of the company, sustainable success and seizing new opportunities for growth, especially abroad.

Clear path to the future



Structure of the BayWa Group

Group	BayWa AG		
Segments	Agriculture	Energy	Building Materials
Business units	Agricultural Trade Fruit Agricultural Equipment	Energy BayWa r.e[1]	Building Materials DIY & Garden Centres[2]

1 Business line 2 Hiving off of DIY & Garden Centres in Germany effective 1 January 2012

Strong customer loyalty through regional presence

€9.6 billion

Revenues of the BayWa Group in 2011

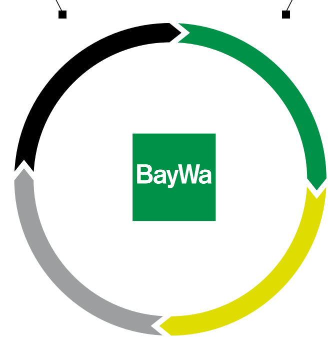
The BayWa Group generated revenues of more than €9.6 billion with a workforce of almost 17,000 employees in 2011. The Group's three core segments of Agriculture, Energy and Building Materials operate as decentralised units, each responsible for their own profitability, with their own locations and sales networks. They are managed through clearly defined levels of autonomy under the uniform corporate strategy. A tight regional sales network in all three segments ensures proximity to the customer and promotes strong customer loyalty. This proximity often gives BayWa a unique selling proposition in its regions compared with competitors. BayWa optimises its network of locations and the range of products and services offered on an ongoing basis, adjusting the offering to changing customer needs and business requirements in order to maintain and strengthen this competitive advantage.

With its know-how and strong regional roots, BayWa is a reliable partner to its customers and bridges the gap between local producers and the international markets. At the same time, BayWa continues to develop through organic growth and tapping into new areas of business. Ultimately, BayWa's business is determined by increasingly globalised markets and through growth in foreign countries.

BayWa's business activities

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

Markets
- Agriculture
- Energy
- Construction



Operating activities
- Trade
- Logistics
- Services
- Finance

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

Agriculture Segment

Structural change in the agriculture sector, Germany's new energy policy, globalisation and growing price volatility in the markets for agricultural produce are the challenges to be met in the Agriculture Segment. BayWa shapes this change by continually aligning its activities to suit new framework conditions. In doing so, it focuses on optimising and modernising its locations, extending its product and service range and internationalising its agribusiness.

€ 4,258.9 million	6,859 employees	44.4 %
Revenues in 2011	Number of employees in 2011	Share in consolidated revenues in 2011

A prerequisite for covering the global growth in the demand for food and renewable resources used to produce energy is higher productivity in crop farming. Structural change in the agriculture sector is leading to increasingly larger farming operations which can only efficiently farm their land by stepping up the use of machinery and equipment. At the same time, acreage yield is on the rise thanks to the optimisation of cultivation procedures. Renewable raw materials are becoming increasingly important as a result of the new energy policy. BayWa supports the farmers in all these areas through innovative offerings. The efficiency of BayWa's agricultural centres plays a key role as considerably larger volumes of both operating resources and agricultural produce need to be handled.

Efficiency enhanced through investment

€6.4 million

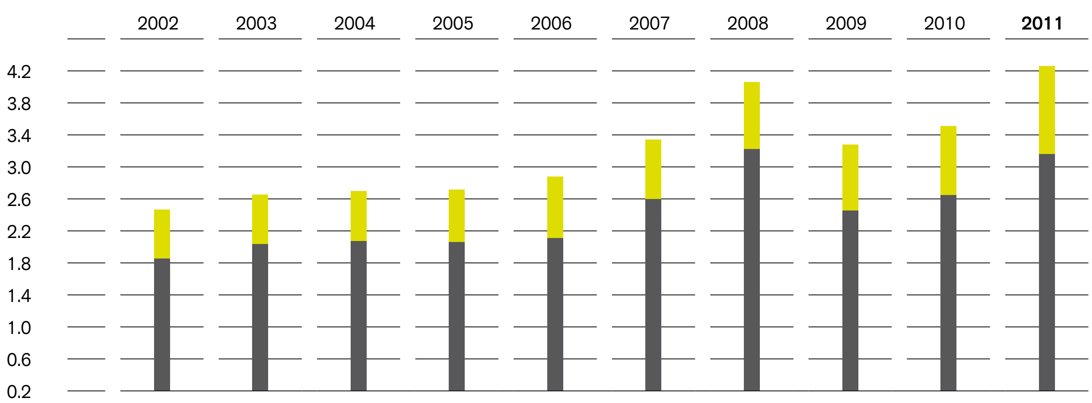
Investment in the Schweinfurt agri-centre

BayWa has taken account of its customers' wish for greater efficiency by implementing an extensive modernisation program at its various locations focused specifically on raising intake, handling and warehouse capacities. A prime example in the Agricultural Trade Business Unit is the investment of €6.4 million in the Schweinfurt agri-centre in October 2011 where grain warehousing capacity was almost doubled to 26,000 tons and intake efficiency raised to 250 tons an hour. In addition, BayWa has increased its fertiliser warehousing capacity to 7,000 tons. The new high-performance agriculture centre replaces three former operations and, with a port, railway connections and a motorway nearby motorway, has optimal prerequisites for fulfilling customer requirements for more efficiency.

Structure of the Agriculture Segment

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

Revenues of the Agriculture Segment (in € bn)



▪ Agricultural Trade and Fruit business units ▪ Agricultural Equipment Business Unit

Key operating data of the Agriculture Segment

	2008	2009	2010	**2011**
Agricultural Trade Business Unit (sales volume in ktons)				
Grain	4,361.7	4,832.1	5,013.8	4,909.5
Fertilisers	2,019.3	1,599.0	1,847.7	1,896.1
Seed	256.1	243.3	257.0	256.3
Feedstuff	2,198.3	2,089.8	2,316.7	2,372.1
Fruit Business Unit (sales volume in ktons)				
Dessert pome fruit	62.7	66.0	64.5	85.9
Soft and stone fruit	4.3	5.9	7.1	6.6
Agricultural Equipment Business Unit (units)				
Number of tractors sold – new	3,315	3,038	3,168	3,850
Number of tractors sold – used	1,058	1,148	1,308	1,382

Other important projects in 2011 included the expansion of the Heilbronn location, building a new state-of-the-art centre in Aufhausen and extending the Bamberg Port location. In Heilbronn, warehouse capacity for grain was expanded up to 40,000 tons and the intake capacity raised to 600 tons per hour. Moreover, ship loading facilities permit the use of the waterways. The Aufhausen site, situated at the heart of the largest vegetable growing area in Lower Bavaria, replaces the former locations of Reisbach and Eichendorf and has fertiliser mixing facilities where fertilisers can be tailored to meet the needs of the individual plants. Business formerly conducted at the locations in Ebelsbach, Sonnefeld and Pretzfeld has now been combined under the extended Bamberg Port site.

44%

The Agriculture Segment comprising the Agricultural Trade, Fruit and Agricultural Equipment business units as the mainstay of revenues

Agribusiness is the BayWa Group's largest segment with a share of 44% in consolidated sales. The three business units of Agricultural Trade, Fruit and Agricultural Equipment comprised under this segment encompass virtually the whole agricultural value chain. The extensive product range is rounded off by advisory services and general services, from specialist questions relating to crop growing across technical advice and service through to aspects of running farming operations, marketing and sales.

BayWa's Agriculture Segment in Germany is situated mainly in the Federal States of Bavaria, Baden-Württemberg, Saxony-Anhalt, Thuringia and in southern Brandenburg in around 483 locations, 16 of which have their own ports. In its agribusiness, BayWa operates via its subsidiaries throughout virtually the whole of Austria. Furthermore, the BayWa Group is represented through its own local companies in selected countries in Central and Eastern Europe, such as the Czech Republic, Slovakia, Poland, Slovenia, Croatia and Serbia.

Similar to Freiberg am Neckar, 16 of BayWa's agricultural locations have their own ports with optimum logistics.

From sowing the seed to the sale of agricultural produce

Agricultural Trade supplies the farmer with a full range of operating resources, including seeds, fertilisers and crop protection, as well as feedstuff for livestock farming. The most important services in the business of agricultural trade include the collection, storage and sale of the harvest. BayWa's core competencies in performing these tasks lie in its in-depth product know-how, logistics and the management of the flow of goods in both large and small volumes. BayWa is one of Europe's largest full-line suppliers in the agriculture sector and also trades some of its products worldwide. Its extensive know-how has made it a preferred partner of the farmers for many years. Against the backdrop of greater price volatility in the markets for agricultural produce, BayWa provides the farmers with a price hedging system called Landea which they can use to secure their income while, at the same time, benefiting from future price increases.

The Group supplies seed to the farmers from its own seed production as well as through the sale of seed sourced externally, thereby ensuring that a complete range is offered. In the sale of fertilisers and crop protection, the product mix and timely advance storage for use on the respective dates are particularly important. To guarantee the supply of different fertilisers customised for the respective crops, many BayWa locations have equipment for mixing fertilisers. This enables farmers to provide the right nutrition for the specific crops through spreading fertilisers specially mixed for this purpose.

BayWa ensures the above-average quality of resources and feedstuff bought from third parties by working together with selected renowned suppliers. With a trading volume of around 1.9 million tons of fertiliser a year, BayWa is a key distribution partner of the industry. Its own feed mills in southern Germany and Austria produce more than 780 ktons of various feedstuff for livestock breeding, mainly for cattle, pigs and poultry. BayWa ensures the highest standards in its own feedstuff production through meticulous quality controls applied to all input materials sourced from third parties. The product range is supplemented also in this instance by extensive services such as advice on optimising feeding, application consulting and mixing feedstuff tailored to individual requirements.

BayWa plays a key role in logistics between producer and processer, trader and consumer.

Grain and oilseeds are some of BayWa's most important agricultural products with sales amounting to around 4.9 million tons in the 2010/11 grain year. BayWa focuses its activities in this business on the collection, processing, drying, storage and selling of produce. The Group maintains warehouse capacities of around 2.4 million tons for storage and sale at a later date. In terms of logistics, BayWa performs a central interface function between producers and processors, such as grain or oil mills, malt houses, animal feed plants and trade and consumers, through its ability to concentrate large volumes of goods and transport them in homogenous lots.

Fruit from BayWa

In its Fruit Business Unit, BayWa is a leading supplier of German dessert fruit for food retailers and, through its ten locations situated on Lake Constance, the Neckar and in Rhineland Palatinate, including an organic fruit wholesale centre, the biggest single seller of German dessert and the largest supplier of organic pome fruit from organic farming. The Fruit Business Unit has numerous collection points for dessert pome fruit, industrial pome fruit, organic fruit as well as soft and stone fruit. Furthermore, it makes an important contribution in Württemberg to conserving the orchards so typical of the landscape through its regionwide collection of fruit. Storage, sorting and packaging is carried out in the fruit wholesale markets of the business unit in accordance with international quality standards and using cutting-edge technology. The merchandise can be suitably packaged for trade in more than 200 variations and delivered to the customer through the business unit's own just-in-time logistics. In addition, BayWa collects, sorts, stores and packages as a marketer under contract to Württembergische Obstgenossenschaft Raiffeisen eG and sells the dessert fruit to customers in Germany and abroad. As a system supplier, BayWa delivers fruit from South America to wholesalers and retailers through its subsidiary Frucom. Finally, the Fruit Business Unit has tapped new potential in international growth markets through the majority acquisition of Turners & Growers, a fruit trading company based in New Zealand.

Agricultural equipment for farming and forestry operations and municipalities

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

In response to the growing requirements of customers in the trading and servicing of sophisticated agricultural equipment, BayWa also sells the product ranges of CLAAS and AGCO (including the Fendt, Massey Ferguson, Valtra and Challenger brands), both leading manufacturers of agricultural equipment, via two separate sales channels. The ensuing specialisation in the sale of AGCO and CLAAS was achieved through spinning off and establishing new locations, a process that was completed in 2011. These measures served to put the product spectrum of the respective manufacturer on a broader footing and improve advice for customers concerning complex and specialised agricultural equipment. In addition, the Group offers separate product lines for non-motorised agricultural equipment. The sale and servicing of the CLAAS brand is carried out by companies in which BayWa owns a majority and CLAAS a minority shareholding respectively. BayWa strengthened the sales territory for the CLAAS brand through the newly acquired companies of LTZ Chemnitz GmbH and CLAAS Württemberg GmbH in 2011. The products manufactured by AGCO are offered and serviced in the various locations under the BayWa logo. Moreover, the Group has assumed the function of general importer for John Deere in Austria and also sells Lindner tractors. New additions to the product offering in 2011 included the full range of McHale, an Irish company specialised in the harvesting of hay, haylage, silage and straw.

Two separate distribution channels for the leading agricultural machinery manufacturers AGCO (with the Fendt, Massey Ferguson, Valtra and Challenger brands) and CLAAS for premium sales and service.

In the service business, the central warehouse in Schweinfurt stores more than 79,600 articles and ensures a timely and high level of availability of spare parts. Along with original parts, BayWa offers high-quality spare and wear parts under its own TECparts brand. A tight network of more than 260 workshops and around 460 mobile service vehicles guarantees high standards of service. Modern customer service vehicles in particular ensure swift repair and maintenance on the field or in the farm-yard of the customer during harvesting. The emergency breakdown service, available to customers on a 24/7 basis, is one of its kind. The offering of the business unit is rounded off by services which include the leasing of machinery or acting as an intermediary in organising financing and leasing contracts through partners belonging to the cooperative federation.

Quantum leap in internationalising the fruit business

BayWa has significantly reinforced its position in international fruit trading through the acquisition of more than 73% of the shares in Turners & Growers (T & G), a fruit trader based in New Zealand, enabling it to become a global player in the supply of pome fruit. Turners & Growers was established in 1897 and is New Zealand's leading distributor, marketer and exporter of premium fresh produce. With a market share of around 40% in the domestic market, it is the largest fruit and vegetable trader, selling more than 200 fresh fruit products to food retailers. In the export business, the company has a unique international standing through a trading platform in South America, the US, South Africa, Asia and Europe. Moreover, T & G holds 70% in Delica NZ, one of New Zealand's largest exporters of fresh and dessert fruit. It also owns the exclusive market rights to the global cultivation and sale of ENZA dessert fruit. Finally, T & G is an important grower of greenhouse tomatoes, apples, kiwis, lemons and mandarines. With a workforce of around 1,400 employees, the company, which is listed on the New Zealand Stock Exchange, generated revenues of €346 million in the financial year 2010.

Joining up with New Zealand's leading fresh fruit exporter is a major step for BayWa in the direction of globalisation.

This acquisition has given BayWa access to all the most important growth markets on all continents, particularly Asia, and has enabled the company to become one of the world's leading fruit traders. Business in Germany has also benefited from this transaction through supplementing the product range and securing the ability to supply different types of fruit throughout the year thanks to the different harvest seasons. In particular, BayWa's attractiveness as a full-line supplier to the food retail sector has been enhanced. Moreover, the established sales channels of T & G create additional sales opportunities for German fruit in the international high-growth markets.

Energy Segment

The Energy Segment's activities comprise, on the one hand, trading in conventional energy, which is focused on the sale of fossil and renewable heating fuels, especially heating oil and wood pellets, as well as fuels and lubricants. Its second mainstay is renewable energies, with activities in this business combined under BayWa r.e, which has enabled BayWa has to put its energy business on a broader and sustainable footing while, at the same time, securing energy resources for future generations. Through acquiring profitable participations in the field of solar, wind and biogas, BayWa has established itself in strategic growth markets. The requisite expansion of sources of renewable energy is still strongly influenced by legal framework conditions. In order to reduce its dependency on this framework, BayWa pursues a strategy of dual diversification of its business: by country and by energy carrier.

€ 3,111.8 million	1,387 employees	32.5 %
Revenues in 2011	Number of employees in 2011	Share in consolidated revenues in 2011

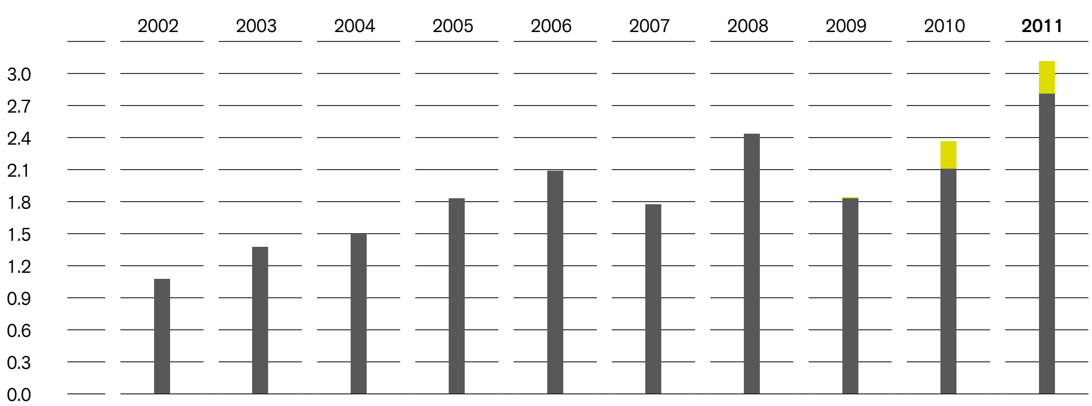
The Energy Segment, which contributes around 32% to consolidated revenues, is BayWa's second largest field of activity. The business of conventional trading and distribution in heating oil and fuels is characterised by relatively low margins, but nonetheless generates an attractive return due to the low level of capital committed. BayWa is expanding its heating oil business in particular through acquisitions to secure sales volumes in a market set to contract in the long term. To this end, BayWa took over Diermeier Energie GmbH, a company operating in Lower Bavaria in the product segments of heating oil, diesel, Otto fuel, lubricants, wood pellets and AdBlue, as well as Hessen-based Wingenfeld Energie in 2011. In Austria, BayWa acquired a majority holding of 89% in WAV Wärme Austria VertriebsgmbH through its subsidiaries RWA Raiffeisen Ware Austria AG and „UNSER LAGERHAUS“ WARENHANDELSGESELLSCHAFT mbH. Its main sales territories in the conventional energy business are located in southern and eastern Germany and in Austria. Energy sales offices are responsible for the end customer business.

Structure of the Energy Segment

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

1 Business line

Revenues of the Energy Segment (in € bn)

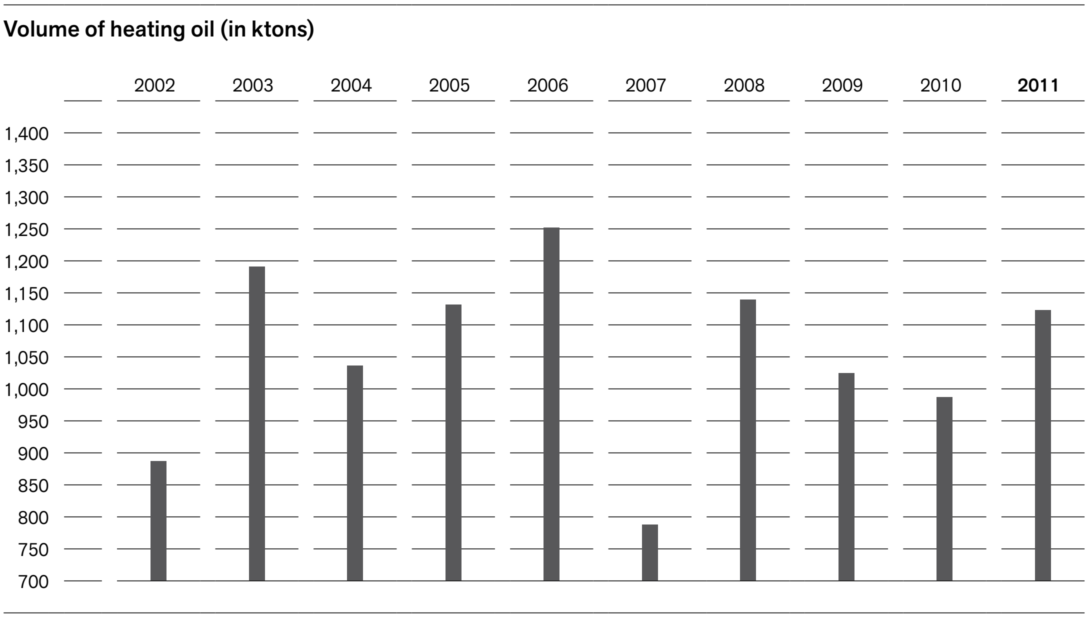


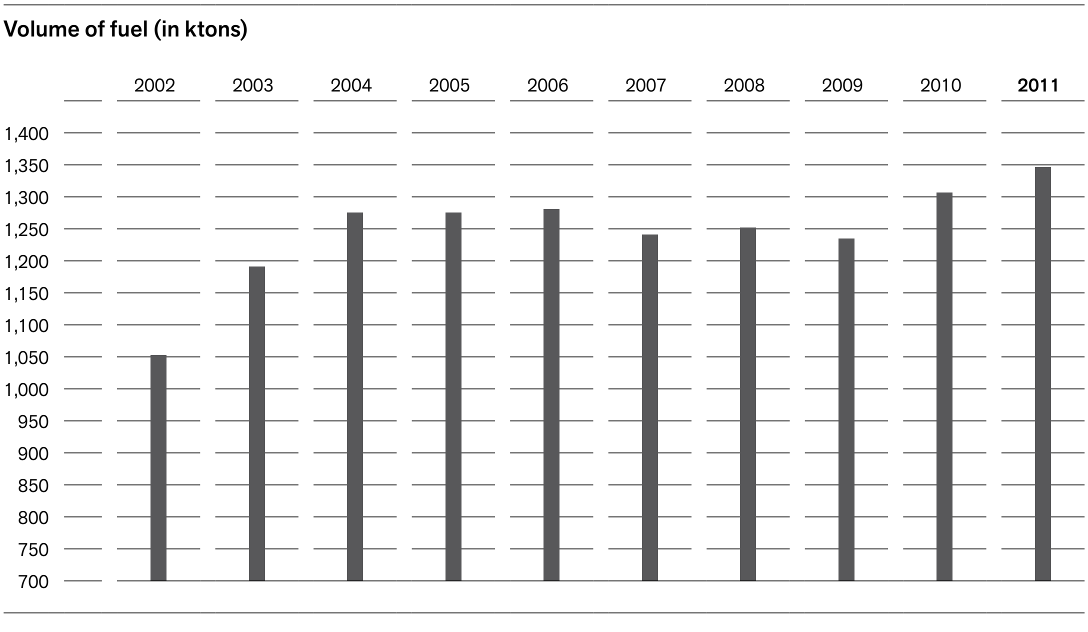
▪ **Energy Business Unit** ▪ **BayWa r.e (business line)**

Key operating data of the Energy Segment

	2008	2009	2010	**2011**
Energy Business Unit (sales volume in ktons)				
Heating oil	1,137	1,021	982	1,124
Fuels	1,256	1,240	1,302	1,348
Lubricants	22	18	20	21
Wood pellets	127	151	193	220
Number of fuel stations	275	275	273	280
BayWa r.e business line				
Wind, planned output capacity[1] in megawatts			28.5	80.6
Solar, planned output capacity[1] in megawatts			5.6	7.8
Biogas, planned output capacity[1] in megawatts			3.8	13.4
Solar, sold capacity in megawatt peak			95	143.9

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


Volume of heating oil (in ktons)
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
1,400
1,350
1,300
1,250
1,200
1,150
1,100
1,050
1,000
950
900
850
800
750
700


Volume of fuel (in ktons)
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
1,400
1,350
1,300
1,250
1,200
1,150
1,100
1,050
1,000
950
900
850
800
750
700

Heating oil, lubricants, diesel and more

The fossil heating fuel business has been exposed to considerable fluctuations in sales and revenues over the years, depending on the weather conditions, stock levels and raw material price trends. In contrast, fuels are generally more dependent on the overall economic trend, which influences the distances travelled. Similarly, lubricant sales are influenced by economic framework conditions, specifically by the trend of industrial applications in the metal processing sector. Steady expansion has enabled the conventional energy business to develop positively – despite these market fluctuations – in a multi-year comparison.

BayWa runs 244 fuel stations in Germany under the name of BayWa and AVIA and another 36 through its Austrian subsidiaries. In addition, GENOL, a wholesale company belonging to the Group, supplies around 485 cooperative fuel stations in Austria with fuel. In its large customer business, BayWa delivers to municipalities commerce and the mineral oil trade. The sale of lubricants includes small and mid-sized companies as well as industrial customers. BayWa ranks among the market leaders in Germany for environmentally compatible rape-oil-based lubricants. The Energy Segment is working consistently on optimising its business structures, particularly through improving its logistics, adjusting its network of locations and through the cross-regional management of its vehicle fleet. BayWa Energie Dienstleistungs GmbH was established in 2010. This company specialises in offering an end-to-end package comprising the planning, financing, building, operating and maintenance of heat generation plants and other plants from one source. The first projects were successfully realised in Aschaffenburg, Munich, Weißenhorn, Weiden and Waldkraiburg in 2011.

Outlook for green gas and green electricity

In addition, BayWa launched its end customer business in green gas and green electricity in the financial year 2011. The certified sources of energy are sold under the BayWa brand. Quality seals awarded by TÜV Süd and Ok-power guarantee that green electricity by BayWa is wholly generated from sources of renewable energy. The biomethane portion of green gas is supplied by BayWa-Beteiligung r.e Biomethan GmbH. BayWa is pursuing this approach with a view to becoming a full-line supplier across all sources of energy for mid-sized enterprises, municipalities and private customers.

BayWa r.e business line

By tradition, BayWa has always been a “green” company which has placed great importance on the responsible use of natural resources. Renewable energies ideally supplement the company’s business model and fully accord with BayWa’s guiding principle of doing business on a sustainable basis. Through its strategic expansion of activities in the field of renewable energies, BayWa has created another sustainable business mainstay in the past two years which will also serve as a basis for progressing the internationalisation of the BayWa Group. Last but not least, BayWa also equips its own locations with renewable energies systems, thereby making a direct contribution to environmental conservation and climate protection.

Having combined existing activities in the field of renewable energies under BayWa r.e as a new business line in 2010, BayWa continued to pursue its path of expansion in 2011. RENERCO Renewable Energy Concepts AG, for instance, raised its stake in “La Muela”, Spain’s largest wind farm, from 33% to 73%. In addition, the management of operating activities in Spain was combined under BayWa r.e España S.L.U. based in Barcelona as the new holding company. Moreover, BayWa r.e secured access to the wind power market in Austria and Eastern Europe by acquiring 90% of the shares in Austrian ECOWIND GmbH.

Good growth prospects for wind power.

BayWa's acquisition of 80% of the shares in Focused Energy LLC, Santa Fe, in 2010 marked the start of its entry into the US market. Focused Energy operates in the business of photovoltaic systems for residential and small to mid-sized commercial applications. The year 2011 saw BayWa purchase a 70% stake in WKN USA, LLC, a company headquartered in San Diego and specialised in wind farm project management. WKN USA is an established turn-key developer of wind projects offering a range of services encompassing site development, the planning and financing, as well as the construction and operation of wind farms through to technical and commercial administration. The company has a project pipeline of around 1,000 megawatts in various US states. A new holding, BayWa r.e USA LLC in Santa Fe, was also set up in the US for the purpose of managing activities in the field of renewable energies.

The takeover of L & L Rotorservice creates new potential for maintenance and repowering.

In 2011, BayWa strengthened its position in the UK by establishing Dulas MHH Ltd. under the umbrella of MHH Solartechnik. Dulas MHH Ltd., based in Machynlleth Powys, Wales, advises specialist companies in all matters affecting the planning of photovoltaic plants and systems and supplies them with all components. Beyond this, BayWa gained a footing in the Italian market at the start of 2012 through a participation of 70% in Tecno Spot GmbH, a photovoltaic wholesaler with head offices in South Tyrol. As an established premium supplier, Tecno Spot covers the entire wholesale value chain in the business of photovoltaic system integration.

In Germany, BayWa r.e has taken over 100% in L & L Rotorservice GmbH, headquartered in Basdahl. The company is specialised in the repair and maintenance of rotor blades and operates in the future-oriented market of optimisation and repowering. Given that installed capacity is rising swiftly, this market segment is likely to experience high organic growth in the future.

BayWa has therefore established itself within a short space of time in the strategic growth markets of solar, wind and biogas. It covers the value chain from planning, development and trading right through to services for plant operation. The recent measures to promote growth have raised the share of international business in BayWa r.e's revenues, from 27% in 2010 to more than 44% a year later. At the same time, the Group is pressing ahead with international diversification: Today BayWa is present in all key European countries and in the US in the field of renewable energies.

Structure of the Renewable Energies business

Business line	BayWa r.e GmbH													
Business	Solar technology					Wind power				Biomass				
Companies	P/PM	T	I/GC	O/M	E/T	P/PM	I/GC	O/M	E/T	P/PM	T	I/GC	O/M	E/T
MHH Solartechnik	■	■	■											
MHH France S.A.S.	■	■												
Focused Energy LLC		■												
Dulas MHH Ltd.	■	■												
Tecno Spot GmbH	■	■												
RENERCO Renewable Energy Concepts AG[1]	■		■	■	■	■	■	■	■					
ECOWIND GmbH						■	■	■						
WKN USA, LLC						■	■	■						
L & L Rotorservice GmbH								■						
r.e Bioenergie GmbH[2]	■		■	■	■					■		■	■	
r.e Biomethan GmbH														■
Schradenbiogas GmbH & Co. KG											■	■	■	■

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

1 Additional projects in the field of geothermics 2 Formerly Aufwind Neue Energien GmbH

Building Materials Segment

The year 2011 was one of far-reaching strategic decisions for the Building Material Segment. BayWa conducted an extensive analysis on the prospects of the Building Materials Segment's two DIY & Garden Centres and Building Materials business units which also took account of the highly competitive environment. The outcome of this analysis established that the DIY & Garden Centre Business Unit was not in a position to earn its cost of capital in the long term in its current configuration and in this environment. With this in mind, BayWa made a decision to integrate the business by way of a joint venture with Semer Beteiligungsgesellschaft mbH into a value-preserving strategic partnership with the Hellweg home improvement chain. In contrast, the building materials specialist retail business has a viable market position and was already able to earn it its cost of capital in 2011 thanks to the implementation of strategic action.

€ 2,065.6 million	6,698 employees	21.5 %
Revenues in 2011	Number of employees in 2011	Share in consolidated revenues in 2011

The Building Materials Segment accounts for around 22% of BayWa's consolidated revenues. Of this amount, 27% is attributable to the DIY and garden centres and a little more than 73% to revenues generated by the building materials specialist retail business.

Solution for DIY & Garden Centres

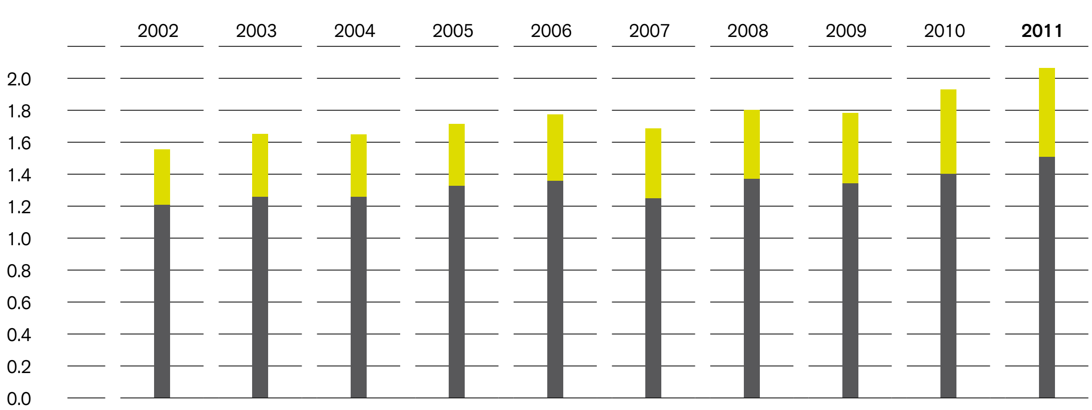
The DIY & Garden Centres Business Unit operated a total of 115 centres autonomously in Germany, mainly in the southern part of the country, and in selected regions of Austria in 2011. In addition, there were almost 600 small centres in both countries and around 190 small centres in northern Italy operated by franchisees. The individual locations range from small, compact centres in rural regions across 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. The market environment is fiercely competitive as it is dominated by the large home improvement chains. For this reason, BayWa's DIY & Garden Centres Business Unit was not in a position to earn its cost of capital in the long term. One major factor influencing the situation was the lack of critical mass resulting in the buyer power being too low to compete with the purchasing conditions of these large chains. This critical sales volume would not have been achievable through the business unit's own efforts without making extensive investments.

Structure of the Building Materials Segment

Segment	**Building Materials**	
Business units	Building Materials	DIY & Garden Centres
Products/ services	Civil engineering, extensions, construction, building services engineering, associated services	Building, home, machinery & equipment, garden
Sales channels	Own operations[1]	
	Franchising[2]	
Through Group companies	▪ BayWa Handels-Systeme-Service GmbH (BHSS), Munich ▪ AFS Franchise Systeme GmbH, Vienna ▪ IFS S.r.l., Bolzano	

1 Spin-off of the DIY & Garden Centres in Germany effective 1 January 2012
2 The know-how of the Building Materials and DIY & Garden Centres business units is marketed externally through franchising operations.

Revenues of the Building Materials Segment (in € bn)



▪ Building Materials Business Unit ▪ DIY & Garden Centres Business Unit

Key operating data of the Building Materials Segment

	2008	2009	2010	**2011**
Building Materials Business Unit				
Number of locations	263	271	257	248
Surface area in m² thousand (all locations)	2,113	2,025	1,993	1,887
DIY & Garden Centres Business Unit				
Number of locations	118	117	115	101
Surface area in m² thousand (all locations)	280	287	274	308

Together with Hellweg, a strong DIY chain, as a partner, BayWa has developed a solution which, on the one hand, allows the business to continue to operate in a forward-looking manner while, on the other, permitting BayWa to withdraw in the medium term without detriment to the capital employed. This cooperation strengthens the buying power and the profitability, for instance through a joint point-of-sale and inventory management system, and closes the gap to the leading home improvement chains. With effect from 1 January 2012, the DIY and garden centre operations were transferred to the newly established BayWa Bau- & Gartenmärkte GmbH & Co. KG in which BayWa and Hellweg, via Semer Beteiligungsgesellschaft mbH, each hold a stake of 50% until 1 January 2017. The second phase involves Hellweg raising its shares to 90%, with BayWa holding only 10%. Depending on clearly defined goals, BayWa will withdraw fully from the DIY and garden centre business either on 1 January 2019 or, if an option to renew is exercised, on 1 January 2021 at the latest. As there is virtually no overlapping in the operations networks of Hellweg and BayWa, and as Hellweg already ranks among the top 10 German home improvement chains, this solution ensures that jobs in the region will be retained, along with the ongoing management and development of the business. The franchise business is not affected by the disposal and will continue to receive support from BayWa.

2012

Hiving off of DIY & Garden Centres effective 1 January

Strategic measures in Building Materials

Optimisation fully under way

As Germany's number two in the building materials specialist retail trade, BayWa has a good competitive position for earning its cost of capital itself in an otherwise strongly fragmented market. "Project 2015" is a measure designed to make a decisive contribution to improving the profitability of the building materials trade. It comprises 15 individual projects, from supplier management across sales optimisation, performance-linked remuneration and employee satisfaction through to its own brands and process streamlining, concentrated under the responsibility of the respective managers. Another key area is the optimisation of building materials logistics through enhancing efficiency and minimising costs in transport and procurement logistics, inventory management and warehouse control. In addition, the locations network was reviewed in 2011.

With 248 locations in Germany and Austria, BayWa is one of the largest nationwide full-line suppliers in the building materials specialist trade in the German-speaking countries. Moreover, some 530 locations are operated by franchise partners. The focus of the business is on the high-income regions of southern and western Germany and along the Rhine. BayWa is a full-line supplier in the building materials specialist retail business with great depth and width of the product mix for the construction industry and private customers. The offering ranges from construction steel and concrete, bricks and insulating materials through to windows, roof tiles and exterior plaster, supplemented by natural stone for the garden, tiles for use in the home through to a wide range covering interior design and fittings. Best selling products include ready-mix concrete, roof tiles, insulating materials and bricks. BayWa assumes the role of logistics partner in the delivery of these products, especially in the private customer business. In deciding on the product mix, BayWa's strategy is to raise its market share through building on the product depth in a targeted way which will appeal to new customer groups.

BayWa's building materials retail business stands for competence, quality and reliable service.

Alongside trading in products, the Building Materials Business Unit stands out through its competent advisory services and extensive range of services for tradespeople, such as training in product application and marketing.

Provider of end-to-end services

BayWa's building materials specialist retail business is in an ideal position to provide end-to-end services through its offering of solutions for the energetic refurbishment of buildings. In addition, the link to qualified tradesmen with the requisite profile enables BayWa to act as a supplier of quality products and as a system integrator. Moreover, BayWa takes on an agency function in recommending qualified tradespeople whenever needed and, in joint cooperation with them, advertises for the carrying out of construction work. During the construction phase, BayWa provides just-in-time building site logistics and, as a competent supplier, undertakes the energetic refurbishment of buildings, or recommends general contractors to carry out the order from one source. Furthermore, advice on government-funded programmes 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 can be provided for private customers in the form of a renovation loan granted through 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 projects. The company has its own operations in the business of building services engineering that can fit sanitary installations and air conditioning systems, install photovoltaic systems, solar thermal systems and heat pumps for residential and commercial buildings as well putting in doors and windows and laying tiles.

Against the backdrop of an ageing housing stock, rising requirements for energy efficiency and the growing use of renewable sources of energy, and with Germany as the largest single market in the EU, the German construction sector opens up attractive growth prospects from refurbishment and modernisation. Moreover, 2011 was the first year since the construction boom in the mid-90s when the number of residential building permits rose. Market structures in Austria are similar. In addition, business is based on a considerably broader footing through the franchise system. The use of resources within the Group has the potential to release synergies which will enhance profitability.

End-to-end services, such as building a photovoltaic rooftop system on a builder-owner home, takes the pressure off home builders.

Goals and Strategy

The primary goals of BayWa are to continue its path of expansion and raise its profitability in order to strengthen its leading role in the competitive environment. Against the backdrop of changing markets and growing globalisation, BayWa also needs to expand more swiftly in its international business in the future to remain successful in the long term. Apart from augmenting its existing core business in Germany and abroad, BayWa pursues the strategy of making inroads into new and promising areas to put its business on a broader basis. In steering this course of expansion, BayWa remains true to its conservative risk principles and practices a stringently responsible approach in the assessment of new risks.

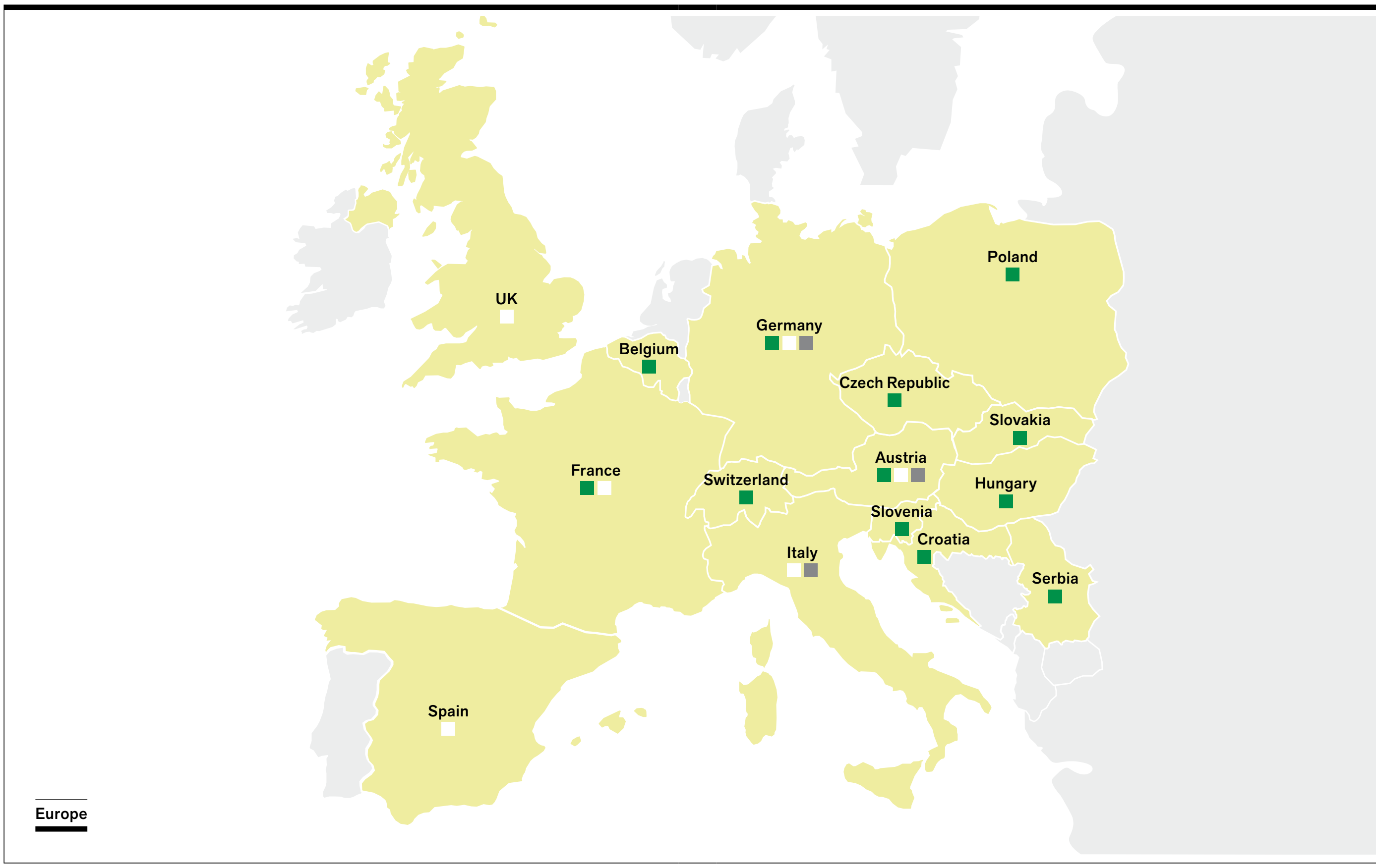
The changing face of BayWa

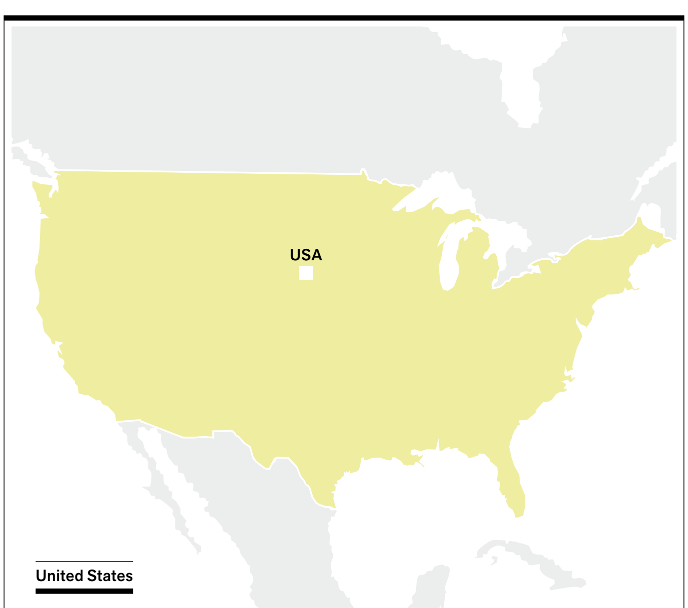
BayWa has evolved into one of the leading suppliers of products and services in its core businesses of agriculture, energy and building materials through activities characterised by solidity, reliability and innovation in the respective markets. BayWa intends to safeguard this strong market position long term and strengthen it through organic growth and acquisitions. Dynamic developments in the market also trigger changes in the requirements placed on the BayWa Group. Against this backdrop, BayWa is constantly required to review and adjust the way it perceives itself. The challenges lie in finding the optimal solution to the deployment of strategic funds and in the response to establishing new technologies enabling active participation in shaping market changes. In 2011, BayWa gave fresh impetus to its future goals for growth and its strategy: In essence, this is an ongoing development in which tried-and tested elements are retained and supplemented by new aspects. In Germany, it has become virtually impossible to raise market shares in some fields of business to any great extent. Maintaining the strong position already achieved and, wherever possible, consolidating it further is the order of the day. In the medium to long term, however, the German market is set to contract, mainly due to demographic developments. Internationalising business in existing core activities has therefore become increasingly important. Moreover, BayWa intends to leverage its existing know-how in the business units to develop new, high-margin businesses in its competences of trading and services. The expansion of operations can take place on a sound capital structure. BayWa draws the capital necessary for investing in growth from the operating cash flow generated by its core activities. Additional capital can also be released from selling real estate no longer essential to operations, for instance locations which, having been modernised and combined, are no longer essential to operations. In terms of its capital base, BayWa's target is to achieve a long-term equity ratio of at least 30%. There may be individual years when this target may temporarily not be met owing to more major investments in growth. The focus in subsequent years, however, will be clearly placed on strengthening equity capital. The shareholders of BayWa are also to participate in this enhanced profitability.

Core components of BayWa's strategy

The core components of BayWa's strategy are constituted by the growth of the company, the internationalising of business, ongoing cost optimisation, business partnerships and cooperations, the value-oriented management of the company and the sustainability of its activities.

The BayWa Group worldwide





■ Agriculture Segment □ Energy Segment ■ Building Materials Segment

Growth of the company

Growth is not an aim in itself. On the contrary, growth secures the ability to generate the funds for necessary investments in the long term as well. Moreover, as the enterprise grows so do economies of scale, which will ultimately serves to enhance profitability. In an environment of accelerating internationalisation, BayWa is increasingly confronted by significantly larger competitors in the individual market segments, which will test its strengths. As a listed company, BayWa also comes under the scrutiny of the capital markets and must fulfil the expectations of both its current shareholders and potentially new shareholders on achieving a competitive return. The directions for future expansion lie, on the one hand, in organic growth, specifically in ongoing development driven by the company's own business in its present form, for instance through new products and services, and on the other in targeted acquisitions.

In an environment characterised by accelerating internationalisation, BayWa has opted consistently for profitable growth.

Internationalisation of business

In the past two financial years, BayWa has turned its attention more to tapping new markets and new business lines outside its traditional domestic markets. The BayWa Group intends to pick up the pace in future, especially in its agricultural and energy-related activities. On the one hand, BayWa is increasingly approaching the limits of growth in Germany and, on the other, the internationalisation of its business will make it more independent of developments in individual markets through geographical diversification. The influence of poor harvests due to weather conditions, or of changes in the legal framework conditions in the field of renewable energies in individual countries, on BayWa's performance can be reduced. This gives BayWa even more stability.

Ongoing cost optimisation

An efficient organisation and ongoing cost optimisation are key factors for raising profitability. Efficiency is enhanced by concentrating central functions in units which span the Group and its business units and by leveraging synergies. In addition, BayWa has already achieved economies of scale in many areas, particularly in purchasing.

Partnerships and cooperation with other enterprises

Alongside BayWa's strong roots in the cooperative federation, it already collaborates with numerous partner companies in activities such as logistics and sales. Such partnerships and cooperations will become increasingly important in the future. This is part of BayWa's approach to developing additional areas of business and establishing new sales channels, which facilitates a swifter entry into new markets.

Value-driven company management

The requirements placed by the capital markets and investors on BayWa have become significantly more demanding in recent years. The highest degree of transparency attainable and accurate information on the development of the company are prerequisites on which investors base their decisions. The environment and competitive conditions vary widely in the different businesses and regions where BayWa operates. Individual requirements on return depend on the type of business, its specific risks and the necessary capital. BayWa has introduced an economic profit valuation in order to make these requirements more transparent. This statement is now embedded in the corporate strategy. Value creation as defined by this valuation is achieved when return on capital employed has been earned. The operating assets committed in the respective operating unit, examples of which are real estate, a fleet of vehicles, inventories, receivables or liabilities, are calculated and compared with the respective unit's operating results. Using this instrument allows BayWa to optimise the allocation of capital within the company based on transparent criteria and to raise the return on capital employed.

Sustainability

Conducting business sustainably is becoming increasingly important in the face of dwindling resources and the concurrent increase in global demand for food and energy. BayWa offers a broad range of products and services in its Agriculture, Energy and Building Materials segments which serve to support the responsible handling of resources. BayWa lives its commitment to the issue of sustainability not only in respect of its customers – it is also determined to make a contribution to securing resources for future generations while, at the same time, putting its own business on a forward-looking basis. BayWa targets sustainable growth through conducting business responsibly and striving to achieve a harmonious balance between business, the environment, and corporate social responsibility and commitment to society.

Trading in wood pellets is only one alternative from the wide range on offer for handling natural resources responsibly.

Agriculture Segment

BayWa's aim is to raise revenues and profit and to become Europe's leading agricultural trader. In its agribusiness, BayWa acts as an interface between almost all participants in the agricultural value chain. It is therefore directly affected by all structural and market-related changes. BayWa has fixed its sights firmly on structural change in the agriculture industry and business while, at the same time, being an active participant in shaping these changes. In agricultural trading, BayWa has often already secured a leading market position in the regions where it operates. New business can be garnered essentially through acquisitions. However, in other regions of Germany as well, substantial growth is often juxtaposed to anti-trust issues from the standpoint of a German and/or European market. Against this backdrop, it is necessary for BayWa to develop new markets and regions, also in its traditional core business segments, to secure the future growth of the company. Last but not least, the purchasing patterns of key customers are also subject to change: Large buyers of the food retail trade, for instance, expect their suppliers that offer a full spectrum in the individual product categories to ensure reliable deliveries of a seasonal range of products depending on the time of the year. BayWa must fulfil these expectations if it wants to hold its ground against growing competition. With the purchase of a majority stake in Turners & Growers, a fruit marketer based in New Zealand, BayWa has taken a major step in the internationalisation of its agribusiness.

Energy Segment

The energy business is the second largest core segment of BayWa. In its traditional trading in fossil-based heating fuels, fuels and lubricants, the Group pursues the strategy of winning more market shares by taking over suitable competitors. Moreover, the offering is extended on an ongoing basis to raise the share of high-margin business by streamlining the portfolio, for instance, through entry into the energy service business. BayWa is reaping the benefit of the trend towards a more decentralised energy supply through the construction, installation and operating of central heating plants. Nonetheless, the importance of the traditional energy business will wane in the long term due to progress in energy conservation and the growing share of renewable energies in the energy supply mix. This analysis was the starting point for the Group's entry into the renewable energy's business in 2009, marked by the establishing of BayWa r.e. Since then this business line has expanded through organic growth and further acquisitions and generated revenues of around €306 million in 2011. In the medium term, the renewable energies activities are expected to deliver revenues of approximately one billion euros. As renewable energies will need government subsidies until they achieve grid parity, this business is subject to fluctuations caused by changes in the legal framework conditions. To limit the dependency on the markets in the individual countries and their subsidy policies, the renewable energies business was internationally oriented right from the start. BayWa r.e consistently pursued this approach in 2011 as well. Last but not least, by offering green energy and green gas, BayWa is ultimately developing additional new business lines.

The conventional energy business has been supplemented by the expansion of renewable energies activities since 2009.

Building Materials Segment

Far-reaching strategic measures were successfully implemented in the Building Materials Segment in 2011. A fundamental analysis of the business situation in the DIY & Garden Centres Business Unit showed that its own resources were insufficient to achieve the critical mass in a peer comparison and that it would therefore not be able to earn its cost of capital in the long term. Based on this analysis, BayWa found a solution in the Hellweg home improvement chain, a strong strategic partner with which the DIY and garden centre business can be retained and developed under a joint venture. The joint venture with Semer Beteiligungsgesellschaft, owner of the Hellweg Group, will secure jobs and strengthen the business' competitive position while, at the same time, keeping the BayWa brand and the franchise business. BayWa will withdraw from the joint venture and, accordingly, from this retail business, by 1 January 2021 at the latest

As Germany's number two, BayWa has competitive potential in its Building Materials Business Unit. Nonetheless, additional endeavour is required to ensure that the cost of capital can be earned long term. The structures have been improved through the sale of five locations and the closure of another two in north Germany in the financial year 2011. Beyond this, the strategic focus is on optimising the network of locations and improving logistics and sales.

Conducting Sustainable Business

BayWa has always placed primary emphasis on sustainability, long before this became an important issue of public interest. With its roots in rural cooperative trading, BayWa has been closely connected and is familiar with the needs of farmers since it was founded. Conducting business on a sustainable basis and handling natural resources responsibly are of vital significance because agricultural land forms the basis of farming livelihood and is handed down from generation to generation. This livelihood can only be conserved and put to use in the long term through a sustainable – in the true sense of the word – approach to handling natural production factors. This is why sustainability has a long tradition in agriculture – and consequently also at BayWa.

This self-perception has shaped BayWa's value culture. Nowadays, however, the significance of sustainability goes far beyond its original meaning. At BayWa, sustainability is firmly anchored in the management of the company. Along with the traditional aspects of sustainability, however, BayWa incorporates environmentally ecological goals into entrepreneurial action which augments this concept: Sustainability in a wider sense encompasses all partners and parties associated with the company, in other words customers, suppliers, employees, shareholders and stakeholders in society. BayWa's actions are aligned to long-term progress and securing the company as a going concern in harmony with social values.

Economics and sustainability

In economic terms, BayWa acts sustainably in striving for steady development – geared to success in the long term – to the benefit of all the stakeholders of the company, i.e. its customers, employees and shareholders. Surveys conducted show that BayWa's customers have vested a great deal of trust in the company. At the same time, BayWa is perceived as a sustainable company. This view is based on the way the company uses natural raw materials, its local commitment and its long-term focus. Sustainability for the Group's employees is defined by attractive and secure jobs, reflected in low fluctuation rates of 3.6% and an above-average length of service to the company expressed as a median of 15.3 years (pertains to BayWa AG, excluding its subsidiaries) as well as a high trainee ratio of 8.6% (all figures pertain to BayWa AG not counting its subsidiaries). Last but not least, employee numbers have risen by around 1,300 within the BayWa Group since 2003. Since its admission to the SDAX in 2003, BayWa's track record of success for its shareholders is reflected in a growth of some 63% in consolidated revenues, which equates to an annual increase of around 6.3%. Consolidated profit virtually trebled over the same period. BayWa shareholders have participated in the dividend growth, from €0.24 in the financial year 2003 to €0.60 in the financial year 2011 – pending approval by the Annual General Meeting of Shareholders.

The environment and sustainability

As regards environmental compatibility, BayWa has offered its customers sustainable products, for instance in the area of photovoltaics, energy-conserving refurbishment, or green fuels, such as wood pellets, for many years now. The product range has recently been extended to include green electricity and green gas. BayWa is also committed to conserving the environment in its actions: Over the past two years, rooftop photovoltaic systems with a peak power totalling around 5.7 megawatts have been installed on 47 buildings owned by BayWa, saving around 2,300 tons of CO_2 emissions. Moreover, BayWa will gradually be switching its power supply to green electricity from 2012 onwards. In terms of its vehicle fleet management, BayWa, in partnership with Athlon Car Lease Germany, has set itself the goal of minimising CO_2 emissions from its fleet. Having signed a declaration of intention of achieving the “Cleaner Car Contracts” Gold Standard before the end of 2012, the BayWa fleet will have fulfilled the climate targets before the respective EU directives come into force. The objective of the Gold Standard for vehicle fleets is to lower the average CO_2 emission of the whole fleet of new cars to120 grams of CO_2 per kilometre in 2012.

Corporate social responsibility

BayWa takes account of social aspects within the company by, for instance, subsidising the cost of childcare for young families. On the one hand, this promotes the work-life balance while, on the other, facilitating a swift return to working life of women in particular. Another example of BayWa’s commitment to society is the BayWa Foundation (www.baywastiftung.de) which promotes educational projects in Germany and abroad. For instance, the Foundation educates children and young people in schools in Germany about a healthy and balanced diet and raises their awareness of the agriculture industry as a food producer. Young academics are also promoted: BayWa supports many students from the Weihenstephan-Triesdorf University of Applied Science and the Technical University of Munich’s Weihenstephan Center of Food, Land Use and the Environment in the context of grants from the German government under its programme for funding young people. In its international activities, the BayWa Foundation provides aid in the form of sustainable projects under the slogan of “Helping Others to Help Themselves”, especially in Romania and Tanzania. Here the emphasis is on project results which do not simply dissipate but, instead, lay the foundation for better, sustainable and long-term development prospects.

One goal of the BayWa Foundation is to teach children about the value of a healthy diet and to show them what is involved in growing food and what the agriculture industry contributes to this process. The Foundation pursues this goal in Germany and in other countries.

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

Section

BayWa and the Capital Market

2

We are a strong partner to our customers, employees, investors and suppliers.

(Taken from BayWa's Corporate Guidelines)

Page

Greater transparency, greater interest

As a listed company, BayWa must fulfil the requirements of the capital markets. This not only goes for achieving a competitive return for our investors but also for maintaining high transparency and communication standards. With this in mind, our Investor Relations activities were stepped up in 2011. Moreover, the number of analysts regularly covering BayWa has risen again.

From

€0.32

to

€0.60

The dividend proposal for the Annual General Meeting of Shareholders is 60 cents. BayWa share dividend has therefore almost doubled since 2007, up from 32 cents.

€220 million

BayWa used the attractive conditions in the capital market to issue a bonded loan of some €220 million in the fourth quarter of 2011. This measure widens the Group's financial scope and smooths the maturity profile.

35%

Around 35% of the BayWa Group's employees have invested in the company through employee shares.

The Share

The German stock market closed the year 2011 having shed nearly 15% of its value measured against the DAX as the leading index. The BayWa share was also unable to decouple from this general market trend. BayWa continued to extend the scope of its Investor Relations activities in 2011. The number of banks conducting regular coverage of BayWa rose again. In the autumn of 2011, BayWa took advantage of the attractive capital market environment and issued a second bonded loan.

The slowdown in growth and the debt crisis puts pressure on the stock exchanges

The start to the year 2011 was characterised by the recovery in the global economy holding steady. Expectations of the economic development in North America and Western Europe in particular were still largely positive. In the second quarter, however, sentiment darkened. The tsunami catastrophe in Japan, political unrest in North Africa and in the Near East and, last but not least, the debt crisis in Europe and in the US considerably dampened expectations of economic development. The Euro Stoxx 50 lost almost 18% of its value in 2011.

The German stock market's development mostly mirrored the trend in other global stock markets. Through to the beginning of May, the DAX climbed by around 9% to 7,528 points. The deterioration in the debt crisis of a number of euro countries, the downgrading of the countries in question, along with major banks, triggered a flight from risky equities as the year progressed. By mid September, therefore, the DAX had lost 2,455 points which equates to almost 33%. The moderate rally in the fourth quarter was also unable to make up for lost ground. As a result, the DAX closed the year 2011 at 5,898 points, which is around 15% down compared with the year-earlier level. The MDAX also sustained losses in 2011, closing with a minus of approximately 12%.

Price performance of the BayWa share

In comparison to the stock market year 2010 when the BayWa registered share with restricted transferability closed at its almost highest level for the year, the share had already peaked by 6 January in 2011 when it stood at €35.01. The lifting of the grain embargo in Russia and the announcement of considerable tracts of land freed up for the cultivation of maize and wheat in the US, combined with the significant downturn in grain prices, put an end to the boom in the agricultural sector which had prevailed since mid-2010. In addition, general factors in the market, such as anxiety about the global economy slipping back into recession and the breakup of the currency union, exerted a negative influence.

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	**2011**
High	6.50	13.70	15.40	18.35	26.29	47.71	44.50	26.90	35.04	35.01
Low	4.60	4.60	11.62	12.70	16.51	23.05	17.92	14.15	24.95	24.05
Closing price	5.20	13.21	13.40	16.20	24.28	34.02	25.80	25.16	35.04	27.30
Market capitalisation (in € million)	176.3	443.4	452.9	548.6	823.2	1,154.1	874.4	855.9	1,193.5	937.7

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

As a result, BayWa's share price entered a steep downtrend and fell to its lowest point of €24.05 for the year on 8 August. The rally in the fourth quarter saw the BayWa share initially rise above the average for the MDAX – by 6 October, it had climbed to € 32.82 – and then subsequently trend sideways. In December, however, the share lost around 15% and closed the year 2011 at €27.30. In a year-on-year comparison, the share therefore shed 22.1% of its value, and market capitalisation had declined by almost €256 million to approximately €938 million by year-end 2011.

The closing price for registered shares not subject to restricted transferability stood at € 30.00 on 30 December 2011. Compared with a year ago, when the share price came to € 33.80, this represents a decline of 11.2%.

43,800
shares per trading day

The average trading volume of the BayWa bearer shares with restricted transferability climbed from around 27,900 in 2010 to some 43,800 shares per trading day in the reporting year. This corresponds to an increase in the volume of 57.0% compared with the average achieved in 2010.

Positioning of the BayWa share in the MDAX

The BayWa registered share with restricted transferability is traded on the regulated markets in the Frankfurt and Munich stock exchanges, in the XETRA trading system, as well as OTC on the stock exchanges of Berlin, Bremen, Düsseldorf, Hamburg and Stuttgart. The share fulfils the international transparency standards prescribed by Prime Standard. The BayWa share was admitted to the MDAX with effect from 21 September 2009, which led to an increase in the number of analysts regularly covering BayWa AG. The following banks regularly analysed and assessed BayWa AG in the financial year 2011:

Rating by the banks

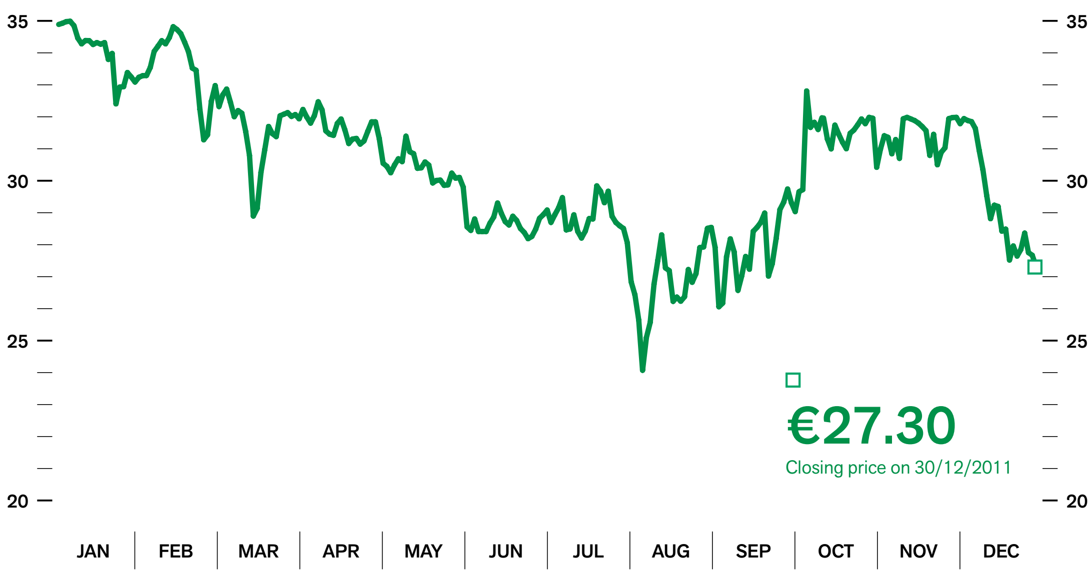
	As per	Rating
Bankhaus Lampe	28/02/2012	Buy
Berenberg Bank	16/01/2012	Buy
Close Brothers Seydler Research AG	20/01/2012	Buy
Commerzbank AG	01/03/2012	Accumulate
Deutsche Bank AG	10/11/2011	Hold
DZ Bank AG	01/03/2012	Buy
Equinet AG	28/11/2011	Accumulate
Hauck & Aufhäuser	24/01/2012	Buy
MainFirst Bank AG	13/10/2011	Neutral
M. M. Warburg	01/03/2012	Buy
Steubing AG	10/01/2011	Buy
UniCredit Bank AG	01/08/2011	Buy

Employees use Employee Share Scheme

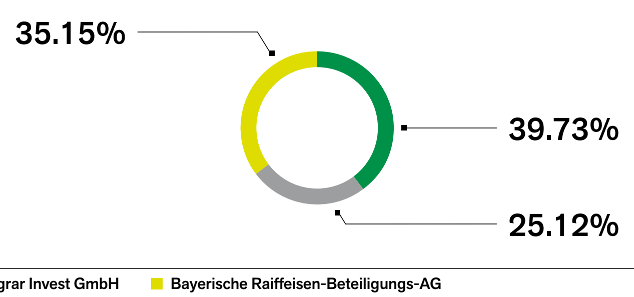
Employee share discount of
40%

For many years now the Employee Share Scheme has promoted the entrepreneurial thought and action of the workforce. Moreover, it allows employees to participate in the development of the BayWa share. In the summer of 2011, employees of BayWa AG and its Group companies were again given the opportunity of purchasing BayWa shares under special conditions. Within the limits permitted under the law on wages and income tax, those entitled to the shares of BayWa AG were able to subscribe at an employee discount of 40%. All in all, 120,789 registered shares with restricted transferability (2010: 118,691) were issued as part of this share scheme. These shares are subject to a prohibition on sale (company lock-up period) until 31 December 2013. The capital increase from Authorised Capital was entered into the Commercial Register on 19 October 2011. The company received funds totalling €2,042,541.99 from this measure.

Share price performance from 01/01/2011 to 31/12/2011 – sec. ident. no. 519 406 (in €)



Shareholder structure of BayWa AG on 31/12/2011



BayWa share key data

	Registered shares with restricted transferability	Registered shares not subject to restricted transferability
Securities ident. no.	519 406	519 400
ISIN	DE 0005194062	DE 0005194005
Ticker symbol	BYW6	BYW
Reuters	BYWGa.DE	BYWG.DE
Bloomberg	BYW6:GR	BYW:GR
Stock market segment	Regulated Market/Prime Standard	Regulated Market/Prime Standard
Stock exchanges	Frankfurt, Munich, XETRA OTC in Berlin, Düsseldorf, Hamburg and Stuttgart	Frankfurt, XETRA
Index	MDAX	–
Number of shares	32,979,980 + 120,789 recently issued	1,243,251

Allocation of share capital

€87.9 million
in share capital

The share capital of BayWa comes to €87,920,691.20. Compared with the previous year, liable capital rose by €309,219.84 owing to the subscription of employees shares. The share capital comprises 34,344,020 registered shares, divided into two classes of shares: owing to their number of 33.1 million, the more liquid registered shares with restricted transferability (securities identification no. 519 406) and 1.2 million in shares not subject to restricted transferability (securities identification no. 519 400). The latter were largely created through issuance in the context of business combinations. The trading volume of this "smaller" category of shares is very limited owing to their low number.

Significant increase in dividend

The Board of Management and Supervisory Board will put forward a proposal to the Annual General Meeting of Shareholders to pay a dividend of €0.60 per dividend-bearing share. The intention of the company management and supervisory bodies in distributing dividend is to enable the shareholders to participate in the positive development of the BayWa Group in 2011. BayWa thus continues to uphold the steady, earnings-oriented dividend policy pursued in recent years. In relation to the BayWa Group's net income, adjusted for minority interest, the payout ratio – subject to approval by the Annual General Meeting of Shareholders – therefore comes to 40.1% compared with 33.8% in 2010. Measured against consolidated net income, the payout ratio stands at 29.4% (2010: 25.5%).

Shareholder structure remains stable

The shareholder structure of BayWa AG pertaining to the registered shares subject to and not subject to restricted transferability at year-end 2011 was as follows:

- As per 31 December 2011, Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, held 35.15% of the shares in accordance with their entry in the share register.
- Raiffeisen Agrar Invest GmbH headquartered in Vienna held 25.12% of the voting rights.
- The proportion of free float stood at 39.73% on the reporting date.

Investor Relations

Widespread uncertainty and caution in the capital markets has increased the investors' need for information. The raft of increasingly stringent regulations also necessitates expert knowledge and communication skills. To take account of these requirements the Investor Relations activities were stepped up in terms of both direct and indirect communication. The range of information on offer was supplemented by the BayWa Fact Book, which met with great interest. Another step in this direction was to add additional functionalities to the Investor Relations webpages. In this way, BayWa continues to position itself as a reliable point of contact ready to engage in dialogue at all times.

Communication with the capital markets

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

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

Another increase in analyst coverage

There was another increase in the number of analysts conducting regular research on BayWa AG: Berenberg Bank, Hauck & Aufhäuser, Close Brothers Seydler Research AG and MainFirst Bank AG took up coverage of the BayWa share in 2011.

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

Investor Relations activities

The highlights of BayWa's Investor Relations activities in 2011 were three telephone conferences which took place when the respective quarterly figures were released and the annual Analysts' Conference. In addition, there was direct contact with analysts and institutional investors, both in the form of one-to-one discussions as well as at investor conferences, which is an important medium for explaining the prospects of the company in detail. This interaction enables an ongoing comparison between the company's standpoint and how it is perceived externally. The assessment of capital market participants on developments, both in the respective sectors and concerning the company, is also particularly valuable to BayWa.

210
individual meetings in 2011

In line with its tenet of enhancing transparency and strengthening communication, particularly in phases of volatility in the stock markets, BayWa raised the number of individual meetings with fund managers and financial analysts in the reporting year by arranging more than 210 meetings (2010: 203). Flanking the fostering of contact with investors in Germany, BayWa held a number of road shows and visited investors in the US, London, Vienna, Paris, Zurich and several Scandinavian countries. Moreover, BayWa took part in the following capital market conferences in 2011:

- Cheuvreux German Corporate Conference, January 2011, Frankfurt am Main
- HSBC Small & Mid Cap SRI Conference, February 2011, Frankfurt am Main
- Close Brothers Seydler Bank AG Small & Mid Cap Conference, February 2011, Frankfurt am Main
- Bankhaus Lampe Capital Market Conference, April 2011, Baden-Baden
- Münchner Anlegerforum (Investment Forum), April 2011, Munich
- Cheuvreux Pan-Europe Conference, May 2011, London
- Close Brothers Seydler Bank AG Small & Mid Cap Conference, May 2011, London
- Commerzbank Corporate Day, June 2011, London
- Steubing Investor Conference, June 2011, Frankfurt am Main
- 6th Investor Forum, June 2011, Augsburg
- UniCredit German Investment Conference, September 2011
- German Corporate Forum, October 2011, London
- DZ Bank Conference, November 2011, Frankfurt am Main
- German Equity Forum, November 2011, Frankfurt am Main

Capital Market Day

Capital Market Day attended by around 30 financial experts from Germany and other countries

BayWa's Capital Market Day, which has been an integral part of communication with investors and analysts for some years now, took place in October 2011. The focus of the Day was on the Agricultural Equipment Business Unit. Around 30 financial experts from Germany and abroad attended the two-day event at an Agricultural Equipment location in Leipzig where they had the opportunity of talking directly to representatives of BayWa's management on the strategic direction of the Group and its business prospects. A tour of the sales outlet enabled the guests to gain an insight into daily operations and the current trends in the agricultural equipment business. Another program highlight was a visit to a farm run by a BayWa customer who explained the challenges facing farmers from a customer standpoint. Another increase in attendance numbers showed the positive response of analysts to the event.

BayWa's debt instruments

The BayWa's external financing structure has been mainly aligned to the short term owing to the strong seasonal fluctuations in financial resources committed, particularly as regards working capital. The year 2010 was the first time that BayWa issued bonded loans for the medium and long-term financing of growth. The response of the market to these bonded loans was very positive.

In the fourth quarter of 2011, BayWa made the decision to tap the favourable conditions in the capital market by issuing another bonded loan which was offered with terms of five and seven years. Depending on investor interest, the two tranches bear interest either at a floating rate based on the 6-month Euribor, or at a fixed rate based on the mid-swap rate. As the original loan volume of €100 million was oversubscribed multiple times BayWa was able to issue almost €220 million in total at the lower end of the range. The new bonded loan serves to diversify the financing portfolio and smooth the maturity profile of liabilities. Furthermore, the combination of fixed and floating rates reduces the interest rate risk. The funds received were used to repay current liabilities without these credit lines being terminated.

Bonded loan 2011

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

Section

Management Report on the Company and the Group

3

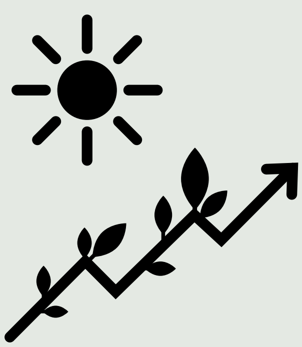
We are a sound, dependable and innovative company.

(Taken from BayWa's Corporate Guidelines)

Page

Excellent performance

The BayWa Group delivered an excellent performance in the financial year 2011. It focused on internationalising business and expanding activities in the field of renewable energies.



From (2009)

€12.5 million

to (2011)

€306.0 million

BayWa r.e's revenues: swift development of the Renewable Energies business line.

Agriculture:	€4.3 bn
Energy:	€3.1 bn
Building Materials:	€2.1 bn
Other Activities:	€0.1 bn

€9.6

billion

Consolidated revenues rose to €9.6 billion = an increase of 21.3%.

122

companies

The BayWa Group, including BayWa AG, comprises 122 companies. Compared with 2010, another 35 companies have been included in the group of consolidated companies as per 31 December 2011: 23 international and 12 German.

Management Report on the BayWa Group in the Financial Year 2011

I. Summary of Performance in 2011

The BayWa Group continued to develop extremely well in the financial year 2011. The main emphasis was on internationalising business and expanding activities in the field of renewable energies. Revenues grew in all of BayWa's segments. In terms of earnings before interest and tax (EBIT), BayWa also outperformed the year-earlier level in all three segments.

The development of business in the Agriculture Segment was impacted by the lower harvest volume in a number of its products, especially grain. Coupled with demand exceeding the actual harvest volume, this depleted the inventories of several key agricultural commodities. Consequently, the prices of agricultural produce were significantly higher than in the previous year. Operating resources reported a year-on-year increase in the sales volume of fertilisers and crop protection, with feedstuff consumption also rising. Higher prices commanded for operating resources did not dampen the volume of demand as there was an improvement in produce prices. In the fruit business, the volume of dessert fruit sold was significantly above the year-earlier level when hail damaged the harvest in a number of regions. At the same time, produce prices remained stable for the most part. The agricultural equipment business benefited from record investments by farmers. The uptrend in farmers' income encouraged a correspondingly high propensity to invest. Another fundamental factor of influence is that farming larger areas of land necessitates a greater use of agricultural equipment. Deploying state-of-the-art, process-controlled large machinery ultimately enhances efficiency while cutting costs, making such investments profitable. The total revenues of the BayWa Group's Agriculture Segment came to €4,258.9 million in the financial year 2011, which corresponds to a growth of €753.8 million, and is 21.5% higher than in the previous year. Compared with 2010, EBIT rose by 22.1% to €78.0 million, up from €63.9 million in the reporting year.

Agriculture Segment's revenues up by 21.5%

In the conventional energy business of the Energy Segment, volumes were raised in 2011 across all product segments, namely heating oil, wood pellets, fuels and lubricants, boosted especially by acquisitions. High prices for crude oil, however, had a hampering effect on demand patterns in the heating sector which caused margins to narrow in comparison with 2010. The filling station and lubricants business benefited from the persistently favourable economic environment. Revenues generated by the conventional energy business stood at €2,805.9 million, which is 33.4% up from the year-earlier figure. This increase was, however, driven primarily by the high price of crude oil. At the same time, EBIT declined by 31.7% to €6.3 million due primarily to narrower margins in the heating oil business. In the renewable energies business, revenues climbed by 20.1% to €306.0 million through organic growth and acquisitions and a greater business volume in all three businesses of photovoltaics, wind power and biogas plants. EBIT advanced by 28.5% to €27.1 million. The total revenues of the Energy Segment amounted to €3,111.8 million, thus posting a growth of 31.9% over the year-earlier figure. The segment's EBIT rose by 10.1% to €33.4 million.

Revenues of the Energy Segment climb by 31.9%

The Building Materials Segment performed well in the financial year. Its building materials retail trade benefited throughout the whole year from good weather conditions and a general recovery in the construction sector. Alongside the sharp upturn in residential building, brisker non-residential construction activities also boosted demand for building materials. Public-sector building, however, remained at the year-earlier level. Against the backdrop of this environment, the Building Materials Business Unit lifted revenues by 10.0% to €1,508.5 million. EBIT was raised by €16.1 million to €24.7 million. The economic uptrend and the ongoing improvement in the consumer sentiment of private households contributed to brisk business in the DIY and garden centres. Moreover, the reopening of locations upon completion of refurbishment also boosted revenues. The business unit's revenues climbed by 4.7% to €557.1 million, and EBIT grew by 20.5% to €11.8 million. Factors exerting a positive impact on profit were, in particular, the successful restructuring measures and the non-recurrence of the associated expenses incurred in 2010. All in all, the Building Materials Segment achieved an increase in revenues of 8.5% to €2,065.6 million. EBIT nearly doubled in the process, advancing from €18.3 million a year earlier to €36.5 million in the financial year 2011.

Growth in Building Materials' revenues of 8.5%

The BayWa Group raised its overall revenues by €1,682.7 million, which is 21.3%, to €9,585.7 million in the financial year 2011. In comparison with the figure posted in 2010, EBIT climbed by 17.5% to €151.4 million. Earnings before tax rose to €97.7 million in the year under review, which corresponds to a year-on-year increase of 12.1%. The shareholders of BayWa AG are also to be given the opportunity of participating in this performance. Consequently, the Board of Management and Supervisory Board will put forward a proposal to the Annual General Meeting of Shareholders to raise the dividend to €0.60 per share.

Proposal to raise dividend to 0.60 cents

II. Business and General Conditions

Group structure and business activities

BayWa AG was established in 1923 and has its principal place of business in Munich. Its business activities comprise wholesale and retail trading, and logistics, with the associated advisory and general services in the sectors of agriculture, energy and construction. Business activities have therefore been divided up into the three segments of Agriculture, Energy and Building Materials. The segments' core competences reside in trading and logistics services, supplemented by an extensive offering of specially customised advisory and general services. Rooted in cooperative rural trading and with its firm footing in rural regions, BayWa has evolved into one of Europe's leading trading and logistics groups through steady growth and by consistently extending its range of products and services.

Around 3,000 sales locations in 17 countries

Including its franchise and partner companies, the Group has around 3,000 sales locations in 17 countries. Its home markets are in Germany and Austria. Moreover, in the process of steady growth defined by its strategic guidelines, BayWa has entered new markets in the United States and in the UK. Furthermore, the first milestone for entry into New Zealand has been set with plans for the acquisition of Turners & Growers.

The BayWa Group

	Revenues (in € million)	Employees (annual average)
Agriculture	4,258.9	6,859
Energy	3,111.8	1,387
Building Materials	2,065.6	6,698
Other Activities	149.4	647

Agriculture Segment: share of 44% in consolidated revenues

Traditionally, the BayWa Group generates the largest part of its revenues from the agriculture and food industry. The Agriculture Segment contributed approximately 44% to consolidated revenues in 2011. BayWa is one of Europe's largest full-line suppliers in the agriculture sector and trades some of its products worldwide. The Agricultural Trade Business Unit collects, stores and sells plant-based products, from the field through to the food industry, and trades in agricultural resources such as seed, fertilisers and crop protection as well as feedstuff for animal husbandry. In its Fruit Business Unit, BayWa operates as a full-line supplier to the food retail and wholesale industry in Germany. Subject to the approval by New Zealand's anti-trust authority, the company will be focusing its international business increasingly towards Asia through the acquisition of Turners & Growers, a company based in New Zealand. The Agricultural Equipment Business Unit has an end-to-end range of indoor and outdoor equipment for agriculture and forestry as well as for local authorities and commercial customers. The business unit has a tight network of workshops as well as mobile service vehicles offering maintenance and repair services and selling replacement parts.

Energy Segment: share of 32% in consolidated revenues

The Energy Segment, which makes up around 32% of consolidated revenues, sells mainly heating oil, diesel and Otto fuel, along with lubricants and wood pellets through its business in conventional sources of energy in Bavaria, Baden-Württemberg, Hessen, Saxony and Austria. The segment also operates its own network of fuel stations. The Group's activities in the field of renewable energies are combined under BayWa r.e. BayWa specialises in trading, project development, as well as the construction and subsequent sale of turnkey solar plants, wind farms and biogas plants in this business. As part of implementing a two-pronged diversification strategy to reduce its dependency on individual sources of renewable energy and local markets, BayWa r.e's business, with activities in all important European markets and in the US, is conducted on a much greater international scale compared with conventional energy carriers.

Building Materials Segment: share of 22% in consolidated revenues

The Building Materials Segment accounts for around 22% of consolidated revenues. The BayWa Group is Germany's number two in the building materials retail business and ranks among the leading suppliers, also in Austria. Since the start of 2012, the Group has operated DIY and garden centres, concentrated mainly in rural regions, largely via newly established BayWa Bau- & Gartenmärkte GmbH & Co. KG. As a joint venture with Semer Beteiligungsgesellschaft GmbH this company joined the Hellweg home improvement chain at the beginning of 2012. As part of this transaction, the DIY and garden centres were recognised at equity with effect from 1 January 2012. BayWa plans to fully withdraw from the joint venture by 1 January 2021 at the latest. Moreover, BayWa is an important franchisor in the building materials retail and the DIY and garden centre business.

BayWa AG heads up business operations in three segments, both directly and through its subsidiaries which are included in the group of consolidated companies. In Eastern Europe, Spain, the UK, Italy, France, Austria, New Zealand (planned) and the US, the local subsidiaries are managed independently. Besides BayWa AG, the BayWa Group comprises 107 fully consolidated companies. Furthermore, 14 companies were included at equity in the financial statements of BayWa.

108 fully consolidated companies in the BayWa Group

Corporate goals, strategy, management and control

BayWa's primary corporate goals are to continue charting its growth path and raising its profitability with a view to sustainably strengthening its competitive position as one of the leading suppliers of products and services in the segments of agriculture, energy and building materials.

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

- Growth of the Group
- Internationalisation of business
- Ongoing cost optimisation
- Partnerships and cooperations with other enterprises
- Value-driven management of the company based on economic profit
- Sustainability of the Group's activities

Stronger internationalisation of business

Sustainable business in all segments

BayWa intends to achieve its goal of growth through organic expansion, promoted by the ongoing development of existing activities and through developing new business lines in Germany and abroad as well as, if conditions are favourable, acquisitions. In the face of changing markets and ongoing globalisation, the swifter internationalising of its business, which will make it more independent of developments in the individual markets through geographical diversification, is of growing significance for the Group's long-term success. The BayWa Group intends to accelerate this process, especially in its agricultural and energy-related activities. This approach will lessen the impact of external factors, for instance, of poor harvests due to weather conditions or of changes in the legal framework conditions in the field of renewable energies in individual countries, on BayWa's performance. All this adds up to even more stability for BayWa. Moreover, BayWa is tapping new business opportunities through partnerships and cooperations with other companies. Furthermore, it strives to conduct business on a sustainable basis in all areas. By doing so, the company intends to make its contribution to securing resources for future generations while, at the same time, putting its own business on a forward-looking basis. BayWa targets sustainable growth through conducting business responsibly and endeavouring to achieve a harmonious balance between business, the environment, and corporate social responsibility and commitment to society.

The Group's expansion will result in economies of scale which, combined with stringent cost management, will raise profitability. Strategic measures are concentrated on enhancing the efficiency of the locations, and streamlining processes and workflows, as well as making more intensive use of existing sales and distribution structures.

Equity ratio target of 30%

On the financing front, the focus is on an efficient management of working capital. By securing longer-term financing for part of its working capital through issuing bonds and loans, BayWa has taken account of changes in business structures which have arisen especially through growth in the business of BayWa r.e. As in the past, BayWa will ensure a balanced capital structure with a medium to long-term equity ratio target of 30%.

Value-oriented management based on economic profit

The management and control of the business units are carried out using strategic and operational parameters and by applying a value-driven management approach based on economic profit. This approach will support the medium- and long-term streamlining of the portfolio and the strategic improvement of capital allocation within the Group. Economic profit shows whether the ratio between the operating profit achieved and the risk-adjusted cost of capital is appropriate, i.e. whether the segment has earned its cost of capital. Return on average capital invested in the segments is calculated by applying the risk-weighted cost of capital. The return on invested capital (ROIC) of the segments is then measured against the respective cost of capital. There is economic profit if the return on invested capital is higher than the cost of capital.

The Agriculture and Energy segments generated an economic profit in the financial year 2011 and earned their cost of capital. All in all, the Building Materials Segment delivered a positive contribution to profit but was unable to fully cover the underlying cost of capital. This shortfall is due to the DIY & Garden Centres Business Unit where the result was not sufficient to deliver a return on average invested capital appropriate to the commercial risk. By contrast, the Building Materials Business Unit met the target.

Services, products and business processes

BayWa's logistics competence is especially important in the collection, storing and selling the harvest in its agribusiness. Buying up the harvest necessitates a sophisticated transport system and a high level of storage capacities, as well as the seamless integration of goods delivery, 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 a sound and informed assessment of market developments, especially in times of high price volatility. Upstream and downstream from the harvest activities involve the supplying of farmers with seed, operating resources and advisory services for cultivation, as well as the sale and servicing of agricultural equipment, which means that BayWa's Agriculture Segment remains in close contact with its customers from the agricultural industry throughout the year.

Leading supplier of German dessert fruit

In its fruit and vegetable operations, BayWa is a leading supplier of German dessert fruit to food retailers and, through its ten locations, the largest single marketer of German dessert fruit and the largest supplier of organic pome fruit. In addition, the Fruit Business Unit collects, stores, sorts, packages and sells the produce as a marketer under contract to customers in Germany and abroad. Frucom, the business unit's Hamburg-based subsidiary, and the planned acquisition of Turners & Growers headquartered in New Zealand, will give BayWa an entry to the international fruit business. As a full-line supplier, it will be in a position to supply food retailers and wholesalers with fruit the whole year long. Furthermore, the company's existing sales and distribution structures in its international companies will open up additional sales opportunities for German fruit in international high-growth markets.

Agricultural equipment and machinery for agriculture, forestry and municipalities

The Agricultural Equipment Business Unit is a full-line supplier of agricultural machinery, equipment and facilities. The product portfolio for cultivation comprises tractors, loaders and transport vehicles, machinery for soil cultivation and seed, equipment for spreading crop protection agents and fertilisers, all types of harvesting machinery, special machinery for speciality crops such as wine, hops, vegetables and fruit, as well as irrigation systems. Stabling equipment and machinery covers a broad product range, from milking and cooling systems through to facilities for mixing feedstuff and automated feed distribution systems. In grain cultivation and fodder products, the offering comprises drying and cleaning equipment as well as storage equipment right through to conveying and mixing systems. Furthermore, the Agricultural Equipment Business Unit offers versatile multi-purpose municipal vehicles, road-sweeping vehicles, mobile facilities for wood shredding and forklift trucks for municipal services and commercial operations. The range on offer for forestry includes large machinery and equipment such as forestry tractors, wood splitting and chipping machinery, forest milling cutters and mulchers, cable winches, road and path construction machinery right through to small appliances such as chainsaws and brush cutters, including the necessary protective clothing. Moreover, servicing machinery and equipment is guaranteed through a large network of locations.

Conventional energy business with fossil-based sources of energy

BayWa's conventional energy business comprises the sale of fossil-based heating materials, fuels and lubricants. Activities concentrate purely on logistics and distribution. BayWa does not maintain supplies of any great scope itself. The impact of price changes on inventories is therefore minimal. The sale of heating materials is mainly carried out via the company's own energy sales offices. Diesel and Otto fuel are sold through the Group's more than 280 fuel stations. In addition, supplies are delivered to the fuel station chains of partner companies and wholesalers. Competitive advantage is created from logistics and distribution through expanding the sale and distribution network, coupled with a higher degree of market penetration. The Energy Segment therefore also regularly seizes opportunities for growth through acquisition. As the structure of fuel trading is characterised mainly by mid-sized enterprises, alongside the few market participants who operate nationwide, good opportunities present themselves relatively often. In its lubricants business, BayWa traditionally supplies farmers in the main, along with small and mid-sized customers in the metal working trade and industrial customers. BayWa is a market leader for environmentally compatible plant-based lubricants.

Renewable energies business in solar, wind, and biogas

In the field of renewable energies, BayWa covers the value chain in the field of solar, wind power and biogas, from planning, development and trading right through to services for plant operation. Its offering comprises photovoltaic plants and wind farms as well as plants for generating energy from biomass. In addition, planning, operating resources and services form part of the offer associated with these plants. In 2011, BayWa forged ahead with the international diversification of its activities through further acquisitions. The company is now represented in a total of ten countries in Europe and in the US. By combining activities under BayWa r.e and establishing companies in the respective countries in 2011, the prerequisites were set in place for leveraging synergies and participating in expected market growth.

Customer groups of BayWa's building materials retail business

In the 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 through its retail operations. Other groups 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 the 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 may make for higher transport costs with relatively low value added. Together with direct availability, these are factors driving the regional structure of BayWa's building materials trade. Business in renovation products necessitates knowledge of new trends in materials and technologies and the associated advisory services, which is one of BayWa's core competences.

The DIY and garden centre business is defined by a niche-based local supplier concept geared first and foremost to servicing regional customers. It is subject to seasonal fluctuations as, particularly in the spring, the sale of plants and accessories makes a major contribution to revenues. When the planting season is over, demand is strong, particularly in the summer, for articles for recreational activities and for building in outdoor areas. In winter, by contrast, the focus of demand is redirected to interior decoration and furnishing accessories. The product mix therefore varies greatly over the course of the year. With effect from 1 January 2012, BayWa integrated a large part of its DIY and garden centre business into a joint venture under management by the Hellweg home improvement chain and intends to withdraw completely from this business in the medium term. For this reason, the associated assets and liabilities have been classified as held for sale in the 2011 financial statements and will no longer belong to BayWa's core business in future.

Sales markets and competitive position

One of the leading companies in agricultural wholesale and retail

BayWa ranks among Europe's leading companies in agricultural wholesale and retail trading. It is anchored in agribusiness as part of the agricultural cooperatives trading structure where it has its roots. By the nature of their historical development, these structures cater to the needs of different regions in Germany and Austria. BayWa has approximately 1,100 locations which form part of an extensive and tight network in its regional markets, particularly in Bavaria, Baden-Württemberg, Thuringia, Saxony and southern Brandenburg, as well as across the whole of Austria. The company maintains close business relations with around 500 cooperative warehouses in Austria. Numerous privately-owned mid-sized agricultural trading enterprises, mainly operating locally, make up the competitive environment for agricultural products. In contrast, there are a number of wholesalers, represented nationwide, offering equipment and resources. All in all, BayWa has carved out a significant market position in agricultural trading in Germany and Austria.

Good market position in the conventional energy business

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

Number two in Germany in the building materials retail business

In the building materials retail business, regional presence and close contacts with commercial customers are the key factors for success. The building materials market is strongly fragmented both in Germany and in Austria. In Germany, there are around 840 companies in total with some 2,100 locations specialised in the building materials retail trade. The majority of suppliers are mid-sized companies which work together in different forms of cooperation. With 220 locations, BayWa takes second place in Germany and enjoys a strong market position in many regions. It also has a strong footing in the most attractive regions of the Austrian market through 28 locations of its own and an extensive network coverage of franchise partners. The focus of BayWa's DIY and garden centre business lies in rural regions in Germany and Austria. Moreover, BayWa is also represented in Germany, Austria and Italy as a franchisor.

Fundamental legal and economic factors of influence

Factors of influence on agriculture

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

Price volatility of crude oil in conventional energy

Business in the Energy Segment is mainly influenced by volatile price trends in the crude oil markets. Consequently, the prices of fossil-based heating materials, fuels and lubricants are also subject to considerable fluctuations which naturally affect the demand for these products. In the case of renewable energies, rising prices for fossil-based fuels generally result in stronger demand. The sale of biodiesel, however, depends to a great extent on fiscal framework conditions and political decisions on the blend with traditional petroleum. This applies analogously to the demand for photovoltaic systems where, until the systems reach grid parity, return calculated from an economic standpoint is largely determined by the tariffs for feeding into the grid prescribed under the law.

Construction economy impacts building materials retail

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

Macroeconomic conditions

Slowdown in global economic development in 2011

Global economic growth slowed considerably in 2011. Overall, economic output grew by only 2.7% in real terms, down from 4.1% in 2010. Expansion in the gross domestic product of the industrial nations averaged a mere 1.6%. Factors of influence were the weak development in the US owing to the high level of unemployment and the persistently difficult situation in the real estate market, which posted a growth of only 1.7%, as well as Japan's economic output which contracted by 0.9% in the wake of the natural catastrophe in March 2011. The eurozone also reported a modest growth of 1.6%, hampered by the impact of the debt crisis in the peripheral countries of southern Europe. In contrast, emerging and developing countries achieved an above-average expansion rate of 6.0%, headed first and foremost by China with an increase of 9.1%.

The German economy benefited from steady, high demand for German products in other countries in 2011. As a result, exports climbed by 8.4% compared with the year-earlier level. In addition, capital investment posted a growth of 6.4%, thereby contributing more to macroeconomic growth than a year ago. Consumer spending, however, edged up by only 1.4% in 2011, and public-sector spending saw below-average growth of only 1.3%. Economic output in Austria grew by 3.2% in 2011, boosted first and foremost by capital investment and strong exports which climbed by 5.6% and 7.8% respectively.

Trends in the agriculture sector

Significant increase in the price of agricultural produce

Compared with a year ago, the average prices of agricultural produce, particularly of grain, rape, fruit and milk, rose significantly in 2011. At the end of the third quarter, the producer price index of agricultural produce was almost 12% above the level posted a year ago. In the case of important agricultural commodities, this price trend was buoyed by strong global demand and the rising price of energy. Due to the growing use of renewable primary materials to produce energy, prices in the energy market are increasingly forming a floor for the corresponding agricultural produce. Moreover, unfavourable weather conditions during the main harvest period in late summer and early autumn resulted in poor harvests in a number of regions. The global production volume of grain in the grain year 2010/11 came in at 2,200.3 million tons, which is 1.8% lower in comparison with the 2010 figure. At the same time, consumption climbed by 1.2% to 2,228.7 million tons, which depleted inventories by 28.4 million tons to 462.2 million tons. The total volume of grain harvested in Germany fell 5.7% short of the year-earlier level. Winter barley was particularly badly affected by the weather, with the yield per hectare declining by 14.9%. Seen from a regional standpoint, the yield trend in the south and west was better than in the north and east. Producer prices in the dairy industry climbed for the second year in a row, with dairy production up by around 2.4%. The production of meat is likely to have risen overall by between 1% and 2% in 2011. A slight downturn in the volume of cattle farming was more than compensated by rising prices. Pig farming came under pressure in 2011 from higher feedstuff prices, on the one hand, and dioxin contamination of certain types of feedstuff on the other. As a result, producer prices fell to their lowest level for a number of years but staged a recovery as the year progressed. Poultry farming grew by approximately 3% in terms of volume in 2011, accompanied by better prices. The purchase prices of agricultural operating resources also rose significantly overall by 8%. Above-average price hikes were recorded particularly for fertilisers, feedstuffs and energy as opposed to crop protection products where prices increases were moderate. The generally substantially higher income of farmers was, however, more than sufficient to compensate for higher costs. The German Farmers' Association therefore anticipates an increase in net value added of 7% to €13.4 billion. Operating income per worker advanced by just under 10% to €24,600 in the calendar year 2011, up from €22,500 in 2010. Agricultural machinery reported a record year with a revenue growth of more than 30% in 2011. Strong demand for cutting-edge agricultural technology was driven firstly by the generally good selling prices for agricultural produce, and secondly by structural changes in the agriculture industry. For instance, the number of agricultural operations declined by another 2.3% in 2010 to 300,700 in contrast to the average area of land under cultivation which rose by 2.3% to 55.8 hectares. This trend is conducive to the increasing deployment of intelligent and process-driven agricultural equipment to enhance efficiency.

Trends in the energy sector

The determining influence on the heating business in 2011 was the high crude oil price. Having closed the year 2010 at around USD95 per barrel, close to its peak for the year, the crude oil price entered another steep uptrend at the start of 2011, which brought it to just under USD127 at the start of April. Although, by the beginning of October, the price had declined, displaying a great deal of volatility, from this level to USD100, it was significantly higher over the course of 2011 in a year-on-year comparison. Against this backdrop, and because of lower consumption due to the mild winter, demand remained modest. Despite positive economic influences and an uptrend in the stock of vehicles, the fuels business also reported marginal sales increases. As in 2010, the price policy of the large mineral oil companies remained geared to compensating the lower refinery margins through higher margins in other business lines, such as filling stations. Demand in the lubricants business continued to rise in 2011, due in the main to the sustained positive development of the metal processing industry, particularly mechanical engineering.

Demand for lubricants stronger

In the field of renewable energies, fundamental political decisions were made with the adoption of the Energy Concept 2050 by the German government and Bundestag in the autumn of 2010. Under this concept, the proportion of renewable energies in electricity production is to be raised to 80% in the period through to 2050, the overall consumption of energy halved and CO_2 emissions reduced by 80% to 95%. The nuclear disaster in Japan in March 2011 accelerated the turnaround in Germany's energy policy through the retraction of extending the lifetime of existing nuclear power plants. All in all, the expansion of solar, wind power and biogas capacities is progressing apace and is being increasingly promoted by established energy utilities. Whereas wind farms and biogas plants generally involve large-scale commercial projects, the demand for photovoltaic systems is strongly influenced by private households. In this segment, the development of subsidising measures has a major impact on investment

Acceleration in Germany's policy to promote alternative sources of energy decisions. Following another cut in the feed-in tariffs on 1 January 2011, interest in solar plants and systems in Germany was very modest in the first nine months of 2011 compared to the strong demand in the previous year. An oversupply of solar cells from China, however, caused module prices tumble which, in turn, overcompensated for the reductions in subsidies on 1 January and 1 July 2011. In December alone, for instance, 3,000 megawatts were installed in the run-up to the feed-in cuts on 1 January 2012, which is almost 50% of the record capacity of 7,500 megawatts installed over the whole of 2011. International markets, such as France, the UK, Italy and Spain, also saw further reductions in the feed-in tariffs or even the shelving of other subsidies for renewable sources of energy in 2011, partly for technical and partly for budget consolidation reasons. Accordingly, two counter trends emerged in the year 2011: On the one hand, there is a broad consensus of public opinion in many countries that the proportion of renewable energies in power production should be raised substantially; on the other, the most efficient way of achieving this goal is still unclear in many respects.

Trends in the construction industry

The construction industry benefited from very favourable weather conditions throughout the whole of 2011. In comparison with the previous year, for instance, the premature end to the winter 2010/11 permitted an early start to numerous construction projects, and the mild weather conditions until December 2011 with no frost enabled building activities to continue through to the end of the year. With a share of over 56% in overall building activities investment, residential construction is the most important segment in Germany. Buoyed by the persistently low interest rate level, the number of building permits for owner-occupied homes, multi-family housing and other residential buildings climbed by a good 6% to 188,500 in 2010. This uptrend accelerated in 2011 with an increase of 18% to 222,600 building permits. The good weather conditions and the high number of permits prompted residential construction investment to rise by 5.9% in 2011. Non-residential building reported a growth in construction activities of 3.8%. Commercial building developed particularly well, climbing by 6%, as opposed to investment in public-sector building which contracted by 4.9% due to the expiry of the 2010 economic stimulus package. Following four years of decline, civil engineering investment activity staged a turnaround, posting a sharp increase of 6.7% in 2011. Commercial civil engineering recorded a growth of 8.6% and public-sector civil engineering 4.9%. The share of refurbishment, renovation and modernisation measures in building investments overall reported another upturn to just under 73%. All in all, construction investment in Germany climbed 5.4% in comparison with 2010. In Austria as well, the favourable weather conditions had a positive impact on building activities. The good weather in autumn 2011 was the reason for numerous construction and refurbishment measures planned for 2012 being brought forward. Nonetheless, the increase in construction investment, which came to 1.0% in total, was only moderate. This was attributable to cuts in government subsidies to promote residential construction which has caused a decline in building permits for several years now, as well as the shelving of projects promoting thermal retrofitting. In addition, investments in the rail and road infrastructure were also curtailed owing to the necessity of consolidating the public sector budget. Austria's building materials industry, however, recorded a nominal revenue growth of 5.5% in 2011.

Building permits rise 18% in Germany

III. Earnings, Financial Position and Assets

Development of the Group's business segments

Development of the Agriculture Segment in 2011

Increase of 19.8% in the revenues of Agricultural Trade Business Unit

The revenues of the BayWa Group, generated through agricultural produce and operating resources in its Agricultural Trade Business Unit, rose by 19.8% to €3,029.6 million in the financial year 2011. The increase in revenues is largely price induced, as the uptrend in the prices of agricultural produce held steady overall in 2011. In contrast, average harvest volumes across all plant products were below the year-earlier levels. The production of grain fell 5.7% short of the 2010 harvest volumes. BayWa's grain turnover declined by 2.1% to 4.9 million tons in 2011, down from 5.0 million tons a year ago. Grain trading, however, benefited from brisk business from the subsequent collection and storage of the harvest and the favourable selling price trend, particularly in the first six months. The sales volume of fertilisers and feedstuff were 2.6% and 2.4% higher respectively in a year-on-year comparison. The largely price-induced growth in revenues resulted in an increase in EBITDA of €5.3 million, the equivalent of 6.9%, to €82.0 million. As, at the same time, depreciation and amortisation was €1.4 million lower, EBIT advanced by €6.7 million to €56.1 million, which is an increase of 13.5%. Owing to the significantly higher trading volume requiring financing, net interest came in at €–20.5 million, which is €4.1 million down from the year before. All in all, earnings before tax of the Agricultural Trade Business Unit grew by €2.6 million, or 7.7%, to €35.6 million.

Revenue growth of 26.2% in the Fruit Business Unit

The Fruit Business Unit lifted revenues by 26.2% to €129.7 million in the financial year 2011, up from €102.8 million. This expansion in revenues is mainly attributable to the high price level and record harvests for dessert fruit in southern Germany. BayWa's sales volume exceeded the year-earlier figure by 33.2%. The business unit's EBITDA climbed by €0.4 million to €5.9 million, and EBIT rose by 6.7% to €4.0 million on the back of depreciation and amortisation which increased by €0.2 million to €1.9 million. Taking account of financing expenses of €0.4 million, the Fruit Business Unit generated an increase in earnings before tax of 2.6% to €3.6 million.

Revenues of the Agricultural Equipment Business Unit 25.9% higher

Business in tractors and other agricultural machinery grew swiftly in 2011, boosted by the improved income situation of farmers. The Agricultural Equipment Business Unit, for instance, was able, to sell 21.5% more new machinery than in 2010. The business unit also benefited from the measures concluded to realign brand support for CLAAS and AGCO (with the Fendt, Massey Ferguson, Valtra and Challenger brands) and an enlargement of the sales territory. All in all, revenues from trading in agricultural machinery stood at €1,099.5 million in 2011, which is an increase of €226.2 million, or 25.9%. EBITDA measured against revenues reported an above-average increase of €7.7 million, up 39.0% to €27.4 million, due to the non-recurrence of the higher level of expenses incurred in 2010 from adjusting locations to the CLAAS and AGCO brands. Although depreciation and amortisation increased slightly by €0.5 million to €9.4 million, EBIT nonetheless improved by €7.2 million, the equivalent of 67.0%, to €18.0 million. Net of financial expenses of €9.3 million, which is €0.6 million higher than the year earlier figure, earnings before tax of the Agricultural Equipment Business Unit climbed by €6.6 million to €8.7 million, which is more than three times the figure posted in 2010.

All three business units contributed to the generally positive development of the Agricultural Segment. In the financial year 2011, the Agriculture Segment generated revenues of €4,258.9 million, which is a growth of 21.5% compared with the previous year's figure. The segment's EBITDA rose €13.4 million to €115.4 million, the equivalent of an increase of 13.2%. Adjusted for depreciation and amortisation of €37.4 million, the segment's EBIT climbed by €14.1 million, corresponding to 22.1%, to €78.0 million. The segment's financing costs stood at €30.2 million, and were thus €4.9 million higher than in 2010. Earnings before tax advanced €9.2 million to €47.8 million in the financial year 2011, which is a growth of 23.9%.

Development of the Energy Segment in 2011

More heating oil revenues from inclusion of WAV Wärme Austria VertriebsgmbH

In comparison with the previous year, the revenues of the Energy Segment through business with conventional sources of energy rose across all product categories in the financial year 2011. The 14.5% growth in the sale of heating oil was mainly attributable to the inclusion of WAV Wärme Austria VertriebsgmbH in the consolidated group with effect from 1 July 2011; in comparison with the previous year, sales in 2011 declined. Demand for wood pellets continued to climb in 2011, enabling BayWa to lift sales by 14.0%. As regards fuels, expanding the network of filling stations and a slight increase in demand resulted in sales rising by 3.5% overall. The lubricants business was buoyed by the healthy economic environment, which resulted in an increase of 6.6% in sales. All in all, BayWa's conventional energy business reported revenues of €2,805.9 million, corresponding to a growth of 33.4% over the previous year's figure. This increase in revenues is, however, largely attributable to the significantly higher prices commanded for heating oil and fuels. At the same time, the high price of heating oil resulted in lower tank filling volumes of customers which, in turn, caused margins from volumes transported in relation to the route driven to deteriorate in 2011 compared with the previous year. In contrast, the development of margins in the filling stations business was positive, and the lubricants business also raised its profit. All in all, EBITDA in the conventional energy business, which stood at €15.4 million, fell €2.2 million, or 12.3%, below the year-earlier level due to the weaker heating oil business. Depreciation and amortisation rose from €8.3 million in 2010 to €9.1 million in the reporting year, bringing EBIT to €6.3 million, which is a decline of €2.9 million or 31.7%. In the renewable energies business, revenues climbed by €51.1 million to €306.0 million, up 20.1%. All three product segments namely photovoltaics, wind power and biogas, contributed to better revenues. In addition, four biogas plants, one wind farm and several solar parks in the project development business were sold after having being taken into operation and after successful completion of their ramping-up phase. BayWa r.e's EBITDA soared by 50.9% to €36.4 million. Adjusted for depreciation and amortisation of €9.3 million, EBIT posted a growth of €6.0 million, the equivalent of 28.5%, to €27.1 million.

The total revenues of the Energy Segment stood at €3,111.8 million in the financial year 2011, which corresponds to an upturn of €753.3 million equivalent to 31.9%. The segment's EBITDA posted €51.9 million, which is 24.3% higher than the year-earlier figure. Net of depreciation and amortisation, which came to €18.5 million and was therefore €7.1 million higher than in 2010, the Energy Segment lifted EBIT by 10.1% to €33.4 million, an increase of €3.1 million. Owing to the higher level of investments over the past two years, particularly in the renewable energies business, financing costs rose by €5.8 million to €10.3 million. As a result, the Energy Segment reported a decline of €2.6 million in earnings before tax to €23.1 million.

Development of the Building Materials Segment in 2011

Weather conditions favour the building materials business

The Building Materials Business Unit developed well, buoyed by favourable weather conditions in 2011 and brisk construction activities, especially in residential building. Revenues generated from the building materials retail business climbed 10.0% to €1,508.5 million. There was an above-average increase in EBITDA, which soared by €16.5 million to €41.7 million, up 65.1%. Measures implemented to streamline the business had a particularly positive effect. Depreciation and amortisation, which came to €17.0 million, was marginally higher than the year-earlier level of €16.7 million. In comparison to the 2010 figure of €8.5 million, EBIT almost trebled to €24.7 million. The expenses incurred by the Building Materials Business Unit to finance a sharp increase in business volume rose by €2.5 million to €8.0 million. Earnings before tax generated by the business unit were boosted to €16.6 million, up from €13.6 million, by the substantial improvement at the operational level.

The upbeat economic environment also had a positive impact on the performance of the DIY & Garden Centres Business Unit. Furthermore, the garden centres refurbished and reopened in the past two years contributed to boosting revenues. All in all, the revenues generated by the DIY and garden centre business increased by €24.8 million, which is 4.7%, to €557.1 million. The business unit's EBITDA, burdened in 2010 by start-up costs for the new DIY and garden centres, rose more sharply than revenues, posting an increase of 7.5% to €23.9 million in the financial year 2011. Depreciation and amortisation fell to €12.1 million in the reporting period, down from €12.4 million in 2010. Accordingly, EBIT climbed by 20.5% to €11.8 million. Adjusted for net financing expenses of €4.5 million, which were also marginally lower than the year-earlier figure of €4.6 million, earnings before tax of the DIY and garden centres business grew by 42.2% to €7.3 million.

The Building Materials Segment raised total revenues by €162.5 million to €2,065.6 million in the financial year 2011, which is an increase of 8.5%. In terms of EBITDA, the segment reported a growth of 38.2% to €65.6 million. As, at the same time, depreciation and amortisation declined by €0.8 million to €29.1 million, EBIT came to €36.5 million in the reporting year, up 98.9% and thus virtually doubling. The financing expenses totalled €12.5 million in 2011, which is €2.4 million more than in 2010. All in all, there has been an increase of 192.2% in the Building Material Segment's earnings before tax which have therefore almost trebled to €24.0 million.

Development of the Other Activities Segment in 2011

At the end of the year, Other Activities comprised BayWa's participation in Ybbstaler, an Austrian food producer, and dividend income from a number of participating interests which, from the standpoint of the Group, are of secondary importance. The year-on-year increase in revenues of €13.1 million to €149.4 million was first and foremost the result of the improved business volume of Ybbstaler GmbH. The fact that Frisch & Frost, an Austrian food producer sold in 2010, was no longer contributing to the result caused EBITDA to fall by €3.3 million to €55.6 million. This decline was compensated by the lower level of depreciation and amortisation, so that EBIT, which posted €41.5 million, was virtually unchanged from the 2010 figure of €41.8 million. Along with the operating profit of Ybbstaler GmbH, this figure largely comprises income contributed by the Group companies. All in all, Other Activities' earnings before tax came to €41.7 million in 2011, which is €0.5 million higher year on year.

Growth of 21.3% in the BayWa Group's revenues

Revenues of the BayWa Group climbed by 21.3% to €9,585.7 million, which is equivalent to an increase of €1,682.7 million, in the financial year 2011. Similar to the previous year, revenue growth was driven mainly by higher market prices for agricultural produce, operating resources and mineral oil products as well as the expansion of activities in the renewable energies business through organic growth and further acquisitions.

Other operating income rose by a total of €2.8 million to €130.0 million and comprises the following main components: rental income of €27.1 million (2010: €23.5 million), gains of €23.4 million from assets disposal (2010: €31.7 million), regular cost reimbursement of €16.0 million (2010: €14.8 million), the release of provisions in an amount of €10.5 million (2010: €11.7 million) and recurring advertising subsidies of €3.6 million (2010: €5.1 million). The aforementioned contributions to profit came to €80.6 million in total, thereby falling €6.2 million short of the year-earlier level. In contrast, other operating income advanced by €10.0 million to €37.7 million (2010: €27.7 million). The balance of the remaining items (hiring new staff, payments received on receivables written down and currency-induced gains) came to €11.7 million, which is €1.0 million short of the previous year's figure.

The cost of materials increased by €1,566.1 million to €8,503.1 million in the reporting year, largely due to higher prices in the agri- and energy business. Net of the cost of materials, gross profit improved to €1,303.7 million in the year under review, which corresponds to an increase of €133.6 million, or 11.4%, in comparison with the year-earlier figure.

Voluntary payment of a bonus to employees subject to collective bargaining agreements

Personnel expenses of €679.8 million rose by 7.3%, equivalent to €46.1 million, principally owing to adjustments under collective bargaining agreements in the Group and higher employee numbers. Another factor contributing to the rise was the initial consolidation of Group companies, which came to €19.8 million, and a voluntary special payment totalling €5.1 million made to employees subject to collective bargaining agreements as a bonus for the company's good performance in the financial year 2010.

Other operating expenses stood at €382.4 million in the reporting year, which is an increase of €54.1 million and 16.5% higher than in 2010. This was mainly attributable to greater costs incurred by the following: €54.2 million for the vehicle fleet (2010: €45.4 million), maintenance costs of €45.6 million for refurbishment measures in various locations (2010: €39.0 million), greater expenses incurred by commissions, insurance cover, legal, audit and

Earnings position of the BayWa Group

In € million	2007	2008	2009	2010	**2011**	Change in % 2011/10
Revenues	7,227.2	8,794.6	7,260.2	7,903.0	9,585.7	21.3
EBITDA	234.6	258.1	209.7	228.2	253.6	11.1
EBITDA margin (%)	3.2	2.9	2.9	2.9	2.6	–
EBIT	143.6	161.9	115.4	128.9	151.4	17.5
EBIT margin (%)	2.0	1.8	1.6	1.6	1.6	–
EBT	90.5	103.5	75.1	87.1	97.7	12.1
Consolidated net income	71.8	76.7	59.4	66.8	69.8	4.5

consultancy fees of €44.9 million (2010: €36.2 million), advertising costs of €42.3 million (2010: €34.5 million), as well as greater losses of €7.7 million from asset disposals (2010: €2.7 million). In addition, the generally higher rental, energy and IT equipment costs contributed to raising other operating expenses in an amount of €67.5 million (2010: €62.3 million). The increase in other operating expenses was mainly attributable to the expansion of BayWa's business.

The BayWa Group's earnings before depreciation, amortisation, interest and tax (EBITDA) rose by €25.4 million to €253.6 million, up 11.1%, in the financial year 2011.

Scheduled depreciation and amortisation in the BayWa Group was higher than in 2010 owing to the greater investment volume and additions to the group of consolidated companies. All in all, depreciation and amortisation rose by €2.9 million to €102.2 million.

Increase of 17.5% in EBIT

The BayWa Group's EBIT advanced by €22.5 million to €151.4 million, which is an increase of 17.5%.

Greater independence from capital market fluctuations

The financial result comprises income from participating interests, which is allocated to EBITDA and EBIT, and net interest. The decrease in income from participating interests of €8.0 million to €12.0 million was the result of the sale of participations in the context of streamlining the portfolio and focusing on BayWa's core business. Lower net interest, down €12.0 million to €–53.7 million, is essentially due to the financing of ongoing investments and acquisitions and higher working capital due to the market price hikes for agricultural produce and operating resources. Furthermore, BayWa took advantage of the favourable capital market environment in the autumn of 2011 to finance part of its working capital in the longer term with a view to gaining greater independence from fluctuations in the capital markets.

Including net interest, the BayWa Group's earnings before tax rose by €10.6 million, an increase of 12.1%, to €97.7 million. The Agriculture Segment contributed €9.2 million and the Building Materials Segment €15.8 million to this increase. In contrast, the Energy Segment's result dropped by €2.6 million. The contribution to profit by Other Activities was €0.5 million higher than in the previous year.

The BayWa Group's income taxes had risen to €27.9 million by the end of the reporting period compared with €20.3 million in 2010. Influencing factors were the positive profit trend of Group companies, on the one hand, and the fact that the findings of the audits completed on the parent company were included in the income taxes, on the other. The tax rate therefore comes to 28.5% (2010: 23.3%).

After deduction of income taxes, the BayWa Group generated a net income of €69.8 million in the financial year 2011; compared with the previous year's figure of €66.8 million, this represents an increase in profit of 4.5%.

Earnings per share post €1.50 in 2011

Earnings per share (EPS), which is calculated from the portion of the result attributable to the shareholders of the parent company in relation to the average number of shares outstanding of 34,203,731 in the financial year (dividend-bearing shares minus treasury shares), climbed from €1.48 in 2010 to €1.50 in the reporting year.

Financial position

Financial management

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

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

Forward exchange transactions and swaps are used solely to hedge existing and future receivables and liabilities denominated in foreign currency from the purchase and sale of goods. Hedging transactions in the BayWa Group are designed to reduce the risks from fluctuating exchange rates. The volume of open positions arising from the respective underlyings and the resulting cash flows form the basis for currency hedges. Terms reflect those of the underlyings. No macro-hedging is carried out on the anticipated exposure.

No entering into speculative risk positions in financial operations

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

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

Decentralised procurement of funds

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

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

Another bonded loan issued in 2011

The most important financing principle of the BayWa Group consists in observing the principle of matching maturities. Short-term debt is used to finance the working capital. Investments in property, plant and equipment and acquisitions are funded from bonded loans and other long-term loans. The bonded loan, placed in 2011, substitutes for short-term credit lines without these credit lines being replaced or terminated.

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

Mutual trust through historical ties

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

Capital structure and capital base

In € million	2007	2008	2009	2010	**2011**	Change in % 2011/10
Equity	854.5	915.1	957.5	1,005.5	1,068.0	6.2
Equity ratio (in %)	27.4	29.8	32.6	30.9	27.3	–
Short-term borrowing[1]	1,597.4	1,505.8	1,290.0	1,366.7	1,697.4	24.2
Long-term borrowing	666.1	644.9	691.8	881.0	1,147.6	30.3
Debt	2,263.5	2,150.7	1,981.8	2,247.7	2,845.0	26.6
Debt ratio (in %)	72.6	70.2	67.4	69.1	72.7	–
Total capital (equity plus debt)	3,118.0	3,065.8	2,939.3	3,253.2	3,913.0	20.3

1 including liabilities from non-current assets held for sale/disposal groups

primary customer and deposit portfolio which is made available for the preferential financing of stable business models.

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

Equity ratio of 27.3% in 2011

BayWa is targeting an equity ratio of at least 30% in the medium and long term. This equity base constitutes a very sound figure for a trading company and forms a stable basis for business activities to develop. In the reporting year, the equity ratio of 27.3% fell marginally below this threshold due to the borrowing of additional capital to finance the high running investments and the acquisitions to realise future opportunities for growth.

Short-term borrowing is used exclusively to finance short-term funds tied up in working capital. The status of short-term borrowing disclosed at year-end regularly reflects the highest level of utilisation. Due to seasonal influences, borrowings rise through preliminary storing of operating resources and through buying up harvest produce in the fourth quarter of the financial year. The increase in current financial liabilities as against the previous year is primarily attributable to the higher prices commanded for agricultural produce and operating resources. On the assets side of the balance sheet, the ensuing increase in business volume is reflected particularly in the "inventories" and "other receivables and other assets" items. The increase in non-current liabilities must be seen mainly in connection with the financing of investments in growth and acquisitions in the financial year.

Total assets climb by €659.8 million

As per 31 December 2011, the BayWa Group's total assets had climbed by €659.8 million in comparison with the previous year's figure. Current liabilities rose by €330.7 million. The increase is also attributable to liabilities from non-current assets held for sale which were €49.2 million higher in the reporting year. Non-current liabilities rose by €266.6 million. This figure includes a nominal amount of €218.5 million from the issuing of another bonded loan with terms of five and seven years which was placed in autumn 2011. This measure enabled BayWa to diversify its financing portfolio and smooth the maturity profile of liabilities.

The cash flow from operating activities fell by €18.1 million in the financial year 2011. Improved consolidated net income was offset by a price-induced rise in inventories and an increase in other receivables and other assets. The resulting negative impact on the cash flow was only partially compensated by the cash inflow corresponding to the greater level of inventories from the increase in trade payables.

In the reporting year, cash outflow from investing activities climbed by €109.1 million compared with the year-earlier figure. This development is mainly attributable to higher investments in property, plant and equipment and an increase in the amount paid for acquisitions and intangible assets.

The cash flow from financing activities rose by €142.3 million. The positive balance resulted from long-term borrowing in the form of a bonded loan in a nominal amount totalling €218.5 million, offset against dividend of €19.9 million paid in the financial year 2011.

Cash flow statement and development of cash and cash equivalents

In € million	2007	2008	2009	2010	**2011**
Cash flow from operating activities	57.4	215.5	243.9	– 9.4	– 27.5
Cash flow from investing activities	– 61.7	– 143.9	– 127.5	– 113.5	– 222.6
Cash flow from financing activities	4.8	– 73.5	– 112.8	131.6	273.9
Cash and cash equivalents at the end of the period	18.0	16.1	19.7	28.2	87.0

In an overall analysis of the incoming and outgoing payments from operating activities, investment and financing activities, cash outflow from operating activities and investing activities was more than compensated by the incoming cash flow from financing activities. As a result, cash and cash equivalents at the end of the reporting year came to €87.0 million, which is €58.8 million higher against the previous year.

Financial base and capital requirements

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

Sale of non-core real estate

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

Matched to funds committed, the financing structure remains largely short term. Along with short-term borrowing, the Group finances itself by way of a multi-currency Commercial Paper Programme in an amount of €300 million; on the reporting date, drawdowns came to €130.0 million (2010: €49.3 million). At the end of 2011, demand in the commercial paper segment was stronger than in the previous years. Terms of up to three months are also being requested again by investors. By the end of the reporting period, €113.7 million (2010: €79.9 million) had been financed from the ongoing Asset Backed Securitisation Programme.

With a view to diversifying the Group's financing portfolio, BayWa used the attractive conditions in the capital market in the fourth quarter of 2011 to place a bonded loan in a nominal amount of €218.5 million. The bond was offered with terms of five and seven years. Depending on investor interest, the two tranches bear interest either at a floating rate based on the 6-month Euribor, or at a fixed rate based on the mid-swap rate. The bonded loans were very well received in the market and were heavily oversubscribed.

Bonded loan of €218.5 million

Investments

In the financial year 2011, the BayWa Group invested around €205.6 million in intangible assets (€16.9 million) and property, plant and equipment (€188.3 million). These investments were primarily for the purpose of repair and maintenance of buildings, facilities and office fixtures and fittings, as modern locations and seamlessly operating facilities are a precondition for efficient logistics processes.

Strategic approach: trading business on own land and property

BayWa holds fast to its strategic approach of conducting trading wherever possible on its own land and property, which makes its business independent of rental increases or changes in the ownership structure. Real estate assets therefore enhance the stability of operations. By contrast, real estate no longer used for operations is consistently sold off. The proceeds accruing from these transactions are used to reduce debt or to finance the Group's growth.

Investments of around €34.0 million were made in new business premises, focused on the completion of these locations in 2011. For instance, a new DIY and garden centre was built in Aschaffenburg requiring an investment of €9.1 million. With a sales surface area of more than 11,000 m^2, the centre is one of BayWa's largest and most modern. The newly built Rain am Lech Agricultural Centre of Competence combined the former locations of Rennertshofen and Donauwörth with the local agricultural centre. The site with the existing grain warehouse was extended by adding a fertiliser building, a fertiliser mixing plant, a multi-purpose building, crop protection facilities and an office building. The second construction phase necessitated funding of just under €3.1 million in the reporting year. Investments of around €3.4 million were made in the refurbishment of the agricultural centre in

Schweinfurt in 2011. The extension of the location in Schweinfurter Hafen has made it one of the region's most efficient collection and turnover points for bulk goods, loose fertiliser as well as grain and oilseed. Moreover, BayWa-owned buildings were equipped in 2011 with photovoltaic plants costing around €6.5 million. The power generated by these plants can supply around 872 four-person households on average.

€63.6 million invested in company acquisitions

Acquisitions in total volume of €63.6 million were made in the financial year 2011.

Around 65% of all investments made by the BayWa Group are accounted for by the Energy Segment. The high proportion of overall investment reflects the strategic goal of building up the renewable energies business. Just under 17% of the overall amount was invested in the Agriculture Segment and 8% in the Building Materials Segment. Approximately 10% was attributable to Other Activities.

In the reporting year, non-current assets rose by 13.1%, the equivalent of €187.0 million compared with the year-earlier period. Additions to intangible assets and property, plant and equipment of €247.8 million as part of investment and acquisition activities in the core businesses were essentially offset by the lower amounts of the following items: the proportion of companies recognised at equity down €29.2 million, deferred tax assets down €22.3 million and investment property down €8.0 million. Higher current assets were due in the main to a market price-induced rise in inventories of €103.1 million, other receivables and other assets which climbed by €101.2 million, and cash and cash equivalents which were €58.8 million higher. The increase of €209.7 million in non-current assets held for sale was essentially incurred by integrating the DIY and garden centre activities into the Hellweg home improvement chain via a joint venture with Semer Beteiligungsgesellschaft mbH with effect from 1 January 2012, as well as the integration of the fruit juice concentrate manufacturer Ybbstaler in the context of a joint venture with AGRANA Juice Holding GmbH.

There has been an overall increase in the BayWa Group's balance sheet which had risen 20.3% to €659.7 million by the reporting date of 31 December 2011.

Matching maturities in financing as important quality criterion

Traditionally, BayWa has always placed emphasis on ensuring matching maturities in the financing of assets. Current liabilities of €1,615.2 million consisting of financial liabilities, trade payables, tax and other liabilities along with current provisions are offset by current assets of €2,039.8 million. By the same token, there is around 137% coverage for non-current assets through equity and long-term borrowing. Ensuring matched maturities in financing is an important quality criterion for the financing partners of BayWa in the context of raising short-term funds.

Composition of assets

In € million	2007	2008	2009	2010	**2011**	Change in % 2011/10
Non-current assets	1,239.3	1,305.6	1,427.2	1,427.4	1,614.4	13.1
of which land and buildings	659.4	680.6	663.3	650.1	642.0	
of which financial assets	147.2	172.6	226.5	258.3	227.1	
of which investment property	82.4	75.2	78.8	71.6	63.6	
Non-current asset ratio (in %)	39.7	42.6	48.6	43.9	41.3	
Current assets	1,875.1	1,755.5	1,507.4	1,776.8	2,039.8	14.8
of which inventories	1,083.2	1,101.3	905.0	1,062.3	1,165.4	
Current asset ratio (in %)	60.1	57.3	51.3	54.6	52.1	
Assets held for sale/disposal groups	3.6	4.7	4.7	49.1	258.8	
Total assets	3,118.0	3,065.8	2,939.3	3,253.3	3,913.0	20.3

General statement on the business situation of the Group

At the time when the Management Report on the BayWa Group was drawn up and, as in the past the Board of Management viewed the development of business as positive. The development of profit from agribusiness benefited from the ongoing price recovery for agricultural produce in 2011. Market-induced declines in the results of the conventional energy business were more than compensated by contributions to profit generated through business in renewable energies. The building materials business participated in the improved economic conditions in the construction sector. In the financial year 2011, the BayWa Group performed extremely well, achieving an excellent result, and it has a well-balanced forward-looking business portfolio to underpin its success in the future.

Excellent result in the financial year 2011

Employees

More significant acquisitions in 2011

Along with extensive adjustments to the organisation structure in accordance with the strategies of the BayWa segments, the reporting year 2011 again marked significant acquisitions of new companies in Germany and abroad. Special emphasis was placed on the expansion and extension of the Group's still young renewable energies business line. Consequently, the Energy Segment reported the sharpest increase in employee numbers, which rose by 16.4% to 1,387. The Agriculture and Building Materials also saw the numbers of employees rise by an average of 222 and 136 employees respectively. On 31 December 2011, there were therefore 16,834 employees in the service of the BayWa Group, which corresponds to an increase of 402 employees (2.5%) in comparison with year-end 2010. In terms of an annual average, the number of employees rose by 371 to 15,591 compared with a year ago.

Personnel management instruments

BayWa uses a system of cutting-edge analyses 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.

Achieving a work-life balance and occupational health

Achieving a work-life balance

Achieving a balance between professional and private life is a huge challenge for many people in modern society. For this reason, a work-life balance is strongly promoted at BayWa through the offering of multiple options for part-time work for fathers and mothers. Enabling parents to return to working life is supported through a childcare subsidy of up to €200 a month. In addition, the BayWa Group offers support for home care and elder care together with pme Familienservice GmbH, its cooperation partner. The offer of support ranges from information about the topic of nursing care insurance and the search for and selection of various care offerings through to recommending professional carers. Even more emphasis was placed on the issue of promoting the health of employees in 2011. The conceptual foundations were laid for integrating occupational welfare into everyday working life, a key topic being a prophylactic approach to promoting good health. Various models in the context of health protection were offered in training sessions and seminars. Managerial staff can take part in one-day workshop to sensitise them to the issue of work-life balance, stress management and healthy eating habits. The seminar content was supplemented by adding modules to promote well-being for staff.

Development of the average number of employees in the BayWa Group

					Change	
	2008	2009	2010	**2011**	2011/10	in %
Agriculture	6,672	6,486	6,637	6,859	222	3.3
Energy	886	972	1,192	1,387	195	16.4
Building Materials	6,500	6,463	6,562	6,698	136	2.1
Other Activities	1,440	1,391	829	647	– 182	– 22.0
BayWa Group	15,498	15,312	15,220	15,591	371	2.4

Further training as a key success factor

Consistently high trainee ratio of 9%

The training and achieving of qualifications by employees is an integral part of the BayWa Group's personnel strategy. With trainee numbers averaging around one thousand and a trainee ratio of consistently 9%, the parent company BayWa in particular belongs to the group of companies which offer many training programs in German-speaking countries. The proportion of employees who have completed their training at BayWa in managerial positions is 40%, which is above average.

Integration of handicapped employees within the Group

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

Corporate social responsibility (CSR) activities

BayWa is committed to its social responsibility. The guidelines on social responsibility are defined in the company's Articles of Association, its corporate guidelines, ethical principles and under its regulations on corporate governance. CSR has not been institutionalised as a department in its own right within the Group. It is more the case that the individual segments of the company also take account of the principles set out under CSR in their respective business activities, for instance through ecologically intact action, sustainability, the promotion of renewable primary materials, consumer protection and education, as well as dialogue fostered with various groups in society.

Importance of CSR at BayWa

BayWa practices values accepted in society in its daily activities throughout the whole Group and ensures their sustainable integration into business and society through ongoing dialogue with the public at large, stakeholders and interested parties. This ultimately serves to enhance the image and the value of the BayWa brand and to limit entrepreneurial risk. CSR measures therefore underpin the business development of the Group.

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

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

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

BayWa Foundation since 1998

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

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

Composition of subscribed capital

The subscribed capital of BayWa AG amounted to €87,920,691.20 on the reporting date and is divided up into 34,344,020 registered shares with an arithmetical portion of €2.56 each in the share capital. Of the shares issued, 32,979,980 are registered shares with restricted transferability and 120,789 recently registered shares with restricted transferability (dividend-bearing employee shares from 1 January 2012 onwards). 1,243,251 shares are not registered shares with restricted transferability. With regard to the rights and obligations transferred by the shares (e.g. the right to a portion of the unappropriated retained earnings or to participate in the Annual General Meeting of Shareholders), reference is made to the provisions laid down under the German Stock Corporation Act (AktG). There are no special rights or preferences.

Restrictions on voting rights and the transfer of shares

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

Holdings which exceed 10% of the voting rights

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

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

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

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

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

Furthermore, subject to the approval of the Supervisory Board, the Management Board is authorised to raise the share capital one or several times on or before 31 May 2015 by up to a nominal amount of €4,386,931.20 through the issuance of new registered shares with restricted transferability against cash contribution to the employees of BayWa AG and of affiliated companies within the meaning of Section 15 et seq. of the German Stock Corporation Act. Shareholders' subscription rights are excluded. Subject to approval by the Supervisory Board, the Board of Management is authorised to determine the further content and conditions under which the shares are to be issued.

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

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.

IV. Opportunity and Risk Report

Opportunity and risk management

Responsible weighing up of opportunities and risks

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

Principles of opportunity and risk management

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

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

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

Opportunity and risk management within the BayWa Group

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

Risk reports as cornerstone of risk management system

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

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

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

Macroeconomic opportunities and risks

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

Cyclical fluctuations lower than in other sectors

Sector and company-specific opportunities and risks

Changes in the political framework conditions such as, for example, changes in the subsidies of agricultural products or tax-related government subsidies of energy carriers, as well as globalised and volatile markets harbour risks. At the same time, however, they open up new prospects. Extreme weather conditions can have a direct impact on offerings, pricing and trading in agricultural produce and also downstream on the operating resources business. Global climate changes also have a long-term effect on agriculture. The global demand for agricultural products, particularly grain, continues to grow, which may give rise to a sustained price uptrend. The development of income in the agriculture sector filters through directly to investment capacity and propensity and therefore to the sale of high-end agricultural machinery. Political and economic factors exert the main influence on demand in the construction sector. Political factors of influence include, for instance, special regulations on the depreciation of listed buildings and measures to subsidise improvements to energy efficiency. At the same time, the ageing housing stock in Germany will encourage growing demand for modernisation and renovation. In the energy business, the field of renewable energies is particularly influenced by changes to promoting measures. After the 15% cuts to the feed-in tariffs for photovoltaic electricity at the start of this year, there are discussions about further curtailments in 2012 in addition to the second reduction of 15% planned at mid-year. Against this backdrop, the reliability of revenues and earnings is supported by distributing the risk in markets still dependent on subsidising policies.

Price opportunities and risks

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

Measures to limit risk

Currency opportunities and risks

Hedging of positions denominated in a foreign currency

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

Share price opportunities and risks

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

Interest rate opportunities and risks

Interest rate risks result from the Group's floating-rate financing, particularly from the issuing of short-dated commercial paper and short-term loans. Short-term debt is used mainly to finance working capital. To reduce the interest rate risk, BayWa uses derivatives instruments in the form of interest rate caps and swaps. The BayWa Group's financing structure with its matching maturities ensures that interest-related opportunities are reflected within the Group.

The bonded loan issued in 2011 was offered featuring a fixed and variable interest coupon which results in natural interest rate hedging.

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 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 business.

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

Credit risks

Important financing function in respect of agricultural trading partners

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

Liquidity risks

The liquidity risk is the risk that the BayWa Group may not – or only to a limited extent – be able to fulfil its financial obligations. In the BayWa Group, funds are generated by operations and by borrowing from external financial institutions. In the reporting year, for instance, the market price-induced increase in funds committed to inventories and the higher level of the receivables portfolio were compensated by the utilisation of external sources of finance. In addition, financing instruments, such as multi-currency commercial paper programmes or asset-backed securitisation and bonded loans 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 therefore takes account of the pronounced seasonality of business activities. Owing to the diversification of the sources of financing, the BayWa Group does not currently have any risk clusters in liquidity.

Placing another bonded loan in 2011 contributes to diversifying the maturity profile.

Rating of the BayWa Group

BayWa Group with larger credit facilities

The banking sector has awarded the BayWa Group a very positive rating. This achievement is due to the solidity of the company as well as to its long and successful history and high enterprise value, underpinned by assets such as real estate. BayWa was therefore able to raise its credit facilities in 2011. In the fourth quarter, it took advantage of the market environment to issue another bonded loan. This measure raises the financial leeway of the BayWa Group and smooths the maturity profile. From a cost-benefit standpoint, BayWa consciously dispenses with the use of an external rating.

Opportunities and risks associated with personnel

Extensive training and continuous professional development

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

At the same time, BayWa AG promotes the ongoing vocational training and development of its employees. With more than a thousand trainees, the Group is among the largest companies offering training specifically in rural areas. BayWa recruits a large majority of its future specialist and managerial employees from the ranks of these trainees. Long years of service to the company are testament to the great loyalty shown by BayWa personnel to "their" company. This attitude creates stability and continuity and also secures the transfer of expertise down the generations.

IT opportunities and risks

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

Organisational segregation of data protection officer

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

Assessment of the opportunity and risk situation by Group management

Limited and manageable risks

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

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

Internal Control System for accounting processes

Professional and certified control system

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

The annual consolidated financial statements are drawn up through a centralised process. Compliance during this process with legal framework conditions and rules and regulations defined under the Articles of Association is guaranteed by the prescribed accounting standards. Corporate Accounting also acts as a direct point of contact for the managers of the subsidiaries in respect of reporting and for the annual and quarterly financial statements, and draws up the consolidated financial statements under IFRS.

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

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

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

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

Committed to a corporate code of conduct

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

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

V. Significant Events after the Reporting Date

With effect from 1 January 2012, BayWa took over the filling station and mineral oil business of Leberzammer GmbH & Co. KG, Gunzenhausen, by way of an asset deal. The provisional cost of purchase of the assets transferred comes to €0.160 million.

The agreed purchase prices break down as follows:

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

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

BayWa took over the customer base of Gustav Baumann GmbH, Coburg, by way of an asset deal with effect from 1 January 2012. The provisional cost of purchase of the assets transferred comes to €0.060 million. There was no goodwill from the acquisition.

Stake of 70% in Tecno Spot GmbH

BayWa AG acquired 70% of the shares in Tecno Spot GmbH, Bruneck, Italy, through its lower-tier subsidiary MHH Solartechnik GmbH, Tübingen, with effect from 1 February 2012. The transaction marks the Group's entry into the Italian photovoltaic wholesale business. Tecno Spot GmbH is a wholesale company specialised in photovoltaic systems. The seller is Gremes GmbH which will remain invested with 30% of the shares in Tecno Spot GmbH. The purchase price of the shares comes to approximately €8 million, plus a performance-related component of a maximum €14.5 million to be paid out over the next three years. Anti-trust authority approval of the sale is still pending.

Tecno Spot GmbH, which was founded in 1998, is an established premium supplier which covers the entire system integration value chain in the wholesale business for photovoltaic plants. It is a high-growth company with a strong footing in the market and sold more than 50 megawatts worth of photovoltaic plants in the financial year 2010, generating revenues of around €146 million. In the last three years, the company has doubled its workforce to 30 employees. Tecno Spot GmbH has been represented in Austria through its subsidiary GE-TEC GmbH since 2008 and in the US since 2009 through Tecnospot Solar USA, Inc., which was established in that year.

Turners & Growers in New Zealand

Munich-based BayWa AG is poised to enter the international fruit market in New Zealand and intends to acquire 63% of the shares in Turners & Growers Ltd (T & G), Auckland, New Zealand. This acquisition will enable BayWa AG to become a global player in the supply of pome fruit. The international trading group has already come to an agreement with Guinness Peat Group plc, London, UK, T & G's major shareholder, on the acquisition of its 63% interest. In the context of New Zealand's legal provisions, the acquisition will be part of a takeover offer to acquire up to 100% of the share capital of T & G at a price of NZD1.85 per share. The purchase price will be in the range of NZD137 million (€79 million) and NZD216 million (€125 million), depending on the takeup rate of T & G shareholders. The transaction is still subject to approval by the German anti-trust authority and New Zealand's Overseas Investment Office.

New Zealand's market leader in the sale and export of fresh fruit

T & G's presence on five continents will enable BayWa AG to expand its offer in the fruit business and gain access to the world's high-growth markets, particularly in Asia where T & G is already established. T & G is New Zealand's leading distributor, marketer and exporter of premium fresh fruit. In addition, the company holds the exclusive brand rights to the global cultivation and sale of the Jazz and Envy apple varieties as well as the ENZAGreen, ENZAGold and ENZARed kiwi varieties. Moreover, T & G holds a 70% stake in Delica NZ, New Zealand's largest exporter of fresh fruit and sole exporter of ENZA dessert fruit to Asia. The company operates as a trading platform for apples in South America, the US, South Africa, Asia and Europe.

T & G was founded in 1897 and has around 1,400 employees groupwide. The international company is listed on the New Zealand Stock Exchange and generated annual revenues of €346 million in 2010. Its core business includes the collection, storage and sale of apples, kiwis and tomatoes.

VI. Remuneration Report

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

Total remuneration of the Board of Management

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

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

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

In addition, there are pension commitments for the members of the Board of Management. These commitments are based partly exclusively on the most recent fixed salary (5% or 30%), and partly on the number of years of service to the company (with increases limited to 35% and 50% of the salary most recently received). The retirement age has been set at 65 years (full year). As per 1 December 2011, obligations from pension commitments were partly transferred to an external pension fund in the form of an earned entitlement. Running payments made to the pension fund are included in the overall remuneration disclosed for the Board of Management.

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

The total remuneration of the Board of Management comes to €5.238 million (2010: €7.281 million); of this amount €2.268 million (2010: €2.522 million) is variable. Contributions amounting to €0.402 million (2010: €0.325 million) were paid in benefits accruing after termination of the employment contract (pensions).

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

Remuneration of the Supervisory Board

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

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

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

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

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

The total remuneration of the Supervisory Board comes to €0.538 million (2010: €0.463 million), of which €0.250 million is variable (2010: €0.192 million).

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

VII. Outlook

Macroeconomic outlook

After its dynamic pace in 2010, economic growth slowed steadily over the course of 2011. Against the background of the euro debt crisis and the high budget deficit and level of debt in the US, Japan and the UK, lower growth is anticipated for the years 2012 and 2013. The World Bank revised its global growth forecast for 2012 and 2013 downwards in January, by 3.6% respectively to 2.5% for the current year and to 3.1% for the following year. Growth in the gross domestic product (GDP) of the industrial nations is likely to contract again by an average 1.4% in 2012, with only a slight increase of 2.0% in 2013. The World Bank even expects economic output to decline on average by 0.3% in the eurozone this year due to huge pressure to consolidate public finances in a number of countries. It forecasts growth at a mere 1.1% in 2013. The US anticipates overall economic growth of 2.2% in 2012, with a marginal acceleration in 2013 to 2.4%. In contrast, the economies of developing and emerging markets will continue to grow more swiftly than the overall global economy, posting rates of 5.4% and 6.0% respectively.

Economic growth in 2012 and 2013 expected to be lower

This year's outlook for the German economy is also initially dampened by the international debt crisis. Budget constraints in many countries are braking the economy, thereby narrowing the export opportunities of German industry. Provided that the eurozone crisis starts to ebb from the spring onwards, the German Institute for Economic Research (DIW) anticipates a growth of only 0.6% in Germany's GDP in 2012. The DIW considers a real economic growth of 2.2% achievable in 2013. The comparatively robust development in the German labour market and the slowing in the price uptrend should lead to an increase in private consumption of 1.1% in 2012, with another rise of 1.4% in 2013. In terms of public-sector spending, growth has been predicted at 1.4% in 2012 and 1.2% in 2013. In contrast, capital investment is set to decline by 0.4% in 2012, as opposed to the rise of 4.1% anticipated in 2013, supported by stronger propensity to invest. Exports are set to grow by only 2.9% in 2012 and will only pick up momentum in 2013, increasing by 6.1%.

Growth of 0.6% anticipated for German GDP

Overall economic expansion in Austria will also slow this year. GDP growth has been estimated at 0.4%, impacted in particular by stagnating industrial production, capital expenditure with an increase of a mere 0.9%, and exports which will be lower at 2.8%. In 2013, economic growth is likely to accelerate to 1.6%, boosted by a 3.5% increase in industrial output and a higher level of exports at 6.4%.

Outlook for the development of the sectors

Outlook for the agriculture sector

The long-term trend of agricultural produce will be determined by a steady increase in the growing global population's need for food in the face of dwindling arable land per capita. Given the limited amount of land cultivation, this increase will necessitate a greater yield per hectare and require farming operations to become more efficient. It can therefore be assumed that the uptrend in the price of agricultural produce will hold steady overall in the future. The globalisation of the markets for agricultural produce and the growing interest of financial investors in the agricultural commodities investment class will keep the volatility of price trends high.

The grain harvest in the 2010/11 calendar year came to 2,200 million tons, which is just under 2% short of the year-earlier volume of 2,240 million tons. Consumption stood at 2,230 million tons, thus exceeding production and causing a depletion in global inventories of around 30 million tons. Current forecasts predict a higher harvest volume, up by around 4% to 2,280 million tons, in the 2011/12 grain year. However, with consumption rising to an estimated 2,285 million tons, inventory levels and the coverage of the inventory stocks will continue to fall. A slight increase in consumption is anticipated in the EU in the grain year 2011/12. Despite fewer exports, there will be another decline in the balance of inventories. Inventories currently amount to 36.6 million tons, their lowest level since 2003, and cover demand for a mere 48 days. Although harvest volumes have risen substantially since the grain year 1999/2000, production has exceeded consumption in only four of the last twelve years. Given that consumption is growing on an annual basis, grain prices are likely at minimum to remain stable at the current level. Against the backdrop of the comparatively high harvest yields in the past years, prices respond with greater volatility to signs that the harvest volumes will be lower.

Another contraction in grain inventories

The increase in the price of agricultural operating resources held steady throughout the whole of 2011 on the back of greater demand. The sale of potassium and phosphate fertilisers rose by 20% and 22% respectively, thereby reattaining the level of the marketing year 2008/09. Farmers were nonetheless able to improve their income situation significantly in 2011 as the cost of fertilisers was much lower than the levels posted in 2008 which marked the start of a phase of excessive prices. The price trend is expected to remain stable in 2012 as well. Good producer prices are also an incentive to buy fertilisers as their application raises the yield per hectare. Moreover, the use of fertilisers generally enhances the quality of produce which means that higher prices can be commanded in the market. The commercial viability of using fertilisers is likely to keep demand running high as the additional costs of fertilisers can be compensated by a correspondingly positive development in producer prices. As regards feedstuff, prices declined somewhat, especially for compound feedingstuffs, at the start of the marketing year 2011/12 following the sharp increase in the marketing year 2010/11. A stable development of the current price level can be expected at minimum since, if prices continue to fall, alternative uses, such as for the production of energy, will become more attractive again.

The medium- and long-term positive factors of influence, especially global growth in the demand for agricultural commodities for food and the production of energy from renewable primary products, will continue to hold sway in the years ahead. Europe is set to benefit with it sophisticated technical know-how in production, well-equipped farms and balanced climate conditions.

As in 2010, the agricultural equipment business benefited from the improved income situation of farmers in the reporting year. Based on current developments in the market for the main agricultural products, it can be assumed that, on average, the economic situation of agricultural operations will at minimum remain stable at a high level in 2012. According to surveys conducted, investment propensity is somewhat lower than in 2010: 40% of farms intend to make investments in the near future (2010: 43%). However, a significant increase in investments in machinery and equipment has been observed since the summer of 2011. The aggregated investment volume, estimated at €5.5 billion, is therefore around €1.7 billion lower than in the previous year. This decline is, however, mainly attributable to investments in renewable energies which surged in 2010 due to the boom in solar plants and systems. In an environment where product prices are adequate the willingness of farmers to invest can be expected to remain high even if they fall short of the level achieved in 2011. The longer-term outlook for the sector remains positive as the growing global demand for food and agricultural commodities can only be satisfied if agricultural production is stepped up by the associated use of technology to enhance efficiency.

Prospects for the sector positive in the longer term

Outlook for the energy sector

In the business of conventional energy carriers, demand for fuels, heating materials and lubricants is generally subject to cyclical fluctuations depending on the oil price trend, weather conditions and economic activities. In the heating market for fossil-based primary energy carriers, a visible trend has emerged in recent years towards saving energy through improving the insulation of buildings and supplementing the supply of warm water and heating through sources of renewable energies. This also includes a growing use of gas. With current tank capacities, this allows private households greater leeway in covering their needs and flexibility as to when they fill their tanks. This makes predictions on the future development of demand and sales based on the average selling level of tanks more difficult. Sudden cold snaps do not therefore necessarily trigger a surge in demand. Instead, consumers are seizing opportunities from market price fluctuations to fill their tanks. Moreover, the proportion of other energy carriers in the heating market is rising to the detriment of oil. All in all, the structurally-induced decline in the consumption of heating oil is around 5% a year. BayWa is counteracting this fundamental trend by expanding its sales territory through acquiring heating fuel traders in order to keep sales volumes as stable as possible. In the vehicle fuel business, sales volumes are likely to decline slightly, despite the greater numbers of vehicles, owing to the lower average consumption of new vehicles and lower distances travelled because of the expensive fuel prices. As regards lubricants, the robust development of the German economy suggests that sales will remain stable.

Visible trend towards energy savings in the heating market

Lubricants expected to deliver stable revenues

Way paved for long-term sustainable growth

In the area of renewable energies, the course has been set for long-term growth through political decisions. The Energy Concept 2050, passed in the autumn of 2010, provides for an increase to 80% in the mix of renewable energies in electricity production in Germany by the year 2050. The target in the EU has been set at a minimum of 30% to be achieved by the year 2020. BayWa has defined the BayWa r.e business line as a strategic growth area. A sales contribution of €1 billion is to be generated by this business in the medium term. The development and use of renewable energies is, however, still dependent on government promotion. Changes in the measures promoting renewable energies therefore trigger pronounced fluctuations in the relevant market segments. BayWa pursues a strategy of double diversification to reduce its dependency on changes in the subsidy policies of the individual countries and on the different forms of renewable energy carriers. With this in mind, the internationalisation of BayWa r.e's business was stepped up in 2011: BayWa r.e is now represented in eleven countries. With activities in the field of project development, building and trading in solar power plants, wind farms and biogas power plants, the company now operates in all forms of power generation through renewable energies.

Outlook for the construction sector

Lower growth rates than in 2010

The prospects for the construction industry in Germany remain upbeat in 2012 although growth rates will be lower than in the previous year. Following a growth in construction investments of 5.4% in 2011, an increase of 1.5% has been forecast for 2012. Above all, based on the high number of building permits granted in 2011, further growth of 3.0% has been predicted in residential construction, which makes up around 57% of overall construction investments. Non-residential building is also expected to rise slightly by 0.7%. Growth will be driven mainly by commercial construction, which is expected to rise 2.0% over the previous year's figure, as opposed to building activity in the public sector which will decline by 5.0% due to the expiry of economic stimulus programmes and pressure to consolidate the public budget. After strong growth in 2011, investments in civil engineering will see a decline of an overall 2.2% in 2012, with no positive impetus expected from the commercial or public sector. Overall construction investment is expected to rise again by 2.0% in 2013. Investments in residential construction are likely to grow by another 3.0%. Non-residential construction is set to pick up momentum in the commercial segment with a growth of 2.0%. In contrast, public-sector investments will contract by another 3.5%. All in all, non-residential building will therefore post a growth of 1.0% in 2013. In the light of stagnating commercial investments and another downturn in public-sector building, civil engineering is likely to fall by 0.5%.

An increase of only 0.4% and 1.0% in the years 2012 and 2013 respectively are anticipated for construction activity in Austria. The low growth forecast for the year 2012 is also partly a consequence of construction and renovation measures brought forward to 2011 due to the favourable weather conditions in autumn. Factors exerting pressure are above all budget constraints from curbing debt and austerity packages in the public sector as well as cuts in government subsidies. Residential construction is expected to grow by 0.7% in 2012. Commercial construction is set to deliver the greatest growth of 0.9%. In contrast, a decline of 0.4% has been predicted for civil engineering.

Anticipated development of BayWa's segments

Outlook for the Agriculture Segment

BayWa's Agriculture Segment has put an exceptionally good year behind it. Although harvest volumes in many areas of Germany fell below the year-earlier figures, the regions relevant for BayWa reported generally satisfactory harvest yields. The average selling prices of agricultural produce continued to improve compared with the previous year, and cost increases for operating resources remained below the increases in producer prices. In this environment, BayWa's Agricultural Trade Business Unit achieved above-average success in its trading operations, not least due to the strong subsequent storage and collection business in the first half of 2011. For the first time for several years, Germany may have to rely on grain imports in 2012. One of the reasons is the greater cultivation of maize for producing biogas to the detriment of other grain types, which may influence the trading volume of wheat.

Grain imports to Germany possible for the first time in 2012

On the price front, the higher selling prices of agricultural produce can be expected to be permanent, as even in exceptionally high-yield years the focus of harvest volumes will decline in the face of steady growth in demand. However, given the high price level already reached, price hikes in the next two agricultural years are not expected to match those of the two recent years. Price increases for operating resources are also likely to remain within a narrow range. It can generally be assumed that agricultural trade in 2012 and 2013, including growth in the fruit business, will be marginally higher than the already good level reached in 2011. Plans to streamline locations under which BayWa will incorporate its agri-trading in around 200 efficient and modern locations throughout Germany through to the year 2015 can be expected to contribute to this. Giving accurate guidance is, however, difficult as developments in the markets may also be volatile due to unforeseeable events.

Plans for streamlining locations

Although the income of farmers is likely to remain stable or even rise, their propensity to invest is expected to be somewhat lower. In the sale of new machinery and equipment, however, the agricultural equipment business may well be able to repeat the high level achieved in 2011. BayWa got off to a good start in the financial year 2012 with an above-average order book. Positive impetus will also emanate from the realignment of the business, with separate brand management of the CLAAS and AGCO (with the Fendt, Massey Ferguson, Valtra and Challenger brands). CLAAS is now offered throughout the whole of BayWa's home market, and the product range was extended. AGCO's offering now includes harvesting machinery, alongside tractors. Additional business potential has been leveraged from adding the hay harvesting machinery of McHale, a specialist company based in Ireland, to the range. The extensive investments made in previous years in the service business and the increasing use of new technologies is likely to incur a greater need for workshop services. Across the whole product range, BayWa expects revenues from agricultural machinery in the 2012 and 2013 to be marginally below the level of 2011. Farmers' investment ability and willingness, however, fluctuates strongly as it is exposed to varying harvest yields and volatile selling price trends. Consequently, there may be considerable divergences in actual development from the assumptions underlying guidance for the years 2012 and 2013. The medium- to long-term outlook for the Agricultural Equipment Business Unit remains upbeat as the driving trends, such as the emergence of large operating entities, the necessity of raising productivity and the reduction in agricultural subsidies envisaged in the EU from 2013 onwards, will require agricultural equipment to be used to an increasing extent.

Organisational realignment with separate brand management

All in all, BayWa anticipates sales volumes in the Agriculture Segment in 2012 that will, at a minimum, repeat the level of the previous year. Structural improvements should allow the operating result to match the good year-earlier level as well. In particular, the acquisition of a majority holding in the New Zealand fruit trading company Turners & Growers will make a contribution to revenues and profit. In principle, it can be assumed that BayWa's Agriculture Segment will continue to perform well in 2013 on the existing strong basis. As part of the strategic goals, further growth in revenues and profit is targeted. The revenues and profit trend will, however, be determined in the main by how prices for agricultural commodities develop in the market, which is largely beyond the scope of influence of BayWa.

Outlook for the Energy Segment

Following the surge in the price of crude oil to just under USD127 at the start of 2011, coupled with the unrest in a number of North African countries and in Bahrain, the oil price settled over the remainder of the year within a range of USD105 and USD115 per barrel. From today's standpoint, and in view of the lacklustre expectations of global economic growth, it can be assumed that the crude oil price will remain relatively stable at a high level since, apart from the impact of unforeseeable political events such as an escalation of the nuclear dispute with Iran, there will be a lack of stimulus in 2012. Reticent demand in the heating market in the past two years is likely to result in a certain backlog in demand. BayWa anticipates higher sales volumes in 2012 in comparison with the previous year. However, the opportunistic order patterns of consumers will place a burden on operating margins. The sale of wood pellets is likely to rise in 2012, boosted by an increase in the number of heating systems installed and ongoing brisk interest in this sort of environmentally compatible energy. In view of the persistently high price level, the fuel business can be expected to generate sales volumes that are marginally lower. A positive impact on BayWa's business will emanate from the modernisation of the filling station network, which has now been completed, and through the sale of additional products such as the AdBlue fuel for trucks and liquefied petroleum gas. The lubricants business is expected to deliver stable sales and revenues. Revenues and the result across all products in the conventional energy business are likely to remain at the year-earlier level in 2012. The strategy of expanding through takeovers and cooperations within and outside the existing sales territory will be pursued, as before. Reliable guidance is only possible to a limited extent owing to considerable price fluctuations and the dependence of sales on weather conditions in particular.

Demand backlog in the heating market

BayWa continued to chart its course of expansion in its renewable energies activities by combining organic growth and acquisitions in 2011 while forging ahead with its strategy of double diversification in respect of energy carriers and countries. With its presence today through its own companies in seven countries which operate in all the significant market segments of renewable energies, namely solar, wind and biogas, BayWa r.e is well positioned for the future. Beyond this, the company's broad-based activities, ranging from trading across project development through to the sale and maintenance of turnkey plants which have successfully completed the ramping-up phase, also have a stabilising effect on the business model. Having focused on growth through acquisitions in the past three years, the company will now be concentrating on organic growth in 2012 and 2013. In the business with solar plants, significant reductions in feed-in tariffs can be expected in Germany in 2012 and 2013 due to the capacity installed in 2011 which was much higher than planned. Italy and Spain will also curtail or even abolish subsidies in response to their strained budgets. The effect will be a notable decline in the sales volume of photovoltaic plants. BayWa intends to use these general conditions to raise its market share and even crowd out competitors. In this environment, the development of the US solar and wind market and the UK wind power market in particular will be well worthwhile for BayWa in the near future. The Group anticipates that, in its business with renewable energies concentrated under BayWa r.e, the downturn in revenues from the European photovoltaic market can be more than compensated through growth in the US and in the UK, as well as through new wind power projects. BayWa r.e envisages revenues of around €1 billion and an EBIT margin of around 5% in the medium term. It intends to make further progress towards this goal in 2012 and 2013.

BayWa r.e well positioned for the future

To summarise, further growth in the revenues and profit of the Energy Segment is anticipated in 2012 and 2013.

Outlook for the Building Materials Segment

As from 1 January 2012, the Building Materials Segment will exclusively comprise building materials retail activities. The segment's revenues and profit contribution will therefore decline in 2012 as it will no longer have the contribution from the DIY and garden centre business. Only moderate growth rates are anticipated for the building materials business in 2012 and 2013 owing to the slowdown in the German and Austrian construction sectors. In terms of profit, the building materials retail business, which was again able to earn its cost of capital again for the first time in a while, is expected to generate positive value added. "Project 2015" has laid the foundations for achieving this goal. The project focuses on setting in place a new structure for the various centres with sixteen instead of the twelve centres to date. This will form the platform for developing a logistics and procurement organisation geared to the new organisation structure of the centres and for combining distribution locations to avoid unnecessary movements between warehouses through optimising and centralising control and management of warehousing processes. Other key components entail improving procurement processes, for instance, the reduction of overheads and the increased use of house brands to raise revenues and widen margins. These measures should contribute to lifting profits as early as 2012 although they will be offset by the cost of implementation. In the years thereafter, profit should improve with the gradual non-recurrence of implementation costs.

Contribution to value added anticipated

Outlook for the BayWa Group

In the wake of numerous acquisitions in previous years, the financial year 2012 will be one of consolidation for BayWa, with the integration of the many companies into units which operate efficiently in the market and leverage existing potential. Based on the developments anticipated in the business units, the BayWa Group's revenues will at minimum match the high year-earlier level in 2012, albeit without revenues generated by the DIY and garden centres. Revenues and profits from agri-trade and agricultural equipment combined under the Agriculture Segment will be somewhat lower compared with 2011. This decline will, however, be more than compensated by the expansion in the activities of the fruit business. BayWa anticipates stable revenue and profit contributions from its Energy Segment. The downturn in conventional energy trading will be offset by growth in the renewable energies business. Revenues and profit are likely to improve moderately in the building materials retail business. The BayWa Group will therefore stabilise the good results from its operating activities achieved overall in 2011 and, given favourable general economic conditions, raise them further. In 2012, the ongoing investments of BayWa in maintaining and modernising its locations will remain at a level that is virtually unchanged from 2010 and 2011. These investments are customarily financed for the most part from the operating cash flow. Beyond this, there are funds available for medium- and long-term financing from the bonded loans with terms of five and seven years.

Leveraging existing potential

Even better results if framework conditions remain favourable

The development of the Group beyond the year 2012 will be borne in the main through the ongoing strengthening of its operating activities. BayWa will carefully consider opportunities for internal and external growth in its core segments of Agriculture, Energy and Building Materials in the future as well and, if its assessment is positive, take advantage by drawing on the sound financing structure of the Group. Activities in 2012 and 2013 will, however, be focused on organic growth.

The volatilities and risks described in the individual business segments may cause results to diverge from today's planning. BayWa nonetheless considers itself well positioned in its operations. Against this backdrop, BayWa is confident that it will continue to develop well through ongoing growth in its core businesses and that it will be successful in raising operating profit again in the year 2013.

Section

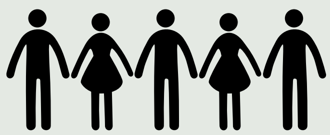
Consolidated Financial Statements

4

We are committed to responsible company management.

(Taken from BayWa AG's Corporate Guidelines)

Page



17,000

The BayWa Group's workforce came to around 17,000 employees as per 31 December 2011.

In all three segments

The BayWa Group developed extremely well in the financial year 2011. In all three of its business segments of Agriculture, Energy and Building Materials, BayWa outperformed the year-earlier level in terms of both revenues and EBIT.

30%

and more

BayWa is striving to achieve a medium- and long-term equity ratio of at least 30%. The equity base is a very sound foundation for a trading company and a stable platform for business to develop.

+ 17.5%

EBIT of €151.4 million is 17.5% higher than in 2010.

€63.6 million

Total volume invested in acquisitions in 2011.

Affirmation by the Legally Authorised Representatives

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

Munich, 1 March 2012

BayWa Aktiengesellschaft
The Board of Management

Klaus Josef Lutz
Klaus Buchleitner
Andreas Helber
Dr. Josef Krapf
Roland Schuler

Consolidated Balance Sheet as at 31 December 2011

Assets

In € million	Note	**2011**	2010
Non-current assets			
Intangible assets	(C.1.)	119.038	64.134
Property, plant and equipment	(C.2.)	1,109.851	917.019
Participating interests recognised at equity	(C.3.)	16.533	45.733
Other financial assets	(C.3.)	210.595	212.607
Investment property	(C.4.)	63.587	71.639
Tax assets	(C.5.)	6.658	7.564
Other receivables and other assets	(C.6.)	18.665	16.810
Deferred tax assets	(C.7.)	69.508	91.844
		1,614.435	**1,427.350**
Current assets			
Securities	(C.3.)	1.811	1.841
Inventories	(C.8.)	1,165.428	1,062.329
Tax assets	(C.5.)	43.059	21.478
Other receivables and other assets	(C.6.)	742.512	662.941
Cash and cash equivalents	(C.9.)	86.997	28.208
		2,039.807	**1,776.797**
Non-current assets held for sale/disposal groups	(C.10.)	**258.800**	**49.104**
Total assets		**3,913.042**	**3,253.251**

Shareholders' equity and liabilities

In € million	Note	2011	2010
Equity	(C.11.)		
Subscribed capital		87.871	87.562
Capital reserve		91.536	88.441
Revenue reserves		580.924	577.113
Other reserves		105.277	85.313
Equity net of minority interest		865.608	838.429
Minority interest		202.421	167.095
		1,068.029	**1,005.524**
Non-current liabilities			
Pension provisions	(C.12.)	387.772	397.492
Other non-current provisions	(C.13.)	75.600	64.372
Financial liabilities	(C.14.)	565.126	269.077
Finance lease obligations	(C.15.)	5.289	2.157
Trade payables and liabilities from inter-group business relationships	(C.16.)	0.012	45.262
Other liabilities	(C.17.)	13.090	2.284
Deferred tax liabilities	(C.18.)	100.710	100.391
		1,147.599	**881.035**
Current liabilities			
Pension provisions	(C.12.)	28.475	27.534
Other current provisions	(C.13.)	116.480	106.287
Financial liabilities	(C.14.)	582.526	537.675
Finance lease obligations	(C.15.)	1.750	0.558
Trade payables and liabilities from inter-group business relationships	(C.16.)	750.148	549.495
Tax liabilities		56.651	39.404
Other liabilities	(C.17.)	79.142	72.732
		1,615.172	**1,333.685**
Liabilities from non-current assets held for sale	(C.19.)	**82.242**	**33.007**
Total shareholders' equity and liabilities		**3,913.042**	**3,253.251**

Consolidated Income Statement for 2011

Continued operations

In € million	Note	2011	2010
Revenues	(D.1.)	9,585.677	7,902.988
Changes in inventories		88.844	75.598
Own work capitalised		2.324	1.370
Other operating income	(D.2.)	129.985	127.205
Cost of materials	(D.3.)	– 8,503.124	– 6,937.024
Gross profit		**1,303.706**	**1,170.137**
Personnel expenses	(D.4.)	– 679.798	– 633.724
Depreciation/amortisation		– 102.173	– 99.326
Other operating expenses	(D.5.)	– 382.383	– 328.250
Operating result		**139.352**	**108.837**
Income from participating interests recognised at equity	(D.6.)	1.386	7.194
Other income from shareholdings	(D.6.)	10.658	12.824
Interest income	(D.7.)	4.576	3.474
Interest expense	(D.7.)	– 58.301	– 45.191
Financial result		**– 41.681**	**– 21.699**
Earnings before tax		**97.671**	**87.138**
Income tax	(D.8.)	– 27.872	– 20.296
Net income		**69.799**	**66.842**
of which: profit share of minority interest	(D.9.)	18.532	16.404
of which: profit share of the shareholders of the parent company		51.267	50.438
EBIT		**151.396**	**128.855**
EBITDA		**253.569**	**228.181**
Basic earnings per share (in euros)	(D.10.)	**1.50**	**1.48**
Diluted earnings per share (in euros)	(D.10.)	**1.50**	**1.48**

Consolidated Statement of Comprehensive Income – Transition

In € million	2011	2010
Net income	**69.799**	**66.842**
Changes in "available for sale" assets carried at fair value		
Net gain/loss from revaluation of financial assets in the "available for sale" category during the reporting period	– 5.189	– 1.384
Reclassifications due to disposal of financial assets in the "available for sale" category during the reporting period	–	–
Difference from currency translation	– 1.946	0.731
Income and expenses recorded directly in equity	– 7.135	– 0.653
of which: due to minority interest	– 1.096	0.073
of which: due to shareholders of the parent company	– 6.039	– 0.726
Total comprehensive income	**62.664**	**66.189**
of which: due to minority interest	17.436	16.477
of which: due to shareholders of the parent company	45.228	49.712

Consolidated Cash Flow Statement for 2011

(Note E.1.)

In € million	**2011**	2010
Net income	69.799	66.842
Write-downs/write-ups of non-current assets		
Intangible assets	12.807	9.080
Property, plant and equipment	85.797	84.846
Other financial assets	1.168	0.189
Investment property	2.120	4.743
Other non-cash related expenses/income		
Changes in deferred taxes	– 4.272	– 4.273
Equity result minus dividend and capital repayment	6.530	– 7.194
Expenses relating to share-based payment through profit and loss	1.361	1.387
Other	– 8.147	– 2.216
Increase/decrease in non-current provisions	– 6.901	– 1.642
Cash-effective expenses/income from special items		
Gain/loss from the disposal of financial assets	– 0.203	– 2.593
	160.059	**149.169**
Increase/decrease in current and medium-term provisions	7.657	7.866
Gain/loss from asset disposals	– 8.954	– 29.019
Increase/decrease in inventories, trade receivables and other assets not allocable to investing or financing activities	– 291.225	– 265.686
Increase/decrease in trade payables and other liabilities not allocable to investing or financing activities	105.010	128.295
Cash flow from operating activities	**– 27.453**	**– 9.375**
Outgoing payments for company acquisitions (Note B.1.)	– 63.632	– 11.708
Incoming payments from the divestiture of companies (subsidiaries; Note B.1.)	8.537	16.550
Incoming payments from the disposal of intangible assets, property, plant and equipment and investment property	36.513	28.694
Outgoing payments for investments in intangible assets, property, plant and equipment and investment property	– 205.556	– 131.583
Incoming payments from the disposal of other financial assets	18.916	11.558
Outgoing payments for investments in other financial assets	– 17.426	– 27.044
Cash flow from investing activities	**– 222.648**	**– 113.533**
Incoming payments from equity contributions	2.043	2.082
Dividend payments	– 19.883	– 18.102
Incoming/outgoing payments from borrowing/redemption of (financing) loans	291.709	147.608
Cash flow from financing activities	**273.869**	**131.588**
Cash-effective changes in cash and cash equivalents	23.768	8.680
Cash and cash equivalents at the start of the period	28.208	19.723
Incoming/outgoing cash and cash equivalents owing to changes in the group of consolidated companies	35.021	– 0.195
Cash and cash equivalents at the end of the period	**86.997**	**28.208**

In € million	2011	2010
Additional information		
The cash flow from operating activities comprises the following cash flows:		
Income tax payments	– 32.937	– 15.085
Interest received	4.056	3.526
Interest paid	– 32.782	– 20.347
Dividend received and other income assumed	12.564	17.026

Interest paid is fully allocable to the cash flow from operating activities, both in the reporting year and in the previous year. Income tax payments are accounted for as follows: €2.526 million (2010: €0.000 million) by the cash flow from investing activity and €41.170 million (2010: €15.085 million) by the cash flow from operating activities. Dividend received and other income assumed is attributable to investing activities, as in the previous year. Of the interest received, €0.972 million (2010: €0.347 million) is attributable to investing activities and €3.084 million (2010: €3.179 million) to operating activities.

Outgoing payments for company acquisitions included in the cash flow from investing activities are as follows:		
Purchase price of company acquisitions	– 68.252	– 15.541
Purchase prices paid (including contingent purchase price components from company acquisitions in previous years)	– 63.632	– 15.351
Cash and cash equivalents assumed from company acquisitions	33.912	3.643

Consolidated Statement of Changes in Equity

Note (C.11.)

In € million	Subscribed capital	Capital reserve	Revenue reserves/ revaluation	Other revenue reserves	Other reserves	Equity net of minority interest	Minority interest	Equity
As per 01/01/2010	**87.258**	**85.276**	**1.629**	**579.027**	**49.698**	**802.888**	**154.592**	**957.480**
Differences from changes in the group of consolidated companies	–	–	0.057	1.322	– 5.431	– 4.052	0.540	– 3.512
Capital increase against cash contribution/share-based payment	0.304	3.165	–	–	–	3.469	–	3.469
Changes in “available for sale” assets carried at fair value	–	–	– 1.328	–	–	– 1.328	– 0.056	– 1.384
Dividend distribution	–	–	–	–	– 13.588	– 13.588	– 4.514	– 18.102
Difference from currency translation	–	–	–	–	0.602	0.602	0.129	0.731
Transfer to revenue reserve	–	–	–	– 3.594	3.594	–	–	–
Net income	–	–	–	–	50.438	50.438	16.404	66.842
As per 31/12/2010 // 01/01/2011	**87.562**	**88.441**	**0.358**	**576.755**	**85.313**	**838.429**	**167.095**	**1,005.524**
Differences from changes in the group of consolidated companies	–	–	–	– 2.471	– 1.939	– 4.410	20.730	16.320
Capital increase against cash contribution/share-based payment	0.309	3.095	–	–	–	3.404	–	3.404
Changes in “available for sale” assets carried at fair value	–	–	– 5.110	–	–	– 5.110	– 0.079	– 5.189
Dividend distribution	–	–	–	–	– 17.043	– 17.043	– 2.840	– 19.883
Difference from currency translation	–	–	–	–	– 0.929	– 0.929	– 1.017	– 1.946
Transfer to/withdrawal from revenue reserves	–	–	–	11.392	– 11.392	–	–	–
Net income	–	–	–	–	51.267	51.267	18.532	69.799
As per 31/12/2011	**87.871**	**91.536**	**– 4.752**	**585.676**	**105.277**	**865.608**	**202.421**	**1,068.029**

Notes to the Consolidated Financial Statements
as at 31 December 2011

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

(A.) Background to the BayWa Consolidated Financial Statements

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

BayWa AG has its principal place of business in 81925 Munich, Arabellastraße 4, Germany. The BayWa Group is a group of trading and services companies with core activities in the following lines of business: Agricultural Trade, Fruit, Agricultural Equipment, Energy, Renewable Energies, Building Materials and DIY & Garden Centres. The Agricultural Trade Business Unit comprises trading in agricultural produce and operating resources. The Fruit Business Unit combines all activities of the Group in the business of fruit trading. The Agricultural Equipment Business Unit offers a full-line range of agricultural equipment and services. The Energy Business Unit has an extensive network which ensures the supply of heating oil, fuels, lubricants and wood pellets to commercial and private customers. In the Renewable Energies business line, the Group offers customers services geared to project management for wind power, biogas facilities and solar power plants, on the one hand, and operates its own wind and biogas plants to produce electricity, on the other. The range of products and services under Renewable Energies is rounded off by the sale of solar panels. The Building Materials Business Unit comprises activities involved in selling building materials. The DIY & Garden Centres Business Unit serve the customer in the “Do-It-Yourself” market.

In the financial year 2011, BayWa AG's Board of Management made the decision, with the approval of the Supervisory Board, to incorporate part of the DIY and garden centres of BayWa AG into a joint venture with Semer Beteiligungsgesellschaft GmbH, Salzburg, Austria, with effect from 1 January 2012. Semer Beteiligungsgesellschaft mbH operates DIY and garden centres in Germany and Austria through Hellweg Die Profi Baumärkte GmbH & Co. KG, Dortmund. As contractually agreed, the inventories and selected property, plant and equipment and directly allocable liabilities of 56 DIY and garden centres belonging to BayWa AG will be transferred to Munich-based BayWa Bau- & Gartenmärkte GmbH & Co. KG, a company established for this purpose, with effect from 1 January 2012. Following the transfer, Semer Beteiligungsgesellschaft mbH will acquire 50% of the limited partner interest in BayWa Bau- & Gartenmärkte GmbH & Co. KG in the first stage of the transaction. BayWa AG will initially retain the remaining 50% which will be sold in stages to Semer Beteiligungsgesellschaft mbH over a period up until 31 December 2021. All the real estate assets of the DIY and garden centres being transferred will not be assigned to the new company as part of the transaction. They will remain in the ownership of BayWa AG and let in future to BayWa Bau- & Gartenmärkte GmbH & Co. KG. Moreover, the DIY and garden centres which are closely interlinked with locations of other business units will remain the property of BayWa AG. Similarly, the BayWa Group's Austrian DIY and garden centres are also not part of the transaction. BayWa Bau- & Gartenmärkte GmbH & Co. KG will be included in the BayWa Group under the equity method. Owing to the spin-off decision effective 1 January 2012, the assets and liabilities of the 56 DIY and garden centres being transferred will be reported in the consolidated financial statements as at 31 December 2011 as a disposal group within the meaning of IFRS 5.

The Consolidated Financial Statements as at 31 December 2011 were drawn up in compliance with the International Financial Reporting Standards (IFRS) as applicable within the European Union. The standards of the International Accounting Standards Board (IASB), London, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) valid on the reporting date were fully taken account of. The consolidated financial statements therefore give a true and fair view of the assets, financial position and result of operations of the BayWa Group.

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

The financial year of the BayWa Group covers the period from 1 January to 31 December. The financial statements of BayWa AG and its 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 equity method. Both companies have a different reporting date, which is 30 June. The interim financial statements of both companies as at 31 December 2011 form the basis for consolidation.

The accounting implemented within the group of BayWa AG is carried out in accordance with the accounting and valuation principles uniformly applied by the whole Group; they are described under Notes C. and D. in the explanations on the balance sheet and the income statement. Individual items have been disclosed separately in the balance sheet and in the income statement to enhance transparency. They are broken down and explained in the Notes to the Consolidated Financial Statements. The consolidated financial statements have been prepared in euros. Unless otherwise indicated, amounts are shown in millions of euros (€ million; rounded up to 3 decimal points).

(A.2.) Estimates and assumptions by Management

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

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

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

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

In respect of property, plant and equipment, assumptions were made relating to the uniform, 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. Estimates of the net realisable value are based on the substantive information available at the time when the likely recoverable amounts of inventories were estimated. These estimates take account of changes in prices and costs which are directly associated with events after the reporting period, in as much as these events serve to elucidate the conditions already prevailing by the end of the reporting period.

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

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

(A.3.) Impact of new accounting standards

Accounting standards applicable for the first time in the financial year 2011

In the financial year 2011, the following standards and interpretations were applicable for the first time. These new standards had very little or no influence on the presentation of the net assets, financial position and result of operations or on earnings per share.

An amendment to IAS 32 (Financial Instruments: Presentation) was issued in October 2009. This amendment requires that certain subscription rights, as well as options and warrants denominated in a currency other than the functional currency of the issuer to whose equity instruments these rights are attached, must be presented under equity. These rights were formerly reported as liabilities. The amendment is only applicable to subscription rights which pertain to a fixed number of instruments involved and fixed foreign currency amounts and only when the respective rights are granted pro-rata to all previous holders of equity paper in the same class.

In November 2009, the IASB published the revised standard IAS 24 (Related Party Disclosures). The amendment simplifies the reporting duties of companies in which the government holds an interest. Certain related party relationships arising from the government holding an interest in private companies are exempted from a number of reporting duties specified under the amended standard pursuant to IAS 24. Furthermore, the definition of related parties was subject to a thorough revision.

In addition, IFRIC19 (Extinguishing Financial Liabilities with Equity Instruments) was issued in November 2009. The interpretation must be applied if a borrower fully or partly repays a financial liability by issuing equity instruments to the lender.

Moreover, an amendment to IFRIC 14 (IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction), an interpretation of IAS 19 (Employee Benefits), was released in November 2009. The amendment is relevant if a company that must fulfil minimum funding requirements in connection with its pension plans makes advance contributions to these plans. The amendment permits the company to report the benefit from such contributions as an asset.

In May 2010, the IASB released the third "Improvements to IFRS" collection of standards as part of the Annual Improvement Project. The amendments define precise standards for the recognition, measurement and disclosure of transactions, standardise terms, and are to be generally interpreted as editorial improvement of existing standards.

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

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

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

In October 2010, the IASB issued amendments to IFRS 7 (Financial Instruments: Disclosures). These amendments require additional information on transactions for the purpose of assigning assets as well as an insight into the potential impact of risks still inherent for the assigning company. Furthermore, additional information is required if there is a disproportionately large share of transfers at the end of the reporting period. Companies must apply the amendments for annual periods starting on or after 1 July 2011. The resulting reporting obligations are of secondary importance as regards the net assets, financial position and result of operations of the BayWa Group.

In December 2010, the IASB published an amendment to IAS 12 (Income Taxes) under which there is a rebuttable presumption that the book value of an asset is recovered as a rule through disposal and not through the use of the asset. This definition is particularly relevant to the calculation of deferred taxes in countries where varying income tax rates apply to the gain from disposals and to rental income, for example. In this context, SIC 21 (Income Taxes – Recovery of Revalued Non-Depreciable Assets) was integrated into IAS 12 (Income Taxes), provided that it does not pertain to investment property. The amended standard is applicable to annual periods beginning on or after 1 January 2012. Endorsement under European law by the European Union is still pending. From today's standpoint, this amendment will have no impact on the presentation of the net assets, financial position and result of operations of the BayWa Group.

In May 2011, the IASB released four new standards: IFRS 10 (Consolidated Financial Statements), IFRS 11 (Joint Arrangements), IFRS 12 (Disclosure of Interests in Other Entities) and IFRS 13 (Fair Value Measurement). In addition, amendments to two already existing standards, specifically IAS 27 (Separate Financial Statements) and IAS 28 (Investments in Associates and Joint Ventures) were published. The standards are to be adopted mandatorily in annual periods beginning on or after 1 January 2013. Endorsement under European law is still pending. The impact of the amendments on the presentation of the net assets, financial position and result of operations is currently being reviewed.

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

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

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

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

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

In IFRS 13 (Fair Value Measurement), the IASB defines fair value and sets out a framework for measuring fair value and disclosures about fair value measurements. The standard focuses on how fair value is to be measured rather than when, with fair value defined as a price that would be received on selling an asset or paid on transferring a liability. Upon initial application IFRS 13 is to be applied prospectively.

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

In June 2011, the IASB also published amendments to IAS 19 (Employee Benefits). Accordingly, BayWa ceased to apply the corridor method currently in use which involves the subsequent recognition of actuarial gains and losses through profit and loss in later periods. In future, net pension obligations under defined benefit pension plans and changes in these obligations owing to actuarial gains and losses are to be reported in full directly without effect on net income. Moreover, the net interest expense from defined benefit pension plans is to be calculated on the basis of a net liability, specifically the balance of pension obligations and the fair value of plan assets. Accordingly, the interest rate applicable to the return anticipated on plan assets reported through profit and loss no longer needs to be estimated. Instead it must correspond to the discount rate applied to pension obligations. The method used to calculate this interest rate will remain unchanged. In the case of future plan changes, the adjusted past service cost must be immediately reported through profit and loss. Furthermore, the regulations on the recognition and measurement of termination benefits paid to employees have changed. The amendments are to be mandatorily applied to annual periods beginning on or after 1 January 2013.
Endorsement under European law is still pending. Under the amendment, actuarial gains and losses, accounted for to date within the BayWa Group using the corridor method, must therefore be stated in equity without effect on income and the net pension obligation fully disclosed. Further effects of the amendment on the presentation of the net assets, financial position and result of operations are currently being reviewed.

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

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

(B.) Information on Consolidation

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

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

	Share in capital in %	Comment
Agriculture Segment		
Bayerische Futtersaatbau GmbH, Ismaning	72.7	
BOR s.r.o., Choceň, Czech Republic	92.8	
CLAAS Südostbayern GmbH, Töging	90.0	
CLAAS Nordostbayern GmbH & Co. KG, Weiden	90.0	Initial consolidation on 01/01/2011
CLAAS Main-Donau GmbH & Co. KG, Vohburg	90.0	Initial consolidation on 01/01/2011
CLAAS Württemberg GmbH, Langenau	80.0	Initial consolidation on 30/04/2011
EUROGREEN GmbH, Betzdorf	100.0	
EUROGREEN Schweiz AG, Zuchwil, Switzerland	100.0	
EUROGREEN CZ s.r.o., Jiřetín pod Jedlovou, Czech Republic	100.0	
F. Url & Co. Gesellschaft m.b.H., Unterpremstätten, Austria	100.0	
Frucom Fruitimport GmbH, Hamburg	100.0	
Garant-Tiernahrung Gesellschaft m.b.H., Pöchlarn, Austria	100.0	
LTZ Chemnitz GmbH, Hartmannsdorf	90.0	Initial consolidation on 19/04/2011
Raiffeisen Waren GmbH Nürnberger Land, Hersbruck	52.0	Initial consolidation on 01/01/2011
Raiffeisen-Kraftfutterwerke Süd GmbH, Würzburg	85.0	
Raiffeisen-Agro d.o.o., Beograd, Serbia	100.0	
Sempol spol. s.r.o., Trnava, Slovakia	100.0	
TechnikCenter Grimma GmbH, Mutzschen	70.0	
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	
BayWa Vorarlberg HandelsGmbH, Lauterach, Austria	51.0	
bs Baufachhandel Brands & Schnitzler GmbH & Co. KG, Mönchengladbach	100.0	
IFS S.r.l., Bolzano, Italy	51.0	
Voss GmbH & Co. KG, Coesfeld	100.0	
ZES Zentrale Einkaufs-Service GmbH, Munich	100.0	
Energy Segment		
AWS Entsorgung GmbH Abfall & Wertstoff Service, Boppard	90.0	Initial consolidation on 07/10/2011
Aufwind Nuevas Energias Sociedad Limitada, Barcelona, Spain	100.0	
Aufwind BB GmbH & Co. Zweiundzwanzigste Biogas KG (formerly: Aufwind Schmack Betriebs GmbH & Co. Zweiundzwanzigste Biogas KG), Regensburg	100.0	
BayWa r.e Espana S.L.U., Barcelona, Spain	100.0	Initial consolidation on 01/01/2011
BayWa r.e GmbH, Munich	100.0	
BayWa r.e Mozart LLC, San Diego, USA	100.0	Initial consolidation on 15/12/2011
BayWa r.e Service GmbH, Munich	100.0	Initial consolidation on 04/07/2011
BayWa r.e USA LLC, Santa Fe, USA	100.0	Initial consolidation on 01/01/2011
BayWa-Tankstellen-GmbH, Munich	100.0	
Diermeier Energie GmbH, Straubing	100.0	Initial consolidation on 01/01/2011
Dulas MHH Ltd., Machynlleth Powys, Wales, UK	90.0	Initial consolidation on 03/06/2011
ECOWIND Group		
ECOWIND Handels- & Wartungs-GmbH, Kilb, Austria	90.0	Initial consolidation on 23/08/2011
ECOwind d.o.o., Zagreb, Croatia	100.0	Initial consolidation on 23/08/2011

	Share in capital in %	Comment
Eko-Energetyka Sp. z o.o., Rezesów, Poland	51.0	Initial consolidation on 23/08/2011
Puterea Verde S.r.l., Sibiu, Romania	75.5	Initial consolidation on 23/08/2011
Windpark Pongratzer Kogel GmbH, Kilb, Austria	100.0	Initial consolidation on 23/08/2011
Wind Water Energy ood, Varna, Bulgaria	76.0	Initial consolidation on 23/08/2011
Focused Energy LLC, Santa Fe, USA	80.0	Initial consolidation on 03/01/2011
GENOL Gesellschaft m.b.H. & Co. KG, Vienna, Austria	71.0	
L & L Rotorservice GmbH, Basdahl	100.0	Initial consolidation on 13/12/2011
L & L Vermögensverwaltungs GmbH, Basdahl	100.0	Initial consolidation on 13/12/2011
MHH France S.A.S., Toulouse, France	90.0	
MHH Solartechnik GmbH, Tübingen	100.0	
Net Environment S.L.U., Barcelona, Spain	100.0	
r.e Bioenergie GmbH (formerly: Aufwind Neue Energien GmbH), Regensburg	100.0	
r.e Biomethan GmbH, Regensburg	100.0	
Schradenbiogas GmbH & Co. KG, Gröden	94.5	
TESSOL Kraftstoffe, Mineralöle und Tankanlagen GmbH, Stuttgart	100.0	
WAV Wärme Austria VertriebsgmbH, Vienna, Austria	89.0	Initial consolidation on 01/07/2011
Wingenfeld Energie GmbH, Hünfeld	100.0	Initial consolidation on 01/01/2011
WKN USA Group		
WKN USA, LLC, San Diego, USA	70.0	Initial consolidation on 26/08/2011
WKN Montana II, LLC, San Diego, USA	100.0	Initial consolidation on 26/08/2011
WKN Ravel, LLC, San Diego, USA	100.0	Initial consolidation on 26/08/2011
WKN Vivaldi, LLC, San Diego, USA	100.0	Initial consolidation on 26/08/2011
WKN Chopin, LLC, San Diego, USA	100.0	Initial consolidation on 26/08/2011
WKN Wagner, LLC, San Diego, USA	100.0	Initial consolidation on 26/08/2011
WKN Amadeus, LLC, San Diego, USA	100.0	Initial consolidation on 26/08/2011
RENERCO Group		
RENERCO Renewable Energy Concepts AG, Munich	90.7	
RENERCO Beteiligungs GmbH, Grünwald	100.0	
RENERCO Energies SAS, Paris, France	100.0	
RENERCO Energy UK Ltd., London, UK	100.0	Initial consolidation on 22/02/2011
RENERCO GEM 1 GmbH, Munich	100.0	Initial consolidation on 01/01/2011
RENERCO GEM 2 GmbH, Munich	100.0	Initial consolidation on 01/01/2011
GEM WIND FARM 1 Ltd., London, UK	100.0	Initial consolidation on 01/01/2011
GEM WIND FARM 2 Ltd., London, UK	100.0	Initial consolidation on 01/01/2011
GEM WIND FARM 3 Ltd., London, UK	100.0	Initial consolidation on 01/01/2011
RENERCO Polska Sp. z o.o., Warsaw, Poland	100.0	Initial consolidation on 24/01/2011
RENERCO Solar GmbH, Munich	100.0	Initial consolidation on 20/04/2011
Les Eoliennes de Saint Fraigne SAS, Strasbourg, France	24.5	Minority holding with right to raise participating interest
Livas 1 Energeiaki EPE, Kalamata, Greece	94.0	
Neuilly Saint Front Energies SAS, Bègles, France	70.0	
Parco Solare Smeraldo S.r.l., Brixen, Italy	68.0	Initial consolidation on 01/01/2011
Parque Eólico La Carracha S.L., Zaragoza, Spain	73.1	Transitional consolidation on 08/09/2011
Parque Eólico Plana de Jarreta S.L., Zaragoza, Spain	72.2	Transitional consolidation on 08/09/2011
Renewable Energy Harvest Nine GmbH & Co. KG, Grünwald	100.0	Initial consolidation on 01/01/2011
Umspannwerk Gürtelkopf GmbH & Co. KG, Munich	100.0	
Umspannwerk Klein Bünsdorf GmbH & Co. KG, Munich	100.0	
Windpark Everswinkel GmbH & Co. KG, Grünwald	25.0	Minority holding with right to raise participating interest
Windpark Everswinkel II GmbH & Co. KG, Grünwald	100.0	

	Share in capital in %	Comment
WP EWL Infrastruktur GmbH & Co. KG, Munich	100.0	
Windpark Kamionka GmbH, Grünwald	100.0	
FW Kamionka Sp. z o.o., Kamionka, Poland	100.0	
Windpark Namborn GmbH & Co. KG, Munich	25.0	Minority holding with right to raise participating interest
Windpark Selmsdorf II GmbH & Co. KG, Grünwald	100.0	Initial consolidation on 01/01/2011
WP SDF Infrastruktur GmbH & Co. KG, Grünwald	100.0	Initial consolidation on 01/01/2011
Windpark Wegeleben GmbH & Co. KG, Munich	100.0	
Wind am Speckberg GmbH, Munich	100.0	
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	
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	100.0	
Ybbstaler Fruit Polska Sp. z o.o., Chelm, Poland	99.9	
Cross-segment subsidiaries		
„UNSER LAGERHAUS“ WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria (for short: UNSER LAGERHAUS) (Segments: Agriculture, Energy, Building Materials)	51.1	
Raiffeisen-Agro Magyarország Kft., Székesfehérvár, Hungary (Segments: Agriculture, Energy)	100.0	
Raiffeisen-Lagerhaus GmbH, Bruck an der Leitha, Austria (Segments: Agriculture, Energy, Building Materials)	89.9	
RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria (for short: RWA AG) (Segments: Agriculture, Energy, Building Materials, Other Activities)	50.0	Majority voting interest
RWA SLOVAKIA spol. s.r.o., Bratislava, Slovakia (Segments: Agriculture, Energy)	100.0	

In the financial year 2011, Raiffeisen Waren GmbH Nürnberger Land, Hersbruck, CLAAS Main-Donau GmbH & Co. KG, Vohburg, CLAAS Nordostbayern GmbH & Co. KG, Weiden, Diermeier Energie GmbH, Straubing, and Wingenfeld Energie GmbH, Hünfeld, all companies established in the previous year and which became operational in the current financial year, were admitted to the group of consolidated companies. Moreover, BayWa r.e España S.L.U, Barcelona, Spain, founded in the financial year 2010, and BayWa r.e USA LLC, Santa Fe, USA, as well as Dulas MHH Ltd., Machynlleth Powys, Wales, UK, companies established in the financial year 2011, became part of the consolidated group.

With effect from 1 January 2011, BayWa took over the agricultural trade business of Schnell & Söhne KG Agrarhandel, Schwabmünchen, by way of an asset deal. The cost of purchase of the assets transferred on 1 January 2011 came to €3.000 million. The agreed purchase prices break down as follows:

In € million	Purchase price
Intangible assets	0.200
Property, plant and equipment and inventories	2.800
Total purchase price	**3.000**

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

BayWa AG took over the heating oil, diesel and Otto fuel, wood pellets and AdBlue business from Diermeier GmbH & Cie. Mineralöl KG, Straubing, and Hermann Diermeier KG, Straubing, through its subsidiary Diermeier Energie GmbH, Straubing, with effect from 1 January 2011. Furthermore, additional assets were purchased from Top Oil GmbH & Cie. Transport KG, Straubing, with effect from 31 March 2011. The provisional cost of purchase of the assets transferred comes to €5.522 million.

The agreed purchase prices break down as follows:

In € million	Purchase price
Intangible assets	2.850
Property, plant and equipment and inventories	2.672
Total purchase price	**5.522**

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

BayWa AG took over the lubricants business of Diermeier GmbH & Cie. Lubes KG, Straubing, through its subsidiary Diermeier Energie GmbH, Straubing, by way of an asset deal with effect from 1 November 2011. The cost of purchase of the assets transferred comes to €2.389 million.

The agreed purchase prices break down as follows:

In € million	Purchase price
Intangible assets	1.220
Property, plant and equipment and inventories	1.169
Total purchase price	**2.389**

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

BayWa AG took over the heating oil, diesel and Otto fuel and AdBlue business from Wingenfeld Mineralöle GmbH & Co. KG, Hünfeld, through its subsidiary Wingenfeld Energie GmbH, Hünfeld, with effect from 1 March 2011. The cost of purchase of the assets transferred comes to €2.470 million.

The agreed purchase prices break down as follows:

In € million	Purchase price
Intangible assets	1.300
Property, plant and equipment and inventories	1.170
Total purchase price	**2.470**

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

BayWa AG took over the photovoltaic wholesale business from Dulas Ltd., Machynlleth Powys, Wales, UK, through its lower-tier subsidiary Dulas MHH Ltd., Machynlleth Powys, Wales, UK, by way of an asset deal effective 3 June 2011. The cost of purchase of the assets transferred comes to €6.424 million.

The agreed purchase prices break down as follows:

In € million	Purchase price
Intangible assets	4.940
Property, plant and equipment and inventories	1.484
Total purchase price	**6.424**

There was goodwill of €2.242 million from the transaction which is comprised under the intangible assets.

The purchase price agreed and disbursed to date for the acquisition of the photovoltaic plant wholesale business came to €4.182 million. In addition, the purchase agreement on the acquisition of operations includes purchase price components the future payment of which is contingent on the EBITDA achieved by Dulas MHH Ltd., Machynlleth Powys, Wales, UK, in the financial years 2011 and 2012. The payments to be made in subsequent years owing to the contingent purchase price components are within a range of €0.000 up to a maximum of €2.242 million. In view of the positive performance anticipated for the company a purchase price totalling €6.424 million has been recognised, including contingent purchase price components.

BayWa AG acquired the movable assets in the Dasing and Krumbach locations from Eder GmbH, Tuntenhausen, through its subsidiary CLAAS Württemberg GmbH, Langenau, with effect from 1 September 2011. The cost of purchase of the assets transferred comes to €0.137 million and is fully accounted for by the movable assets of the aforementioned locations. There was no goodwill from the acquisition.

BayWa AG acquired the agricultural equipment workshop business from Raiffeisenbank Gefrees eG, Gefrees, through its subsidiary CLAAS Nordostbayern GmbH & Co. KG, Weiden, with effect from 1 November 2011. The cost of purchase due and payable to date for the assets transferred comes to €0.028 million. There was no goodwill from the acquisition.

BayWa AG acquired the agricultural machinery business from Lutzenberger Grundstück UG (limited liability) & Co. KG, Grabenstätt/Erlstätt, through its subsidiary CLAAS Südostbayern GmbH, Töging, with effect from 1 March 2011. The cost of purchase of the assets transferred comes to €0.477 million.

The agreed purchase prices break down as follows:

In € million	Purchase price
Intangible assets	0.025
Property, plant and equipment and inventories	0.452
Total purchase price	**0.477**

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

BayWa AG acquired 80% of the shares in Focused Energy LLC, Santa Fe, USA, through its lower-tier subsidiary, BayWa r.e USA LLC, Santa Fe, USA, with effect from 3 January 2011. Under the control concept, BayWa r.e USA LLC has had a controlling influence over this company since 3 January 2011, the date when the purchase price was paid. The initial consolidation of the company therefore took place on this date within the scope of full consolidation. As a premium supplier in the business of photovoltaic (PV) system integration, Focused Energy LLC supplies installers in the United States of America, in particular in the core markets of Arizona, California, Pennsylvania, New Mexico and Hawaii. The product range comprises premium PV panels, inverters and installation systems. This acquisition has enabled BayWa AG to enter the high-growth US market for photovoltaic plants.

The purchase price agreed for the shares in the company, disbursed in January, came to €8.390 million. In addition, the purchase agreement on the acquisition of the shares in the company includes purchase price components the future payment of which is contingent on the EBITDA achieved by Focused Energy LLC in the financial years 2011 and 2012. The payments to be made in subsequent years owing to the contingent purchase price components are within a range of €0.000 up to a maximum of €13.224 million. In view of the positive performance anticipated for the company when it was acquired, a preliminary purchase price totalling €21.614 million has been recognised, including contingent purchase price components.

The transaction costs incurred in connection with the acquisition of the company come to €0.845 million and are included in the income statement under other operating expenses.

The net assets purchased in connection with the acquisition of Focused Energy LLC break down as follows:

In € million	Book value	Fair value adjustments	Fair value
Intangible assets	–	12.252	12.252
Property, plant and equipment	–		–
Financial assets	–		–
Inventories	1.710	0.179	1.889
Receivables	2.381		2.381
Deferred tax assets	–		–
Cash and cash equivalents	2.700		2.700
Non-current liabilities	–		–
Current liabilities	4.069		4.069
Deferred tax liabilities	–	4.960	4.960
	2.722	**7.471**	**10.193**
Proportionate net assets			8.154
Goodwill			13.460
Total purchase price, including contingent purchase price components			**21.614**
Portion in net assets attributable to non-controlling shares			2.039

The portion in net assets of €2.039 million attributable to the non-controlling shares in Focused Energy LLC comprises the book values of the company's assets and liabilities attributable to minority interest as well as the proportionate hidden reserves and encumbrances. The calculation of hidden reserves in the context of the purchase price allocation was based on discounted cash flow methods and future expectations of profits from the sale of goods. The cash flows, spread over an economic life of eight years, are based on a discount factor of 11.5%.

If the purchase of the company had been concluded by the first day of the financial year, there would have been no impact on the consolidated revenues and the consolidated profit attributable to investors. Since 3 January 2011, the date of its initial inclusion in the group of consolidated companies, Focused Energy LLC has generated revenues of €44.372 million and a net income of €4.552 million.

BayWa AG acquired 80% of the shares in CLAAS Württemberg GmbH, Langenau, with effect from 30 April 2011. Under the control concept, BayWa AG has had a controlling influence over this company since 30 April 2011, the date when the shares were transferred. Initial inclusion in the consolidated financial statements as part of full consolidation therefore took place with effect from this date. CLAAS Württemberg GmbH operates as an agricultural equipment trading company in Baden-Württemberg and sells the machinery of CLAAS and other well-known agricultural equipment manufacturers as well as offering additional services.

The cost of purchase of the shares came to €2.572 million. This amount includes the contractually agreed purchase price components disbursed in April.

The transaction costs incurred in connection with the acquisition of the company amount to €0.024 million. These costs are included in the income statement under other operating expenses.

The net assets acquired in connection with the purchase of CLAAS Württemberg GmbH break down as follows:

In € million	Book value	Fair value adjustments	Fair value
Intangible assets	0.010	1.416	1.426
Property, plant and equipment	0.741		0.741
Financial assets	–		–
Inventories	21.258	0.487	21.745
Receivables	8.441		8.441
Deferred tax assets	–		–
Cash and cash equivalents	0.032		0.032
Non-current liabilities	–		–
Current liabilities	30.120		30.120
Deferred tax liabilities	–	0.536	0.536
	0.362	**1.367**	**1.729**
Proportionate net assets			1.383
Goodwill			1.189
Total purchase price			**2.572**
Portion in net assets attributable to non-controlling shares			0.346

The portion in net assets of €0.346 million attributable to the non-controlling shares in CLAAS Württemberg GmbH comprises the book values of the company's assets and liabilities attributable to minority interest as well as the proportionate hidden reserves and encumbrances. The calculation of hidden reserves in the context of the purchase price allocation was based on discounted cash flow methods and future expectations of profits from the sale of goods. The cash flows, spread over an economic life of nine and ten years, are based on a discount factor of 10.9% and 11.0% respectively.

If the purchase of the company had been concluded by the first day of the financial year, the share in consolidated revenues would have been €17.051 million higher and the consolidated profit attributable to investors €0.441 million lower. Since 30 April 2011, the date of its initial consolidation into the group of consolidated companies, CLAAS Württemberg GmbH has generated revenues of €45.752 million and a net income of €0.799 million.

BayWa AG acquired 90% of the shares in LTZ Chemnitz GmbH, Hartmannsdorf, with effect from 1 January 2011. Under the control concept, BayWa AG has had a controlling influence over this company since 19 April 2011, the date when the purchase price was paid. The initial consolidation of the company therefore took place on this date within the scope of full consolidation.

The cost of purchase of the shares came to €1.956 million. This amount includes the contractually agreed purchase price components disbursed in April.

The transaction costs incurred in connection with the acquisition of the company amount to €0.006 million. These costs are included in the income statement under other operating expenses.

The net assets acquired in connection with the purchase of LTZ Chemnitz GmbH break down as follows:

In € million	Book value	Fair value adjustments	Fair value
Intangible assets	–	0.112	0.112
Property, plant and equipment	0.249		0.249
Financial assets	–		–
Inventories	11.262	0.130	11.392
Receivables	7.377		7.377
Deferred tax assets	–		–
Cash and cash equivalents	0.017		0.017
Non-current liabilities	–		–
Current liabilities	16.940		16.940
Deferred tax liabilities	–	0.068	0.068
	1.965	**0.174**	**2.139**
Proportionate net assets			1.926
Goodwill			0.030
Total purchase price			**1.956**
Portion in net assets attributable to non-controlling shares			0.213

The portion in net assets of €0.213 million attributable to the non-controlling shares in LTZ Chemnitz GmbH comprises the book values of the company's assets and liabilities attributable to minority interest as well as the proportionate hidden reserves and encumbrances. The calculation of hidden reserves in the context of the purchase price allocation was based on discounted cash flow methods and future expectations of profits from the sale of goods. The cash flows, spread over an economic life of nine years, were based on a discount factor of 10.9%.

If the purchase of the company had been concluded by the first day of the financial year, the share in consolidated revenues would have been €26.661 million higher and the consolidated profit attributable to investors €0.297 million higher. Since 19 April 2011, the date of its initial inclusion in the group of consolidated companies, LTZ Chemnitz GmbH has generated revenues of €22.487 million and net income of €0.235 million.

BayWa AG acquired 89% of the shares in Austrian OMV Wärme VertriebsGmbH, Vienna, Austria, through its subsidiaries RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria, „UNSER LAGERHAUS“ WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria, and BayWa Vorarlberg HandelsGmbH, Lauterach, Austria, with effect from 1 July 2011. Under the control concept, the Group companies have had controlling influence over this company since 1 July 2011, the date when the anti-trust authority granted its approval. The initial consolidation of the company therefore took place on this date within the scope of full consolidation. The company has traded under the name of WAV Wärme Austria VertriebsgmbH, Vienna, Austria, since 26 August 2011.

The cost of purchase of the shares came to €15.297 million. This amount includes the contractually agreed purchase price components disbursed in July.

The transaction costs incurred in connection with the acquisition of the company amount to €0.606 million. These costs are included in the income statement under other operating expenses.

The net assets acquired in connection with the purchase of WAV Wärme Austria VertriebsgmbH break down as follows:

In € million	Book value	Fair value adjustments	Fair value
Intangible assets	0.010	7.165	7.175
Property, plant and equipment	0.401		0.401
Financial assets	0.527		0.527
Inventories	1.723		1.723
Receivables	32.291	– 0.129	32.162
Deferred tax assets	0.276		0.276
Cash and cash equivalents	9.995		9.995
Non-current liabilities	2.244	– 0.012	2.232
Current liabilities	40.657		40.657
Deferred tax liabilities	–	1.762	1.762
	2.322	**5.286**	**7.608**
Proportionate net assets			6.771
Goodwill			8.526
Total purchase price			**15.297**
Portion in net assets attributable to non-controlling shares			0.837
Share of the shareholders of the parent company in goodwill			4.224

The portion in net assets of €0.837 million attributable to the non-controlling shares in WAV Wärme Austria VertriebsgmbH comprises the book values of the company's assets and liabilities attributable to minority interest as well as the proportionate hidden reserves and encumbrances. The calculation of hidden reserves as part of the purchase price allocation was carried out on the basis of discounted cash flow methods. The cash flows, spread over an economic life of 20 years, are based on a discount factor of 8.5%.

If the purchase of the company had been concluded by the first day of the financial year, the share in consolidated revenues would have been €183.694 million higher and the consolidated profit attributable to investors €0.247 million higher. Since 1 July 2011, the date of its initial inclusion in the group of consolidated companies, WAV Wärme Austria VertriebsgmbH has generated revenues of €215.281 million and delivered a loss of €0.634 million.

BayWa AG acquired 40% of the shares in Parque Eólico La Carracha S.L., Zaragoza, Spain, through its lower-tier subsidiary RENERCO Renewable Energy Concepts AG, Munich, with effect from 8 September 2011. Together with the 33.1% stake already held by RENERCO Renewable Energy Concepts AG in the company, reported at equity up until the date of the subsequent acquisition, 73.1% of the shares are now owned by RENERCO Renewable Energy Concepts AG. Under the control concept, RENERCO Renewable Energy Concepts AG has had a controlling influence over this company since 8 September 2011, the date when the purchase price was paid for the additional acquisition of 40% of the shares. The initial consolidation of the company therefore took place on this date within the scope of full consolidation.

The cost of purchase of the shares totalling 73.1% came to €22.988 million. These costs include the purchase price component of €10.778 million, contractually agreed and paid out in September for the additional 40% stake, as well as the shares amounting to €12.210 million, measured at fair value and recognised at equity, already held by RENERCO Renewable Energy Concepts AG. The fair value measurement of the 33.1% stake held in Parque Eólico La Carracha S.L. resulted in an accounting profit of €4.320 million. This profit is included in the income statement under other operating income.

The transaction costs incurred in connection with the acquisition of the shares amount to €0.090 million. These costs are included in the income statement under other operating expenses.

The net assets acquired in connection with the purchase of Parque Eólico La Carracha S.L. break down as follows:

In € million	Book value	Fair value adjustments	Fair value
Intangible assets	–		–
Property, plant and equipment	28.080	44.280	72.360
Financial assets	0.198		0.198
Inventories	–		–
Receivables	1.182		1.182
Deferred tax assets	0.444		0.444
Cash and cash equivalents	6.694		6.694
Non-current liabilities	29.927		29.927
Current liabilities	6.146		6.146
Deferred tax liabilities	–	13.284	13.284
	0.525	**30.996**	**31.521**
Proportionate net assets			23.042
Negative goodwill			– 0.054
Total acquisition costs			**22.988**
Portion in net assets attributable to non-controlling shares			8.479

The negative goodwill of €0.054 million was recognised under other operating income through profit and loss.

The portion in net assets of €8.479 million attributable to the non-controlling shares in Parque Eólico La Carracha S.L. comprises the book values of the company's assets and liabilities attributable to minority interest as well as the proportionate hidden reserves and encumbrances. The calculation of hidden reserves as part of the purchase price allocation was carried out on the basis of discounted cash flow methods. The cash flows, spread over an economic life of 17 years, are based on a discount factor of 6.8%.

If the purchase of the company had been concluded by the first day of the financial year, the share in consolidated sales would have been €6.683 million higher and the consolidated profit attributable to investors €1.225 million higher. Since 8 September 2011, the date of its initial inclusion in the group of consolidated companies, Parque Eólico La Carracha S.L. has generated revenues of €3.053 million and net income of €0.063 million.

BayWa AG acquired 40% of the shares in Parque Eólico Plana de Jarreta S.L., Zaragoza, Spain, through its lower-tier subsidiary RENERCO Renewable Energy Concepts AG, Munich, with effect from 8 September 2011. Together with a stake of 32.2% already held by RENERCO Renewable Energy Concepts AG, reported at equity up until the date of the subsequent acquisition, 72.2% of the shares have been owned by RENERCO Renewable Energy Concepts AG since the date of purchase. Under the control concept, RENERCO Renewable Energy Concepts AG has had a controlling influence over this company since 8 September 2011, the date when the purchase price was paid for the additional acquisition of 40% of the shares. The initial consolidation of the company therefore took place on this date within the scope of full consolidation.

The cost of purchase of the shares totalling 72.2% came to €20.391 million. These costs include the purchase price component of €9.560 million, contractually agreed and paid out in September for the additional 40% stake, as well as the shares amounting to €10.831 million, measured at fair value and recognised at equity, already held by RENERCO Renewable Energy Concepts AG. The fair value measurement of 32.2% of the shares held to date in Parque Eólico Plana de Jarreta S.L. resulted in an accounting profit of €3.207 million. This profit is included in the income statement under other operating income.

The transaction costs incurred in connection with the acquisition of the company come to €0.090 million. These costs are included in the income statement under other operating expenses.

The net assets acquired in connection with the purchase of Parque Eólico Plana de Jarreta S.L. break down as follows:

In € million	Book value	Fair value adjustments	Fair value
Intangible assets	–		–
Property, plant and equipment	27.800	40.902	68.702
Financial assets	0.161		0.161
Inventories	–		–
Receivables	1.118		1.118
Deferred tax assets	0.436		0.436
Cash and cash equivalents	6.362		6.362
Non-current liabilities	29.757		29.757
Current liabilities	5.757		5.757
Deferred tax liabilities	–	12.271	12.271
	0.363	**28.631**	**28.994**
Proportionate net assets			20.934
Negative goodwill			– 0.543
Total acquisition costs			**20.391**
Portion in net assets attributable to non-controlling shares			8.060

The negative goodwill of €0.543 million was recognised under other operating income through profit and loss.

The portion in net assets of €8.060 million attributable to the non-controlling shares in Parque Eólico Plana de Jarreta S.L. comprises the book values of the company's assets and liabilities attributable to minority interest as well as the proportionate hidden reserves and encumbrances. The calculation of hidden reserves as part of the purchase price allocation was based on discounted cash flow methods. The cash flows, spread over an economic life of 17 years, are based on a discount factor of 6.8%.

If the purchase of the company had been concluded by the first day of the financial year, the share in consolidated sales would have been €6.443 million higher and the consolidated profit attributable to investors €1.043 million higher. Since 8 September 2011, the date of its initial inclusion in the group of consolidated companies, Parque Eólico Plana de Jarreta S.L. has generated revenues of €2.900 million and delivered a loss of €0.035 million.

BayWa AG acquired 70% of the shares in WKN USA, LLC, San Diego, USA, as the holding company of a group of companies through its lower-tier subsidiary BayWa r.e USA LLC, Santa Fe, USA, on 26 August 2011. This acquisition serves to promote the expansion of BayWa AG's international business while, at the same time, strengthening its activities in the field of renewable energies. The transaction marks the entry of the trading group into the US wind project business. BayWa r.e USA LLC has taken over a 70% stake in WKN USA, LLC, from Windkraft Nord USA, Inc., a subsidiary of WKN AG, Husum. WKN AG is an international company based in Germany and specialised in the development of wind power projects. Its shareholders include Siemens Project Ventures GmbH (SPV), a company of the Financial Services Division (SFS) of Siemens.

WKN USA, LLC, San Diego, USA, has established itself as a high-profile project developer for wind farms and, among other facilities, has built the US's largest wind park to date with a hub height of 105 meters on behalf of an Italian energy utility. BayWa has secured great potential for the realising of onshore wind projects in several US federal states through this new participation. The US turnkey developer of wind power projects has a project pipeline of around 1,000 megawatts,110 megawatts of which are ready to build.

Under the control concept, there has been a controlling influence over this company since 26 August 2011, the date when approval was granted by the anti-trust authority. Inclusion in the consolidated financial statements as part of full consolidation was therefore carried out on this date.

The cost of purchase of the shares totalling 70% came to €0.000 million.

The transaction costs incurred in connection with the acquisition of the shares amount to €0.389 million. These costs are included in the income statement under other operating expenses.

The net assets acquired in connection with the purchase of WKN USA, LLC, break down as follows:

In € million	Book value	Fair value adjustments	Fair value
Intangible assets	0.232		0.232
Property, plant and equipment	0.084		0.084
Financial assets	–		–
Inventories	10.520		10.520
Receivables	0.028		0.028
Deferred tax assets	–		–
Cash and cash equivalents	7.156		7.156
Non-current liabilities	18.014		18.014
Current liabilities	0.006		0.006
Deferred tax liabilities	–		–
	–		–
Proportionate net assets			–
Goodwill			–
Total purchase price			–
Portion in net assets attributable to non-controlling shares			–

No hidden reserves were identified in the context of the transaction, as all the assets and liabilities of WKN USA, LLC had been purchased at fair value by way of an asset deal prior to the acquisition of the shares by BayWa r.e USA LLC. Goodwill of €0.232 million accruing from the intangible assets of WKN USA, LLC, was ascertained in connection with this asset deal.

If the purchase of the company had been concluded by the first day of the financial year, there would have been no impact on the share of consolidated revenues or on the portion of consolidated profit attributable to the investors, as the founding of WKN USA, LLC, and the subsequent asset deal was carried out directly prior to the acquisition of the shares by BayWa r.e USA LLC. Since 26 August 2011, the date of its initial inclusion in the group of consolidated companies, WKN USA, LLC, and its subsidiaries, which are also included in the consolidated financial statements of BayWa AG, have generated revenues of €0.055 million and delivered a loss of €0.495 million.

BayWa AG acquired 90% of the shares in ECOWIND Handels- & Wartungs-GmbH, Kilb, Austria, as the holding of a group of companies, through its subsidiary BayWa r.e GmbH with effect from 23 August 2011. This transaction strengthens BayWa AG's activities in the field of renewable energies by extending its reach to Austria and Eastern Europe. ECOWIND Handels- & Wartungs-GmbH develops and builds a number of wind power projects with a peak output of around 400 megawatts in Austria, Bulgaria, Poland, Slovakia and Croatia.

The company acquired is a strategically important addition to the activities of BayWa r.e GmbH and will enable the latter to tap the huge wind power potential in the offshore business in Eastern Europe. Experts anticipate that Eastern Europe's wind power capacity will grow by more than one gigawatt peak power a year through to 2020. The capacity currently installed in Eastern Europe comes to approximately three gigawatts.

Under the control concept, BayWa r.e GmbH has had a controlling influence over ECOWIND Handels- & Wartungs-GmbH since 23 August 2011, the date when the purchase price was paid. Inclusion in the consolidated financial statements as part of full consolidation was therefore carried out as of this date.

The cost of purchase of the shares came to €4.050 million. These costs include the contractually agreed purchase price component (€3.645 million) paid out in August and a purchase price retention of €0.405 million.

The transaction costs incurred in connection with the acquisition of the shares amount to €0.398 million. These costs are included in the income statement under other operating expenses.

The net assets acquired in connection with the purchase of ECOWIND Handels- & Wartungs-GmbH break down as follows:

In € million	Book value	Fair value adjustments	Fair value
Intangible assets	0.237		0.237
Property, plant and equipment	0.010		0.010
Financial assets	1.260		1.260
Inventories	1.712	4.366	6.078
Receivables	0.245		0.245
Deferred tax assets	0.168		0.168
Cash and cash equivalents	0.345		0.345
Non-current liabilities	0.001		0.001
Current liabilities	3.991		3.991
Deferred tax liabilities	0.119	1.230	1.349
	–0.134	**3.136**	**3.002**
Proportionate net assets			2.702
Goodwill			1.348
Total purchase price			**4.050**
Portion in net assets attributable to non-controlling shares			0.300

The portion in net assets of €0.300 million attributable to the non-controlling shares in ECOWIND Handels- & Wartungs GmbH comprises the book values of the company's assets and liabilities as well as the hidden reserves and encumbrances attributable to minority shareholders. The calculation of hidden reserves in the context of the purchase price allocation was based on discounted cash flow methods. The future earnings anticipated from project management services were based on a discount factor of between 4.1% and 7.1%.

If the purchase of the company had been concluded by the first day of the financial year, the share in consolidated revenues would have been €0.790 million higher and the consolidated profit attributable to investors €0.199 million lower. Since 23 August 2011, the date of its initial inclusion in the group of consolidated companies, ECOWIND Handels- & Wartungs-GmbH and its subsidiaries have generated revenues of €0.694 million and delivered a loss of €0.194 million.

Under a purchase agreement dated 7 October 2011, BayWa AG acquired 90% of the shares in AWS Entsorgung GmbH Abfall & Wertstoff Service, Boppard, through its lower-tier subsidiary Schradenbiogas GmbH & Co. KG, Gröden, by way of a share deal. Under the control concept, BayWa AG has had controlling influence over this company since 7 October 2011, the date when the purchase price was paid. Inclusion in the consolidated financial statements as part of full consolidation was therefore carried out as of this date. AWS Entsorgung GmbH Abfall & Wertstoff Service acts as an agent in respect of recycling services, particularly in connection with food waste, waste grease, the contents of fat separators and waste for recycling and disposal, with the exception of hazardous waste. The company operates as a broker and does not itself have recycling capacities or facilities.

The cost of purchase of the shares came to €1.156 million. This amount includes the contractually agreed purchase price components disbursed in October.

The transaction costs incurred in connection with the acquisition of the shares amount to €0.021 million. These costs are included in the income statement under other operating expenses.

The net assets acquired in connection with the acquisition of AWS Entsorgung GmbH Abfall & Wertstoff Service break down as follows:

In € million	Book value	Fair value adjustments	Fair value
Intangible assets	–	0.381	0.381
Property, plant and equipment	0.051		0.051
Financial assets	–		–
Inventories	0.006		0.006
Receivables	0.701		0.701
Deferred tax assets	–		–
Cash and cash equivalents	0.562		0.562
Non-current liabilities	0.015		0.015
Current liabilities	0.891		0.891
Deferred tax liabilities	–	0.107	0.107
	0.414	**0.274**	**0.688**
Proportionate net assets			0.619
Goodwill			0.537
Total purchase price			**1.156**
Portion in net assets attributable to non-controlling shares			0.069
Share of the shareholders of the parent company in goodwill			0.507

The portion in net assets of €0.069 million attributable to the non-controlling shares in AWS Entsorgung GmbH Abfall & Wertstoff Service comprises the book values of the company's assets and liabilities attributable to minority interest as well as the proportionate hidden reserves and encumbrances. The calculation of hidden reserves as part of the purchase price allocation was based on discounted cash flow methods. The cash flows, spread over an economic life of ten years, are based on a discount factor of 9.2%.

If the purchase of the company had been concluded by the first day of the financial year, the share in consolidated sales would have been €2.242 million higher and the consolidated profit attributable to investors €0.084 million higher. Since 7 October 2011, the date of its initial inclusion in the group of consolidated companies, AWS Entsorgung GmbH Abfall & Wertstoff Service has generated revenues of €0.434 million and delivered a loss of €0.001 million.

Under a purchase agreement dated 8 November 2011, BayWa AG acquired 100% of the shares in both L & L Rotorservice GmbH, Basdahl, and L & L Vermögensverwaltung GmbH, Basdahl, through its lower-tier subsidiary BayWa r.e Service GmbH by way of a share deal. Under the control concept, BayWa AG has had a controlling influence over this company since 13 December 2011, the date when the purchase price was paid. L & L Rotorservice GmbH is a service provider with pan-European operations in the wind energy business. The company focuses on the repair and maintenance of rotor blades on site and in the respective works and on the treatment and processing of carbon fibre composites.

As the acquisition of the company took place shortly before the reporting date, a final purchase price allocation into the assets and liabilities of the companies acquired could no longer be carried out. The subsequent figures pertaining to the purchase price and location are therefore preliminary figures.

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

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

The net assets acquired in connection with the purchase of L & L Rotorservice GmbH and L & L Vermögensverwaltung GmbH break down as follows (preliminary figures):

In € million	Book value	Fair value adjustments	Fair value
Intangible assets	0.716		0.716
Property, plant and equipment	2.276		2.276
Financial assets	0.005		0.005
Inventories	0.665		0.665
Receivables	0.334		0.334
Deferred tax assets	0.197		0.197
Cash and cash equivalents	0.049		0.049
Non-current liabilities	2.768		2.768
Current liabilities	1.302		1.302
Deferred tax liabilities	–		–
	0.172		**0.172**
Preliminary goodwill			1.097
Total acquisition costs			**1.269**

If the purchase of the company had been concluded by the first day of the financial year, the share in consolidated revenues would have been €4.944 million higher and the consolidated profit attributable to investors €0.245 million lower. Since 13 December 2011, the date of its initial inclusion in the group of consolidated companies, L & L Rotorservice GmbH has generated revenues of €0.210 million and delivered a loss of €0.064 million.

r.e Bioenergie GmbH, Regensburg, sold 100% of its shares in Aufwind Schmack Betriebs GmbH & Co. Neunzehnte Biogas KG, Regensburg, on 1 July 2011. The effect of this transaction on the consolidated financial statements is as follows:

Consideration received

In € million	01/07/2011
Consideration received in the form of cash and cash equivalents for 100% of the shares	0.005

Assets and liabilities derecognised owing to loss of control

In € million	01/07/2011
Non-current assets	
Intangible assets	–
Property, plant and equipment	4.469
Financial assets	–
Deferred tax assets	0.058
	4.527
Current assets	
Inventories	0.315
Receivables and other assets	0.111
Cash and cash equivalents	0.044
	0.470

In € million	01/07/2011
Non-current liabilities	
Non-current provisions	–
Financial liabilities	–
Trade payables and other liabilities	–
	–
Current liabilities	
Current provisions	0.019
Financial liabilities	–
Trade payables and other liabilities	4.662
	4.681
Net assets on the disposal date	**0.316**

Disposal loss on derecognition of the Group company

In € million	01/07/2011
Consideration received for 100% of the shares	0.005
Net assets relinquished	–0.316
Inter-company profits eliminated through to disposal date	0.003
Disposal loss	**–0.308**

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

Outgoing net cash and cash equivalents through the disposal of the Group company

In € million	01/07/2011
Purchase price settled through cash and cash equivalents	0.005
Less cash and cash equivalents paid out in connection with the disposal	– 0.044
	– 0.039

r.e Bioenergie GmbH, Regensburg, sold 100% of its shares in Aufwind BB GmbH & Co. Achtzehnte Biogas KG (formerly: Aufwind Schmack Betriebs GmbH & Co. Achtzehnte Biogas KG), Regensburg, on 31 August 2011. The effect of this transaction on the consolidated financial statements is as follows:

Consideration received

In € million	31/08/2011
Consideration received in the form of cash and cash equivalents for 100% of the shares	0.005

Assets and liabilities derecognised owing to loss of control

In € million	31/08/2011
Non-current assets	
Intangible assets	–
Property, plant and equipment	11.615
Financial assets	–
Deferred tax assets	–
	11.615
Current assets	
Inventories	1.692
Receivables and other assets	0.258
Cash and cash equivalents	0.005
	1.955
Non-current liabilities	
Non-current provisions	–
Financial liabilities	–
Trade payables and other liabilities	–
	–
Current liabilities	
Current provisions	0.041
Financial liabilities	–
Trade payables and other liabilities	14.318
	14.359
Net assets on the disposal date	**– 0.789**

Disposal gain from the derecognition of the Group company

In € million	31/08/2011
Consideration received for 100% of the shares	0.005
Net assets relinquished	0.789
Inter-company profits eliminated through to disposal date	0.900
Disposal gain	**1.694**

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

Incoming net cash and cash equivalents through the disposal of the Group company

In € million	31/08/2011
Purchase price settled through cash and cash equivalents	0.005
Less cash and cash equivalents paid out in connection with the disposal	– 0.005
	–

r.e Bioenergie GmbH, Regensburg, sold 51.67% of its shares to Aufwind Schmack Elsö Biogáz Szolgáltató Kft., Békéscsaba, Hungary, on 23 December 2011. The effect of this transaction on the consolidated financial statements is as follows:

Consideration received

In € million	23/12/2011
Consideration received in the form of cash and cash equivalents for 51.67% of the shares	0.050

Assets and liabilities derecognised owing to loss of control

In € million	23/12/2011
Non-current assets	
Intangible assets	–
Property, plant and equipment	–
Financial assets	–
Deferred tax assets	0.041
	0.041
Current assets	
Inventories	15.944
Receivables and other assets	0.209
Cash and cash equivalents	0.720
	16.873

In € million	23/12/2011
Non-current liabilities	
Non-current provisions	
Financial liabilities	–
Trade payables and other liabilities	–
Deferred tax liabilities	0.032
	0.032
Current liabilities	
Current provisions	–
Financial liabilities	–
Trade payables and other liabilities	17.657
	17.657
Net assets on the disposal date	**–0.775**

Disposal gain from the derecognition of the Group company

In € million	23/12/2011
Consideration received for 51.67% of the shares	0.050
Addition measured at equity for 48.33% of the shares	0.015
Net assets relinquished	0.775
Inter-company profits eliminated through to disposal date	1.848
Disposal gain	**2.688**

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

Outgoing net cash and cash equivalents through the disposal of the Group company

In € million	23/12/2011
Purchase price settled through cash and cash equivalents	0.050
Less cash and cash equivalents paid out in connection with the disposal	– 0.720
	– 0.670

r.e Bioenergie GmbH, Regensburg, sold 51.0% of its shares in Aufwind BB GmbH & Co. Zwanzigste Biogas KG (formerly: Aufwind Schmack Betriebs GmbH & Co. Zwanzigste Biogas KG), Regensburg on 31 December 2011. The effect of this transaction on the consolidated financial statements is as follows:

Consideration received

In € million	31/12/2011
Consideration received in the form of cash and cash equivalents for 51.0% of the shares	0.003

Assets and liabilities derecognised owing to loss of control

In € million	31/12/2011
Non-current assets	
Intangible assets	–
Property, plant and equipment	–
Financial assets	–
Deferred tax assets	–
	–
Current assets	
Inventories	5.058
Receivables and other assets	0.328
Cash and cash equivalents	0.311
	5.697

In € million	31/12/2011
Non-current liabilities	
Non-current provisions	–
Financial liabilities	–
Trade payables and other liabilities	–
	–
Current liabilities	
Current provisions	0.019
Financial liabilities	–
Trade payables and other liabilities	5.987
	6.006
Net assets on the disposal date	**– 0.309**

Disposal gain from the derecognition of the Group company

In € million	31/12/2011
Consideration received for 51% of the shares	0.003
Addition measured at equity for 49% of the shares	0.002
Net assets relinquished	0.309
Inter-company profits eliminated through to disposal date	0.500
Disposal gain	**0.814**

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

Outgoing net cash and cash equivalents through the disposal of the Group company

In € million	31/12/2011
Purchase price settled through cash and cash equivalents	0.003
Less cash and cash equivalents paid out in connection with the disposal	– 0.311
	– 0.308

RENERCO Renewable Energy Concepts AG, Munich, sold 100% of its shares in Voyennes Energies SAS, Bègles, France, on 7 December 2011. The effect of this transaction on the consolidated financial statements is as follows:

Consideration received

In € million	07/12/2011
Consideration received in the form of cash and cash equivalents for 100% of the shares	7.514

Assets and liabilities derecognised owing to loss of control

In € million	07/12/2011
Non-current assets	
Intangible assets	1.105
Property, plant and equipment	20.699
Financial assets	–
Deferred tax assets	–
	21.804
Current assets	
Inventories	–
Receivables and other assets	3.650
Cash and cash equivalents	1.025
	4.675

In € million	07/12/2011
Non-current liabilities	
Non-current provisions	–
Financial liabilities	19.803
Trade payables and other liabilities	–
	19.803
Current liabilities	
Current provisions	0.251
Financial liabilities	–
Trade payables and other liabilities	3.016
	3.267
Net assets on the disposal date	**3.409**

Disposal gain from the derecognition of the Group company

In € million	07/12/2011
Consideration received for 100% of the shares	7.514
Net assets relinquished	– 3.409
Inter-company profits eliminated through to disposal date	0.276
Disposal gain	**4.381**

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

Incoming net cash and cash equivalents through the disposal of the Group company

In € million	07/12/2011
Purchase price settled through cash and cash equivalents	7.514
Less cash and cash equivalents paid out in connection with the disposal	– 1.025
	6.489

Owing to their generally secondary importance, 43 domestic and 79 foreign subsidiaries were not included in the group of consolidated companies. The recognition of these companies in the group of consolidated companies was carried out at amortised cost. The aggregated annual results and aggregated equity (unconsolidated HB 1 values based on the individual financial statements) of these companies in the financial year 2011 are set out below:

Unconsolidated affiliated companies	In € million	Share in percent in relation to the sum total of all fully consolidated companies
Net income	2.204	2.89
Equity	27.676	2.03

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

The following 14 (2010: 14) associated companies over which the BayWa Group has a controlling influence, i.e. a proportion of voting rights of at least 20% and a maximum of 50%, and which are not jointly held companies or companies of secondary importance, were recognised under the equity method.

	Share in capital in percent	Comment
Energy Segment		
Aufwind BB GmbH & Co. Zwanzigste Biogas KG (formerly: Aufwind Schmack Betriebs GmbH & Co. Zwanzigste Biogas KG), Regensburg	49.0	Transitional consolidation on 31/12/2011
Aufwind Schmack Első Biogáz Szolgáltató Kft., Békéscsaba, Hungary	48.3	Transitional consolidation on 23/12/2011
CRE Project S.r.l., Matera, Italy	49.0	
Süddeutsche Geothermie-Projekte GmbH & Co. KG, Munich	50.0	
Süddeutsche Geothermie-Projekte Verwaltungs GmbH, Munich	50.0	
EEV Beteiligungs GmbH, Grünwald	49.0	
Heizkraftwerke-Pool Verwaltungs-GmbH, Munich	33.3	
Heizkraftwerk Cottbus Verwaltungs GmbH, Munich	33.3	
EAV Energietechnische Anlagen Verwaltungs-GmbH, Staßfurt	49.0	
BVT Technische Anlagen GmbH & Co. Blockheizkraftwerke KG, Munich	34.7	
Other Activities Segment (including financial participations)		
AHG Autohandelsgesellschaft mbH, Horb am Neckar	49.0	
Deutsche Raiffeisen-Warenzentrale GmbH, Frankfurt am Main	37.8	
Raiffeisen Beteiligungs GmbH, Frankfurt am Main	47.4	
Frisch & Frost Nahrungsmittel-Gesellschaft m.b.H., Hollabrunn, Austria	25.0	

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

Associated companies	Loan status on 31/12/2011 In € million	Term	Interest rate
CRE Project S.r.l.	1.062	31/12/2011	0%
Süddeutsche Geothermie Projekte GmbH & Co. KG	19.129	Repayment on the sale of plants	6-month Euribor, plus 200 basis points

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

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

In € million	AHG Autohandels-gesellschaft mbH	Deutsche Raiffeisen-Warenzentrale GmbH	Raiffeisen Beteiligungs GmbH
Total assets	118.240	28.651	3.137
Revenues	345.875	160.996	–
Net income/loss	1.186	0.546	12.216
Assets	118.240	28.651	3.137
Liabilities	111.612	17.129	2.527
Share in annual result	0.484	0.198	–
Book value of the financial assets	3.335	4.195	1.523

In € million	Aufwind BB GmbH & Co. Zwanzigste Biogas KG	Aufwind Schmack Első Biogáz Szolgáltató Kft.	Frisch & Frost Nahrungs-mittel Gesellschaft m.b.H
Total assets	6.006	23.564	40.752
Revenues	0.681	–	36.125
Net income/loss	–0.316	–0.149	–3.111
Assets	6.006	23.564	40.752
Liabilities	6.330	23.711	27.170
Share in annual result	–	–	–0.208
Book value of the financial asset	0.002	0.015	4.676

In € million	CRE Project S.r.l.	Süddeutsche Geothermie-Projekte GmbH & Co. KG	Süddeutsche Geothermie-Projekte Verwaltungs GmbH	EEV Beteiligungs GmbH
Total assets	49.348	92.825	0.054	0.024
Revenues	4.697	3.150	–	–
Net income/loss	–0.663	1.098	–	0.005
Assets	49.348	92.825	0.054	0.024
Liabilities	43.768	98.594	0.008	0.010
Share in annual result	–0.324	0.549	–	0.002
Book value of the financial asset	2.700	0.026	0.012	0.006

In € million	Heizkraftwerke-Pool Verwaltungs-GmbH	Heizkraftwerk Cottbus Verwaltungs GmbH	EAV Energietechnische Anlagen Verwaltungs-GmbH	BVT Technische Anlagen GmbH & Co. Blockheizkraftwerke KG
Total assets	0.115	0.127	0.155	0.132
Revenues	0.921	0.250	1.081	0.572
Net income/loss	0.767	0.213	0.899	0.397
Assets	0.115	0.127	0.155	0.132
Liabilities	0.012	0.008	0.011	0.039
Share in annual result	0.177	0.071	0.299	0.138
Book value of the financial asset	0.009	0.009	0.025	–

A total of 25 (2010: 28) associated companies of generally secondary importance for the consolidated financial statements have been accounted for at amortised cost and by using the equity method.

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

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

	Germany	International	Total
Included as per 31/12/2010	**51**	**36**	**87**
of which fully consolidated	41	32	73
of which recognised at equity	10	4	14
Included as per 31/12/2011	**63**	**59**	**122**
of which fully consolidated	52	56	108
of which recognised at equity	11	3	14

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

(B.4.) Principles of consolidation

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

All receivables and liabilities as well as provisions within the group of consolidated companies are offset. Interim results, if material, are eliminated. Intra-group revenues, expenses and earnings are netted.

(B.5.) Currency translation

The translation of the financial statements prepared in a foreign currency into euros is carried out by applying the concept of functional currency as defined under IAS 21 ("The Effect of Changes in Foreign Exchange Rates"). The companies of the BayWa Group operate independently. They can therefore be considered "foreign operations". Functional currency is the respective national currency. Assets and liabilities are converted at the exchange rate on the reporting date. With the exception of income and expenses included directly in equity, equity is carried at historical rates. The translation of the income statement is carried out using the average rate for the year. To differences resulting from currency translation are treated without effect on income, until such time as the subsidiary is disposed of, and set off against other reserves in equity. The differences resulting from currency translation fell by €1.946 million in the reporting year.

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

		Balance sheet middle rate on		Income statement average rate	
	1 Euro	31/12/2011	31/12/2010	2011	2010
Poland	PLN	4.458	3.975	4.115	4.011
Serbia	RSD	104.641	105.498	102.255	102.768
Czech Republic	CZK	25.800	25.060	24.625	25.349
Hungary	HUF	311.130	278.750	279.346	276.149
Switzerland	CHF	1.216	1.250	1.232	1.375
USA	USD	1.294	1.336	1.393	–
UK	GBP	0.835	0.861	0.870	–

(C.) Notes to the Balance Sheet

(C.1.) Intangible assets

Intangible assets purchased against payment are capitalised at the cost of purchase and, with the exception of goodwill, amortised, as scheduled, on a straight-line basis over their useful economic lives (generally three to five years). Intangible assets which have been created in-house (self-created) have been capitalised in accordance with IAS 38 ("Intangible Assets") if it is likely that the future economic benefit will accrue from the use of the assets and if the cost of the assets can be reliably determined. These assets have been recognised at cost 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. The calculation of unscheduled write-downs has been carried out in consideration of IAS 36 "Impairment of Assets". Impairment amounting to €1.008 million was carried out on the goodwill of BayWa Bau und Gartenmarkt Weinsberg GmbH & Co. KG owing to the imminent integration of the location with effect from 1 January 2012 and its integration into newly established BayWa Bau- & Gartenmärkte GmbH & Co. KG. Moreover, impairment amounting to €1.174 million was carried out on part of the goodwill of Stark GmbH & Co. KG due to the closure of a location scheduled for the following year. No impairment on goodwill was carried out in the previous year.

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

In € million	**2011**	2010
„UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H.	0.624	0.624
AWS Entsorgung GmbH Abfall & Wertstoff Service	0.507	–
Bauzentrum Westmünsterland GmbH & Co. KG	0.696	0.696
BayWa Bau und Gartenmarkt Weinsberg GmbH & Co. KG (integrated into BayWa AG)	–	1.008
r.e Bioenergie GmbH (formerly: Aufwind Neue Energien GmbH)	1.428	1.257
bs Baufachhandel Brands & Schnitzler GmbH & Co. KG	1.635	1.635
BSF BauCenter GmbH (integrated into BayWa AG)	0.492	0.492
CLAAS Württemberg GmbH	1.189	–
Dulas MHH Ltd.	2.242	–
ECOWIND Handels- & Wartungs-GmbH	1.348	–
EUROGREEN Group	3.345	3.345
Focused Energy LLC	13.460	–
Krois Baustoffe + Holz Handelsgesellschaft mbH (integrated into BayWa AG)	0.665	0.665
Küppers Group (integrated into BayWa AG)	1.378	1.378
L & L Rotorservice GmbH	1.097	–
Lukta Sp. z o.o. (reclassified as "non-current assets held for sale")	–	0.161
LTZ Chemnitz GmbH	0.030	–
MHH Solartechnik GmbH	14.035	13.081
Mobau-Marba GmbH (operations transferred to BayWa AG)	2.343	2.343
Net Environment S.L.U.	0.868	0.868
Raiffeisen-Kraftfutterwerke Süd GmbH	0.409	0.409
RWA SLOVAKIA spol. s.r.o.	0.152	0.152
Schradenbiogas GmbH & Co. KG	1.924	1.824
Sempol spol. s.r.o.	0.245	0.245
Stark GmbH & Co. KG (goodwill from asset deal)	0.450	1.624
Voss GmbH & Co. KG	1.913	1.913
WAV Wärme Austria VertriebsgmbH	4.224	–
WKN USA, LLC	0.232	–
Wilhelm Bruchof GmbH & Co. KG (integrated into BayWa AG)	1.364	1.364
Other	1.142	1.462
	59.437	**36.546**

The changes in the reporting year relate mainly to goodwill from the initial inclusion of the companies acquired into the group of consolidated companies. Moreover, the goodwill recognised for r.e Bioenergie GmbH (€0.171 million) and MHH Solartechnik GmbH (€0.954 million) has risen due to subsequent purchase price payments for profit guarantees furnished by the seller. The increase of €0.100 million in the goodwill of Schradenbiogas GmbH & Co. KG has resulted from the disbursement of collateral retained.

Of the overall goodwill disclosed, an amount of €1.238 million is tax deductible in subsequent years.

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

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

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

Discount factors of an average 6.7% have been applied to the cash flow series. The growth rates are the expected average for the sector. For the purpose of extrapolating the forecast based on the third budget year, a currently expected growth rate of 2.0% has been assumed for the periods thereafter. The impairment test carried out shows that there was no need for value adjustments in the reporting year.

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

In € million	**2011**	2010
Additions from developments within the company	0.449	0.973
Additions from separate acquisition	16.411	5.000
Additions from business combinations	47.831	11.575
	64.691	**17.548**

(C.2.) Property, plant and equipment

All property, plant and equipment are used for operations. This item 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 are written down on a straight-line basis over the course of their useful life. Scheduled depreciation is based on the following periods of useful life applied uniformly throughout the Group:

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

The calculation of unscheduled depreciation has been carried out in consideration of IAS 36 “Impairment of Assets”. Impairment requirements are calculated by comparing the carrying amount of land and buildings and technical facilities with their recoverable amount. The calculation of the recoverable amount is based on the value in use. Calculations did not show any need for impairment in the financial year 2011.

Since the reasons for lower fair value no longer applied in the reporting year, write-ups of €1.449 million were carried out on the property, plant and equipment of RWA SLOVAKIA spol. s.r.o., Bratislava, Slovakia.

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

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

Under IAS 17, property, plant and equipment rented by way of finance lease are reported at fair value provided that the net present value of the 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 reported on the liabilities side under other financial liabilities.

Non-current assets comprise technical facilities and machinery worth €6.873 million (2010: €3.183 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. In individual cases purchase options, classified as finance leases, were agreed at the end of the term for leasing agreements. A decision is made on a case-by-case basis as to whether to exercise the option to purchase at the end of the respective term.

The overall future leasing instalments of the respective leasing agreements are as follows:

In € million	**2011**	2010
Sum total of future minimum lease payments		
Not later than one year	1.982	0.652
Later than one year and not later than five years	5.230	2.475
Later than five years	0.272	–
	7.484	**3.127**
Interest portion included in future minimum lease payments		
Not later than one year	0.232	0.094
Later than one year and not later than five years	0.208	0.318
Later than five years	0.005	–
	0.445	**0.412**
Present value of future minimum lease payments		
Not later than one year	1.750	0.558
Later than one year and not later than five years	5.022	2.157
Later than five years	0.267	–
	7.039	**2.715**

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

In € million	**2011**	2010
Sum total of future minimum lease payments		
Not later than one year	40.432	34.225
Later than one year and not later than five years	85.155	81.068
Later than five years	80.007	89.754
	205.594	**205.047**

In the financial year, rental expenses of €37.312 million from operate lease arrangements were paid.

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

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

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

Securities assigned to the "financial assets held for trading" category were stated at a fair value totalling €1.811 million (2010: €1.841 million) on the reporting date. As they are held for trading, they have been disclosed under current assets.

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

In the reporting year, impairment totalling €5.189 million was carried out on assets classified as "available for sale" and recognised at fair value.

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

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

Associated companies included in the group of consolidated companies are recognised in application of the equity method in proportion to their 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 2011

Note (C.1. – C.4.)

In € million	Acquisition/production costs							Depreciation/amortisation								Book values	
	01/01/2011	Currency differences	Changes in consolidated group	Additions	Disposals	Transfers	31/12/2011	01/01/2011	Currency differences	Changes in consolidated group	Write-downs in current year	Disposal-related depreciation	Write-ups	Transfers	31/12/2011	31/12/2011	31/12/2010
Intangible assets																	
Industrial property rights, similar rights and assets	83.594	0.447	22.597	16.372	1.127	3.951	125.834	56.913	−0.026	0.304	10.624	1.118	–	0.024	66.721	59.113	26.681
Goodwill	37.151	−0.512	25.554	–	–	–	62.193	0.605	−0.032	–	2.183	–	–	–	2.756	59.437	36.546
Prepayments on account	0.907	–	−0.016	0.488	0.049	−0.842	0.488	–	–	–	–	–	–	–	–	0.488	0.907
	121.652	**−0.065**	**48.135**	**16.860**	**1.176**	**3.109**	**188.515**	**57.518**	**−0.058**	**0.304**	**12.807**	**1.118**	**–**	**0.024**	**69.477**	**119.038**	**64.134**
Property, plant and equipment																	
Land, similar rights and buildings, including buildings on leasehold land	1,312.047	−1.090	2.031	34.036	25.288	−9.557	1,312.179	661.932	−0.381	0.393	32.014	19.073	1.449	−3.237	670.199	641.980	650.115
Plant and machinery	519.331	−1.851	165.003	59.619	32.393	69.566	779.275	395.192	−1.085	52.703	25.938	28.629	–	1.238	445.357	333.918	124.139
Other facilities, fixtures and office equipment	342.114	−0.137	3.325	42.272	33.599	−12.315	341.660	241.633	−0.128	1.962	29.294	29.761	–	−0.153	242.847	98.813	100.481
Prepayments and construction in progress	42.283	−0.959	−18.764	52.371	0.205	−39.586	35.140	−0.001	–	−0.290	–	–	–	0.291	–	35.140	42.284
	2,215.775	**−4.037**	**151.595**	**188.298**	**91.485**	**8.108**	**2,468.254**	**1,298.756**	**−1.594**	**54.768**	**87.246**	**77.463**	**1.449**	**−1.861**	**1,358.403**	**1,109.851**	**917.019**
Participating interests recognised at equity	**45.733**	**–**	**−20.902**	**0.862**	**5.445**	**−3.715**	**16.533**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**16.533**	**45.733**
Financial assets																	
Shareholdings in affiliated companies	34.789	–	6.100	6.847	0.198	−6.047	41.491	12.522	–	–	0.871	–	0.218	–	13.175	28.316	22.267
Loans to affiliated companies	0.700	–	1.137	0.426	0.136	–	2.127	–	–	–	0.166	–	–	–	0.166	1.961	0.700
Holdings in other companies	147.467	–	0.015	3.916	4.311	3.705	150.792	–	–	–	5.157	1.036	0.013	–	4.108	146.684	147.467
Loans to associated companies	30.073	–	–	1.860	11.741	–	20.192	–	–	–	–	–	–	–	–	20.192	30.073
Non-current marketable securities	5.004	–	0.629	0.061	–	–	5.694	0.492	–	0.103	0.163	–	–	–	0.758	4.936	4.512
Other loans	7.654	–	0.094	3.280	2.456	–	8.572	0.066	–	–	–	–	–	–	0.066	8.506	7.588
	225.687	**–**	**7.975**	**16.390**	**18.842**	**−2.342**	**228.868**	**13.080**	**–**	**0.103**	**6.357**	**1.036**	**0.231**	**–**	**18.273**	**210.595**	**212.607**
Investment property																	
Land	55.058	–	−0.004	0.001	0.892	−2.514	51.649	5.886		−0.001	–	0.331	–	−0.900	4.654	46.995	49.172
Buildings	85.557	–	–	0.260	5.930	−5.772	74.115	63.090		–	2.120	3.498	–	−4.189	57.523	16.592	22.467
	140.615	**–**	**−0.004**	**0.261**	**6.822**	**−8.286**	**125.764**	**68.976**	**–**	**−0.001**	**2.120**	**3.829**	**–**	**−5.089**	**62.177**	**63.587**	**71.639**
Consolidated non-current assets	**2,749.462**	**−4.102**	**186.799**	**222.671**	**123.770**	**−3.126**	**3,027.934**	**1,438.330**	**−1.652**	**55.174**	**108.530**	**83.446**	**1.680**	**−6.926**	**1,508.330**	**1,519.604**	**1,311.132**

Analysis of Fixed Assets for 2010

Note (C.1. – C.4.)

In € million	Acquisition/production costs							Depreciation/amortisation								Book values	
	01/01/2010	Currency differences	Changes in consolidated group	Additions	Disposals	Transfers	31/12/2010	01/01/2010	Currency differences	Changes in consolidated group	Write-downs in current year	Disposal-related depreciation	Write-ups	Transfers	31/12/2010	31/12/2010	31/12/2009
Intangible assets																	
Industrial property rights, similar rights and assets	89.428	0.043	–4.494	4.891	2.786	–3.488	83.594	54.649	0.028	–4.785	9.080	2.068	–	0.009	56.913	26.681	34.779
Goodwill	30.650	–	8.258	–	1.755	–0.002	37.151	1.273	–	–	–	0.643	–	–0.025	0.605	36.546	29.377
Prepayments on account	1.420	0.040	–1.447	1.082	0.001	–0.187	0.907	0.021	–	–0.021	–	–	–	–	–	0.907	1.399
	121.498	**0.083**	**2.317**	**5.973**	**4.542**	**–3.677**	**121.652**	**55.943**	**0.028**	**–4.806**	**9.080**	**2.711**	**–**	**–0.016**	**57.518**	**64.134**	**65.555**
Property, plant and equipment																	
Land, similar rights and buildings, including buildings on leasehold land	1,322.671	0.708	–25.271	44.169	15.775	–14.455	1,312.047	659.342	0.213	–15.865	36.068	10.899	0.657	–6.270	661.932	650.115	663.329
Plant and machinery	577.652	0.739	–23.419	22.734	30.994	–27.381	519.331	412.982	0.417	–14.045	21.340	24.506	–	–0.996	395.192	124.139	164.670
Other facilities, fixtures and office equipment	345.320	0.346	–5.808	29.611	28.285	0.930	342.114	242.538	0.190	–3.995	28.095	25.106	–	–0.089	241.633	100.481	102.782
Prepayments and construction in progress	12.609	–0.055	3.861	38.218	0.880	–11.470	42.283	0.061	–	–	–	0.062	–	–	–0.001	42.284	12.548
	2,258.252	**1.738**	**–50.637**	**134.732**	**75.934**	**–52.376**	**2,215.775**	**1,314.923**	**0.820**	**–33.905**	**85.503**	**60.573**	**0.657**	**–7.355**	**1,298.756**	**917.019**	**943.329**
Participating interests recognised at equity	**37.961**	**–**	**2.724**	**5.048**	**–**	**–**	**45.733**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**45.733**	**37.961**
Financial assets																	
Shareholdings in affiliated companies	19.192	–	–0.157	14.441	1.223	2.536	34.789	12.525	–	–	–	0.003	–	–	12.522	22.267	6.667
Loans to affiliated companies	1.254	–	–	–	0.554	–	0.700	–	–	–	–	–	–	–	–	0.700	1.254
Holdings in other companies	153.237	–	3.287	0.536	7.057	–2.536	147.467	–2.169	–	–	0.017	–2.152	–	–	–	147.467	155.406
Loans to associated companies	17.842	–	–	12.351	0.120	–	30.073	–	–	–	–	–	–	–	–	30.073	17.842
Non-current marketable securities	4.891	–	–0.003	0.107	–	0.009	5.004	0.343	–	–	0.172	–	0.023	–	0.492	4.512	4.548
Other loans	2.865	–	0.030	4.885	0.117	–0.009	7.654	–	–	0.066	–	–	–	–	0.066	7.588	2.865
	199.281	**–**	**3.157**	**32.320**	**9.071**	**–**	**225.687**	**10.699**	**–**	**0.066**	**0.189**	**–2.149**	**0.023**	**–**	**13.080**	**212.607**	**188.582**
Investment property																	
Land	57.712	0.001	–	0.871	3.036	–0.490	55.058	4.778	–	–	1.738	0.320	–	–0.310	5.886	49.172	52.934
Buildings	87.852	–	–	1.423	4.840	1.122	85.557	61.953	–	–	3.005	2.865	–	0.997	63.090	22.467	25.899
	145.564	**0.001**	**–**	**2.294**	**7.876**	**0.632**	**140.615**	**66.731**	**–**	**–**	**4.743**	**3.185**	**–**	**0.687**	**68.976**	**71.639**	**78.833**
Consolidated non-current assets	**2,762.556**	**1.822**	**–42.439**	**180.367**	**97.423**	**–55.421**	**2,749.462**	**1,448.296**	**0.848**	**–38.645**	**99.515**	**64.320**	**0.680**	**–6.684**	**1,438.330**	**1,311.132**	**1,314.260**

(C.4.) Investment property

The “Investment property” item comprises 156 (2010: 180) pieces of land and buildings under lease and/or not essential to the operations of the Group. Allocation is made if the property is leased by third parties, if it is land or greenfield sites not built on and not expressly intended for development or use, and in the case of properties used for a number of purposes, if use by the Group is of minor significance. Properties in this category are mainly warehouses, market buildings, garden centres, farm buildings (barns etc.), silos, farmland and other undeveloped land as well as, to a minor extent, office and residential buildings.

In accordance with the option under IAS 40, these properties are recognised exclusively at amortised cost and written down over their periods of useful life as indicated under Note C.2. The book value on the reporting data came to €63.587 million (2010: €71.639 million). In the financial year, scheduled depreciation carried out on buildings came to €2.120 million (2010: €2.645 million). The expense in the same amount has been included under depreciation and amortisation in the income statement. In the year under review, buildings in the property, plant and equipment and land with a book value of €1.583 million and €1.614 million were reclassified from investment property under property, plant and equipment.

The fair value of these properties was set at €142.583 million (2010: €148.706 million). Fair value is not usually calculated by an appraiser. Fair value on the reporting date is generally determined on the basis of discounted cash flow calculations. The value of the land is calculated using current, official standard land values. Location-related advantages and disadvantages are suitably taken into account. In the case of buildings let, the income value of the buildings was calculated by taking actual annual rental income generated, less standard management expenses and the residual useful life of the building. A comparison of fair value against the carrying amounts of the individual properties showed that there were no impairment requirements in the reporting year. As a result, there were no unscheduled write-downs carried out on land (2010: €1.738 million) and on buildings (2010: €0.360 million).

Rental income came to €6.352 million (2010: €6.036 million), operating expenses (excluding depreciation) for the properties for which rental income was realised came to €0.528 million (2010: €0.590 million). In respect of properties for which no rental income was generated, operating expenses came to €0.133 million (2010: €0.304 million).

(C.5.) Tax claims

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

In € million	**2011**	2010
Non-current tax claims (with a residual term of more than one year)	6.658	7.564
Current tax claims (with a residual term of less than one year)	43.059	21.478
	49.717	**29.042**

(C.6.) Other receivables and other assets

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

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

In € million	**2011**	2010
Non-current receivables (with a residual term of more than one year)		
Trade receivables	2.440	2.156
Other receivables, including deferred income	16.225	14.654
	18.665	**16.810**
Current receivables (with a residual term of up to one year)		
Trade receivables	513.017	435.283
Receivables from affiliated companies	28.723	11.335
Receivables from companies in which a participating interest is held	34.655	18.784
Positive market value of derivatives	1.195	2.304
Other receivables, including deferred income	164.922	195.235
	742.512	**662.941**

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

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

					Of which: without specific value adjustments on the reporting date and overdue in the following time bands			
In € million	Gross value 2010	Specific value adjustments on receivables	Receivables neither overdue nor with value adjustments	Overdue receivables without value adjustments	less than 30 days	between 31 and 60 days	between 61 and 90 days	91 days and over
Receivables	699.491	42.993	568.714	87.784	71.463	8.170	2.766	5.385

The BayWa Group's customer structure is strongly diversified, both regionally and in terms of the specific segments. As part of risk management, minimum requirements for credit worthiness and, beyond this, individual credit limits in respect of individual customers, have been established for all customers of the BayWa Group. The receivables portfolio of the BayWa Group is largely made up of numerous small receivables. Credit limits of more than €1 million are only accorded to a small number of customers with particularly good credit standing. The continual analysis of the receivables portfolio and special monitoring of customers with high credit limits enable the early identification and evaluation of concentration risks (risk clusters). As per 31 December 2011, the credit risk positions of 58 debtors (2010: 38) were more than €1 million respectively. The Group does not anticipate any material default risk in respect of these customers.

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

The value adjustment account has developed as follows:

In € million	**2011**	2010
Status of value adjustments on 1 January	19.740	22.749
Currency differences	– 0.306	– 0.111
Changes in specific value adjustments	3.619	– 5.734
Changes in specific value adjustments calculated on a flat rate basis	1.259	2.836
Status of value adjustments on 31 December	**24.312**	**19.740**

The estimates underlying the calculation of value adjustments to trade receivables are based on historical default rates. In the reporting year, there was a reversal of impairment with effect on income of €4.878 million from the higher level of value adjustment needed for receivables existing on the reporting date.

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

Other assets comprise first and foremost supplier credits not yet settled. In addition, payments on account for inventories amounting to €40.571 million (2010: €41.244 million) are included.

In order to enhance its financing structure, the Group has secured trade receivables in a total volume of €150.0 million by way of asset-backed securitisation (ABS measure). Utilisation is adjusted to the variable and seasonal conditions and came to €113.733 million (2010: €79.942 million).

(C.7.) Actual and deferred tax assets

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

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

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

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

(C.8.) Inventories

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

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

Inventories disclosed break down as follows:

In € million	**2011**	2010
Raw materials, consumables and supplies	31.859	25.403
Unfinished goods/services	176.729	128.196
Finished goods/services and merchandise	956.840	908.730
	1,165.428	**1,062.329**

In the case of lower net realisable value, write-downs are generally carried out in the form of specific value adjustments. Only in exceptional cases was a flat rate calculation applied. At the end of the reporting period, there was an increase in impairment through profit and loss of €74.516 million in the reporting year, up from €68.542 million in 2010. There were no reversals through profit and loss in the year under review.

The carrying amount of the inventories reported at fair value less costs to sell amounted to €606.008 million on the reporting date (2010: €523.604 million).

An amount of €2.001 million of the inventories disclosed on the reporting date served as collateral for liabilities.

In the reporting year, borrowing costs of €0.376 million (2010: €0.767 million) were capitalised as part of the cost of acquisition or production of unfinished goods. The calculation of borrowing costs eligible for capitalising was based on a borrowing rate of 4.20%.

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

(C.9.) Cash and cash equivalents

Cash and cash equivalents worth €86.997 million (2010: €28.208 million) comprise cash in hand, cheques and deposits in banks falling due in the short term.

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

Assets of the BayWa Group are classified as non-current assets held for sale if there is a Board of Management resolution on the sale and the sale is highly probable within the following year (2012).

On the reporting date there were nine properties (2010: 15) intended for sale and disclosed under the non-current assets held for sale item. This is primarily undeveloped or developed land with warehouses, silos, farm buildings (barns etc.) or office/residential buildings.

In the case of the non-current assets held for sale disclosed under the Building Materials Segment, the assets and liabilities of the DIY & Garden Centres Business Unit of BayWa AG included in the consolidated financial statements and measured at book value were partly classified as disposal groups within the meaning of IFRS 5 and assigned accordingly to non-current assets held for sale/disposal groups. BayWa AG is to hive off its business activities in the field of DIY and garden centres and integrate them into newly established BayWa Bau- & Gartenmärkte GmbH & Co. KG, headquartered in Munich, in which Semer Beteiligungsgesellschaft mbH holds an initial interest of currently 50% and will gradually raised its interest to 100%. The total purchase price, which comes to €28 million and corresponds to the book value of equity, will be due and payable in several stages. The new company will take up operations on 1 January 2012 and will enter into a strategic partnership with the Hellweg Group. The interest in BayWa Bau- & Gartenmärkte GmbH & Co. KG will be included in the BayWa Group in future at equity. 56 DIY and garden centres of BayWa will be transferred to the new company but will continue to trade under the BayWa brand. The real estate will remain the property of BayWa AG and will be let to BayWa Bau- & Gartenmärkte GmbH & Co. KG. All other DIY and garden centres of BayWa AG that are closely linked with the locations of other business units will remain the property of BayWa AG. Similarly, the DIY and garden centres of the Austrian Group companies are also not part of the transaction. The transaction is still subject to approval by the German anti-trust authority.

In the case of the non-current assets disclosed on the reporting date under the Other Activities Segment, the assets and liabilities of Ybbstaler Fruit Austria GmbH, Kröllendorf, Austria, and its subsidiary Ybbstaler Fruit Polska Sp. z o.o., Chelm, Poland, included in the consolidated financial statements and measured at book value on 31 December 2011, will be classified as a disposal group within the meaning of IFRS 5 and assigned accordingly to non-current assets held for sale/disposal groups. RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria, a majority holding of BayWa AG, and AGRANA, a sugar, starch and fruit group, are to combine their subsidiaries operating in the fruit juice concentrate business under a joint venture. The joint venture, in which AGRANA will hold an interest of 50.01%, will be fully consolidated by the AGRANA. RWA AG will hold a stake of 49.99% which can be raised to 50% after five years have elapsed. The participation will be recognised at equity in the consolidated financial statements of BayWa AG as from the date when the joint venture takes effect. Approval by the anti-trust authority for the transaction is still pending.

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

There were assets with book values assigned to non-current assets held for sale totalling €258.800 million on the reporting date (2010: €49.104 million). Fair value less estimated costs to sell came to a total of €303.113 million (2010: €61.887 million). Owing to the difference between the carrying amount and the respective fair value assigned, no depreciation had to be carried out due to lower fair value as per 31 December 2011.

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

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

In € million 2010	Energy Segment	Other Activities Segment	Total
Non-current assets			
Intangible assets	3.710	–	3.710
Property, plant and equipment	33.055	12.339	45.394
	36.765	**12.339**	**49.104**
Non-current assets held for sale/disposal groups	**36.765**	**12.339**	**49.104**

The gains from disposal realised in the current financial year in connection with non-current assets held for sale are reported 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 2011, the share capital of BayWa AG of €87.921 million (2010: €87.612 million) was divided into 34,344,020 ordinary registered shares with an arithmetical portion in the share capital of €2.56 per share. Of the shares issued, 32,979,980 are registered shares with restricted transferability and 120,789 recently registered shares with restricted transferability (dividend-bearing employee shares from 1 January 2012 onwards). 1,243,251 shares are not registered shares with restricted transferability.

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

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

	Registered shares without restricted transferability	Registered shares with restricted transferability
Status on 01/01/2011	1,243,251	32,960,480
Issuing of employee shares	–	120,789
Status on 31/12/2011	**1,243,251**	**33,081,269**

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

Furthermore, subject to the approval of the Supervisory Board, the Management Board is authorised to raise the share capital one or several times on or before 31 May 2015 by up to a nominal amount of €4,696,151.04 through the issuance of new registered shares with restricted transferability against cash contribution to the employees of BayWa AG and of affiliated companies within the meaning of Section 15 et seq. of the German Stock Corporation Act (AktG). Shareholders' subscription rights are excluded. Subject to approval by the Supervisory Board, the Board of Management is authorised to determine the further content and conditions under which the shares are to be issued.

Subject to approval by the Supervisory Board, the Board of Management is authorised to raise the share capital one or several times on or before 30 April 2016 by up to a nominal amount of €12,500,000 through the issuance of new registered shares with restricted transferability against cash contribution. The authorisation can be used in part amounts. Shareholders' subscription rights are excluded. Subject to approval by the Supervisory Board, the Board of Management is authorised to determine the further content and conditions under which the shares are to be issued.

Capital reserve

The capital reserve of €91.536 million (2010: €88.441 million) is derived mainly from the premiums in an amount of €61.827 million from the capital increases executed to date by BayWa AG. Furthermore, premiums were generated on the nominal values of the BayWa shares issued in connection with the acquisition of RWA AG and WLZ AG, and the participations exchanged below their rating at the historical stock market prices. These have also been disclosed under capital reserve.

In the financial year 2011, BayWa AG issued 120,789 new registered shares with restricted transferability (dividend bearing as from 1 January 2012) as part of its Employee Share Scheme. The exercise price of employee shares came to €16.91 and was thus 60% of the stock market price of registered BayWa shares with restricted transferability which, on the preceding day, had stood at €28.18; BayWa's Board of Management had passed the resolution on the capital increase required for this measure. The advantage granted of €1.361 million, which was the difference between the actual buying price and the stock market price, was posted to capital reserve in accordance with IFRS 2 and reported as an expense.

Revenue reserves

The revenue reserves of the Group stood at €580.924 million on the reporting date (2010: €577.113 million). Of this amount, €6.076 million (2010: €6.040 million) was attributable to the statutory reserve, less €4.752 million (2010: €0.358 million) to the revaluation reserve and €579.600 million (2010: €570.715 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 profit available for distribution of €104.260 million (2010: €83.367 million) as well as currency differences of €1.017 million (2010: €1.946 million) 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 27.3% of total equity. Equity capital ex-dividend has been reduced to 26.9% owing to the proposed dividend distribution of €20.522 million. The aim in the BayWa Group's capital management process is to maintain a ratio of equity to debt of 30% to 70%.

Gearing

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

In € million	**31/12/2011**	31/12/2010
Non-current and current liabilities	1,154.691	809.467
./. cash and cash equivalents	– 86.997	– 28.208
Net borrowings	1,067.694	781.259
Equity	1,068.029	1,005.524
Net debt to equity (in %)	**100**	**78**

Owing to the strong seasonal fluctuations typical 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 € million	**30/06/2011**	30/06/2010
Non-current and current liabilities	754.023	503.020
./. cash and cash equivalents	– 32.926	– 40.293
Net borrowings	721.097	462.727
Equity	1,037.524	968.172
Net debt to equity (in %)	**70**	**48**

(C.12.) Pension provisions

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

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

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

The amount of the pension obligations (defined benefit obligation) has been calculated using actuarial methods where estimates are indispensable. Along with assumptions of life expectancy, the following premises, which have been established 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	**31/12/2011**	31/12/2010
Discount factor	5.00	5.00
Salary trend	2.50 – 3.00	2.50 – 3.00
Pension trend	1.15 – 2.50	1.15 – 2.50

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

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

Increases and decreases in the present value of defined benefit obligations can give rise to actuarial gains or losses, the cause of which can also be divergences between actual and estimated parameters of calculation. 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 reporting period (10% of the present value of performance-based obligations 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 €31.571 million (2010: actuarial gain of €24.754 million).

Total expenses from pensions in the defined benefit plans amounted to €26.092 million (2010: €27.264 million) and comprise the following:

In € million	**2011**	2010
Ongoing service cost	4.193	4.050
+ share of interest	21.899	23.214
= Sum total recognised through profit and loss	**26.092**	**27.264**

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 amounts reported at Group level have changed as follows:

In € million		**2011**	2010
DBO as per 1 January		449.780	425.667
+	Changes in the group of consolidated companies	1.511	0.309
+	Sum total through profit and loss	26.092	27.264
+/–	Changes in non-realised actuarial gains/losses	6.817	24.765
–	Pension payments during the reporting period	– 31.586	– 27.880
+/–	Assumption of obligations	– 0.075	– 0.345
=	**DBO as per 31 December**	**452.539**	**449.780**

In € million		**2011**	2010
DBO as per 31 December		452.539	449.780
+/–	non-realised actuarial gains/losses	– 31.571	– 24.754
=	**Net value of amounts capitalised as per 31 December**	**420.968**	**425.026**

Owing to the integration of 56 DIY and garden centres into BayWa Bau- & Gartenmärkte GmbH & Co. KG as per 1 January 2012 and the associated transfer of the employees of these centres to the new company, the pension obligations of €4.721 million due to these employees are disclosed in these financial statements under non-current assets held for sale/disposal groups.

DBO have developed as follows:

In € million	
2007	417.331
2008	423.379
2009	425.667
2010	449.780
2011	452.539

The adjustments of the financial years based on empirical experience are as follows:

In € million	
2007	– 1.114
2008	– 2.903
2009	– 1.030
2010	2.512
2011	6.817

In the financial year 2012, we expect that a probable amount of €26.035 million will be recorded through profit and loss for defined benefit 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 the anticipated utilisation. Provisions which were not drawn upon in the following year are recognised at the discounted settlement amount as of the balance sheet date. Discounting is based on market rates.

Other provisions are mainly attributable to:

In € million	**2011**	2010
Non-current provisions (with a majority of more than one year)		
Obligations from personnel and employee benefits	54.832	58.139
Other provisions	20.768	6.233
	75.600	**64.372**
Current provisions (with a maturity of less than one year)		
Obligations from personnel and employee benefits	52.955	50.799
Other provisions	63.525	55.488
	116.480	**106.287**

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

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

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

The provisions have developed as follows:

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

In € million 2010	Status on 01/01/2010	Transfer	Reclassification	Compound interest	Utilisation	Release	Currency differences	Status on 31/12/2010
Non-current provisions								
Obligations from personnel and employee benefits	61.075	2.626	0.201	1.455	7.195	0.026	0.003	58.139
Other provisions	5.723	1.054	–0.096	0.034	0.192	0.291	0.001	6.233
	66.798	**3.680**	**0.105**	**1.489**	**7.387**	**0.317**	**0.004**	**64.372**
Current provisions								
Obligations from personnel and employee benefits	42.127	43.295	–0.242	–	32.323	2.061	0.003	50.799
Other provisions	56.092	40.540	0.137	–	31.980	9.291	–0.010	55.488
	98.219	**83.835**	**–0.105**	**–**	**64.303**	**11.352**	**–0.007**	**106.287**

(C.14.) Financial liabilities

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

In € million 2011	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Financial liabilities				
Due to banks	450.835	312.565	252.561	1,015.961
Commercial Paper	130.000	–	–	130.000
Profit-sharing capital	1.691	–	–	1.691
	582.526	**312.565**	**252.561**	**1,147.652**

In € million 2010	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Financial liabilities				
Due to banks	486.684	169.477	99.600	755.761
Commercial Paper	49.300	–	–	49.300
Profit-sharing capital	1.691	–	–	1.691
	537.675	**169.477**	**99.600**	**806.752**

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

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

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

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

Of the current liabilities due to banks, loans of €432.448 million are due at any time. The difference of €18.387 million relates to the short-term portion of non-current liabilities due to banks. The average effective interest rate on short-term loans is currently 1.8% (2010: 1.8%) a year.

Of the Commercial Paper Programme launched by BayWa AG in a volume totalling €300.000 million, €130.000 million in commercial paper with a term of 31 days and an average weighted effective interest rate of 1.85% had been issued by the end of the reporting period.

Of the liabilities due to banks, €3.207 million at Group level (2010: €13.962 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 an indefinite term which can be terminated by the warehouses at any time. Interest is charged on the dormant equity holdings; the interest rate is fixed contractually. Owing to the short-term nature of these holdings due to termination being possible at any time, the fair value is the book value.

(C.15.) Finance lease obligations

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

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

In € million 2010	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Obligations from finance leasing	0.558	2.157	–	2.715

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

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

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

In € million As per 31/12/2011	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Trade payables	584.576	0.012	–	584.588
Liabilities due to affiliated companies	13.161	–	–	13.161
Liabilities due to companies in which a participating interest is held	67.513	–	–	67.513
Bills and notes payable	0.037	–	–	0.037
Payments received on orders	84.861	–	–	84.861
	750.148	**0.012**	**–**	**750.160**

In € million As per 31/12/2010	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Trade payables	456.741	1.314	–	458.055
Liabilities due to affiliated companies	8.602	–	–	8.602
Liabilities due to companies in which a participating interest is held	36.327	–	43.948	80.275
Bills and notes payable	0.142	–	–	0.142
Payments received on orders	47.683	–	–	47.683
	549.495	**1.314**	**43.948**	**594.757**

Trade payables include claims of customers from customer loyalty programmes of BayWa AG and other Group companies. Under IFRIC 13 loyalty credits awarded by an entity are to be disclosed as definable components of a multiple element arrangement (main transaction and premium) within the meaning of IAS 18.13. At BayWa AG, the BayWa Card is in use. With each purchase, customers can collect bonus points which can then be redeemed at BayWa outlets. For each bonus points collected one cent is credited to the customer. In the financial year 2011, there was an amount of €1.570 million (2010: €0.919 million) in bonus points not yet redeemed.

(C.17.) Other liabilities

The table below shows a breakdown of other liabilities:

In € million As per 31/12/2011	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Social security	5.516	–	–	5.516
Allowances received	0.308	0.087	0.300	0.695
Other liabilities including accruals	73.318	11.888	0.815	86.021
	79.142	**11.975**	**1.115**	**92.232**

In € million As per 31/12/2010	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Social security	2.392	–	–	2.392
Allowances received	0.105	0.580	0.604	1.289
Other liabilities including accruals	70.235	0.744	0.356	71.335
	72.732	**1.324**	**0.960**	**75.016**

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

In the case of public subventions, these are amounts granted by public-sector authorities in connection with new investments. These subventions are released over the probable useful life of the respective asset with the concurrent effect on income. In the financial year, the release came to €0.104 million (2010: €0.177 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 using the valid or official and known tax rate as per the reporting date. Further explanations on deferred tax can be found under Note D.8. “Income tax”.

(C.19.) Liabilities from non-current assets held for sale/disposal groups

Liabilities from non-current assets held for sale/disposal groups of €82.242 million (2010: €33.007 million) are mainly trade payables and financial liabilities which were reclassified in connection with the Ybbstaler fruit juice group held for sale. Moreover, liabilities (largely personnel obligations) in the context of transferring 56 DIY and garden centres of BayWa AG into BayWa Bau- & Gartenmärkte GmbH & Co. KG, are disclosed under this item.

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

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

In € million 2010	Energy Segment		Total
Non-current liabilities			
Other non-current provisions	1.215		1.215
Financial liabilities	31.792		31.792
	33.006		**33.006**
Liabilities from non-current assets held for sale/disposal groups	**33.006**		**33.006**

(C.20.) Contingent liabilities

In € million	2011	2010
Bills and notes payable	4.212	4.402
(of which to affiliated companies)	(–)	(–)
Guarantees	21.381	16.637
(of which to affiliated companies)	(2.585)	(–)
Warranties	85.900	66.251
(of which to affiliated companies)	(–)	(–)
Collateral for liabilities of third parties	9.473	12.439
(of which to affiliated companies)	(–)	(–)

(C.21.) Other financial obligations

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

In € million	2011	2010
Other financial obligations		
from buyback obligations	15.623	15.700
from amounts guaranteed for interests in cooperative companies	13.104	13.106

There are contractual obligations (purchase commitments) of €183.040 million (2010: €118.352 million) for the purchase of property, plant and equipment (real estate, vehicles) and inventories.

(C.22.) Financial instruments
Accounting policies and valuation methods

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

The financial assets cover the following classes:

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

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

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

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

The financial liabilities cover the following classes:

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

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

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

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

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

The BayWa Group conducts its business mainly in the euro area. Accordingly, foreign currencies are of secondary importance within the Group. The business activities of the consolidated American companies and one UK-based company pertain almost exclusively to their respective currency areas. Similarly, the business activities of the consolidated Hungarian companies are restricted almost without exception to the Hungarian currency area. A few transactions in foreign currencies are carried out in agricultural trading, and purchasing activities predominantly in the common currency. If foreign currency futures are concluded, they are hedged by the respective forward exchange transactions. As there is no clear hedging relationship in respect of these transactions, the market values are ascertained on the basis of market information available on the reporting date. As a 31 December 2011, there were forward exchange transactions denominated in US dollars, pound sterling, the Czech koruna, the Hungarian forint, Polish zloty and Serbian dinar.

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

Book and fair values of financial instruments

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

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

In € million As per 31/12/2010	IAS 39 category or IFRS 7 class	Book value 31/12/2010	Amortised cost	Fair value without effect on income	Fair value through profit and loss	Not IFRS 7 class	Fair value on 31/12/2010
			Measurement subsequent to initial recognition				
Non-current financial assets							
Participating interests recognised at equity	AfS	45.733	45.733	–	–	–	45.733
Other financial assets	AfS	174.246	135.346	38.900	–	–	174.246
Other financial assets	LaR	38.361	38.361	–	–	–	38.361
Other receivables and other assets Trade receivables	LaR	2.156	2.156	–	–	–	2.156
Other receivables and other assets Other assets	LaR	14.654	14.276	–	–	0.378	14.654
Current financial assets							
Securities	FAHfT	1.841	–	–	1.841	–	1.841
Other receivables and other assets Trade receivables and receivables from inter-group business relationships	LaR	465.402	465.402	–	–	–	465.402
Other receivables and other assets Other assets	LaR	195.235	190.683	–	–	4.552	195.235
Other receivables and other assets Derivatives	FAHfT	2.304	–	–	2.304	–	2.304
Cash and cash equivalents	LaR	28.208	28.208	–	–	–	28.208
Non-current financial liabilities							
Financial liabilities	FLAC	269.077	269.077	–	–	–	269.077
Liabilities from finance leasing	FLAC	2.157	2.157	–	–	–	2.157
Trade payables and liabilities from inter-group business relationships	FLAC	45.262	45.262	–	–	–	45.262
Other liabilities	FLAC	2.284	0.601	–	–	1.683	2.284
Derivatives	FLHfT	0.169	–	–	0.169	–	0.169
Current financial liabilities							
Financial liabilities	FLAC	537.675	537.675	–	–	–	537.675
Liabilities from finance leasing	FLAC	0.558	0.558	–	–	–	0.558
Trade payables and liabilities from inter-group business relationships	FLAC	549.495	549.495	–	–	–	549.495
Other liabilities	FLAC	72.732	69.612	–	–	3.120	72.732
Derivatives	FLHfT	3.748	–	–	3.748	–	3.748
Aggregated by IAS 39 category/IFRS 7 class							
Assets available for sale	AfS	219.979	181.079	38.900	–	–	219.979
Loans and receivables	LaR	744.016	739.086	–	–	4.930	744.016
Financial assets held for trading	FAHfT	4.145	–	–	4.145	–	4.145
Financial liabilities measured at amortised cost	FLAC	1,479.240	1,474.437	–	–	4.803	1,479.240
Financial liabilities held for trading	FLHfT	3.917	–	–	3.917	–	3.917

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

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

Hierarchy of financial assets and liabilities measured at fair value

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

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

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

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

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

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

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

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

Hierarchical assignment of the financial assets and liabilities measured at fair value in the financial year 2010

In € million	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial instruments	–	2.304	–	2.304
Securities FAHfT	1.841	–	–	1.841
Financial assets AfS	16.633	–	22.267	38.900
Sum total of financial assets	**18.474**	**2.304**	**22.267**	**43.045**
Financial liabilities measured at fair value				
Derivative financial instruments	–	3.917	–	3.917
Sum total of financial liabilities	–	**3.917**	–	**3.917**

Net gains and losses

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

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

2010	Assets			Shareholders' equity and liabilities			Total	Transition	
Category	FAHfT	AfS	LaR	FLHfT	FLAC	No allocation		Not an FI	Financial instrument
1 Net gain/loss in the financial result									
Equity valuation of participating interests	**–**	**7.194**	**–**	**–**	**–**	**–**	**7.194**	**–**	**7.194**
Income from participating interests	–	3.663	–	–	–	–	3.663	–	3.663
Expenses from participating interests	–	– 0.446	–	–	–	–	– 0.446	–	– 0.446
Result from disposals	–	4.494	–	–	–	–	4.494	–	4.494
Result of participating interests	**–**	**7.711**	**–**	**–**	**–**	**–**	**7.711**	**–**	**7.711**
Income from other financial assets	–	7.014	–	–	–	–	7.014	–	7.014
Result from disposals	–	– 1.901	–	–	–	–	– 1.901	–	– 1.901
Result of other financial assets	**–**	**5.113**	**–**	**–**	**–**	**–**	**5.113**	**–**	**5.113**
Interest income	–	–	3.286	–	–	–	3.286	–	3.286
Interest income from fair value measurement	–	–	–	0.188	–	–	0.188	–	0.188
Sum total of interest income	**–**	**–**	**3.286**	**0.188**	**–**	**–**	**3.474**	**–**	**3.474**
Interest expenses	–	–	–	–	– 20.379	–	– 20.379	–	– 20.379
Interest portion in personnel provisions	–	–	–	–	–	–	–	– 24.669	–
Interest expenses from fair value measurement	–	–	–	– 0.143	–	–	– 0.143	–	– 0.143
Sum total of interest expenses	**–**	**–**	**–**	**– 0.143**	**– 20.379**	**–**	**– 20.522**	**– 24.669**	**– 20.522**
Net interest	**–**	**–**	**3.286**	**0.045**	**– 20.379**	**–**	**– 17.048**	**– 24.669**	**– 17.048**
Sum total net gain/loss	**–**	**20.018**	**3.286**	**0.045**	**– 20.379**	**–**	**2.970**	**– 24.669**	**2.970**
Financial result									**– 21.699**
2 Net gain/loss in the operating result									
Income from hedging transactions	3.225	–	–	–	–	–	3.225		
Income from the receipt of written-off receivables/release of receivables value adjustments	–	–	5.402	–	–	–	5.402		
Expenses from hedging transactions	– 3.482	–	–	–	–	–	– 3.482		
Value adjustments/write-downs of receivables	–	–	– 7.369	–	–	–	– 7.369		
Sum total net gain/loss	**– 0.257**	**–**	**– 1.967**	**–**	**–**	**–**	**– 2.224**		
3 Net gain/loss in equity									
Changes in the fair value from the market valuation of securities	–	– 1.384	–	–	–	–	– 1.384		
Currency translation	–	–	–	–	–	0.732	0.732		
Sum total net gain/loss	**–**	**– 1.384**	**–**	**–**	**–**	**0.732**	**– 0.652**		

Income from participating interests includes dividend payments.

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

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

In € million 2010	Residual term of up to one year	Residual term of one to five years	Residual term of more than five years	Total
Financial liabilities measured at amortised cost (FLAC)	1,172.973	204.928	152.789	1,530.690
Financial liabilities held for trading (FLHfT)	3.748	0.169	–	3.917
	1,176.721	**205.097**	**152.789**	**1,534.607**

The following schedule of maturities shows the distribution of the forecast cash flows of the contractually agreed interest and redemption payments in the IFRS 7 class “Liabilities measured amortised cost” (FLAC) as per 31 December 2011.

In € million	Total	until 6/2012	7 – 12/2012	2013 – 2016	> 2016
Interest portion	101.309	6.838	15.341	59.777	19.353
Redemption portion	1,997.083	776.244	635.447	331.839	253.553
Total	**2,098.392**	**783.082**	**650.788**	**391.616**	**272.906**

Information on derivative financial instruments

Derivatives in the context of fair value hedges for commodities futures are used in the BayWa Group as hedging trans actions under IAS 39 as well as hedging transactions for interest rate and currency risks in the form of caps and swaps. The fair values are shown in the table below. In the reporting year, losses of €4.231 million and gains of €4.061 million were recorded in the calculation of the fair value in the income statement under other operating expenses and other operating income respectively.

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

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

In € million 31/12/2010	Market value Total	 Residual term of up to one year	 Residual term of one to five years	 Residual term of more than five years
Assets				
Interest rate hedging transactions	1.092	1.092	–	–
Commodity and currency hedging transactions	1.212	1.212	–	–
	2.304	**2.304**	**–**	**–**
Shareholders' equity and liabilities				
Interest rate hedging transactions	0.169	–	0.169	–
Commodity and currency hedging transactions	3.748	3.748	–	–
	3.917	**3.748**	**0.169**	**–**

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

(C.23.) Risk Management

Opportunity and risk management

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

Principles of opportunity and risk management

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

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

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

Opportunity and risk management within the BayWa Group

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

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

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

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

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

Sector and Group-specific opportunities and risks
Changes in the political framework conditions such as, for example, changes in the subsidies of agricultural products or tax-related government subsidies of energy carriers, as well as globalised and volatile markets, harbour risks. At the same time, however, they open up new prospects. Extreme weather conditions can have a direct impact on offerings, pricing and trading in agricultural produce and also downstream on the operating resources business. Global climate changes also have a long-term effect on agriculture. The global demand for agricultural products, particularly grain, continues to grow.

This may give rise to a sustained price uptrend. The development of income in the agriculture sector filters through directly to the sale of high-end agricultural machinery. Political and economic factors exert the main influence on demand in the construction sector. Political factors of influence are, for instance, special depreciation for listed buildings and measures to promote energy efficiency. At the same time, the ageing housing stock will encourage growing demand for modernisation and renovation. In the energy business, renewable energy carriers are particularly affected by changes in promotion measures. After the 15% reduction in photovoltaic feed-in tariffs at the beginning of the year, other curtailments in 2012 are under discussion, apart from another 15% cut scheduled for mid-year. Against this backdrop, securing revenue and profit is facilitated through risk diversification in markets which are increasingly dependent on subsidy policies.

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

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

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

Interest rate opportunities and risks

Interest rate risk positions arise from the Group's floating-rate financing activities, especially from the issuing of short-term commercial paper and short-term borrowing, as well as from the bonded loans placed in the reporting year. Short-term debt is used mainly to finance the similarly short-term working capital. To reduce the interest rate risk, BayWa Group companies use derivatives instruments in the form of interest rate caps and swaps. The BayWa Group's financing structure with its matching maturities ensures that interest-related opportunities are reflected within the Group.

The bonded loan issued in 2011 was offered with a floating and a variable coupon, which results in natural hedging.

Interest rate risk analysis

In the financial year, the average interest rate stood at around 2.0% (2010: 1.8%). A change in this interest rate of plus 1.0% to 3% would cause interest expenses to rise by €13.001 million, whereas the reverse, i.e. a change in this interest rate of minus 1.0% to 1.0% would lower interest expenses by €13.001 million.

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 framework for the agricultural industry. Negative impacts emanate from the reduction or abolition of funding measures. Conversely, new regulatory and legislative developments influencing bioenergy can also result in opportunities. In the construction sector, changes to building or fiscal regulations may also have an impact on the development of business.

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

Credit risks

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

Credit risks are constituted by the economic loss of a financial asset brought about by default on a contractual payment by a contractual partner and the deterioration of his credit standing, together with the danger of concentration on only a few contractual partners (risk clusters). Credit risks may arise in the IFRS 7 classes of financial assets "available for sale" (AfS), "loans and receivables" (LaR) and "financial assets held for trading" (FAHfT).

Financial assets available for sale (AfS): This class mainly comprises shares in affiliated companies and participating investments and securities. These financial assets are not subject to further credit risk beyond the value adjustments made to date in this class. The maximum credit risk exposure on the reporting date corresponds to the value of this class. The BayWa Group does not consider this to be significant.

Loans and receivables (LaR): As part of its entrepreneurial activities, the BayWa Group has an important function as a source of finance for its agricultural trading partners. In the context of so-called cultivation contracts, the Group enters into a financing risk arising from the upfront financing of agricultural equipment and resources. Settlement is effected by way of buying up and selling the harvest. An extensive debt monitoring system ensures that risks are kept to a minimum in this business, as well as for other segments of the Group. This is performed through establishing and consistently monitoring credit limits, flanked by a documented approval procedure. Value adjustments are carried out on the residual risk of the trade receivables. Cash and bank deposits with short-term residual maturities also belong to this category. There are no credit risks.

There is currently no discernible concentration of default risk from business relationships with individual debtors or groups of debtors. The maximum credit risk exposure on the reporting date corresponds to the value of this class.

Financial assets held for trading (FAHfT): This category covers derivative financial instruments which are held exclusively in the BayWa Group for hedging purposes. The contractual partners of derivative financial instruments are mainly banks with international operations which have been given a good credit rating by an external rating agency. In addition, this class of assets comprises a low volume of securities. There are currently no payments overdue or value adjustments for default in this class.

Liquidity risks

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

The placing of another bonded loan in 2011 also contributed to diversifying the maturity profile.

Rating of the BayWa Group

The banking sector has awarded BayWa a very positive rating. This achievement is due to the solidity as well as to the long and successful history of the company and its high enterprise value, underpinned by assets such as real estate. In 2011, the BayWa Group was able to raise its credit facilities. In the fourth quarter, the BayWa Group took advantage of the market environment and issued another bonded loan, which widened its financial scope and smoothed the maturity profile. For reasons of cost effectiveness, BayWa deliberately dispenses with the use of external ratings.

Opportunities and risks associated with personnel

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

At the same time, the BayWa Group promotes the ongoing vocational training and development of its employees. With more than a thousand trainees, the Group ranks among the largest companies offering training specifically in rural areas. BayWa recruits a large majority of its future specialist and managerial employees from the ranks of these trainees. Long years of service to the company are testament to the great loyalty shown by BayWa personnel to “their” company. This attitude creates stability and continuity and also secures the transfer of expertise down the generations.

IT opportunities and risks

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

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

Assessment of the opportunity and risk situation by Group management

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

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

Internal Control System for monitoring accounting processes

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

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

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

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

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

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

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

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

(D.) Notes to the Income Statement

The layout of the income statement accords with total cost-type accounting.

(D.1.) Revenues

Revenues and earnings are always recorded at the time when the benefits of and the risks associated with the ownership of the goods and products sold and the services provided have passed to the buyer. Revenues and earnings are reported minus discounts, rebates and bonuses.

The breakdown by business unit and region can be seen in the segment report (Note E.2.). Owing to the diversified business activities of the individual segments, inter-segment sales are transacted only to a minor extent.

Sales revenues break down as follows:

In € million	**2011**	2010
Goods	9,513.544	7,840.478
Services	72.133	62.510
	9,585.677	**7,902.988**

(D.2.) Other operating income

In € million	**2011**	2010
Rental income	27.101	23.471
Gains from the disposal of assets	23.358	31.721
Gains from negative goodwill	0.597	0.102
Income from the release of provisions	10.476	11.669
Reimbursement of expenses	16.020	14.762
Sourcing of employees	4.121	4.001
Advertising allowance	3.612	5.133
Price gains	4.061	3.225
Income from receivables written down/release of value adjustments	2.896	5.402
Other income	37.743	27.719
	129.985	**127.205**

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

(D.3.) Cost of materials

In € million	2011	2010
Expenses for raw materials, consumables and supplies, and for good sourced	8,399.539	6,885.771
Expenses for services outsourced	103.585	51.253
	8,503.124	**6,937.024**

(D.4.) Personnel expenses

In € million	2011	2010
Wages and salaries	551.491	514.690
Share-based payment	1.361	1.388
Expenses for pension provisions, support and service units	48.527	44.075
(of which ongoing service cost)	(4.193)	(4.050)
Social insurance levies	78.419	73.571
	679.798	**633.724**

After calculation of the pension provisions under IAS 19, total expenses for pension provisions come to €26.092 million (2010: €27.264 million). Of this amount, a portion of €4.193 million has been disclosed under personnel expenses and a portion of €21.899 million (2010: €23.214 million) under interest expenses.

Number	2011	2010
Employees		
Annual average (Section 267 para. 5 of the German Commercial Code)	15,591	15,220
of which jointly held companies	0	82
Status: 31 December	16,834	16,432
of which jointly held companies	0	0

The employee numbers disclosed from jointly held companies pertain to employees of the Animedica Group which was sold on 30 September 2010.

(D.5.) Other operating expenses

In € million	2011	2010
Vehicle fleet	54.186	45.376
Maintenance	45.598	38.974
Advertising	42.326	34.513
Energy	31.180	29.239
Rent	32.153	30.318
Expenses for staff hired externally	18.467	20.804
Information expenses	12.780	12.017
Commission	11.642	9.985
Insurances	10.617	9.185
Cost of legal and professional advice, audit fees	22.626	17.003
Depreciation/value adjustments of receivables	16.237	7.369
IT costs	4.192	2.772
Travel expenses	8.452	7.379
Office supplies	7.802	6.878
Other tax	6.610	6.109
Administrative expenses	2.239	4.434
Training and continuous professional development	7.211	6.544
Decommissioning and disposal	8.194	7.009
Currency-induced losses	4.231	3.482
Loss from asset disposals	7.744	2.703
Other expenses	27.896	26.157
	382.383	**328.250**

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

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

In € million	2011	2010
Profit/loss from participating interests recognised at equity	**1.386**	**7.194**
Income from affiliated companies	1.514	0.936
Income from the disposal of affiliated companies	0.478	0.001
Other income from holdings and similar income	10.324	14.258
Write-downs of financial assets and other expenses	– 1.658	– 2.371
Other income from shareholdings	**10.658**	**12.824**
	12.044	**20.018**

Dividend income is recorded as and when a claim to payout arises.

(D.7.) Interest income and expenses

In € million	2011	2010
Interest and similar income	4.126	3.286
(of which from affiliated companies)	(1.032)	(0.321)
Interest from fair value measurement	0.450	0.188
Interest income	**4.576**	**3.474**
Interest and similar expenses	– 34.462	– 20.276
(of which to affiliated companies)	(– 0.245)	(– 0.173)
Interest from fair value measurement	– 0.485	– 0.143
Interest portion of finance leasing	– 0.243	– 0.103
Interest portion of the transfers to pension provisions and other personnel provisions	– 23.111	– 24.669
Interest expense	**– 58.301**	**– 45.191**
Net interest	**– 53.725**	**– 41.717**

(D.8.) Income tax

Income tax breaks down as follows:

In € million	2011	2010
Actual taxes	– 32.144	– 24.569
Deferred taxes	4.272	4.273
	– 27.872	**– 20.296**

Actual tax income and expenses comprise the corporate and trade tax of the companies in Germany and comparable taxes on foreign companies.

Deferred taxes are formed for all temporary differences between the tax-related assigned value and IFRS values as well as the consolidation measures through profit and loss. Moreover, deferred taxes on the asset side of €2,036 million (2010: €0.374million) were set off against revaluation reserve in equity without effect on income. Deferred tax assets include tax-reducing claims which arise from the expected utilisation of loss carryforwards in the years ahead, the realisation of which is assured with sufficient probability. These come to €3.824 million (2010: €2.407 million). As part of corporate planning, a time horizon of three years has been assumed here. Deferred tax was not formed on loss carryforwards of subsidiaries in an amount of €10.556 million as their usability is not anticipated. Loss carryforwards of individual Group companies can be partly carried forward within a limited period of time. No tax assets which are eligible as carryforwards are likely to expire.

Deferred taxes are calculated on the basis of the tax rates which prevail or are anticipated given the current legal situation in the individual countries at the time when taxes are levied. The tax rate of BayWa AG remained at 28.18%, unchanged from the previous year.

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

	Deferred tax assets		Deferred tax liabilities	
In € million	**2011**	2010	**2011**	2010
Intangible assets and property, plant and equipment	5.405	5.759	74.784	68.409
Financial assets	1.807	12.625	2.543	3.511
Current assets	3.180	4.272	1.713	2.330
Other assets	–	–	0.603	9.135
Tax loss carryforwards	9.826	12.799	–	–
Provisions	56.131	55.549	2.934	2.086
Liabilities	1.152	12.396	1.831	–
Other liabilities	0.118	2.097	1.791	1.677
Deferred value-adjusted tax assets	– 7.111	– 11.953	–	–
Balance	– 5.085	– 6.115	– 5.085	– 6.115
Consolidation	4.085	4.415	19.596	19.358
	69.508	**91.844**	**100.710**	**100.391**

The actual tax expenses are €0.348 million above 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 tax trade on the profit of the Group before tax. The computational tax rate of 28.18% calculated for actual tax is based on the uniform corporate tax rate of 15%, plus the solidarity surcharge of 5.5% and the average effective trade tax of 12.35%. Deferred tax liabilities were not recognised for subsidiaries and associated companies as the company can control the timing of reversals and because it is therefore probable that the temporary difference will not reverse in the foreseeable future. No deferred tax liabilities were formed for temporary differences in an amount of €6.3 million (2010: €5.8 million) from subsidiaries and associated companies.

The table below shows the transition from the computed tax expenses in accordance with the corporate tax rate to the income tax expenses actually reported:

In € million	**2011**	2010
Consolidated result before income tax	**97.671**	**87.138**
Computational tax expenses based on a tax rate of 28.18%	27.524	24.556
Difference against foreign tax rates	0.292	– 1.356
Tax not relating to the period	3.622	– 0.938
Permanent difference changes	– 0.636	– 1.080
Tax effect due to non-tax deductible expenses	1.208	0.743
Trade tax deductions and additions	0.491	– 1.074
Final consolidation effect	– 0.927	2.463
Tax-exempt income	– 6.976	– 4.645
Changes in the value adjustment of deferred tax assets	2.729	2.405
Tax effect from equity results	0.586	– 0.204
Other tax effects	– 0.041	– 0.574
Income tax	**27.872**	**20.296**

(D.9.) Profit share of minority interest

Profit of €18.532 million (2010: €16.404 million) due to other shareholders is mainly attributable to the minority shareholders of the Austrian subsidiaries.

(D.10.) Earnings per share

Earnings per share are calculated by dividing the portion of profit of BayWa AG's shareholders by the average number of the shares issued in the financial year and dividend-bearing shares. There were no diluting effects.

		2011	2010
Income adjusted for minority interest	In € million	51.267	50.438
Average number of shares issues	Units	34,203,731	34,085,040
Basic earnings per share	€	1.50	1.48
Diluted earnings per share	€	1.50	1.48
Proposed dividend per share	€	0.60	0.50

(E.) Other Information

(E.1.) Explanations on the Cash Flow Statement of the BayWa Group

The cash flow statement shows how the cash and cash equivalents of the BayWa Group have changed due to cash inflow and outflow during the year under review. Cash and cash equivalents shown in the cash flow statement comprise all liquid funds disclosed in the balance sheet, i.e. cash in hand, cheques and deposits in banks. Owing to the fact that the Group conducts its business mainly in the eurozone, the impact of exchange-rate induced changes in cash and cash equivalents is of secondary importance and is therefore not disclosed separately. The funds are not subject to any restraints on disposal.

In accordance with the standards set out under IAS 7, the cash flow statement is divided up into cash flow from operating activities, investing activities and financing activities.

The cash flow from operating activities is calculated indirectly, based on consolidated net income for the year. This cash flow is ascertained by adjusting it for non-cash expenses (mainly depreciation and amortisation) and income. The cash flow from investing activities is calculated on a cash-effective basis and comprises cash-effective changes in consolidated non-current assets. Cash flow from financing activities is also ascertained on a cash-effective basis and comprises primarily cash-effective changes in the financing of operations and cash outflows from dividend distribution. Within the scope of the indirect calculation of these positions, changes from currency translation and from the group of consolidated companies were eliminated as they do not affect cash. For this reason, a comparison of these figures with the corresponding figures in the consolidated balance sheet is not possible. Further details on acquisitions and disposals can be found under Note B.1.

(E.2.) Explanations on the segment report

Dividing up of operations into segments

The segment report provides an overview of the important segments of the BayWa Group. The breakdown of the segments accords with the provisions set out under IFRS 8. The segments are to be presented in the same form as is submitted to decision makers, namely the Board of Management of BayWa AG, in the respective reports made on a regular basis and which therefore form the basis for strategic decisions. This results in greater uniformity of the internal and external reporting system. All consolidation measures are shown in a separate column of the segment report.

Segment reporting by operating segment

Through its Agricultural Trade sub-segment, the Group serves the whole value chain covering the production of agricultural produce. This includes the delivery of agricultural operating resources such as fertilisers, crop protection, seed and feedstuff. The Fruit sub-segment combines the activities of the Group in the business of fruit trading. The collection, storage and selling of plant-based products are also activities allocated to Agricultural Trade. Along with the sale of agricultural and municipal equipment, the Agricultural Equipment sub-segment also operates the workshops providing services.

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

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

The Other Activities segment mainly comprises trading in consumer goods via the assigned subsidiaries.

Apart from sales revenues generated through business with third parties which are disclosed in the sub-segments, inter-segment sales are also reported. Inter-segment sales are conducted at terms customary in the market. Any interim profits arising in this context have been eliminated in the consolidated financial statements. Moreover, write-downs and write-ups and the financial results per sub-segment are disclosed, along with earnings before interest, tax, depreciation and amortisation (EBITDA), earnings before interest and tax (EBIT) and earnings before tax (EBT). This is also applicable to the segmental assets, with separate disclosure of the inventories and segmental liabilities. Investments made (excluding financial assets) are also divided up among the sub-segments. Such investments concern the addition of intangible assets and property, plant and equipment. Moreover, information in this segment report includes the annual average number of employees per sub-segment.

Segment information by operating segment

In € million 31/12/2011	Agricultural Trade	Fruit	Agricultural Equipment	**Agriculture**	Energy	Renewable Energies	**Energy**	Building Materials	DIY & Garden Centres	**Building Materials**	**Other Activities**	Transition	**Group**
Revenues generated through business with third parties	3,029.647	129.731	1,099.539	4,258.917	2,805.869	305.967	3,111.836	1,508.487	557.060	2,065.547	149.377		9,585.677
Inter-segment revenues	328.825	–	19.650	348.475	155.228	43.862	199.090	13.332	32.340	45.672	64.372	–657.609	–
Total revenues	**3,358.472**	**129.731**	**1,119.189**	**4,607.392**	**2,961.097**	**349.829**	**3,310.926**	**1,521.819**	**589.400**	**2,111.219**	**213.749**	**–657.609**	**9,585.677**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**82.041**	**5.916**	**27.437**	**115.394**	**15.431**	**36.443**	**51.874**	**41.738**	**23.871**	**65.609**	**55.608**	**–34.916**	**253.569**
Depreciation/amortisation	–25.986	–1.931	–9.435	–37.352	–9.092	–9.382	–18.474	–17.072	–12.065	–29.137	–14.064	–3.146	–102.173
Earnings before interest and tax (EBIT)	**56.055**	**3.985**	**18.002**	**78.042**	**6.339**	**27.061**	**33.400**	**24.666**	**11.806**	**36.472**	**41.544**	**–38.062**	**151.396**
Financial result	–20.496	–0.431	–9.306	–30.233	0.089	–5.306	–5.217	–8.006	–4.479	–12.485	37.557	–31.303	–41.681
of which: net interest	–20.496	–0.431	–9.306	–30.233	0.089	–10.344	–10.255	–8.006	–4.479	–12.485	0.110	–0.862	–53.725
of which: equity result				–		0.388	0.388			–	0.998		1.386
Earnings before tax (EBT)	**35.559**	**3.554**	**8.696**	**47.809**	**6.428**	**16.717**	**23.145**	**16.660**	**7.327**	**23.987**	**41.654**	**–38.924**	**97.671**
Income tax													–27.872
Net income													**69.799**
Assets	1,094.173	30.798	496.996	1,621.967	343.355	799.135	1,142.490	471.778	357.843	829.621	1,423.890	–1,104.926	3,913.042
of which: non-current assets held for sale				–			–		107.545	107.545	151.255	–258.800	–
Inventories	553.922	2.150	241.911	797.983	43.900	175.304	219.204	108.183	128.385	236.568	71.259	–159.586	1,165.428
of which: non-current assets held for sale				–			–		89.926	89.926	70.996	–160.922	–
Liabilities	593.232	131.637	285.355	1,010.224	420.802	472.299	893.101	364.709	153.825	518.534	1,114.612	–773.700	2,762.771
of which: liabilities from non-current assets held for sale				–			–		7.882	7.882	74.360	–82.242	–
Investments in intangible assets, property, plant and equipment and investment property (incl. company acquisitions)	45.165	2.208	19.633	67.006	28.496	235.285	263.781	13.571	18.450	32.021	41.392	–	404.200
Employee annual average	3,606	193	3,060	6,859	1,108	279	1,387	4,163	2,535	6,698	647	–	15,591

BayWa AG Annual Report 2011

Segment information by operating segment

In € million 31/12/2010	Agricultural Trade	Fruit	Agricultural Equipment	**Agriculture**	Energy		Renewable Energies	**Energy**	Building Materials	DIY & Garden Centres	**Building Materials**	**Other Activities**	Transition	**Group**
Revenues generated through business with third parties	2,528.981	102.820	873.317	3,505.118	2,103.699		254.823	2,358.522	1,370.829	532.266	1,903.095	136.253	–	7,902.988
Inter-segment revenues	267.817	–	7.094	274.911	104.959		12.875	117.834	11.529	30.336	41.865	57.873	– 492.483	–
Total revenues	**2,796.798**	**102.820**	**880.411**	**3,780.029**	**2,208.658**		**267.698**	**2,476.356**	**1,382.358**	**562.602**	**1,944.960**	**194.126**	**– 492.483**	**7,902.988**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**76.753**	**5.464**	**19.743**	**101.960**	**17.586**		**24.153**	**41.739**	**25.281**	**22.205**	**47.486**	**58.923**	**– 21.927**	**228.181**
Write-downs/write-ups	– 27.364	– 1.729	– 8.964	– 38.057	– 8.299		– 3.100	– 11.399	– 16.742	– 12.411	– 29.153	– 17.104	– 3.613	– 99.326
Earnings before interest and tax (EBIT)	**49.389**	**3.735**	**10.779**	**63.903**	**9.287**		**21.053**	**30.340**	**8.539**	**9.794**	**18.333**	**41.819**	**– 25.540**	**128.855**
Financial result	– 16.386	– 0.271	– 8.661	– 25.318	– 0.040		– 0.733	– 0.773	– 5.482	– 4.641	– 10.123	35.137	– 20.622	– 21.699
of which: net interest	– 16.386	– 0.271	– 8.661	– 25.318	– 0.040		– 4.507	– 4.547	– 5.482	– 4.641	– 10.123	– 0.655	– 1.074	– 41.717
of which: equity result				–			0.641	0.641			–	6.553	–	7.194
Earnings before tax (EBT)	**33.003**	**3.464**	**2.118**	**38.585**	**9.247**		**16.546**	**25.793**	**3.057**	**5.153**	**8.210**	**41.164**	**– 26.614**	**87.138**
Income tax														– 20.296
Net income														**66.842**
Assets	1,032.378	52.736	363.388	1,448.502	230.998		487.102	718.100	500.311	352.186	852.497	1,079.984	– 845.832	3,253.251
of which: non-current assets held for sale				–			36.765	36.765			–	12.339	– 49.104	–
Inventories	492.366	2.179	172.660	667.205	31.735		72.355	104.090	112.534	110.238	222.772	81.576	– 13.314	1,062.329
of which: non-current assets held for sale				–				–			–	–	–	–
Liabilities	623.416	17.112	343.533	984.061	306.247		466.429	772.676	328.828	168.799	497.627	515.572	– 522.209	2,247.727
of which: liabilities from non-current assets held for sale				–			33.007	33.007			–	–	– 33.007	–
Investments in intangible assets, property, plant and equipment and investment property (incl. company acquisitions)	41.973	3.509	11.973	57.455	11.246		44.050	55.296	26.593	17.685	44.278	9.371	–	166.400
Employee annual average	3,675	186	2,776	6,637	940		252	1,192	4,085	2,477	6,562	829	–	15,220

Segment reporting by region

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

Segment information by region

	External sales		Investments in intangible assets, property, plant and equipment and investment property (incl. company acquisitions)		Assets	
In € million	**2011**	2010	**2011**	2010	**2011**	2010
Germany	6,238.956	5,159.850	130.404	121.974	2,459.942	2,177.084
Austria	2,453.937	2,123.421	32.050	24.601	979.566	933.177
Other international operations	892.784	619.717	241.746	19.825	473.534	142.990
Group	**9,585.677**	**7,902.988**	**404.200**	**166.400**	**3,913.042**	**3,253.251**

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

With effect from 1 January 2012, BayWa took over the filling station and mineral oil business of Leberzammer GmbH & Co. KG, Gunzenhausen, by way of an asset deal. The provisional cost of purchase of the assets transferred comes to €0.160 million.

The agreed purchase prices break down as follows:

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

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

BayWa took over the customer base of Gustav Baumann GmbH, Coburg, by way of an asset deal with effect from 1 January 2012. The provisional cost of purchase of the assets transferred comes to €0.060 million. There was no goodwill from the acquisition.

BayWa AG acquired 70% of the shares in Tecno Spot GmbH, Bruneck, Italy, through its lower-tier subsidiary MHH Solartechnik GmbH, Tübingen, with effect from 1 February 2012. The transaction marks the Group's entry into the Italian photovoltaic wholesale business. Tecno Spot GmbH is a wholesale company specialised in photovoltaic systems. The seller is Gremes GmbH which will remain invested with 30% of the shares in Tecno Spot GmbH. The purchase price for the shares comes to approximately €8 million, plus a performance-related component of a maximum €14.5 million to be paid out over the next three years. Anti-trust authority approval of the sale is still pending.

Tecno Spot GmbH, which was founded in 1998, is an established premium supplier which covers the entire system integration value chain in the wholesale business for photovoltaic plants. Tecno Spot is a high-growth company with a strong footing in the market. It sold more than 50 megawatts worth of photovoltaic plants in the financial year 2010 and generated revenues of around €146 million. In the last three years, the company has doubled its workforce to 30 employees. Tecno Spot GmbH has been represented in Austria through its subsidiary GE-TEC GmbH since 2008 and in the US since 2009 through Tecnospot Solar USA, Inc., which was established in the same year.

Munich-based BayWa AG is entering the international fruit market in New Zealand and intends to acquire 63% of the shares in Turners & Growers Ltd (T & G), Auckland, New Zealand. This acquisition will enable BayWa AG to become a global player in the supply of pome fruit. The international trading group has already come to an agreement with Guinness Peat Group plc, London, UK, T & G's major shareholder, on the acquisition of its 63% interest. In the context of New Zealand's legal provisions, the acquisition will be part of a takeover offer to acquire up to 100% of the share capital of T & G at a price of NZD1.85 per share. The purchase price will be in the range of NZD137 million (€79 million) and NZD216 million (€125 million), depending on the takeup rate of by T & G shareholders. The transaction is still subject to approval by the German anti-trust authority and New Zealand's Overseas Investment Office.

T & G's presence on five continents will enable BayWa AG to expand its offer in the fruit business and gain access to the world's high-growth markets, particularly in Asia where T & G is already established. T & G is New Zealand's leading distributor, marketer and exporter of premium fresh fruit. In addition, the company holds the exclusive brand rights for the global cultivation and sale of the Jazz and Envy apple varieties as well as the ENZAGreen, ENZAGold and ENZARed kiwi varieties. Moreover, T & G holds a 70% stake in Delica NZ, New Zealand's largest exporter of fresh fruit and sole exporter of ENZA dessert fruit to Asia. The company operates as a trading platform for apples in South America, the US, South Africa, Asia and Europe.

T & G was founded in 1897 and has around 1,400 employees groupwide. The international company is listed on the New Zealand Stock Exchange and generated annual revenues of €346 million in 2010. Its core business includes the collection, storage and sale of apples, kiwis and tomatoes.

(E.4.) Litigation

Neither BayWa AG nor any of its group companies are involved in a court case or arbitration proceedings which could have a major impact on the economic situation of the Group, either now or in the past two years. Such court cases are also not foreseeable. Provisions have been made in an appropriate amount at the respective Group companies for any financial burdens arising from a court case or arbitration proceedings and/or there is an appropriate insurance cover.

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

Pursuant to the German Securities Trading Act (WpHG), any shareholder who reaches, exceeds, or falls below the thresholds of 3, 5, 10, 15, 20, 25, 30, 50 or 75% of the voting rights of a listed company is required to inform the company and the German Financial Supervisory Authority (BaFin) without delay. BayWa AG was informed of the following holdings (the proportion of voting rights relates to the time when notification was made and may therefore be meanwhile outdated):

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

Raiffeisen Agrar Invest GmbH, Vienna, Austria, informed us on 16 July 2009 that, pursuant to Section 21 para. 1 of the German Securities Trading Act, the share apportioned to it of the voting rights in BayWa 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% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009.

Raiffeisen Agrar Holding GmbH, Vienna, Austria, informed us on 16 July 2009 that, pursuant to Sections 21 para. 1 and 22 para. 1 sentence 1 item 1 of the German Securities Trading Act, that the share of voting rights apportioned to it in BayWa Aktiengesellschaft, Arabellastraße 4, 81925 Munich, Germany, had exceeded the thresholds of 15, 20 and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009. Of these voting rights, 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) were apportionable to Raiffeisen Agrar Holding GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act. These voting rights were apportionable to Raiffeisen Agrar Holding GmbH via Raiffeisen Argrar Invest GmbH (direct holder of the voting rights) pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act.

LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG, Vienna, Austria, informed us on 16 July 2009 that, pursuant to Sections 21 para. 1 and 22 para. 1 sentence 1 item 1 of the German Securities Trading Act, the share apportioned to it of the voting rights in BayWa 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% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009. Of these voting rights, 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from shares with restricted transferability and 143,888 voting rights from registered shares) were apportioned to LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act. These voting rights were apportionable to LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG via Raiffeisen Agrar Holding GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act.

On 8 September 2009, we received the following notification from 'KORMUS' Holding GmbH, Friedrich-Wilhelm-Raiffeisen-Platz 1, in 1020 Vienna, Austria, Company Register no. FN 241822X:

"We herewith inform you that, pursuant to Sections 21 para. 1 and 22 para. 1 sentence 1 item 1 of the German Securities Trading Act, the share of the voting rights in BayWa Aktiengesellschaft, Arabellastraße 4, 81925 Munich, Germany, apportioned to us had fallen below the thresholds of 25, 20, 15, 10, 5 and 3% on 8 September 2009 and that the whole share in the voting rights now amounts to 0% (the equivalent of 0 voting rights).

To date a share in the voting rights of 25.12% (the equivalent of 8,533,673 voting rights) was apportionable to us pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act via LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG. As a result of a demerger, 16,329,226 of the shares formerly held by us in LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG (the equivalent of 50.05% of the shares and the voting rights) were directly transferred to 'LAREDO' Beteiligungs GmbH, our direct parent company, with effect from 8 September 2009."

'LAREDO' Beteiligungs GmbH, Vienna, Austria, informed us on 16 July 2009 that, pursuant to Sections 21 para. 1 and 22 para. 1 sentence 1 item 1 of the German Securities Trading Act, the share apportioned to it 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% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009. Of these voting rights, 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from shares with restricted transferability and 143,888 voting rights from registered shares) were apportioned to 'LAREDO' Beteiligungs GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act. These voting rights were apportionable to 'LAREDO' Beteiligungs GmbH via 'KORMUS' Holding GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act.

RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN reg.Ges.m.b.H., Vienna, Austria, informed us on 16 July 2009 that, pursuant to Sections 21 para. 1 and 22 para. 1 sentence 1 item 1 of the German Securities Trading Act, that the share of voting rights apportioned to it in BayWa Aktiengesellschaft, Arabellastraße 4, 81925 Munich, Germany, had exceeded the thresholds of 15, 20 and 25% on 15 July 2009 and that the whole share in the voting rights came to 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) on 15 July 2009. Of these voting rights, 25.12% (8,533,673 voting rights, of which 8,389,785 voting rights from registered shares with restricted transferability and 143,888 voting rights from registered shares) were apportionable to RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN reg.Ges.m.b.H pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act. These voting rights were apportionable RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN reg.Ges.m.b.H. via 'LAREDO' Beteiligungs GmbH pursuant to Section 22 para. 1 sentence 1 item 1 of the German Securities Trading Act.

SKAGEN AS, Skagen 3, 4006 Stavanger, Norway, herewith states in the name and on behalf of SKAGEN Global verdipapirfond, Skagen 3, 4006 Stavanger, Norway, that, pursuant to Section 21 para. 1 of the German Securities Trading Act, the share of SKAGEN Global verdipapirfond in the voting rights of BayWa AG, Arabellastraße 4, 81925 Munich, Germany, had fallen below the threshold of 3% on 14 December 2010. On this date, SKAGEN Global verdipapirfond held 2.45% of all voting rights in BayWa AG which corresponds to 838,495 ordinary shares.

SKAGEN AS, Skagen 3, 4006 Stavanger, Norway, informed us on 11 March 2011 that, pursuant to Section 21 para. 1 of the German Securities Trading Act, the share of SKAGEN AS in the voting rights of BayWa AG, Arabellastraße 4, 81925 Munich, Germany, had fallen below the threshold of 3% on 4 February 2011. On this date, SKAGEN AS held 2.98% of all voting rights in BayWa AG, which corresponds to 1,019,843 ordinary shares. This portion of 2.98%, corresponding to 1,019,843 ordinary shares, is allocable to SKAGEN AS pursuant to Section 22 para. 1 sentence 1 item 6 of the German Securities Trading Act.

(E.6.) Related party disclosures

Under IAS 24, related parties are defined as companies and individuals where one of the parties has the possibility of controlling the other or of exerting a significant influence on the financial and business policies of the other.

A significant influence within the meaning of IAS 24 is constituted by participation in the financial and operating policies of the company but not the control of these policies. Significant influence may be exercised in several ways usually by representation on the board of management or on the management and/or supervisory bodies, but also by participation, for instance, in the policy-making process through material intragroup transactions, by interchange of managerial personnel or by dependence on technical information. Significant influence may be gained by share ownership, statute or contractual agreement. With share ownership, significant influence is presumed in accordance with the definition under IAS 28 "Accounting for Investments in Associates" if a shareholder owns 20% or more of the voting rights, either directly or indirectly, unless this supposition can be clearly refuted. Significant influence can be deemed irrefutable if the policy of the company can be influenced, for instance, by the corresponding appointing the members to the supervisory bodies.

In relation to the shareholder group of BayWa AG, irrefutable supposition of a significant influence would be given in the position of Bayerische Raiffeisen-Beteiligungs-AG, Beilngries, and Raiffeisen Agrar Invest GmbH, Vienna, Austria. Evidence can be provided that 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 of on BayWa AG. In addition, the Group has not carried out any business transactions with Bayerische Raiffeisen-Beteiligungs-AG and Raiffeisen Agrar Invest GmbH – with the exception of the dividend payments of €6.014 million (Bayerische Raiffeisen-Beteiligungs-AG) and €4.284 million (Raiffeisen Agrar Invest GmbH) – in the current year within the meaning of IAS 24 which need to be reported here.

Transactions with related parties are shown in the table below:

In € million 2011	Supervisory Board	Board of Management	Bayerische Raiffeisen-Beteiligungs-AG	non-consolidated companies > 50%	non-consolidated companies > 20% < 50%
Receivables	0	0	0	28	19
Liabilities	0	0	0	13	38
Interest income	0	0	0	1	0
Interest expenses	0	0	0	0	0
Revenues	0	0	0	19	130

In € million 2010	Supervisory Board	Board of Management	Bayerische Raiffeisen-Beteiligungs-AG	non-consolidated companies > 50%	non-consolidated companies > 20% < 50%
Receivables	0	0	0	8	16
Liabilities	0	0	0	9	2
Interest income	0	0	0	0	0
Interest expenses	0	0	0	0	0
Revenues	0	0	0	12	98

The transactions conducted with related parties pertain to the sale of goods and financing.

Members of the Board of Management or of the Supervisory Board of BayWa AG are members in supervisory boards or board members of other companies with which BayWa AG maintains business relations in the course of normal business.

(E.7.) Fees of the Group auditor

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

In € million	**2011**	2010
For audits performed	0.648	0.585
For other consultancy services	0.321	0.056
For tax consultancy services	–	0.036
For other services	0.108	0.353

(E.8.) Executive and supervisory bodies of BayWa AG

THE SUPERVISORY BOARD

Manfred Nüssel
MSc Agriculture (University of Applied Sciences), Chairman,
President of Deutscher Raiffeisenverband e.V.
Other mandates:
- Bayerische Raiffeisen-Beteiligungs-AG, Beilngries (Chairman)
- DG HYP Deutsche Genossenschafts-Hypothekenbank AG, Hamburg
- Kravag-Logistic Versicherungs-AG, Hamburg
- Kravag-Sachversicherung des Deutschen Kraftverkehrs VaG, Hamburg
- Landwirtschaftliche Rentenbank, Frankfurt am Main (Board of Administration)
- RWA Raiffeisen Ware Austria AG, Vienna
- R+V Allgemeine Versicherung AG, Wiesbaden
- R+V Lebensversicherung AG, Wiesbaden
- Vereinigte Tierversicherung Gesellschaft a.G., Wiesbaden
- Volksbank-Raiffeisenbank Bayreuth eG, Bayreuth (Chairman)

Ernst Kauer
MSc Agriculture, Vice Chairman
Chairman of the Works Council of BayWa Headquarters

General Attorney Ök.-Rat Dr. Christian Konrad
Vice Chairman, Chairman of RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN reg.Gen.m.b.H., Vienna
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)
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt
- UNIQA Versicherungen AG, Vienna (Chairman)

Georg Fischer
Master Mechanic for Agricultural Machinery

Dr. E. Hartmut Gindele
MSc Agriculture, farmer

Prof. Dr. h. c. Stephan Götzl
Association President, Chairman of the Board of Management of Genossenschaftsverband Bayern e.V.
Other mandates:
- Bayerische Raiffeisen-Beteiligungs-AG, Beilngries (Vice Chairman)
- DVB Bank SE, Frankfurt am Main
- SDK Süddeutsche Krankenversicherung a.G., Fellbach

Otto Kentzler
MSc Engineering, President of the German Confederation of Skilled Crafts
Other mandates:
- Bank für Kirche und Caritas eG, Paderborn
- Deutscher Ring Krankenversicherungsverein a.G., Hamburg
- Dortmunder Volksbank eG, Dortmund (Chairman)
- Handwerksbau AG, Dortmund (Chairman)
- SIGNAL IDUNA Holding AG, Dortmund (Vice Chairman)
- SIGNAL IDUNA Krankenversicherung a.G., Dortmund (Vice Chairman)

Peter König
Secretary of the Union, ver.di, Bavaria

Stefan Kraft M.A.
Secretary of the Union, ver.di, Bavaria

Erna Kurzwarth
Regional Administration Centre Manager of BayWa AG

Dr. Johann Lang
MSc Engineering, farmer
Other mandates:
- Niederösterreichische Versicherung AG, St. Pölten
- RWA Raiffeisen Ware Austria AG, Vienna (Chairman)
- RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen., Vienna (Chairman)

Albrecht Merz
Member of the Board of Management of DZ Bank AG
Other mandates:
- Bausparkasse Schwäbisch Hall AG, Schwäbisch Hall
- R+V Allgemeine Versicherung AG, Wiesbaden
- R+V Lebensversicherung AG, Wiesbaden
- TeamBank AG, Nuremberg (Chairman)
- VR-LEASING AG, Eschborn

Gunnar Metz
Chairman of the Main Works Council of BayWa AG

Gregor Scheller
Chairman of the Board of Directors of Volksbank Forchheim eG, member of the Board of Directors of Bayerische Raiffeisen-Beteiligungs-AG
Other mandates:
- COVUM AG, Erlangen (Chairman)
- FIDUCIA IT AG, Karlsruhe (Chairman)
- R+V Lebensversicherung AG, Wiesbaden
- Wohnungsbau- und Verwaltungsgenossenschaft Forchheim eG, Forchheim (Chairman)

Werner Waschbichler
Vice Chairman of the Works Council of BayWa Headquarters, Operations Manager Logistics (until 16 February 2012)

Bernhard Winter
Head of Accounting Control Agriculture

THE COOPERATIVE COUNCIL

Wolfgang Eckert
MBA, Chairman, Chairman of the Board of Directors of VR-Bank eG

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

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

Dr. Johann Lang
MSc Engineering, farmer

Other members

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

Dietmar Berger
MSc Agricultural Engineering & Economics, President of Mitteldeutscher Genossenschaftsverband e.V.

Franz Breiteneicher
Managing Director of Raiffeisen-Waren GmbH Erdinger Land

Albert Deß
Member of the European Parliament

Günter Dreher (until 31 May 2011)
MSc Administration, Chairman of the Board of Directors of Augusta-Bank eG (until 4 May 2011)

Martin Empl
MSc Agriculture, farmer

Manfred Geyer
Chairman of the Board of Directors of RaiffeisenVolksbank eG Gewerbebank

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

Lorenz Hebert (until 31 July 2011)
Chairman of the Board of Directors of Raiffeisenbank im Stiftland eG (until 31 July 2011)

Lothar Hertzsch
MSc Agricultural Engineering & Economics, farmer

Franz-Xaver Hilmer (since 1 August 2011)
Managing Director of Raiffeisenbank Straubing eG

Karl Hippeli
Member of the Board of Management of Raiffeisenbank Ochsenfurt eG

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

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

Franz Kustner
Farmer

Alois Pabst
Farmer

Hans Paulus
MSc Agriculture, Director, Commodities Department of Raiffeisenbank im Stiftland eG

Josef Raffelsberger
Farmer

Joachim Rukwied
MSc Engineering (University of Applied Science), 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, the Bavarian Association of Farmers and the European Association of Farmers

Ludwig Spanner
Farmer

Wolfgang Vogel
President of Sächsischer Landesbauernverband e.V.

Thomas Wirth (since 1 August 2011)
Spokesman of the Board of Directors of Raiffeisenbank im Stiftland eG

Maximilian Zepf
Member of the Board of Management of Raiffeisenbank Schwandorf-Nittenau eG

THE BOARD OF MANAGEMENT

Klaus Josef Lutz
(Chief Executive Officer)
PR/Corporate Communication, Group Audit, Corporate Marketing, Corporate Business Development, Group Risk Management, Building Materials Segment, Personnel and Senior Executives

External mandates:
- Eramon AG, Gersthofen
- Euro Pool System International B.V., Rijswijk
- Graphit Kropfmühl AG, Hauzenberg
- MAN Nutzfahrzeuge AG, Munich
- VK Mühlen AG, Hamburg (Chairman)

Group mandates:
- RWA Raiffeisen Ware Austria AG, Vienna (First Vice Chairman)
- „UNSER LAGERHAUS“ WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt (Chairman)
- RENERCO Renewable Energy Concepts AG, Munich

Klaus Buchleitner
RWA Raiffeisen Ware Austria AG, Vienna

External mandate:
- Raiffeisen Zentralbank Österreich AG, Vienna

Group mandates:
- Raiffeisen-Lagerhaus GmbH, Bruck an der Leitha (First Vice Chairman)
- „UNSER LAGERHAUS“ WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt

Andreas Helber

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

External mandate:

- R+V Pensionsversicherung a.G., Wiesbaden (since 22 June 2011)

Group mandates:

- Eurogreen Schweiz AG, Zuchwil (President of the Board of Administration)
- RWA Raiffeisen Ware Austria AG, Vienna (member until 4 May 2011; Third Vice Chairman since 4 May 2011)
- „UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt
- WKN USA, LLC, San Diego
  (Member of the Board of Directors since 29 August 2011)

Dr. Josef Krapf

Agriculture, Fruit

External mandate:

- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt

Group mandate:

- RWA Raiffeisen Ware Austria AG, Vienna (since 4 May 2011)

Roland Schuler

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

External mandate:

- Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt

Group mandates:

- BayWa r.e USA LLC, Santa Fe
  (Chairman of the Board of Directors since 6 December 2011)
- RENERCO Renewable Energy Concepts AG, Munich (Chairman)
- WKN USA, LLC, San Diego (Member of the Board of Directors since 29 August 2011)

Allocation of operations as per 31/12/2011

(E.9.) Total remuneration of the Board of Management, the Supervisory Board and the Co-operative Council

The remuneration of the Cooperative Council amounts to €0.084 million (2010: €0.083 million). The total remuneration of the Supervisory Board comes to €0.538 million (2010: €0.463 million); of this amount €0.250 million (2010: €0.192 million) is variable. In addition to Supervisory Board remuneration, employee representatives who are employees of the BayWa Group receive compensation not connected to their activities for the Supervisory Board. The sum total of such compensation received by the employee representatives came to €0.399 (2010: €0.361 million). The total remuneration of the Board of Management comes to €5.238 million (2010: €7.281 million) and breaks down as follows:

In € million	2011	2010
Total remuneration of the Board of Management	**5.238**	**7.281**
of which:		
ongoing remuneration	4.765	5.109
non-cash benefits	0.071	0.077
transfers to pension provision	0.402	0.325
benefits upon termination of the employment relationship	–	1.770
The ongoing remuneration of the Board of Management is split up into		
fixed salary components	2.497	2.587
variable salary components – short-term	0.987	1.272
variable salary components – long-term	1.281	1.250

An amount of €3.209 million (2010: €3.259 million) has been paid out to former members of the Board of Management of the BayWa Group and their dependents. Pension provisions for former members of the Board of Management are disclosed in an amount of €28.698 million (2010: €31.679 million).

In its meeting on 15 June 2011, the Annual General Meeting of Shareholders passed a resolution pursuant to Section 286 para. 5 of the German Commercial Code to the effect that, in the preparation of the financial statements of the Group and of BayWa AG, the information required under Section 285 sentence 1 item 9 letter a sentences 5 to 8 of the German Commercial Code and pursuant to Section 314 para. 1 item 6 letter a sentences 5 to 8 of the German Commercial Code in the notes to the financial statements at company and at Group level shall be waived for the financial year 2011 and for the next four years.

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

The consolidated financial statements were released for publication by the Board of Management of BayWa AG on 1 March 2012.

In accordance with Section 264 III of the German Commercial Code, the following companies, as subsidiaries included in the consolidated financial statements of BayWa AG, do not apply the regulations governing disclosure (Section 325 et seq. of the German Commercial Code):

- TESSOL Kraftstoffe, Mineralöle und Tankanlagen GmbH, Stuttgart
- BayWa Handels-Systeme-Service GmbH, Munich
- BayWa Finanzbeteiligungs-GmbH, Munich

(E.11.) Proposal for the appropriation of profit

As the company which heads up the BayWa Group, BayWa AG discloses profit available for distribution of €20,533,938.60 in its financial statements as at 31 December 2011 which were drawn up in accordance with German accounting standards (German Commercial Code) and adopted by the Supervisory Board on 28 March 2012. The Board of Management and the Supervisory Board will propose the following use of this amount to the Annual General Meeting of Shareholders on 30 May 2012:

In €	
Dividend of €0.60 per dividend-bearing share	20,533,938.60
Transfer to other revenue reserve	–
	20,533,938.60

The amount earmarked for distribution to the shareholders will be reduced by the portion of the shares owned by BayWa AG at the time when the resolution on profit appropriation was made. Pursuant to Section 71b of the German Stock Corporation Act, these shares are not entitled to dividend. This portion will be additionally transferred to other revenue reserves.

(E.12.) German Corporate Governance Code

The Board of Management and the Supervisory Board of BayWa AG submitted the Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act on 9 November 2011, and have made it permanently accessible to the shareholders on the company's website under www.baywa.com.

Munich, 1 March 2012
BayWa Aktiengesellschaft

The Board of Management

Klaus Josef Lutz
Klaus Buchleitner
Andreas Helber
Dr. Josef Krapf
Roland Schuler

Group Holdings of BayWa AG (Appendix to the Notes to the Consolidated Financial Statements)
as per 31 December 2011

Name and principal place of business	share in capital in %
Subsidiaries included in the group of consolidated companies	
"UNSER LAGERHAUS" WARENHANDELSGESELLSCHAFT m.b.H., Klagenfurt, Austria	51.1
AFS Franchise-Systeme GmbH, Vienna Austria	100.0
Agroterra Warenhandel und Beteiligungen GmbH, Vienna, Austria	100.0
Aufwind BB GmbH & Co. Zweiundzwanzigste Biogas KG (formerly: Aufwind Schmack Betriebs GmbH & Co. Zweiundzwanzigste Biogas KG), Regensburg	100.0
Aufwind Nuevas Energias Sociedad Limitada, Barcelona, Spain	100.0
AWS Entsorgung GmbH Abfall & Wertstoff Service, Boppard	90.0
Bauzentrum Westmünsterland GmbH & Co. KG, Ahaus	100.0
Bayerische Futtersaatbau GmbH, Ismaning	72.7
BayWa Finanzbeteiligungs-GmbH, Munich	100.0
BayWa Handels-Systeme-Service GmbH, Munich	100.0
BayWa r.e España S.L.U., Barcelona, Spain	100.0
BayWa r.e GmbH, Munich	100.0
BayWa r.e Mozart LLC, San Diego, USA	100.0
BayWa r.e Service GmbH, Munich	100.0
BayWa r.e USA LLC, Santa Fe, USA	100.0
BayWa Vorarlberg HandelsGmbH, Lauterach, Austria	51.0
BayWa-Tankstellen-GmbH, Munich	100.0
BOR s r.o., Choceň, Czech Republic	92.8
bs Baufachhandel Brands & Schnitzler GmbH & Co. KG, Mönchengladbach	100.0
CLAAS Main-Donau GmbH & Co. KG, Vohburg	90.0
CLAAS Nordostbayern GmbH & Co. KG, Weiden	90.0
Claas Südostbayern GmbH, Töging (formerly: Munich)	90.0
CLAAS Württemberg GmbH, Langenau	80.0
Diermeier Energie GmbH, Straubing	100.0
DRWZ-Beteiligungsgesellschaft mbH, Munich	64.3
Dulas MHH Ltd., Machynlleth Powys, UK	90.0
ECOwind d.o.o., Zagreb, Croatia	100.0
ECOWIND Handels- & Wartungs-GmbH, Kilb, Austria	90.0
Eko-Energetyka Sp. z o.o., Rezesów, Poland	51.0
EUROGREEN CZ s r.o., Jiřetín pod Jedlovou, Czech Republic	100.0
EUROGREEN GmbH, Betzdorf	100.0
EUROGREEN Schweiz AG, Zuchwil, Switzerland	100.0
F. Url & Co. Gesellschaft m.b.H., Unterpremstätten, Austria	100.0
Focused Energy LLC, Santa Fe, USA	80.0
Frucom Fruitimport GmbH, Hamburg	100.0
FW Kamionka Sp. z o.o., Kamionka, Poland	100.0

Name and principal place of business	share in capital in %
Garant-Tiernahrung Gesellschaft m.b.H., Pöchlarn, Austria	100.0
GEM WIND FARM 1 Ltd., London (formerly: Manchester), UK	100.0
GEM WIND FARM 2 Ltd., London (formerly: Manchester), UK	100.0
GEM WIND FARM 3 Ltd., London, UK	100.0
GENOL Gesellschaft m.b.H. & Co. KG, Vienna, Austria	71.0
IFS S.r.l., Bolzano, Italy	51.0
L & L Rotorservice GmbH, Basdahl	100.0
L & L Vermögensverwaltungs GmbH, Basdahl	100.0
Les Eoliennes de Saint Fraigne SAS, Strasbourg, France	24.5[1]
Livas 1 Energeiaki EPE, Kalamata, Greece	94.0
LTZ Chemnitz GmbH, Hartmannsdorf	90.0
MHH France S.A.S., Toulouse, France	90.0
MHH Solartechnik GmbH, Tübingen	100.0
Net Environment S.L.U., Barcelona, Spain	100.0
Neuilly Saint Front Energies SAS, Bègles, France	70.0
Parco Solare Smeraldo S.r.l., Brixen, Italy	68.0
Parque Eólico La Carracha S.L., Zaragoza, Spain	73.1
Parque Eólico Plana de Jarreta S.L., Zaragoza, Spain	72.2
Puterea Verde S.r.l., Sibiu, Romania	75.5
r.e Bioenergie GmbH (formerly: Aufwind Neue Energien GmbH), Regensburg	100.0
r.e Biomethan GmbH, Regensburg	100.0
Raiffeisen-Agro d.o.o., Beograd, Serbia	100.0
Raiffeisen Waren GmbH Nürnberger Land, Hersbruck	52.0
Raiffeisen-Agro Magyarország 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 Beteiligungs GmbH, Grünwald (formerly: Munich)	100.0
RENERCO Energies SAS, Paris (formerly: Strasbourg), France	100.0
RENERCO Energy UK Ltd., London, UK	100.0
RENERCO GEM 1 GmbH, Munich	100.0
RENERCO GEM 2 GmbH, Munich	100.0
RENERCO Polska Sp. z o.o., Warsaw, Poland	100.0
RENERCO Renewable Energy Concepts AG, Munich	90.7
RENERCO Solar GmbH, Munich	100.0
Renewable Energy Harvest Nine GmbH & Co. KG, Grünwald	100.0
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[2]
RWA SLOVAKIA spol. s.r.o., Bratislava, Slovakia	100.0
Schradenbiogas GmbH & Co. KG, Gröden	94.5
Sempol spol. s.r.o., Trnava, Slovakia	100.0
TechnikCenter Grimma GmbH, Mutzschen	70.0
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 München GmbH, Munich	100.0
Voss GmbH & Co. KG, Coesfeld	100.0
WAV Wärme Austria VertriebsgmbH, Vienna, Austria	89.0
Wind am Speckberg GmbH, Munich	100.0
Wind Water Energy ood, Varna, Bulgaria	76.0
Windpark Everswinkel GmbH & Co. KG, Grünwald	25.0[1]

1 Minority holding with the right to raise participating interest 2 Voting right majority

Name and principal place of business	share in capital in %
Windpark Everswinkel II GmbH & Co. KG, Grünwald	100.0
Windpark Kamionka GmbH, Grünwald	100.0
Windpark Namborn GmbH & Co. KG, Munich	25.0[1]
Windpark Pongratzer Kogel GmbH, Kilb, Austria	100.0
Windpark Selmsdorf II GmbH & Co. KG, Grünwald (formerly: Munich)	100.0
Windpark Wegeleben GmbH & Co. KG, Munich	100.0
Wingenfeld Energie GmbH, Hünfeld	100.0
WKN Amadeus, LLC, San Diego, USA	100.0
WKN Chopin, LLC, San Diego, USA	100.0
WKN Montana II, LLC, San Diego, USA	100.0
WKN Ravel, LLC, San Diego, USA	100.0
WKN USA, LLC, San Diego, USA	70.0
WKN Vivaldi, LLC, San Diego, USA	100.0
WKN Wagner, LLC, San Diego, USA	100.0
WP EWL Infrastruktur GmbH & Co. KG, Munich	100.0
WP SDF Infrastruktur GmbH & Co. KG, Grünwald	100.0
Ybbstaler Fruit Austria GmbH, Kröllendorf, Austria	100.0
Ybbstaler Fruit 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
AgroMed Austria GmbH, Kremsmünster, Austria	80.0
Agro-Property Kft., Kecskemét, Hungary	100.0
Agrosaat d.o.o., Ljubljana, Slovenia	100.0
Almak Energies SARL, Strasbourg, France	100.0
Aludra Energies SARL, Strasbourg, France	100.0
AMUR S.L.U., Barcelona, Spain	100.0
Aquila Energies SARL, Strasbourg, France	100.0
Aufwind BB GmbH & Co. Sechsundzwanzigste Biogas KG, Regensburg	100.0
Aufwind Schmack Asia Holding GmbH, Regensburg	80.0
Bautechnik Gesellschaft m.b.H., Linz, Austria	100.0
BayWa Assekuranz-Vermittlung GmbH, Munich	100.0
BayWa Bau- & Gartenmärkte GmbH & Co. KG, Munich	100.0
BayWa BGM Verwaltungs GmbH, Munich	100.0
BayWa CS GmbH, Munich	100.0
BayWa Energie Dienstleistungs GmbH, Munich	100.0
BayWa Hungária Kft., Székesfehérvár, Hungary	100.0
BayWa InterOil Mineralölhandelsgesellschaft mbH, Munich	100.0
BayWa-Lager und Umschlags GmbH, Munich	100.0
Brands + Schnitzler Tiefbau-Fachhandel Verwaltungs GmbH, Mönchengladbach	100.0
bs Baufachhandel Brands & Schnitzler Verwaltungs-GmbH, Mönchengladbach	100.0
Capella Energies SAS, Strasbourg, France	93.0
Celieno Energies SAS, Strasbourg, France	93.0
Cosmos Power S.L.U., Barcelona, Spain	100.0
Danufert Handelsgesellschaft mbH, Vienna, Austria	60.0
Danugrain GmbH, Krems an der Donau, Austria	60.0
Donau-Tanklagergesellschaft mbH, Deggendorf	100.0
Draco Energies SARL, Strasbourg, France	100.0
DTL Donau-Tanklagergesellschaft mbH & Co. KG, Deggendorf	100.0
Eko-En Drozkow Sp. z o.o., Żary, Poland	60.0
Eko-En Iwonicz 2 Sp. z o.o., Rezesów, Poland	75.0

1 Minority holding with the right to raise participating interest

Name and principal place of business	share in capital in %
Eko-En Kozmin Sp. z o.o., Poznań, Poland	60.0
Eko-En Polanow 1 Sp. z o.o., Koszalin, Poland	75.0
Eko-En Polanow 2 Sp. z o.o., Koszalin, Poland	75.0
Eko-En Skibno Sp. z o.o., Koszalin, Poland	75.0
Eko-En Zary Sp. z o.o., Żary, Poland	60.0
Energies Netes de Corral Serra S.L.U., Barcelona, Spain	100.0
Energies Netes de Sa Boleda S.L.U., Barcelona, Spain	100.0
Energies Netes de Son Parera S.L.U., Barcelona, Spain	100.0
Eoliennes de la Benate SARL, Strasbourg, France	100.0
Eurogreen Italia S.r.l., Milan, Italy	51.0
Ewind Sp. z o.o., Rezesów, Poland	75.0
Felis Energies SAS, Strasbourg, France	93.0
Genam Energies SAS, Strasbourg, France	93.0
GENOL Gesellschaft m.b.H., Vienna, Austria	71.0
Graninger & Mayr Gesellschaft m.b.H., Vienna, Austria	100.0
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., Choceň, Czech Republic	100.0
Immobilienvermietung Gesellschaft m.b.H., Traun, Austria	100.0
Jannis Beteiligungsgesellschaft mbH, Munich	100.0
Karl Theis GmbH, Munich	100.0
Lesia a.s., Stráznice, Czech Republic	100.0
Libra Energies SARL, Strasbourg, France	100.0
Magyar Agrár-Ház“ Kft., Székesfehérvár, Hungary	100.0
MD-Betriebs-GmbH, Munich	90.0
Menka Energies SAS, Strasbourg, France	93.0
Monziniman XXI, S.L.U., Barcelona, Spain	100.0
Murzim Energies SARL, Strasbourg, France	100.0
NOB-Betriebs-GmbH, Munich	90.0
Nuevos Parques Eólicos La Muela, A.I.E., Zaragoza, Spain	100.0
Parco Solare Citrino S.r.l., Brixen, Italy	100.0
Parco Solare Eliodoro S.r.l., Brixen, Italy	100.0
Parco Solare Rubino S.r.l., Brixen, Italy	100.0
Parco Solare Topazio S.r.l., Brixen, Italy	100.0
Parco Solare Zaffiro S.r.l., Brixen, Italy	100.0
Park Eolian Arieseni S.r.l., Sibiu, Romania	99.0
Park Eolian Limanu S.r.l., Sibiu, Romania	99.0
Park Eolian Solesti S.r.l., Sibiu, Romania	99.0
Polaris Energies SAS, Strasbourg, France	93.0
Prokyon Energies SAS, Strasbourg, France	93.0
Puerto Real FV Production, S.L.U., Barcelona, Spain	100.0
Pyxis Energies SAS, Strasbourg, France	93.0
r.e Bioenergia Kft., Békéscsaba, Hungary	100.0
r.e Bioenergia Projekty Sp. Z o.o. (formerly: Aufwind CEE Sp. Z o.o.), Poznań, Poland	100.0
r.e Bioenergia Sp. Z o.o. (formerly: Aufwind Schmack Nowa Energia Sp. Z o.o.), Poznań, Poland	90.0
r.e Bioenergie Betriebs GmbH & Co. Dreiundzwanzigste Biogas KG, Regensburg	100.0
r.e Bioenergie Betriebs GmbH & Co. Elfte Biogas KG, Regensburg	100.0
r.e Bioenergie Betriebs GmbH & Co. Fünfundzwanzigste Biogas KG, Regensburg	100.0
r.e Bioenergie Betriebs GmbH & Co. Siebenundzwanzigste Biogas KG, Regensburg	100.0
r.e Bioenergie Betriebs GmbH & Co. Vierundzwanzigste Biogas KG, Regensburg	100.0

Name and principal place of business	share in capital in %
r.e Bioenergie Betriebs GmbH & Co. Zehnte Biogas KG, Regensburg	100.0
r.e Bioenergie Betriebs GmbH & Co. Zwölfte Biogas KG, Regensburg	100.0
r.e Bioenergie Betriebs GmbH, Regensburg (formerly: Aufwind Biogas Betriebsgesellschaft mbH, Munich)	100.0
Raiffeisen Trgovina d.o.o., Lenart, Slovenia	100.0
Real Power S.L.U., Barcelona, Spain	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
Saint Solis Energies SAS, Strasbourg, France	93.0
Schradenbiogas Betriebsgesellschaft mbH, Gröden (formerly: Munich)	100.0
Solarpark Aquarius GmbH & Co. KG, Munich	100.0
Solarpark Aries GmbH & Co. KG, Munich	100.0
Solarpark Cetus GmbH & Co. KG, Munich	100.0
Solarpark Gemini GmbH & Co. KG, Munich	100.0
Solarpark Libra GmbH & Co. KG, Munich	100.0
Solarpark Lupus GmbH & Co. KG, Grünwald	100.0
Solrenovable Fotov. S.L., Barcelona, Spain	100.0
Spica Energies SAS, Strasbourg, France	93.0
Süd-Treber Gesellschaft mit beschränkter Haftung, Stuttgart	100.0
Syrma Energies SAS, Strasbourg, France	93.0
Talita Energies SAS, Strasbourg, France	93.0
Tierceline Energies SARL, Strasbourg, France	100.0
Ventus Vorpommern GmbH & Co. Windpark 1 KG, Munich	100.0
WHG Liegenschaftsverwaltung GmbH, Klagenfurt, Austria	100.0
Wind Park Kotla Sp. Z o.o., Warsaw, Poland	100.0
Wind Park Lipnica Sp. Z o.o., Nowy Targ, Poland	100.0
Windenergy Kotel ood, Varna, Bulgaria	90.0
Windenergy Svedez ood, Varna, Bulgaria	90.0
Windpark GHN GmbH & Co. KG, Grünwald	100.0
Windpark GHN Grundstücksverwaltung GmbH & Co. KG (formerly: Solarpark Lepus GmbH & Co. KG), Grünwald	100.0
Windpark Parstein GmbH & Co. KG, Grünwald	100.0
Windpark Selmsdorf III GmbH & Co. KG, Grünwald	100.0
Windpark Unzenberg GmbH & Co. KG, Grünwald	100.0
Windpark Wilhelmshöhe GmbH & Co. KG, Grünwald	100.0
Ybbstaler Getränke Grundstoffe Vertriebsgesellschaft m.b.H., Munich	100.0
ZAX Products S.L.U., Barcelona, Spain	100.0
ZIGZAG Inversiones S.L.U., Barcelona, Spain	100.0
Associated companies included under the equity method	
AHG Autohandelsgesellschaft mbH, Horb am Neckar	49.0
Aufwind BB GmbH & Co. Zwanzigste Biogas KG (formerly: Aufwind Schmack Betriebs GmbH & Co. Zwanzigste Biogas KG), Regensburg	49.0
Aufwind Schmack Első Biogáz Szolgáltató Kft., Békéscsaba, Hungary	48.3
BVT Technische Anlagen GmbH & Co. Blockheizkraftwerke KG, Munich	34.7
CRE Project S.r.l., Matera, Italy	49.0
Deutsche Raiffeisen-Warenzentrale GmbH, Frankfurt am Main	37.8
EAV Energietechnische Anlagen Verwaltungs-GmbH, Staßfurt	49.0
EEV Beteiligungs GmbH, Grünwald	49.0
Frisch & Frost Nahrungsmittel-Gesellschaft m.b.H., Hollabrunn, Austria	25.0

Name and principal place of business	share in capital in %
Heizkraftwerk Cottbus Verwaltungs GmbH, Cottbus	33.3
Heizkraftwerke-Pool Verwaltungs-GmbH, Munich	33.3
Raiffeisen Beteiligungs GmbH, Frankfurt am Main	47.4
Süddeutsche Geothemie-Projekte GmbH & Co. KG, Munich (formerly: Haar near Munich)	50.0
Süddeutsche Geothermie-Projekte Verwaltungs GmbH, Munich (formerly: Haar near Munich)	50.0
Associated companies of secondary importance not included under the equity method	
Ba-Rie Grundstücksgesellschaft mbH, Landsberg am Lech	50.0
BHG Bau-Heimwerker-Garten-Center Landsberg GmbH, Landsberg am Lech	50.0
BLE Bau- und Land-Entwicklungsgesellschaft Bayern GmbH, Munich	25.0
BRVG Bayerische Raiffeisen- und Volksbanken Verlag GmbH, Munich	25.0
Chemag Agrarchemikalien GmbH, Frankfurt am Main	30.0
DIYCO Einkaufsgesellschaft mbH, Munich	50.0
Enairgy Veterná energia s.r.o., Bratislava, Slovakia	30.0
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
Lagerhaus Technik-Center GmbH & Co. KG, Korneuburg, Austria	32.1
Lagerhaus Technik-Center GmbH, Korneuburg, Austria	34.1
Land24 Gesellschaft mit beschränkter Haftung, Frankfurt am Main	28.3
LLT Lannacher Lager- und Transport Ges. m.b.H., Korneuburg, Austria	50.0
Obst vom Bodensee Vertriebsgesellschaft mbH, Oberteuringen	50.0
raiffeisen.com GmbH & Co. KG, Frankfurt am Main	34.2
Raiffeisen-BayWa-Waren GmbH Lobsing-Siegenburg-Abensberg-Rohr, Lobsing	22.8
Raiffeisen-Landhandel GmbH, Emskirchen	23.4
Rock Power S.L., Barcelona, Spain	50.0
VR erneuerbare Energien eG Kitzingen, Kitzingen	33.3
VR-LEASING DIVO GmbH & Co. Immobilien KG, Eschborn	47.0[3]
VR-LEASING LYRA GmbH & Co. Immobilien KG, Eschborn	47.0[3]
Wind Park Belzyce Sp. Z o.o., Warsaw, Poland	50.0
Participations in large corporations	
Bayerische Raiffeisen-Beteiligungs-AG, Beilngries	7.4
Equity in € thousand: 552,610	
Annual net income/loss in € thousand: 15,278	
Deutsche AVIA Mineralöl-Gesellschaft mbH, Munich	10.7
Equity in € thousand: 7,386	
Annual net income/loss in € thousand: 86	
Südstärke GmbH, Schrobenhausen	6.5
Equity in € thousand: 117,175	
Annual net income/loss in € thousand: 4,021	
VK Mühlen AG, Hamburg	10.0
Equity in € thousand: 37,541	
Annual net income/loss in € thousand: – 38,361	

3 Voting right share: 24%

Independent Auditor's Report

We have audited the consolidated financial statements prepared by the BayWa Aktiengesellschaft, Munich, – comprising the balance sheet, the income statement and statement of comprehensive income, the cash flow statement, the statement of changes in equity and the notes to the consolidated financial statements – and the group management report for the business year from 1 January to 31 December 2011. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted by the European Union (EU), and the additional requirements of German commercial law pursuant to Section 315a para. 1 German Commercial Code (HGB) and supplementary provisions of the articles of incorporation are the responsibility of the parent Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 German Commercial Code and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of BayWa Aktiengesellschaft, Munich, comply with IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315a para. 1 German Commercial Code and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development.

Munich, 9 March 2012

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Steppan)	(Götz)
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Report of the Supervisory Board

BayWa AG can look back on another extremely successful financial year. Its sound performance is reflected in the significant growth rates of revenues and profit in the three core segments of Agriculture, Energy and Building Materials as well as, ultimately, by the substantially higher dividend proposal to be put forward to the Annual General Meeting of Shareholders. The positioning of BayWa AG, with its diversified business model, has proven its worth most particularly in the face of the crisis in the financial market. The financial year ended was also determined by the expansion of activities in the field of renewable energies and an acceleration in the process of BayWa's internationalisation, especially in the fruit and energy businesses. Moreover, a solution was found for the DIY & Garden Centres Business Unit which consisted of entering into a strategic partnership with the Hellweg Group.

The Supervisory Board of BayWa AG has fulfilled the responsibility entrusted to it under the law and the Articles of Association. It regularly advised the Board of Management, agreed the strategy with the Board of Management, and supervised the latter in its management of the company. The common goal of the Board of Management and Supervisory Board is to raise the enterprise value on a sustainable basis. The Board of Management always kept the Supervisory Board informed in a timely and comprehensive way. The Supervisory Board was directly involved in all decisions of fundamental importance for the company. The measures requiring its approval were reviewed, and the respective resolutions passed both in meetings and in writing by way of a circulation procedure. Between the meetings, the Board of Management reported in writing on events of particular importance. The Supervisory Board made its decisions after thorough deliberation and consultation on the reports and the resolutions put forward by the Board of Management.

The Chairman of the Supervisory Board was kept informed about important decisions by the Board of Management on an ongoing basis and remained in close contact with the Chairman of the Board of Management. He was informed through detailed monthly reports on the current business situation. The cooperation within the Supervisory Board and with the Board of Management was constructive and founded on the basis of trust in the reporting year 2011 as well.

Key points of consultation of the meetings of the Supervisory Board

In the four regular meetings of the Supervisory Board in the financial year 2011, matters of consultation were in particular 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. In particular, the Supervisory Board deliberated on the various participations entered into by BayWa AG during the period under review. Moreover, the Supervisory Board addressed issues pertaining to accounting and the audit of the annual financial statements of the company, as well as BayWa AG's risk management and its risk status on an ongoing basis. The Board of Management reported regularly and extensively on these issues as well as on the Group's current situation.

In its meeting on 29 March 2011, the Supervisory Board dealt mainly with the annual financial statements and the management report on BayWa AG and on the Group as per 31 December 2010 as well as on the report of the audits performed. The meeting also discussed the agenda of the Annual General Meeting of Shareholders on 15 June 2011, as well as strategic issues and structural considerations within the BayWa Group. In this meeting, the Supervisory Board consulted on variable salary components as part of the remuneration for Board of Management members for the financial years 2010 and 2011 and decided on the respective targets for the variable salary components.

In its meeting on 11 May 2011, the Supervisory Board discussed the appointing of a new member to the Cooperative Council, along with the financial statements of the first quarter.

Attention in the meeting on 3 August 2011 was focused on the half-yearly financial statements 2011, among other matters. Moreover, the Board of Management informed the Supervisory Board about current strategic projects and undertakings involving participating interests. Particular emphasis was placed on the strategic development of business in the Agriculture Segment (Fruit), specifically the plans to acquire New Zealand-based Turners & Growers Ltd and acquisitions in the US and Europe in the field of renewable energies. The meeting also concentrated on considerations for the realignment of the Building Materials Segment. The Supervisory Board had the Board of Management report in detail on the financial situation of the Building Materials Segment, most particularly on the DIY & Garden Centres Business Unit. Moreover, the Supervisory Board was informed about the current status of reviewing strategic opportunities for development and the resulting alternatives for a course of action. In addition, the Supervisory Board informed itself about the current status of discussions with third parties potentially interested in a cooperation involving the DIY and garden centres.

An increase in the share capital and the corresponding amendment to the Articles of Association due to the issuing of employee shares from 2010 Authorised Capital was decided through a resolution passed by way of circulation in the period from 29 September to 11 October 2011.

The third quarter financial statements were presented in the meeting on 9 November 2011, and the development of business discussed in detail by the Supervisory Board together with the Board of Management. The Board of Management reported extensively on the development of business in the individual business units.

The meeting focused especially on renewed consultations about the options for the strategic realignment of the DIY and garden centres. The Supervisory Board enquired again extensively about the difficult economic environment and the Board of Management's view on the outlook for this business. The Supervisory Board had the Board of Management report in detail on the various options for the DIY & Garden Centres Business Unit, particularly closure, sale or entering into a strategic partnership. The Supervisory Board discussed the various alternatives extensively and finally agreed with the proposal of the Board of Management to enter into a strategic partnership with the Hellweg Group. In doing so, the Supervisory Board assured itself in particular of the compatibility of the companies and of the fact that there are virtually no garden centres where locations would overlap. The Supervisory Board gave its approval to incorporating the DIY & Garden Centres Business Unit into a joint venture with the Hellweg Group and a gradual takeover of the business by the Hellweg Group.

Another important agenda item of the meeting was the acquisition of shares in Turners & Growers Ltd, Auckland, New Zealand (Turners & Growers). The Management Board reported in detail to the Supervisory Board on the strategic viability of this potential investment and consulted in particular on the future business prospects of the Agriculture Segment. The Supervisory Board concurred with the opinion of the Board of Management that the acquisition would strengthen BayWa AG's Fruit Business Unit in an environment of growing competition and ongoing globalisation. The Supervisory Board therefore gave its approval to the planned transaction involving the signing of an agreement with the Guinness Peat Group plc, the then major shareholder, to initially purchase 63.46% of the shares in Turners & Growers at a price of NZD1.85 and, in addition, to submit a takeover offer to the other shareholders in accordance with New Zealand law.

A further point of discussion in the meeting were personnel matters relating to the Board of Management, including the contractually agreed regular review of the fixed component of remuneration paid to the individual members of the Board of Management as well as the renewal of the employment contracts of Board members Dr. Josef Krapf and Roland Schuler. In addition, the Supervisory Board consulted on the results of previous meetings held by the Audit Committee, the Lending and Investment Committee and the Strategy Committee.

In the meeting convened to review the Group's accounts on 28 March 2012, the Supervisory Board deliberated on the financial statements and the management report on BayWa AG and on the Group as per 31 December 2011 and discussed the report on the audit performed. The meeting also concentrated on the agenda of the Annual General Meeting of Shareholders to be held on 30 May 2012. Moreover, the Supervisory Board addressed the topic of the remuneration of the Board of Management.

Committees of the Supervisory Board

The Supervisory Board has set up a total of six committees to enhance the efficiency of its work. These committees prepare resolutions for the Supervisory Board and issues for discussion by the entire Supervisory Board. In as much as permissible under the law, decision-making powers of the Supervisory Board were delegated to the committees on a case-by-case basis. With the exception of the Audit Committee, the office of Chairman in respect of all committees is held by the Chairman of the Supervisory Board. The Supervisory Board was kept informed in its meetings about the work of the committees and their resolutions by the respective chairmen.

Supervisory Board Chairman Manfred Nüssel and the Supervisory Board members Erna Kurzwarth, Albrecht Merz, Gunnar Metz and Gregor Scheller belong to the Audit Committee. The Chairman of the Audit Committee is Albrecht Merz. BayWa AG has therefore adopted the suggestion of the German Corporate Governance Code which proposes that the Chairman of the Supervisory Board should not hold the office of Chairman of the Audit Committee. The Audit Committee held two meetings in the reporting year. In the presence of the independent auditor, the Chairman of the Board of Management and the Chief Financial Officer, the committee discussed the separate financial statements of BayWa AG and the consolidated financial statements, the report of management on the company and the Group, the audit reports, as well as the proposal for the distribution of profit in its meeting on 25 March 2011. Members of the committee were provided with the respective reports and other audit reports and documentation pertaining to the accounts in good time. Other key areas of Audit Committee tasks were the assessment of the risk status and the current risk management system, particularly the early warning system for risks and the EDP system. Moreover, the results of the tender procedure for the selection of the independent auditor for 2011 were discussed, the statement declaring the independence of the independent auditor pursuant to Code Item 7.2.1 of the German Corporate Governance Code was obtained, and the audit fees determined. A resolution on a recommendation was drawn up for the Supervisory Board to propose Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Munich, to the Annual General Meeting of Shareholders as the independent auditor for the financial year 2011.

The meeting on 8 November 2011 dealt with the assignment of audit mandates and establishing the key audit areas in respect of the 2011 annual financial statements.

In its meeting on 27 March 2012, the Audit Committee also consulted on the choice of the independent auditor for the financial year 2012 and recommended to the entire Supervisory Board that a proposal be put to the Annual General Meeting of Shareholders on 30 May 2012 in favour of appointing Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Munich.

Supervisory Board Chairman Manfred Nüssel and Supervisory Board members Ernst Kauer and Gregor Scheller belong to the Board of Management Committee. The Board of Management Committee held two meetings in the reporting year. The Board of Management Committee concerned itself in particular with the recommendations for the Supervisory Board on the variable and fixed components of Board of Management member remuneration and on the renewal of the employment contracts of Board of Management members Dr. Josef Krapf and Roland Schuler.

Supervisory Board Chairman Manfred Nüssel, Dr. E. Hartmut Gindele, Prof. Dr. h. c. Stephan Götzl, Dr. Johann Lang, Gunnar Metz, Ernst Kauer and Bernhard Winter belong to the Strategy Committee. The Strategy Committee met four times in the reporting year and concentrated mainly on the detailed preparation of Supervisory Board meetings. In addition, it discussed the company's strategy as well as current projects in the company and investment projects. In an extraordinary meeting on 29 September 2011, the committee addressed the topic of the investment in Turners & Growers Ltd. Moreover, the acquisition of shares in Tecno Spot GmbH, Italy, was approved. In its meeting on 8 November 2011, the agreement to be signed on the purchase of shares in Turners & Growers as well as the hiving off of the DIY & Garden Centres Business Unit formed the focus of consultation. The Strategy Committee submitted the recommendation to the Supervisory Board to grant approval for these two strategic projects.

Supervisory Board Chairman Manfred Nüssel and the Supervisory Board members Ernst Kauer, Otto Kentzler, Dr. Johann Lang, Gregor Scheller, Georg Fischer and Werner Waschbichler belong to the Lending and Investment Committee. The Lending and Investment Committee held two meetings in the reporting year. The committee monitors investment activities and reviews lending activities and exposures in line with the authorisations it has been granted. Beyond this, the committee dealt with the settlement of the 2010 investment budget and the investment budgets for 2011 and 2012.

Supervisory Board Chairman Manfred Nüssel, Prof. Dr. h. c. Stephan Götzl and Dr. Johann Lang belong to the Nomination Committee. The committee is tasked with preparing the proposals for shareholder representatives on the Supervisory Board for election by the Annual General Meeting of Shareholders. As no Supervisory Board elections are currently imminent at BayWa AG, the Nomination Committee did not meet in the period under review.

Supervisory Board Chairman Manfred Nüssel and the Supervisory Board members Ernst Kauer, Otto Kentzler and Bernhard Winter belong to the Mediation Committee, set up pursuant to Section 27 para. 3 of the German Codetermination Act (MitbestG). The committee did not have to be convened in the financial year 2011.

Corporate Governance

In an awareness of the important contribution made by Corporate Governance to the transparent and good management of the company, the Supervisory Board regularly deliberates on related matters. More information on Corporate Governance as well as the amount and structure of remuneration received by the Supervisory Board and the Board of Management can be found in the Declaration on Corporate Governance.

The Board of Management and the Supervisory Board adopted the recommendations of the German Corporate Governance Code in the version dated 26 May 2010 with very few exceptions in its meeting on 9 November 2011. The Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act is included in the Declaration of Conformity pursuant to Section 289a of the German Commercial Code. It has also been posted on the company's website at www.baywa.com under the Investor Relations heading.

All members of the Supervisory Board participated in at least half of the Supervisory Board meetings held in the reporting year.

Members of the Board of Management and of the Supervisory Board report any conflict of interest without delay to the Supervisory Board. In the financial year 2011, there were no conflicts of interest in respect of members of the Board of Management or members of the Supervisory Board.

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 2011, as well as the management report on BayWa AG and on the Group, have been audited by Munich-based Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, and were both approved without qualification.

The Supervisory Board carefully examined the financial statements of BayWa AG, drawn up by the Board of Management in accordance with the German Commercial Code, and the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) and the additionally applicable standards set out under Section 315a of the German Commercial Code, as well as the management report on BayWa AG and on the Group in its meeting on 28 March 2012 and discussed them in detail in the presence of the external auditor and the Board of Management. The key points of the 2011 audits as defined by the Audit Committee were also extensively discussed. All audit reports and documentation pertaining to the financial statements were made available to all Supervisory Board members in good time. The Supervisory Board concurred with the findings of the financial statements audit in its meeting on 28 March 2012. The audit reports and the documentation on the financial statements were the subject of in-depth deliberation at a prior date by the Audit Committee in its meeting on 27 March 2012. The Audit Committee discussed the separate financial statements and the consolidated financial statements, the management report on the company and the Group, the audit reports, as well as the proposal for the distribution of profit in the presence of the external auditor in its meeting on 27 March 2012. In accordance with the conclusive findings of the Supervisory Board no objections were raised against the financial statements. The Supervisory Board therefore ratified the separate financial statements of BayWa AG and the consolidated financial statements of the BayWa Group on 28 March 2012, which are hereby adopted.

The proposal of the Board of Management on the appropriation of profit available for distribution through paying dividend of €0.60 per share has been reviewed and approved by the Supervisory Board.

During the Supervisory Board meeting on 28 March 2012, the external auditor also reported that there were no substantial weaknesses in the internal control system and the risk management system in respect of the accounting process. The Board of Management has thus taken all the appropriate measures to fulfil its obligations in this regard.

Changes to the Supervisory Board and to the Board of Management

In the reporting period, there were no changes to the Supervisory Board and to the Board of Management. The employment contracts of Board of Management members Dr. Josef Krapf and Roland Schuler were renewed for another five years respectively.

The Supervisory Board thanks the members of the Board of Management, the employees as well as the employee representatives of BayWa AG and all Group companies for their work. Their dedicated commitment has once again contributed to BayWa AG's success in the financial year 2011.

Munich, 28 March 2012
On behalf of the Supervisory Board

Manfred Nüssel
Chairman

Corporate Governance Report / Statement on Corporate Governance Declaration of Conformity pursuant to Section 289a of the German Commercial Code (HGB)

The Board of Management and the Supervisory Board of BayWa AG report on the management and supervision of the company in this declaration, drawn up pursuant to Section 289a of the German Commercial Code and Code Item 3.10 of the German Corporate Governance Code. The Declaration of Conformity has been made permanently available on the company's website under the Investor Relations heading.

The Board of Management and the Supervisory Board of BayWa AG are committed to good corporate governance. It is the conviction of the Board of Management and the Supervisory Board that responsible management of the company, geared to the long-term, in accordance with good transparent corporate governance, contributes to sustainably raising the company's value and fostering the trust of investors, financial markets, customers, and the public at large.

1 Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG)

The Board of Management and Supervisory Board of BayWa AG submitted Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act on 4 August 2010. In the context of a regular reviewing of which recommendations under the German Corporate Governance Code are to be adopted by BayWa AG, the Board of Management and the Supervisory Board of BayWa AG amended the Declaration of Conformity on 9 November 2011 as follows:

The Board of Management and the Supervisory Board of BayWa AG declares that the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated 26 May 2010 (published in the electronic German Federal Gazette on 2 July 2010) has been and will be complied with, to the exception of the following:

No postal votes – Code Item 2.3.3 sentence 2 GCGC

In Code Item 2.3.3 sentence 2, the GCGC recommends that the company should also assist shareholders in the use of postal votes and with proxies.

The Articles of Association of BayWa AG have not yet provided for the option of postal voting. In our view, postal votes have not yet been sufficiently tested, and there have been difficulties particularly in respect of ascertaining the authenticity of votes thus submitted. Moreover, BayWa AG already offers its shareholders the option of entrusting the exercising of their voting rights to a proxy appointed by the company. Shareholders therefore already have the possibility of submitting their votes before the day of the Annual General Meeting of Shareholders. Securing the rights of shareholders by having the additional option of postal votes would not ultimately serve to facilitate the process further.

As, for the aforementioned reasons, the Articles of Association of BayWa AG do not yet provide for postal voting, the recommendation under Code Item 2.3.3 sentence 2 of the GCGC of supporting shareholders through postal voting has not been followed.

Deductible under the D&O insurance for members of the Supervisory Board – Code Item 3.8 para. 3 GCGC

In Code Item 3.8 para. 3, the GCGC recommends a deductible to be provided for when a Directors & Officers (D&O) insurance policy is taken out for members of the Supervisory Board. BayWa AG has concluded a D&O insurance on behalf of the members of the Supervisory Board which does not provide for a deductible in respect of its members. BayWa AG is not of the opinion that the motivation and the responsibility with which the members of the Supervisory Board discharge of their duties would be improved by having a deductible in the D&O insurance policy.

Severance payment cap – Code Item 4.2.3 para. 4 GCGC

In Code Item 4.2.3 para. 4, the GCGC recommends that, when Management Board employment contracts are concluded, care should be taken to ensure that, in the event of premature termination of a Board member's activities without serious cause, payments made to the Board member, including supplementary benefits, do not exceed the value of two years compensation (severance cap) and compensate no more than the remaining term of the employment contract. The employment contracts of members of the Board of Management of BayWa AG do not include such a provision. The amount of any possible severance payment is part of an agreement to be signed upon termination of Board member activities and therefore depends on reaching an agreement with the respective member of the Board of Management. Even if such a contractual provision were to be included, a member of the Board of Management could nonetheless insist upon having the full scope of claims arising from the employment contract paid out and otherwise refuse to give his consent to the termination of his Board member contract. Moreover, BayWa AG is convinced that having such a clause is unnecessary as, even without it, the Supervisory Board will take sufficient account of the interests of the company in negotiations with the member leaving the Board of Management and not grant an excessive severance payment.

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

Contrary to Code Item 4.2.4 GCGC, the compensation of the Board of Management members was and is not itemised. Instead it is divided up into fixed and variable/performance-related components and disclosed annually in the Notes to the Consolidated Financial Statements. The relevant resolution has been passed by the Annual General Meeting of Shareholders in accordance with Section 286 para. 5 of the German Commercial Code and Code Item 4.2.4 sentence 3 GCGC. The compensation of Board of Management members has not been itemised as, in the medium term, this would lead to an levelling off of Board member compensation which would no longer take account of the performance of the individual Board members.

No fixed age limit for the Board of Management and the Supervisory Board – Code Item 5.1.2 para. 2 sentence 3 and Code Item 5.4.1 para. 2 sentence 1 GCGC

In the current versions of the bylaws applicable to the Board of Management and the Supervisory Board, and contrary to the recommendations in Code Item 5.1.2 para. 2 sentence 3 on the one hand, and Code Item 5.4.1 para. 2 sentence 1 GCGC on the other, there are no restrictions on age for membership in the Board of Management and the Supervisory Board. BayWa AG reviews the ability to perform and the competence of the members of its executive and supervisory bodies on an ongoing basis. Age alone is not indicative of the ability of a current or potential member of such a body to perform their duties. For this reason, BayWa AG does not consider fixed age limits, which also restrict flexibility in respect of personnel decisions and the number of potential candidates, expedient.

Specification of concrete objectives for the composition of the Supervisory Board – Code Item 5.4.1 para. 2 and para. 3 GCGC

In the new version of the GCGC dated 26 May 2010, new recommendations were introduced under Code Item 5.4.1 para. 2 and para. 3 under which the Supervisory Board shall specify concrete objectives for its composition and, while considering the situation specific to the company, take into account the international activities of the company, potential conflicts of interest, an age limit to be specified for the members of the Supervisory Board and diversity. These concrete objectives shall, in particular, stipulate an appropriate degree of female representation. Recommendations by the Supervisory Board to the competent election bodies shall take these objectives into account. The Supervisory Board is investigating the issue of which concrete objectives are expedient for the composition of the Supervisory Board, particularly with regard to an appropriate degree of female representation. As the next regular elections to the Supervisory Board are only due at the Annual General Meeting of Shareholders in 2013, the Supervisory Board has as yet not formed a conclusive opinion, especially in view of the fact that the requirements specific to the company in relation to concrete objectives for the composition are likely to have changed by the year 2013. Accordingly, the Supervisory Board has to date refrained from specifying concrete objectives for its composition.

Information on compensation received by members of the Supervisory Board – Code Item 5.4.6 para. 3 GCGC

Contrary to the recommendation under Code Item 5.4.6 para. 3 GCGC, the compensation of Supervisory Board members (including remuneration or benefit paid by the company to members of the Supervisory Board for services personally rendered, in particular the rendering of advisory and agency services) is not itemised. Instead it is divided up into fixed and performance-related components and disclosed annually in the Corporate Governance Report. The information included in the Corporate Governance Report clearly shows the structure and the amount of compensation 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 its shareholders.

Munich, 9 November 2011
BayWa Aktiengesellschaft
The Board of Management The Supervisory Board

2 Management and control structure of the company

The Board of Management and the Supervisory Board

As a company with its principal place of business in Munich, Germany, BayWa AG is subject to the provisions laid down under German law. The executive and supervisory bodies consisting of the Board of Management and the Supervisory Board form the dual-tier management and control structure in accordance with the provisions under German stock corporation law. The Board of Management and the Supervisory Board work closely together in the interest of the company. Their joint goal is to ensure the company's continued existence and sustained value.

Board of Management's duties and practices

The Board of Management, which is currently composed of five members, is independently responsible for running the company, developing the corporate strategy, agreeing the strategy with the Supervisory Board and ensuring that it is implemented. It is responsible for the company's annual and multi-year planning as well as for the preparation of the interim reports and the annual and consolidated financial statements. The Board of Management ensures that legal provisions, official rules and regulations as well as the company's internal guidelines are observed, and it works towards the Group's compliance with them. The Board of Management reports to the Supervisory Board regularly, promptly and comprehensively on all issues pertaining to planning, the development of business, the earnings, financial position and assets, the risk situation, risk management and compliance. The Supervisory Board is directly involved in all decisions of fundamental importance for the company. Furthermore, such decisions are subject to approval by the Supervisory Board. The Board of Management ensures that there is open and transparent communication within the company.

The Board of Management manages the company's business under its own responsibility. The principle of joint responsibility applies, meaning that the members of the Board of Management jointly bear the responsibility for the managing of the company. Each Board member is assigned certain tasks to be specifically handled under the allocation of duties plan (Geschäftsverteilungsplan). Certain decisions, especially those requiring the Supervisory Board's approval or for which the Board of Management is responsible under the law or the Articles of Association, are reserved for the entire Board of Management under the bylaws. Moreover, a resolution must also be obtained from the entire Board of Management in respect of matters which have been submitted to the Board of Management by the Chairman or by a Board member.

Meetings of the Board of Management take place at least once a month. They are convened by the Chairman of the Board of Management. He also sets the agenda and chairs the meetings. The Board of Management is quorate if all members have been invited and at least half of the Board members, including the Chairman, take part in deciding a resolution. The resolutions of the Board of Management are valid through a simple majority of votes cast. In the event of a tie vote, the Chairman shall have the casting vote. Upon instruction by the Chairman, resolutions can also be passed outside of meetings by way of votes cast in writing or by telephone.

The Supervisory Board's duties and practices

The Supervisory Board of BayWa AG appoints the members of the Board of Management and advises and supervises the Board of Management in its management of the company. The Supervisory Board is made up of sixteen members. In accordance with the German Codetermination Act (Mitbestimmungsgesetz – MitBestG), it is composed in equal parts of representatives of the shareholders and of the employees. The Supervisory Board is composed of a sufficient number of independent members. Members are deemed independent if they have no business or personal ties to the company or to the Board of Management which could constitute a conflict of interest. Board member Albrecht Merz was – and still is – on the management board of a company that has business ties to BayWa AG. However, business with this company was always conducted under the same conditions as those with other parties (at arm's length). The independence of the respective Supervisory Board member was, and is, therefore not affected by these transactions. No former members of BayWa AG's Board of Management belong to the Supervisory Board. There were no changes to the Supervisory Board in the reporting year.

A set of bylaws regulates the tasks of the Supervisory Board, in particular the internal organisation, the activities of the committees and the regulations governing approval by the Supervisory Board for decisions of the Board of Management. Meetings of the Supervisory Board take place at least once every quarter and, in addition, whenever necessary for business reasons. Meetings are convened by the Chairman, and if he is detained by the Vice Chairman.

The Supervisory Board must also be convened if one of its members or the Board of Management requests it, stating the reasons. The Supervisory Board only has a quorum if eight members – including the Chairman – or twelve members take part in the meeting and in deciding on the resolution. Resolutions of the Supervisory Board or one of its committees passed in writing, by telegraph, telephone, electronic media or telefax are only permitted if the Chairman of the Supervisory Board or, if he is detained, the Vice Chairman has given the requisite instruction. Decisions generally require a simple majority. In the event of a tie vote, the Chairman of the Supervisory Board has a dual voting right in the second round if votes are cast equally again.

The Supervisory Board meets without members of the Board of Management to the extent that this is necessary for independent discussion and decision. There is a standardised procedure for regularly reviewing the efficiency of the Supervisory Board's work. BayWa AG has taken out a D&O insurance for the members of the Board of Management and the Supervisory Board which covers the personal liability risk in the event that financial damages are asserted against board members in the exercising of their duties. There is currently no deductible for members of the Supervisory Board (cf. reasons cited in the Declaration of Conformity above). In accordance with the provisions of the German Act on the Appropriateness of Executive Remuneration, BayWa AG has provided for a reasonable deductible on the D&O insurance taken out for members of the Board of Management.

Committees of the Supervisory Board

BayWa AG's Supervisory Board has set up six committees of experts to enhance the efficiency of its work. The respective committee chairmen report regularly to the Supervisory Board on their committee's work. For full details of the composition of each individual committee, please see the Report by the Supervisory Board.

The Audit Committee concentrates mainly on the documentation of the independent auditor in respect of auditing the annual and consolidated financial statements and prepares them for adoption by the Supervisory Board. The committee also supervises the accounting process, the annual audit and the effectiveness of the internal control, risk management and internal audit systems. It checks the auditor's independence, agrees on the key points of the audit and on the fees with the auditor. On 15 June 2011, the Annual General Meeting of Shareholders nominated Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Munich, as the auditor for the financial year 2011. The Supervisory Board ensures that the committee members can act independently, and that they are familiar with and experienced in applying a special know-how associated with the application of accounting rules and the internal controlling procedures. The Audit Committee is made up of three shareholder representatives, the Chairman of the Supervisory Board, and two employee representatives.

The Board of Management Committee concerns itself with personnel matters affecting the Board of Management, such as the content of board member contracts and the approval of sideline activities. The Board of Management Committee performs the preparatory work for the determination of the remuneration paid to the individual Board of Management members. The committee is composed of the Chairman of the Supervisory Board as well as one shareholder representative and one employee representative.

The Strategy Committee is mainly concerned with the preparation of Supervisory Board meetings. Moreover, the committee monitors and supervises the company's strategic orientation as well as the implementation of current company projects. It is composed of the Chairman of the Supervisory Board, three shareholder representatives and three employee representatives.

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

The Nomination Committee is tasked with preparing the proposals of the Supervisory Board for the election of shareholders representatives to the Supervisory Board by the Annual General Meeting of Shareholders. It is composed of the Chairman of the Supervisory Board and two shareholder representatives.

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

The committees' practices are set out in the Articles of Association and in the bylaws of the Supervisory Board. Furthermore, the Supervisory Board may entrust one or more of its members with special control functions. More information on the activities of the Supervisory Board and its committees in the financial year 2011 can be found in the Report by the Supervisory Board. The names of the members belonging to the various committees are also listed there.

Shareholders and the Annual General Meeting of Shareholders

The organisation and execution of BayWa AG's Annual General Meeting of Shareholders is carried out with the aim of informing all shareholders swiftly and extensively before and during the event. All shareholders listed in the share register (Aktienregister) and who have duly registered in good time are entitled to participate. BayWa AG offers its shareholders the possibility of having their vote exercised in accordance with their personal instructions by a voting proxy appointed by the company. The Annual General Meeting of Shareholders decides, among other things, on the appropriation of profit, the discharge of the Board of Management and Supervisory Board as well as the nomination of the auditor. Decisions on changes to the Articles of Association and on measures that may change the share capital are exclusively reserved for the Annual General Meeting of Shareholders, to the exception of the use of authorised capital by the administration. The share capital of BayWa AG is divided into shares with restricted transferability (approximately 96%) and registered shares (approximately 4%). Transferring registered shares with restricted transferability is formally subject to the Board of Management's consent. However, in the past approval has never been withheld. Each share of BayWa AG carries equal voting rights and confers the same dividend entitlement. The company therefore applies the "one share, one vote, one dividend" principle.

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

According to Section 15 of the German Securities Trading Act, the members of the Board of Management and the Supervisory Board, and persons close to them, are required by law to disclose the acquisition and sale of shares in BayWa AG or financial instruments related thereto if the value of such transactions equals or exceeds an amount of €5,000 in a given calendar year. This also applies to certain employees with managerial functions (executive managers, for instance). In the financial year 2011, BayWa AG did not receive any notifications on securities transactions conducted by the Board of Management and the Supervisory Board in BayWa's shares (ISIN: DE 0005194062/securities identification number 519 406).

Shareholdings by the Board of Management and the Supervisory Board

As per 31 December 2011, the number of shares held in BayWa AG by members of the Board of Management and the Supervisory Board came to less than 1% of the shares issued by the company. There were therefore no holdings requiring reporting under Code Item 6.6 of the German Corporate Governance Code.

Avoidance of conflicts of interest

Under the bylaws of the Board of Management, its members are obliged to disclose any conflicts of interest to the Supervisory Board without delay and to inform the other members of the Board of Management thereof. Under the bylaws of the Supervisory Board, its members must disclose any conflicts of interest, particularly those that could occur due to consultancy or board functions at customers, suppliers or lenders or other business partners, to the Supervisory Board without delay. Significant conflicts of interest in the person of a Supervisory Board member which are not of a temporary nature should lead to the termination of the mandate. In the recently completed financial year 2011, there were no conflicts of interest in respect of the members of the Board of Management or of the Supervisory Board in the exercising of their duties on behalf of BayWa AG.

Remuneration of the Board of Management and the Supervisory Board

As regards the remuneration of the Board of Management and the Supervisory Board in the financial year 2011, we refer to the Remuneration Report set out below which is part of the Management Report on the Group.

Additional information on management practices

BayWa AG's Code of Ethics lays down principles under a code of conduct pertaining to information, business partners and the property of BayWa AG. The Code of Ethics is a guideline binding on all employees. In addition, an internal control system has been set in place to ensure compliance with the law, statutory provisions and internal guidelines as well as to avoid actions detrimental to business, which also includes prevention, monitoring and intervention. Furthermore, the employees have the option of applying to the external legal council mandated by BayWa AG to serve as an ombudsman in the event of occurrences in the company which do not comply with the law or grievances in cooperation with business partners/companies.

In order to avoid breach of regulations against the prohibition or insider trading pursuant to Section 14 of the German Securities Trading Act, the company has all persons who are deemed insiders under the legal provisions confirm in writing that they were informed about all relevant statutory provisions governing trading in the shares of the company. All persons who, owing to their activities and authorisations, may have access to potential insider information are listed in a groupwide Insider Register. The compliance officer monitors the regular keeping of the Insider Register. The Code of Ethics has been made publicly available on the company's website at www.baywa.com.

3 Other aspects of good corporate governance

Communication and transparency

BayWa AG communicates regularly and promptly on the development of business as well as on its earnings, financial position and assets. In order to guarantee an ongoing exchange of information with the capital market, the company holds regular events as part of its investor relations activities featuring the Chief Executive Officer and Chief Financial Officer for analysts and institutional investors in the form of road shows and individual meetings. Press conferences and conference calls with analysts on the business performance are held every quarter. The annual results are released at an Annual Results Press Conference and at an analysts' meeting. All new information disclosed to financial analysts and similar parties in the context of the aforementioned investor relations activities is also made available to the shareholders without delay. All relevant presentations and press releases are promptly published on the website of BayWa AG. BayWa AG places great importance on ensuring that all shareholders are treated equally with regard to information.

The dates of the main recurring publications (inter alia the annual report and interim financial reports) and the date of the Annual General Meeting of Shareholders are published in the financial calendar in good time. Current developments are reported in press releases and, if necessary, in ad-hoc releases. All information is also made accessible on the company's website under www.baywa.com.

Responsible action and risk management

The aim of risk management at BayWa AG is to identify the risks of entrepreneurial action at an early stage and evaluate them. Risk management is therefore an integral part of the company's planning and management and control processes. The internal management and control, risk management and audit system is developed by the Board of Management on an ongoing basis and adjusted to changes in the environment. Parts of the internal management and control and risk management system for the accounting processes are examined by the external auditor. More information on the structure and the processes of risk management is included in the Management Report.

Remuneration Report

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

Total remuneration of the Board of Management

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

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

In addition, there are pension commitments for the members of the Board of Management. These commitments are based partly exclusively on the most recent fixed salary (5% or 30%), and partly on the number of years of service to the company (with increases limited to 35% and 50% of the salary most recently received). The retirement age has been set at 65 years (full year). As per 1 December 2011, obligations from pension commitments were partly transferred to an external pension fund in the form of an earned entitlement. Running payments made to the pension fund are included in the overall remuneration disclosed for the Board of Management.

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

The total remuneration of the Board of Management comes to €5.238 million (2010: €7.281 million); of this amount €2.268 million (2010: €2.522 million) is variable. Contributions amounting to €0.402 million (2010: €0.325 million) were paid in benefits after termination of the employment contract (pensions).

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

Remuneration of the Supervisory Board

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

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

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

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

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

The total remuneration of the Supervisory Board comes to €0.538 million (2010: €0.463 million), of which €0.250 million is variable (2010: €0.192 million).

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

Imprint

Project management and coordination
BayWa AG, Munich
PR/Corporate Communication

Text
BayWa AG, Munich
Finance/Investor Relations
PvF Investor Relations Peters von Flemming & Partner,
Frankfurt am Main

Translation
Diana Polkinghorne
DP Business & Financial Translations

Concept and design
Strichpunkt GmbH, Stuttgart / Berlin
www.strichpunkt-design.de

Image sources
Thomas Dashuber (photos of the Board of Management),
BayWa AG

Printing and binding
Druckhaus König, Munich

For more information please contact
BayWa AG
Investor Relations
Arabellastr. 4
81925 Munich
Germany
Telephone +49 (0)89 9222-3887
Telefax +49 (0)89 9212-3887
e-mail investorrelations@baywa.de

BayWa website: www.baywa.de; www.baywa.com

Language versions
This annual report is available in German and English. Only the German version is legally binding. Both versions can be viewed/downloaded from the company's website under www.baywa.de or www.baywa.com.

The paper used for this annual report has been certified by the FSC. By purchasing FSC products, we support responsible forest management verified according to the stringent social, ecological and economic criteria of the Forest Stewardship Council.

Financial Calendar

Dates in 2012

29 March 2012

Annual Results Press Conference

BayWa Building, Munich ▪ 10.30 a.m.

30 March 2012

Analysts' Conference

Frankfurt am Main ▪ 11.00 a.m.

10 May 2012

First Quarter Results

Press release

10 May 2012

Analysts' Conference Call on the First Quarter

2.00 p.m.

30 May 2012

Annual General Meeting of Shareholders

ICM, Munich Trade Fair Centre ▪ 10.00 a.m.

9 August 2012

Press Conference on the First Half-Year/Second Quarter

BayWa Building, Munich ▪ 10.30 a.m.

9 August 2012

Analysts' Conference Call on the First Half-Year/Second Quarter

2.00 p.m.

12 November 2012

Press Conference on the First Nine Month/Third Quarter

BayWa Building, Munich ▪ 10.30 a.m.

12 November 2012

Analysts' Conference Call on the First Nine Month/Third Quarter

2.00 p.m.

BayWa AG
Arabellastr. 4
81925 Munich
Germany