INTERIM REPORT/
HALF-YEAR REPORT

of the BayWa Group
1 January until 30 June 2014

BayWa

Interim Report of the BayWa Group for the Period from 1 January until 30 June 2014

The Report provides information on the performance of the BayWa Group in the second quarter and the first six months of the financial year 2014.

Agriculture Segment strong in volatile markets; Energy and Building Materials Segments on course.

in € million	**Q2/14**	Q2/13	%	**6M/14**	6M/13	%
Revenues	4,077.1	4,560.0	-10.6	7,691.0	8,272.8	-7.0
EBIT	57.8	164.5	-64.9	62.1	157.2	-60.5

After recording an extremely strong first quarter, the business performance of the BayWa Group normalised in the second quarter of the year. In the first six months of the year, consolidated revenues came to €7.7 billion, down 7% year on year. The operating result before interest and tax (EBIT) from the segments' business activities fell in the reporting period by 9.2% to €91.7 million, mostly as a result of the development of the Agriculture Segment. The main reasons for this decline were a further fall in agricultural commodity prices, which led to apprehension in buying activities and a lower willingness to sell among industry stakeholders and farmers, and the lower earnings potential of the previous year's harvest inventories. The Group generated impressive growth in the Building Materials Segment in the first half of the year as well as in the Renewable Energies business sector.

Grain trading sales in the Agriculture Segment fell year on year in the first six months of 2014 on account of reticence among producers and buyers caused by the price trend and the lack of contract conclusions. This bottleneck is likely to clear in the course of the year and lead to brisk trade in the second half of 2014. The Agricultural Equipment business unit was one particular shining light in the Group, benefitting from solid demand for new and used machinery in the previous year and generating new record earnings. Fruit trading activities were unable to match the previous year's figures, although this year-on-year shortfall is likely to be recovered before the

financial year is out – not least thanks to the acquisition of New Zealand company Apollo Apples Limited.

In the Energy Segment, fossil fuels trading saw much lower demand for heating oil than in the previous year as a result of the short and mild winter. However, this anticipated decline was able to be compensated for, above all by the Renewable Energies business sector. Here, earnings increased by roughly 33% year on year as a result of the planned sale of several wind and solar parks, predominantly from the portfolio in Great Britain.

The half-year results in the Building Materials Segment reflect the positive overall trend in the construction sector. The increase in demand for building materials was also boosted by the mild winter. As a result, the typical losses at the start of the first quarter were able to be reversed by the midway point of 2014. Restructuring costs from the sale of building materials locations in North Rhine-Westphalia and Rhineland-Palatinate had a negative impact on Group earnings. The revenues and earnings contributions of the sold sites are now posted in the Other Activities Segment, as they are no longer attributed to the core segment and constitute final expenses.

The problematic framework conditions in the agricultural sector, coupled with structural changes within the Group, mean that the second half of the year is likely to prove challenging, but opportunities should present themselves if markets develop positively. In the Energy and Building Materials Segments, business development thus far and the current climate provide a solid basis for the second half of the year.

Segments of the BayWa Group

Agriculture Segment

in € million	**Q2/14**	Q2/13	%	**6M/14**	6M/13	%
Revenues	2,684.6	3,116.8	-13.9	5,284.2	5,834.9	-9.4
EBIT	37.6	66.4	-43.3	66.2	87.5	-24.3

Industry trends

The excellent supply of grain and oilseed to the global market is likely to continue in the 2014/15 harvest season. At the moment, all forecasts for global grain production indicate that harvest volumes will remain roughly similar to the record-breaking 2013/14 harvest year. The International Grain Council (IGC), expects the global wheat harvest to exceed 702 million tonnes (2013: 710 million tonnes) and corn production to exceed 969 million tonnes (2013: 974 million tonnes). In addition favourable growth conditions for soy and corn have been reported in the USA with correspondingly high yield expectations. For the harvest in the European Union (EU), trading association Coceral even expects grain production to rise by 0.4% year on year to 303 million tonnes. As the EU's second-largest crop growing country, Germany is set to make a major contribution to this trend: The Deutscher Raiffeisenverband (German Raiffeisen Association – DRV) forecasts that grain harvest volume will rise by 1.1% to 48.3 million tonnes compared to last year's above-average harvest. So far, harvest activities have revealed extremely good harvest quality, which varies according to differences in precipitation in different regions. High hopes in terms of harvest yields are reflected in the recent development of agricultural commodity prices: After the rise in prices in the first quarter of 2014 due to the Ukraine crisis and other factors, grain exchange prices on the MATIF futures exchange have been falling continuously since May and are currently trading at between €170 and €175 per tonne for milling wheat and between €160 and €165 per tonne for corn. As a result, farmers have exercised caution recently in terms of their willingness to sell goods. Fertiliser prices have experienced a similar trend, rising in the first few months of 2014 due to high weather-related demand and a somewhat tense supply situation. Since mid-May, prices have fallen once again, meaning that early calcium ammonium nitrate prices for the new fertiliser

year are almost on par with the previous year's low figure and early urea and nitrogen prices are slightly down on the level for 2013. The early start to the season and combination of wet and warm weather over the last few weeks is likely to have helped the crop protection sector boost its sales figures. Following the unusually positive 2013 for agricultural equipment, investment propensity among German farmers has remained stable. However, incoming orders for machinery and equipment in the reporting quarter failed to match the record-breaking figures of the previous year. This is also shown by the number of newly registered tractors, which fell by 1.8% year on year in the first half of 2014. Growing interest in innovations in smart and precision farming as well as farm and animal equipment shows that farmers' liquidity situations remain positive. This year's fruit harvest in Germany is likely to benefit from optimal weather conditions – with a mild winter being followed by a sunny spring and, more recently, hot summer weather – with volumes likely to increase compared to 2013 and quality set to be higher. In New Zealand, where the harvest has already been completed, fruit farmers also reported improved apple quality and larger fruit sizes compared to the previous year. Due to the fact that harvest volume also reached the high levels of 2013, rising sales income is expected this year.

Business development

In the first half of 2014, agriculture was shaped by an increasingly challenging market environment. Against this backdrop, the Group generated revenues of just under €5.3 billion through its Agriculture Segment, which comprises trading in agricultural produce and operating resources as well as the Agricultural Equipment and Fruit business units. The 9.4% fall in revenues compared to the same period the previous year was due to a significant fall in grain prices and stable agricultural equipment business. In the first six months of the current financial year, the operating result (EBIT) came to €66.2 million (2013: €87.5 million) after the extraordinarily good performance in the previous year. This means that the EBIT of the Agriculture Segment was slightly up during the first six months on the multi-year average, despite difficult framework conditions.

In the spring, the performance in the Agricultural Trade business unit was shaped by the prospect of unusually high global grain and oilseed harvests. Wheat and corn

prices lost ground in March on account of risk surcharges imposed as a result of the escalating Ukraine crisis and fell to autumn 2013 levels. In fact, prices are at their lowest since spring 2010. Against this backdrop, wholesale business was below average and customers were apprehensive in terms of their buying activities, both of which were due to a lack of willingness to sell grain inventories among farmers in BayWa's core regions. Price developments shrunk profit margins and had a particular impact on business development in the second quarter. Furthermore, average fertiliser prices were also down year on year in the first half of 2014. Revenues in this business unit declined accordingly compared with the first half of 2013 by 10.5% to just under €4.4 billion, even though the early start to the season and the wet and warm spring weather that followed caused sales of fertilisers and crop protection materials to rise. As at 30 June 2014, the business unit generated EBIT of €42.4 million (2013: €59.5 million). While international trade activities within the Group profited predominantly from the high turnover from the record global harvest last year, demand for GM-free soy meal in particular slumped in spring 2014. This, coupled with declining grain and oilseed prices, has recently had a negative impact on the business development of Dutch subsidiary Cefetra.

Fruit trading in the Group in the first six months of the current financial year was shaped by below-average sales caused by the recent poor fruit harvest in Germany. By contrast, this year's apple season in the Southern Hemisphere provided good harvest volume with outstanding fruit quality, which promises great sales potential for the rest of the year. Poor harvest performance in Germany during the first six months of the year was unable to be compensated for. Compared to the same period in the previous year, the business unit's revenues fell by 11.4% to €268.2 million. Alongside the decline in sales volumes in BayWa sales regions, delays in sales at New Zealand subsidiary Turners & Growers (T & G) also dampened business performance.
As at 30 June 2014, the Fruit business unit generated EBIT of €12.7 million (2013: €18.4 million). Earnings in the first six months of the previous year had been boosted by a number of one-off effects at T & G. Moving forward, development of fruit trading in the following quarters is likely to benefit from a good apple harvest forecast in Germany and a positive trend in demand for fruit from New Zealand.

In terms of business with tractors and other agricultural equipment, figures in the first half of 2014 matched the positive level generated the previous year. Declining sales of new machinery were balanced out by flourishing trade with used tractors. The 6% year-on-year rise in sales of used machinery together with the increase in demand for indoor equipment (farm and animal equipment) was one of the key factors in helping the business unit to be able to continue its stable development and generate revenues of €648.7 million in the reporting period (2013: €652.1 million). The operating result (EBIT) rose by 16.3% year on year to €11.2 million on account of strict cost management practices within the business unit and solid demand for service offerings. Given the fact that orders on hand are up year on year, nothing is likely to prevent this positive trend continuing over the rest of the year.

Energy Segment

in € million	**Q2/14**	Q2/13	%	**6M/14**	6M/13	%
Revenues	908.1	936.1	-3.0	1,605.5	1,666.4	-3.7
EBIT	17.8	15.7	12.9	17.5	17.7	-1.1

Industry trends

Following strong economic growth in Germany in the first quarter of 2014 due to the mild winter, this trend lost a little ground in the spring. The IFO Business Climate Index, which, in June, reached its lowest point of 2014 so far at 109.7 points, is a testament to this. According to experts, fears of the negative economic implications of the escalating conflict in the Middle East are one of the reasons for this trend. Down year on year until March, the price of oil increased at the start of the reporting period as the crisis in the Ukraine took hold. Over the rest of the quarter, the price per barrel of crude oil breached the USD110 dollar mark in the wake of further problems in Iraq but has since fallen back below this level. In Germany, the price of heating oil recently fell below €0.80 per litre and has therefore failed to match 2013 levels since the start of the year. Despite the consumer-friendly price trend, the sector has so far seen sluggish demand for heating oil, as tanks are likely to be sufficiently full due to the short heating period in 2013/14. As a result, total oil imports to Germany were down 1.6% year on year to the end of May. That being said, sales of fuels and

lubricants in Germany are likely to have benefitted from the 2.4% rise in new vehicle registrations compared to the end of 2013.

The key issue surrounding renewable energies was the reform of the Renewable Energy Sources Act (EEG) in Germany this spring. As per resolution of the German Bundestag and following the approval of the Bundesrat and the European Commission, these reforms came into force on 1 August 2014. They reduce guaranteed subsidies for electricity from new renewable energy plants from €0.17 per kilowatt-hour (kWh) to an average of €0.12/kWh. Moreover, the target for the renewable energy expansion was limited to 2.5 gigawatts (GW) per year for solar power and 100 megawatts (MW) per year for biomass. In addition, the expansion of onshore wind power plants is to be capped at 2.5 GW per year, although this doesn't apply to the repowering of existing wind power plants. Should these caps be exceeded, subsidy rates for additional new facilities are automatically reduced.
A fixed cap of 6.5 GW applies to the expansion of offshore wind plants until 2020.
In addition, an EEG surcharge, albeit a reduced one, must now be paid for the first time on electricity generated from renewable sources for private use. Existing plants are not affected by the changes. The new regulations provide greater planning security in Germany, meaning that the situation is likely to improve after a poor first half of the year for new solar plant installations in particular. In the EU, renewable energies experienced extremely strong growth, particularly in Great Britain. Alongside the expansion of wind energy plants, Great Britain also saw the installation of new solar plants with a total output of 1.5 GW in 2014. However, Asia remains the key driving force in the generation of solar and wind power. China and Japan are currently experiencing the highest growth rates in the world. Investment in wind energy is also rising again in the USA following last year's slump. Now, around one fifth of all global energy consumption is generated from renewable sources.

Business development

The Energy Segment encompasses Group activities in conventional energies with the trade of fossil and renewable fuels and lubricants as well as its business in renewable energies, which is pooled in BayWa r.e. renewable energy GmbH. Compared to the same period last year, revenues declined by 3.7% to approximately €1.6 billion in spite of major expansion in the Renewable Energies business sector;

this was due to contracting heating business. The international activities of BayWa r.e. were able to compensate for the lower earnings contributions from the conventional energy sector, which resulted in the operating result (EBIT) matching that of the previous year in the first half of 2014 at €17.5 million (2013: €17.7 million).

In the traditional trading and distribution business, demand for heating energy carriers in the first six months of the financial year was sluggish. Due to the unusually short heating period in the winter and the warm spring, sales of heating oil fell by 24% year on year and sales of wood pellets by 6%. This decline in sales volumes, coupled with heating oil prices remaining below the previous year's level, led to a 12.1% reduction in the business unit's revenues to €1.3 billion in the first half of 2014. A year-on-year rise in the sales of fuels and lubricants on account of the improved economic climate was unable to compensate for the poor heating business. In addition, lower-than-expected profit margins in petrol trading also had a negative impact during the reporting period. As a result, EBIT was down year on year at approximately €0.7 million after six months of 2014 (2013: €5.1 million). This fall is largely due to weak demand in Austria. The onset of cooler weather in autumn at the latest is likely to boost demand for heating oil, meaning that recovery effects in the convention energies business can be expected before the year is out.

In the Renewable Energies business sector, the importance of project business compared to solar trading activities increased further: After a number of plants were commissioned in Germany and Great Britain in the first quarter of 2014, June saw the completion of another solar park (4.9 MW) in Great Britain. The acquisition of a majority share in Swedish project management company HS Kraft AB also strengthened the order pipeline in this area. In addition, the internationalisation of business activities also proved worthwhile in trading with photovoltaic modules, as declining sales in continental Europe were practically able to be compensated for by developments at US subsidiary Focused Energy LLC. Revenues therefore rose by a significant margin once again after the strong previous year period. In the first half of the year, BayWa r.e. boosted its revenues by 62.3% to €306.3 million. The expansion of project business activities was also reflected in increased system sales. The Great Glemham solar park in Great Britain (19.5 MW) was sold in the reporting period, as well as a wind power plant with a total output of 18.4 MW. As a result, EBIT

increased in this business sector year on year by 33.4% to €16.8 million as at 30 June 2014. The investment bottleneck is likely to be relieved now that the Renewable Energy Sources Act (EEG) has come into force in Germany, particularly for solar power plants with a capacity of up to 10 KW, and demand for residential rooftop installations will be given a boost.

Building Materials Segment

in € million	**Q2/14**	Q2/13	%	**6M/14**	6M/13	%
Revenues	446.2	505.1	-11.6	724.9	766.4	-5.4
EBIT	21.3	22.5	-5.2	8.0	-4.2	> 100

Industry trends

The German building materials industry profited from an early start to the season in the first quarter of 2014 as a result of the lack of wintry weather. Revenues at craft enterprises and construction companies were up by 23% year on year as a result, after the long, hard winter of the previous year. Demand for building materials remained brisk in the spring, causing industry association Hauptverband der Deutschen Bauindustrie to recently raise its full-year guidance for the building materials industry's revenues by 1%. As a result, revenues are expected to rise by a nominal 4.5% in 2014. Favourable weather conditions and, above all, persistently high demand for new residential units is bolstering the positive industry development in Germany. As a result, residential construction is the primary driving force in the construction industry with year-on-year revenue growth predicted at 6%, followed by commercial construction at 3.5% and public-sector construction at 3.0%. This is also reflected in the number of building permits: Until May 2014, the number of successful applications for residential buildings rose by 8.1% and those for non-residential buildings by 1.7% compared to the same period last year. The persistently high capacity utilisation in the construction industry suggests that more leave time will be able to be burned off in the summer months and available capacities are likely to be reduced. The slight decline in the order intake situation in the industry also suggests a loss in momentum. However, given that an increase in construction orders is expected due to additional public-sector development grants and the low interest rate

environment continues to generate positive momentum for investment in property, the German construction sector's growth prospects are likely to remain stable over the year as a whole.

Business development

The Building Materials Segment mainly comprises BayWa Group trading activities involving building materials in Germany and Austria. In contrast to the same period the previous year, revenues and earnings contributions of the sold building materials sites in Rhineland-Palatinate and North Rhine-Westphalia, which were transferred to their new owners effective as at 1 May 2014 and 1 June 2014 respectively, were recognised under Other Activities. After the unusually early start to the 2014 season, building materials activities have so far profited from almost continuously favourable weather and a further rise in building permits. As a result, sales increased in almost all product categories in building materials trade compared to the same period the previous year, which was characterised by poor weather conditions. Using the same basis for calculation, this positive development in terms of sales volumes would be reflected in an increase in revenues; however, due to the non-adjusted figures from 2013, the segment posted a decline of 5.4% to €724.9 million. Both civil engineering products and construction products, where demand is higher, benefited from the favourable overall climate. As a result of the increased number of residential buildings constructed with gardens, sales of garden and landscaping products – some of which with high profit margins – also rose. Earnings rose by over €12 million as a result of the much improved business performance compared to the previous year period. In the first six months of the current financial year, the segment generated EBIT of €8.0 million (2013: €-4.2 million). Given that the summer and autumn months tend to constitute a period of high sales for the building materials industry, the management is confident of reaching its targets for the year in the Building Materials Segment.

Other Activities

Revenues of €76.4 million largely reflect the development of building materials trading activities in the current financial year until their respective sale of the sites in Rhineland-Palatinate and North Rhine-Westphalia, which were transferred to their new owners on 1 May 2014 and 1 June 2014 respectively. EBIT is made up of the earnings contributions from the sold building materials sites as well as the costs associated with their sale and the year-on-year rise in rental expenses. Taking additional account of consolidation effects, EBIT amounted to €-29.6 million. In the comparable period the previous year, the sale of BayWa AG property portfolios, taking into account offsetting effects, led to EBIT in this business unit of €56.2 million.

Report on the assets, financial position and result of operations

Asset position

As at the end of the first half of 2014, the BayWa Group had total assets of €5,086.7 million; the Group's assets increased slightly by €71.6 million as against the end of 2013.

Non-current assets rose by €8.2 million during the first half of the year to €1,923.0 million as at the reporting date, mainly due to the increase in property, plant and equipment. Investments in the modernisation and expansion of distribution locations (€59.6 million) and currency-related increases (€9.7 million) are offset by the depreciation and amortisation of assets (€47.9 million) as well as disposals (€9.2 million). Reclassifications and changes to the group of consolidated companies continue to impact the Group's assets. The accrual of a BayWa AG subsidiary that had previously not been taken into account for reasons of materiality led to a reduction in shares in affiliated companies. The reduction in loans to affiliated companies also contributed to a fall in financial assets. By contrast, capital increases impacted existing participations and subsidiaries not included in the group of consolidated companies. The increase in deferred tax assets also contributed to the rise in non-current assets.

Current assets increased by €86.4 million to €3,143.4 million, mainly due to increased business in the Agriculture and Building Materials Segments in the second quarter and a corresponding rise in trade receivables of €313.3 million to €1,015.0 million. Inventories on the other hand declined from €1,836.0 million at the end of the financial year 2013 to €1,629.7 million, which was primarily due to the Agricultural Trade business unit, as levels of produce and operating resources are low for seasonal reasons given the pending harvest. Inventories in the Fruit business unit increased from €27.5 million as at 31 December 2013 to €77.9 million following the completion of the harvest in New Zealand. Despite project disposals in the reporting period, inventories in the Renewable Energy business sector continued to rise on account of additional project developments. Other assets declined by €30.7 million, mainly due to a drop in commodities futures measured at market value.

As at the close of the first half of 2014, non-current assets and disposal groups held for sale included properties held for sale totalling €20.3 million; this was down on the value as at the end of 2013 (€23.0 million). This development was mainly due to the disposal of BayWa AG building materials locations in Rhineland-Palatinate and North Rhine-Westphalia in May and June of this year. As at 31 December 2013, these had been classified as a disposal group within the meaning of IFRS 5 due to the intention to sell.

The equity of the BayWa Group rose by €7.1 million to €1,189.1 million over the period under review. Net income of €25.4 million in the first half of the year is therefore offset by dividend payouts by BayWa AG and other Group companies totalling €30.5 million. In contrast, differences from currency translation disclosed under other reserves increased equity.

Non-current liabilities fell in the first half of the financial year from €1,419.0 million to €1,392.7 million. This drop was primarily due to the disposal of renewable energies project companies as well as the corresponding loss of project financing.

Current liabilities stood at €2,505.0 million at the end of the second quarter, up €90.8 million as against 31 December 2013. Trade payables climbed by €180.2 million to €946.8 million as at the reporting date for seasonal reasons.

Other liabilities on the other hand fell by €68.9 million, primarily due to a reduction in commodities futures measured at market value.

Financial position

The cash earnings of the BayWa Group amount to €76.4 million for the first half of 2014, down €88.6 million year on year, mainly due to the inflow of funds realised in the previous year from BayWa AG real estate disposals. A rise in trade receivables was offset by a seasonal decline in inventories in the Agricultural Trade business unit as well as an expansion in liabilities from operating activities; as a result, cash flows from operating activities for the first half of 2014 amounted to €106.8 million.

Cash outflows from investing activities were €39.5 million in the reporting period. This is mainly due to investments of €62.2 million in intangible assets and property, plant and equipment both at BayWa AG and the Group companies. Investments were also made in existing financial assets within the scope of capital increases. This effect was countered by incoming payments from the disposal of property, plant and equipment, in particular in connection with the sale of building materials locations in North Rhine-Westphalia and Rhineland-Palatinate, as well as the repayment of loans received from shareholdings. Last year's positive cash flow from operating activities of €91.8 million reflected in particular incoming payments from the disposal of BayWa AG real estate inventories, which offset the disposals of cash and cash equivalents for the acquisitions of Cefetra B.V. and Bohnhorst Agrarhandel GmbH.

At €-55.5 million, cash flow from financing activities includes dividend distributions by BayWa AG and other Group companies of €30.5 million as well as outgoing payments for loan repayments. In the previous year's period, cash flow from financing activities was shaped by the utilisation of funds released by BayWa AG real estate disposals to repay financial liabilities.

Total cash and cash equivalents have increased by €12.7 million since 31 December 2013 to €104.8 million due to the incoming and outgoing cash payments from operating, investment and financing activities, with outgoing funds from changes in the group of consolidated companies and exchange rates of €0.8 million also being taken into account.

Earnings position

The BayWa Group generated revenues of €7,691.0 million in the first half of 2014. Compared to the same period in the previous year, this corresponds to a decline of €581.8 million or 7.0%.

This was mainly due to business development in the Agriculture Segment. Revenues in the Agricultural Trade business unit declined by €512.7 million, or 10.5%, in the first half of 2014 to €4,367.3 million as a result of the year-on-year drop in grain and fertiliser prices. At €268.2 million, revenues in the Fruit business unit also fell slightly, declining by €34.5 million, or 11.4%. The higher harvest volume in the Southern Hemisphere was unable to offset below-average sales volumes in the Group's home regions resulting from a weaker fruit harvest. Revenues in the Agricultural Equipment business unit remained on par with the previous year's level, only declining by a slight 0.5% to €648.7 million. A rise in used machinery trading was largely compensated by a drop in new machinery sales.

Revenues in the Agriculture Segment in the first half of 2014 came to €5,284.2 million, down 9.4% year on year.

The Energy Segment saw revenues decline by €60.9 million, or 3.7%, to €1,605.5 million. Conventional energy business revenues fell by €178.5 million, or 12.1%, to €1,299.2 million. Lower sales of heating oil and other heating energy carriers due to the mild winter and sufficient tank levels on the consumer side as well as a decreasing price level could not be completely offset by rises in fuel and lubricant sales. The Renewable Energies business sector on the other hand reported a 62.3%, or €117.6 million, rise in revenues to €306.3 million. This was due on the one hand to the expansion of activities in the project business and the resulting rise in systems sales. On the other hand, the drop in solar module sales in Europe was offset by positive business development in North America.

The Building Materials Segment benefited from the favourable weather since the start of the year as well as positive economic conditions. Demand for construction and civil engineering products in particular was high; this was also true for road construction and landscaping products. The 5.4% year-on-year drop in revenues to €724.9 million

is therefore due to the fact that the revenues of the sold building materials site in Rhineland-Palatinate and North Rhine-Westphalia were allocated to Other Activities in the current reporting period.

At €76.4 million, Other Activities revenues largely reflected trade activities of the building materials locations in Rhineland-Palatinate and North Rhine-Westphalia, which have been transferred to the buyer effective 1 May 2014 and 1 June 2014 respectively; as these were being sold, they were no longer viewed as part of the Building Materials Segment's operating activities.

Other operating income of the BayWa Group has fallen by €98.7 million to €65.3 million year on year, primarily due to the fact that the previous year's operating income included income from the disposal of BayWa AG real estate inventories. Taking account of increases in inventories and other own work capitalised, the BayWa Group's overall performance fell by €691.7 million, or 8.1%, year on year due to revenues of €7,805.7 million. With a drop in the cost of materials of €617.2 million, or 8.0%, gross profit fell by €74.4 million, or 9.2%, to €736.1 million.

The €5.0 million, or 1.3%, rise in personnel expenses is largely due to the Bohnhorst Group, which was acquired in May 2013 and therefore only included pro rata in the first half of 2013, as well as the solar trading business acquired from the Würth Group – also in May 2013.

At €58.1 million, depreciation and amortisation of property, plant and equipment and intangible assets was only up slightly on the previous year's €56.6 million.

Other operating expenses rose by €5.1 million, or 2.3%, to €230.4 million. A general increase as a result of the initial full-year inclusion of the Bohnhorst Group and the activities acquired from the Würth Group, higher rental and vehicle fleet costs as well as a rise in insurance costs contributed to this development. In contrast, consultancy and legal fees and energy costs fell.

As a result of these changes, the result of operating activities amounted to €57.2 million, down €86.0 million year on year, mainly due to the previous year's income from real estate.

The result of participating interests declined year on year by €9.0 million to €4.9 million and is largely due to income from participating interests recognised at equity.

BayWa Group EBIT amounted to €62.1 million for the first half of 2014, down €95.1 million, or 60.5%, year on year.

At €-29.3 million, net interest in the first half of 2014 was down slightly on the first half of 2013 (€26.8 million).

Including tax expenses of €7.4 million, net income for the first half of the year amounted to €25.4 million, a year-on-year drop of €73.7 million.

Employees

The BayWa Group employed a total of 16,691 people as at the end of the second quarter of the current financial year. Compared to 31 December 2013, the number of employees therefore fell by 143. There was a major change in the Building Materials Segment thanks to the successful sale of sites in North Rhine-Westphalia and Rhineland-Palatinate and the associated transfer of staff. As a result, the number of employees fell by 601 to 4,409. In the Agriculture Segment, the number of employees rose by a total of 424 to 9,936. The Agricultural Trade and Fruit business units saw seasonal increases in the number of employees of 52 and 377 respectively. The increase in the Fruit business unit was the result of the recruitment of additional employees for the fruit harvest in New Zealand. In the Agricultural Equipment business unit, the number of employees remained unchanged. In the Energy Segment, the number of employees fell by 10 to 1,809. This was the result of the development in conventional energies. By contrast, the number of employees in the Renewable Energies business sector rose by 14 to 760.

Outlook

The BayWa Group's performance looks likely to remain positive in the second half of the year. In the Agriculture Segment, it is expected that the prospect of increased harvest yields worldwide will offer promising trading volumes. In addition, current commodity price development is likely to bottom out in the second half of the year. The favourable price level could stimulate willingness to buy in the industry. Against this backdrop, it is to be assumed that the grain trading business – particularly following the harvest season – will pick up. This trend is likely to be supported by consistently high demand for grain worldwide. Falling prices tend to be suitable for attributing greater marketing potential to the second half of the financial year 2014 or rather for the first half of 2015.

The warehousing and sale of fertilisers should increase on account of the year-on-year fall in prices. Agriculture in Germany continues to be characterised by a high willingness to invest. Agricultural equipment is likely to benefit on an increasing basis from indoor equipment (farm and animal equipment), while sales of tractors and combines could decline marginally after strong sales figures in previous years. High sales figures for new machinery are also set to maximise service capacity, too.

The fruit harvest so far promises good marketing opportunities for apples from New Zealand. The acquisition of New Zealand company Apollo Apples Limited should also open up additional earnings potential. Approval from the appropriate licensing authority for the acquisition is expected in the second half of the year. In Germany, an adequate harvest is forecast with good harvest quality, in contrast to last year, which was shaped by the long winter.

In the energy sector, it can be assumed that trade with heating oil will increase after the summer. The below-average price level compared with calendar years 2012 and 2013 could represent a further driving force for an upturn in demand alongside the upcoming heating period. Lubricants and fuels business should continue to benefit from the stable economic situation.

In terms of renewable energies, international activities are set to lead to an increase on the previous year's earnings. The final part of the 57 megawatt (MW) solar park in France is due to be completed by autumn 2014 at the latest. After it has been commissioned, the solar park is set to be sold. The marketing portfolio for the current financial year is also set to be expanded with the addition of several wind parks in the USA and Europe. The commencement of solar project management business in the USA and entry to the Scandinavian market will open up further earnings potential for the Renewable Energies business sector. Solar module trading in Germany may rise in the summer, but is still set to remain significantly down year on year. The cap on new solar power plant installations of 2.5 gigawatts (GW) per year adopted in the context of the Renewable Energy Sources Act (EEG) is likely to be complied with. In calendar year 2013, solar power expansion stood at 3.3 GW.

The Building Materials Segment is set to pick up pace in the second half of the year. Market data suggests that the building materials business will be positive moving forward. Strong demand for residential property is a major factor in terms of this trend. The associated high level of construction activity should ensure that BayWa's order books remain full this financial year and beyond. Alongside satisfactory market data, the usual rise in high-margin warehousing business is set to have a positive impact in the second half of the year. This is likely to lead to a major increase in the operating result. The only factor that could hinder the positive development would be the early onset of winter.

All in all, business performance in the first half of the year failed to meet our expectations, which was entirely due to the development of the agricultural trade market. Business development is set to stabilise in the second half of the year. Should the markets develop positively, particularly in the agricultural sector, growth in the company's operating business appears achievable.

The statements and figures forecast in this document are based on assumptions and are subject to unforeseeable risk. In as much as the assumptions of the company should prove to be inaccurate, or should other unforeseeable risks occur, the possibility of the net worth, financial position and earnings situation of the Group diverging negatively from the target figures cited in this report should not be discounted.

Consolidated Financial Statements of BayWa AG pursuant to IFRS

Consolidated Balance Sheet as at 30 June 2014

In € million

Assets	30/06/2014	31/12/2013
Non-current assets		
Intangible assets	154.526	157.020
Property, plant and equipment	1,086.521	1,074.189
Participating interests recognised at equity	99.132	101.601
Other financial assets	317.822	320.415
Non-current biological assets	10.839	12.814
Investment property	81.328	82.393
Tax assets	6.105	4.910
Other receivables and other assets	33.884	33.297
Deferred tax assets	132.803	128.108
	1,922.960	**1,914.747**
Current assets		
Securities	2.173	2.171
Inventories	1,629.654	1,836.038
Current biological assets	2.187	0.847
Tax assets	52.096	65.365
Other receivables and other assets	1,352.558	1,060.492
Cash and cash equivalents	104.767	92.069
	3,143.435	**3,056.982**
Non-current assets held for sale/disposal groups	**20.344**	**43.392**
Total assets	**5,086.739**	**5,015.121**

Shareholders' equity and liabilities	30/06/2014	31/12/2013
Equity		
Subscribed capital	88.409	88.409
Capital reserve	98.154	98.154
Revenue reserves	615.812	576.941
Other reserves	107.047	150.658
Equity net of minority interest	**909.422**	**914.162**
Minority interest	279.650	267.826
	1,189.072	**1,181.988**
Non-current liabilities		
Pension provisions	509.890	512.083
Other non-current provisions	86.105	86.381
Financial liabilities	608.832	621.896
Financial lease obligations	6.508	6.689
Trade payables and liabilities from inter-group business relationships	2.495	3.042
Other liabilities	18.260	26.103
Deferred tax liabilities	160.612	162.776
	1,392.702	**1,418.970**
Current liabilities		
Pension provisions	28.850	28.765
Other current provisions	140.897	145.366
Financial liabilities	1,109.574	1,131.943
Financial lease obligations	3.217	4.613
Trade payables and liabilities from inter-group business relationships	946.805	766.611
Tax liabilities	84.452	76.830
Other liabilities	191.170	260.035
	2,504.965	**2,414.163**
Liabilities from non-current assets held for sale/disposal groups	**-.---**	**-.---**
Total shareholders' equity and liabilities	**5,086.739**	**5,015.121**

Consolidated Financial Statements of BayWa AG pursuant to IFRS

Consolidated Income Statement for the period from 1 January to 30 June 2014

In € million	1Q2014	2Q2014	1H2014	1Q2013	2Q2013	1H2013
Revenues	**3,613.857**	**4,077.130**	**7,690.987**	**3,712.818**	**4,560.008**	**8,272.826**
Inventory changes	92.358	- 44.167	48.191	69.014	- 9.622	59.392
Other own work capitalised	0.316	0.950	1.266	0.482	0.667	1.149
Other operating income	28.904	36.363	65.267	48.139	115.862	164.001
Cost of materials	- 3,405.297	- 3,664.317	- 7,069.614	- 3,531.998	- 4,154.851	- 7,686.849
Gross profit	**330.138**	**405.959**	**736.097**	**298.455**	**512.064**	**810.519**
Personnel expenses	- 189.374	- 201.104	- 390.478	- 184.705	- 200.745	- 385.450
Depreciation and amortisation	- 28.804	- 29.279	- 58.083	- 28.821	- 27.821	- 56.642
Other operating expenses	- 110.603	- 119.758	- 230.361	- 97.130	- 128.118	- 225.248
Result of operating activities	**1.357**	**55.818**	**57.175**	**- 12.201**	**155.380**	**143.179**
Income from participating interests recognised at equity	- 0.309	- 2.739	- 3.048	2.070	2.439	4.509
Other income from shareholdings	3.247	4.739	7.986	2.771	6.707	9.478
Interest income	1.293	1.235	2.528	1.354	1.501	2.855
Interest expense	- 14.342	- 17.502	- 31.844	- 14.111	- 15.559	- 29.670
Financial result	**- 10.111**	**- 14.267**	**- 24.378**	**- 7.916**	**- 4.912**	**- 12.828**
Result of ordinary activities (EBT)	**- 8.754**	**41.551**	**32.797**	**- 20.117**	**150.468**	**130.351**
Income tax	1.701	- 9.141	- 7.440	3.677	- 35.010	- 31.333
Net result for the period	**- 7.053**	**32.410**	**25.357**	**- 16.440**	**115.458**	**99.018**
of which: Profit share of minority interest	3.986	8.511	12.497	3.945	12.741	16.686
of which: due to shareholders of the parent company	- 11.039	23.899	12.860	- 20.385	102.717	82.332
EBIT	**4.295**	**57.818**	**62.113**	**- 7.360**	**164.526**	**157.166**
EBITDA	**33.099**	**87.097**	**120.196**	**21.461**	**192.347**	**213.808**
Average number of shares			34,534,846			34,432,612
Basic earnings per share * (in €)			**0.37**			**2.39**
Diluted earnings per share * (in €)			**0.37**			**2.39**

* For the calculation of earnings per share, reference is made to the Notes in the Interim Report.

Transition to Consolidated Statement of Comprehensive Income for the First Half of 2014

In € million	01/01/2014 - 30/06/2014	01/01/2013 - 30/06/2013
Net income for the period	**25.357**	**99.018**
Actuarial gains/losses from pension and severance pay obligations recognised in the reporting period	- 0.017	- 0.100
Sum of items not subsequently reclassified in the income statement	**- 0.017**	**- 0.100**
Net gain/loss from the revaluation of financial assets in the "available for sale" category recognised in the reporting period and other income from interests accounted for using the equity method	1.739	- 1.038
Reclassifications due to disposal of financial assets in the "available for sale" category recognised in the reporting period	-.---	-.---
Differences from currency translation	9.588	- 6.746
Sum of items subsequently reclassified in the income statement	**11.327**	**- 7.784**
Gains and losses recognised directly in equity	**11.310**	**- 7.884**
of which: Profit share of minority interest	2.935	- 3.543
of which: due to shareholders of the parent company	8.375	- 4.341
Consolidated total result for the period	**36.667**	**91.134**
of which: Profit share of minority interest	15.432	13.143
of which: due to shareholders of the parent company	21.235	77.991

Consolidated Cash Flow Statement for the First Half of 2014

In € million	01/01/2014 - 30/06/2014	01/01/2013 - 30/06/2013
Cash earnings	76.414	165.062
Cash flow from operating activities	106.834	145.603
Cash flow from investing activities	- 39.458	91.843
Cash flow from financing activities	- 55.491	- 243.048
Cash-effective changes in cash and cash equivalents	11.885	- 5.602
Cash and cash equivalents at the start of the period	92.069	83.239
Outflow/inflow of funds due to changes in the group of consolidated companies and in exchange rates	0.813	8.890
Cash and cash equivalents at the end of the period	104.767	86.527

Statement of Changes in Consolidated Equity in the First Half of 2014

In € million	Subscribed capital	Capital reserve	Revenue reserves revaluation	Other revenue reserves	Other reserves	Equity net of minority interest	Minority interest	Equity
As at: 01/01/2014	**88.409**	**98.154**	**- 5.229**	**582.170**	**150.658**	**914.162**	**267.826**	**1,181.988**
Differences resulting from changes in the group of consolidated companies	-.---	-.---	-.---	0.465	- 0.616	- 0.151	0.905	0.754
Capital increase against cash contributions/share-based payment	-.---	-.---	-.---	-.---	-.---	-.---	0.119	0.119
Changes in the fair value of assets classified as "available for sale"	-.---	-.---	0.913	-.---	-.---	0.913	0.826	1.739
Change in actuarial gains/losses from pension and severance pay obligations	-.---	-.---	-.---	- 0.017	-.---	- 0.017	-.---	- 0.017
Dividend distribution	-.---	-.---	-.---	-.---	- 25.824	- 25.824	- 4.632	- 30.456
Differences from currency translation	-.---	-.---	-.---	-.---	7.479	7.479	2.109	9.588
Transfer to/withdrawal from revenue reserve	-.---	-.---	-.---	37.510	- 37.510	-.---	-.---	-.---
Net income for the period from 01/01 - 30/06/2014	-.---	-.---	-.---	-.---	12.860	12.860	12.497	25.357
As at: 30/06/2014	**88.409**	**98.154**	**- 4.316**	**620.128**	**107.047**	**909.422**	**279.650**	**1,189.072**
As at: 01/01/2013	**88.147**	**94.612**	**- 7.368**	**519.061**	**167.300**	**861.752**	**223.386**	**1,085.138**
Differences resulting from changes in the group of consolidated companies	-.---	-.---	-.---	- 6.608	- 0.012	- 6.620	13.582	6.962
Capital increase against cash contributions/share-based payment	-.---	-.---	-.---	-.---	-.---	-.---	-.---	-.---
Changes in the fair value of assets classified as "available for sale"	-.---	-.---	- 0.203	-.---	-.---	- 0.203	- 0.835	- 1.038
Change in actuarial gains/losses from pension and severance pay obligations	-.---	-.---	-.---	- 0.048	-.---	- 0.048	- 0.052	- 0.100
Dividend distribution	-.---	-.---	-.---	-.---	- 22.311	- 22.311	- 3.613	- 25.924
Differences from currency translation	-.---	-.---	-.---	-.---	- 4.090	- 4.090	- 2.656	- 6.746
Transfer to/withdrawal from revenue reserve	-.---	-.---	-.---	12.439	- 12.439	-.---	-.---	-.---
Net income for the period from 01/01 - 30/06/2013	-.---	-.---	-.---	-.---	82.332	82.332	16.686	99.018
As at: 30/06/2013	**88.147**	**94.612**	**- 7.571**	**524.844**	**210.780**	**910.812**	**246.498**	**1,157.310**

Segment information by segment (income statement) 01/01/2014 - 30/06/2014 In € million	Agricultural Trade	Fruit	Agricultural Equipment	**Agriculture**	Energy	Renewable Energies	**Energy**	**Building Materials**	**Other Activities**	**Transition**	**Group**
Revenues generated through business with third parties	4,367.345	268.179	648.703	**5,284.227**	1,299.231	306.281	**1,605.512**	**724.868**	**76.380**	**-.---**	**7,690.987**
Intra-segment revenues	319.289	-.---	9.345	**328.634**	93.441	5.825	**99.266**	**13.332**	**16.995**	**- 458.227**	**-.---**
Inter-segment revenues	0.929	-.---	0.337	**1.266**	6.068	0.165	**6.233**	**1.461**	**1.269**	**- 10.229**	**-.---**
Total revenues	**4,687.563**	**268.179**	**658.385**	**5,614.127**	**1,398.740**	**312.271**	**1,711.011**	**739.661**	**94.644**	**- 468.456**	**7,690.987**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**58.161**	**17.926**	**16.108**	**92.195**	**4.813**	**28.682**	**33.495**	**13.183**	**- 7.176**	**- 11.501**	**120.196**
Depreciation and amortisation	15.809	5.267	4.885	25.961	4.064	11.921	15.985	5.185	7.484	3.468	58.083
Earnings before interest and tax (EBIT)	**42.352**	**12.659**	**11.223**	**66.234**	**0.749**	**16.761**	**17.510**	**7.998**	**- 14.660**	**- 14.969**	**62.113**
Earnings before tax (EBT)	**29.812**	**10.252**	**4.482**	**44.546**	**0.756**	**8.645**	**9.401**	**4.353**	**- 10.424**	**- 15.079**	**32.797**
Income tax											- 7.440
Net income for the period											**25.357**

Segment information by segment (income statement) 01/01/2013 - 30/06/2013 In € million	Agricultural Trade	Fruit	Agricultural Equipment	**Agriculture**	Energy	Renewable Energies	**Energy**	**Building Materials**	**Other Activities**	**Transition**	**Group**
Revenues generated through business with third parties	4,880.028	302.723	652.138	**5,834.889**	1,477.715	188.692	**1,666.407**	**766.417**	**5.113**	**-.---**	**8,272.826**
Intra-segment revenues	335.428	-.---	10.096	**345.524**	122.936	6.129	**129.065**	**19.418**	**26.233**	**- 520.240**	**-.---**
Inter-segment revenues	0.911	-.---	0.323	**1.234**	3.331	0.094	**3.425**	**1.079**	**1.050**	**- 6.788**	**-.---**
Total revenues	**5,216.367**	**302.723**	**662.557**	**6,181.647**	**1,603.982**	**194.915**	**1,798.897**	**786.914**	**32.396**	**- 527.028**	**8,272.826**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**73.176**	**24.395**	**14.960**	**112.531**	**9.480**	**23.834**	**33.314**	**2.264**	**83.968**	**- 18.269**	**213.808**
Depreciation and amortisation	- 13.705	- 6.024	- 5.309	- 25.038	- 4.344	- 11.274	- 15.618	- 6.457	- 7.043	- 2.486	- 56.642
Earnings before interest and tax (EBIT)	**59.471**	**18.371**	**9.651**	**87.493**	**5.136**	**12.560**	**17.696**	**- 4.193**	**76.925**	**- 20.755**	**157.166**
Earnings before tax (EBT)	**48.217**	**16.199**	**5.017**	**69.433**	**5.244**	**5.766**	**11.010**	**- 6.966**	**77.857**	**- 20.983**	**130.351**
Income tax											- 31.333
Net income for the period											**99.018**

Segment report by business segment (income statement)

In € million	1Q2014	2Q2014	01/01/2014 - 30/06/2014	Y/y change in %	1Q2013	2Q2013	01/01/2013 - 30/06/2013
Revenues through third-party business							
Agricultural Trade	2,214.395	2,152.950	4,367.345	- 10.5	2,354.065	2,525.963	4,880.028
Fruit	115.788	152.391	268.179	- 11.4	119.400	183.323	302.723
Agricultural Equipment	269.479	379.224	648.703	- 0.5	244.614	407.524	652.138
Agriculture	**2,599.662**	**2,684.565**	**5,284.227**	**- 9.4**	**2,718.079**	**3,116.810**	**5,834.889**
Energy	601.334	697.897	1,299.231	- 12.1	656.588	821.127	1,477.715
Renewable Energies	96.037	210.244	306.281	62.3	73.741	114.951	188.692
Energy	**697.371**	**908.141**	**1,605.512**	**- 3.7**	**730.329**	**936.078**	**1,666.407**
Building Materials	**278.634**	**446.234**	**724.868**	**- 5.4**	**261.349**	**505.068**	**766.417**
Other Activities	**38.190**	**38.190**	**76.380**	**> 100**	**3.061**	**2.052**	**5.113**
Total	**3,613.857**	**4,077.130**	**7,690.987**	**- 7.0**	**3,712.818**	**4,560.008**	**8,272.826**
Earnings before interest, tax, depreciation and amortisation (EBITDA)							
Agricultural Trade	30.713	27.448	58.161	- 20.5	26.086	47.090	73.176
Fruit	4.615	13.311	17.926	- 26.5	6.982	17.413	24.395
Agricultural Equipment	5.738	10.370	16.108	7.7	0.529	14.431	14.960
Agriculture	**41.066**	**51.129**	**92.195**	**- 18.1**	**33.597**	**78.934**	**112.531**
Energy	1.729	3.084	4.813	- 49.2	1.572	7.908	9.480
Renewable Energies	5.950	22.732	28.682	20.3	8.722	15.112	23.834
Energy	**7.679**	**25.816**	**33.495**	**0.5**	**10.294**	**23.020**	**33.314**
Building Materials	**- 10.785**	**23.968**	**13.183**	**> 100**	**- 23.413**	**25.677**	**2.264**
Other Activities	**- 6.709**	**- 0.467**	**- 7.176**	**> - 100**	**2.488**	**81.480**	**83.968**
Transition	**1.848**	**- 13.349**	**- 11.501**	**37.0**	**- 1.505**	**- 16.764**	**- 18.269**
Total	**33.099**	**87.097**	**120.196**	**- 43.8**	**21.461**	**192.347**	**213.808**
Earnings before interest and tax (EBIT)							
Agricultural Trade	23.342	19.010	42.352	- 28.8	19.362	40.109	59.471
Fruit	1.977	10.682	12.659	- 31.1	3.865	14.506	18.371
Agricultural Equipment	3.282	7.941	11.223	16.3	- 2.117	11.768	9.651
Agriculture	**28.601**	**37.633**	**66.234**	**- 24.3**	**21.110**	**66.383**	**87.493**
Energy	- 0.322	1.071	0.749	- 85.4	- 0.612	5.748	5.136
Renewable Energies	0.081	16.680	16.761	33.4	2.581	9.979	12.560
Energy	**- 0.241**	**17.751**	**17.510**	**- 1.1**	**1.969**	**15.727**	**17.696**
Building Materials	**- 13.316**	**21.314**	**7.998**	**> 100**	**- 26.680**	**22.487**	**- 4.193**
Other Activities	**- 10.915**	**- 3.745**	**- 14.660**	**> - 100**	**- 1.026**	**77.951**	**76.925**
Transition	**0.166**	**- 15.135**	**- 14.969**	**27.9**	**- 2.733**	**- 18.022**	**- 20.755**
Total	**4.295**	**57.818**	**62.113**	**- 60.5**	**- 7.360**	**164.526**	**157.166**
Earnings before tax (EBT)							
Agricultural Trade	16.908	12.904	29.812	- 38.2	15.964	32.253	48.217
Fruit	0.887	9.365	10.252	- 36.7	2.883	13.316	16.199
Agricultural Equipment	- 0.103	4.585	4.482	- 10.7	- 3.327	8.344	5.017
Agriculture	**17.692**	**26.854**	**44.546**	**- 35.8**	**15.520**	**53.913**	**69.433**
Energy	- 0.257	1.013	0.756	- 85.6	- 0.585	5.829	5.244
Renewable Energies	- 2.625	11.270	8.645	49.9	- 0.718	6.484	5.766
Energy	**- 2.882**	**12.283**	**9.401**	**- 14.6**	**- 1.303**	**12.313**	**11.010**
Building Materials	**- 14.979**	**19.332**	**4.353**	**> 100**	**- 27.261**	**20.295**	**- 6.966**
Other Activities	**- 8.836**	**- 1.588**	**- 10.424**	**> - 100**	**- 4.346**	**82.203**	**77.857**
Transition	**0.251**	**- 15.330**	**- 15.079**	**28.1**	**- 2.727**	**- 18.256**	**- 20.983**
Total	**- 8.754**	**41.551**	**32.797**	**- 74.8**	**- 20.117**	**150.468**	**130.351**

Segment information by segment (balance sheet) As at: 30/06/2014 In € million	Agricultural Trade	Fruit	Agricultural Equipment	**Agriculture**	Energy	Renewable Energies	**Energy**	**Building Materials**	**Other Activities**	**Transition**	**Group**
Assets	1,745.598	381.323	654.811	2,781.732	322.188	1,385.785	1,707.973	553.954	2,817.278	- 2,774.198	5,086.739
of which: participating interests recognised at equity	2.679	11.370	-.---	14.049	-.---	4.540	4.540	-.---	80.543	-.---	99.132
of which: non-current assets held for sale/disposal groups	-.---	-.---	0.206	0.206	0.224	-.---	0.224	0.994	18.920	-.---	20.344
Inventories	597.104	77.918	377.676	1,052.698	43.199	342.145	385.344	155.167	1.475	34.970	1,629.654
of which: non-current assets held for sale/disposal groups	-.---	-.---	-.---	-.---	-.---	-.---	-.---	-.---	1.013	- 1.013	-.---
Liabilities	1,194.634	259.815	542.344	1,996.793	387.396	1,047.200	1,434.596	497.521	1,738.255	- 1,769.498	3,897.667
of which: non-current assets held for sale/disposal groups	-.---	-.---	-.---	-.---	-.---	-.---	-.---	-.---	-.---	-.---	-.---
Additions in intangible assets, property, plant and equipment and investment property (incl. company acquisitions)	20.422	7.466	6.720	34.608	4.404	9.098	13.502	4.002	25.377	-.---	77.489
Employees at month's end	4,252	1,841	3,843	9,936	1,049	760	1,809	4,409	537	-	16,691

Segment information by segment (balance sheet) As at: 31/12/2013 In € million	Agricultural Trade	Fruit	Agricultural Equipment	**Agriculture**	Energy	Renewable Energies	**Energy**	**Building Materials**	**Other Activities**	**Transition**	**Group**
Assets	1,886.478	313.852	549.075	2,749.405	291.400	873.687	1,165.087	531.841	3,288.782	- 2,719.994	5,015.121
of which: participating interests recognised at equity	2.567	11.008	-.---	13.575	-.---	4.223	4.223	-.---	83.803	-.---	101.601
of which: non-current assets held for sale/disposal groups	-.---	0.742	0.205	0.947	0.224	-.---	0.224	32.344	9.877	-.---	43.392
Inventories	955.717	27.534	308.716	1,291.967	43.900	322.883	366.783	135.195	0.289	41.804	1,836.038
of which: non-current assets held for sale/disposal groups	-.---	-.---	-.---	-.---	-.---	-.---	-.---	17.595	-.---	- 17.595	-.---
Liabilities	1,223.273	186.933	424.838	1,835.044	389.522	683.900	1,073.422	412.716	2,132.131	- 1,620.180	3,833.133
of which: non-current assets held for sale/disposal groups	-.---	-.---	-.---	-.---	-.---	-.---	-.---	-.---	-.---	-.---	-.---
Additions in intangible assets, property, plant and equipment and investment property (incl. company acquisitions)	119.791	13.020	14.128	146.939	9.718	48.945	58.663	10.924	15.213	-.---	231.739
Employees at month's end	4,200	1,464	3,848	9,512	1,073	746	1,819	5,010	493	-	16,834

Segment information by region

In € million	External sales 01/01/2014 - 30/06/2014	External sales 01/01/2013 - 30/06/2013	Non-current assets 30/06/2014	Non-current assets 31/12/2013
Germany	3,652.500	3,661.934	1,231.484	1,240.401
Austria	1,392.694	1,520.342	361.675	368.215
Netherlands	563.162	758.677	-.---	-.---
Other international operations	2,082.631	2,331.873	329.801	306.131
Group	**7,690.987**	**8,272.826**	**1,922.960**	**1,914.747**

Notes to the Interim Report
for the period from 1 January to 30 June 2014

Accounting policies and valuation methods

The Interim Report of the BayWa Group as at 30 June 2014 was prepared in accordance with IAS 34 (Interim Financial Reporting), taking into account the framework set out under the International Financial Reporting Standards (IFRS) and is valid on the reporting date. The reporting currency of the Group is the euro. There have been no changes in the accounting policies and valuation methods applied to the consolidated financial statements as against 31 December 2013. For more information on the details pertaining to the accounting policies and valuation methods applied, reference is made to the consolidated financial statements of BayWa AG as at 31 December 2013.

Changes in the group of consolidated companies

Along with BayWa AG, the consolidated financial statements include all major companies over which it can exercise direct or indirect control. After IFRS 10 (Consolidated Financial Statements) was applied for the financial year 2014 for the first time as required, IFS S.r.l., Bozen, Italy, was withdrawn from the fully consolidated group effective 1 January 2014 for reasons of immateriality and has since been included in the consolidated financial statements of BayWa AG as an associated company recognised at equity.

Since the start of the financial year 2014, the following companies that were either founded in the reporting year or in previous years were consolidated for the first time: BayWa r.e. 205. Projektgesellschaft mbH, Grünwald, Germany; Solarpark Andromeda GmbH & Co. KG, Munich, Germany; Windpark Kraubatheck GmbH, Kilb, Austria; Berryfruit New Zealand Ltd, Kerikeri, New Zealand.

In addition, the following companies, which had not been consolidated by the end of the financial year 2013 due to them being of minor significance, were included in BayWa AG's consolidated financial statements for the first time as at 1 January 2014 in accordance with the standards applicable to full consolidation: Bautechnik Gesellschaft m.b.H., Vienna, Austria; RUG Raiffeisen Umweltgesellschaft m.b.H., Vienna, Austria; Immobilienvermietung Gesellschaft m.b.H., Traun, Austria;

r.e Bioenergie Betriebs GmbH & Co. Zehnte Biogas KG, Regensburg, Germany; r.e Bioenergie Betriebs GmbH & Co. Zwölfte Biogas KG, Regensburg, Germany; BayWa r.e. Solardächer II GmbH & Co. KG, Grünwald, Germany; Eko-En Kozmin Sp. z o.o., Poznan, Poland.

Effective 1 January 2014, BayWa-Tankstellen-GmbH, Munich, Germany, was merged with TESSOL Kraftstoffe, Mineralöle und Tankanlagen GmbH, Stuttgart, Germany; consequently, BayWa-Tankstellen-GmbH is no longer reported in BayWa AG's group of consolidated companies as an independent company.

BayWa AG, Munich, Germany, acquired 100% of the shares in Cornwall Power (Polmaugan) Limited, London, UK, through Group company BayWa r.e. 148. Projektgesellschaft mbH, Grünwald, Germany, by way of a share deal to expand the project business in the Renewable Energies business sector. BayWa r.e. 148. Projektgesellschaft mbH has had a controlling influence over this company since 17 January 2014, the date when the purchase price was paid for the acquired shares. The initial consolidation of the company therefore took place on this date within the scope of full consolidation.

The preliminary purchase cost of the shares came to €0.760 million and includes the contractually agreed purchase price component which was disbursed in January 2014.

No transaction costs have been incurred to date in connection with the acquisition.

The net assets acquired in connection with the purchase of Cornwall Power (Polmaugan) Limited break down as follows (preliminary figures):

in € million	Book value	Fair value adjustments	Fair value
Intangible assets	-.---		-.---
Property, plant and equipment	-.---		-.---
Financial assets	-.---		-.---
Inventories	0.723		0.723
Receivables	0.016		0.016
Deferred tax liabilities	0.020		0.020
Cash and cash equivalents	0.022		0.022
Non-current liabilities	0.759		0.759
Current liabilities	0.110		0.110
Deferred tax liabilities	-.---		-.---
			- 0.088
Preliminary goodwill			0.848
Total purchase price (preliminary)			**0.760**

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 result attributable to investors.

Since 17 January 2014, the date of its initial inclusion in the group of consolidated companies, Cornwall Power (Polmaugan) Limited has generated revenues of €0.108 million and gains of €0.061 million.

The final purchase price allocation pertaining to this acquisition has not yet been made as the fair value of the assets and liabilities had not yet been definitively calculated at the time when the Interim Report was drawn up.

BayWa AG, Munich, Germany, acquired 100% of the shares in KS SPV 23 Limited, London, UK, through Group company BayWa r.e. 205. Projektgesellschaft mbH, Grünwald, Germany, by way of a share deal to expand the project business in the Renewable Energies business sector. BayWa r.e. 205. Projektgesellschaft mbH has had a controlling influence over this company since 27 January 2014, the date when the purchase price was paid for the acquired shares. The initial consolidation of the company therefore took place on this date within the scope of full consolidation.

The preliminary purchase cost of the shares comes to €3.424 million and includes the contractually agreed first purchase price instalment of €2.206 million which was disbursed in January. Two additional purchase price instalments totalling €1.218 million

will be disbursed in the course of the financial year depending on the progress made in the project.

No transaction costs have been incurred to date in connection with the acquisition.

The net assets acquired in connection with the purchase of KS SPV 23 Limited break down as follows (preliminary figures):

in € million	Book value	Fair value adjustments	Fair value
Intangible assets	-.---		-.---
Property, plant and equipment	-.---		-.---
Financial assets	-.---		-.---
Inventories	0.935		0.935
Receivables	0.294		0.294
Deferred tax liabilities	-.---		-.---
Cash and cash equivalents	0.036		0.036
Non-current liabilities	0.031		0.031
Current liabilities	0.649		0.649
Deferred tax liabilities	-.---		-.---
			0.585
Preliminary goodwill			2.839
Total purchase price (preliminary)			**3.424**

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 result attributable to investors.

Since 27 January 2014, the date of its initial inclusion in the group of consolidated companies, KS SPV 23 Limited has generated revenues of €0.243 million and gains of €0.222 million.

The final purchase price allocation pertaining to this acquisition has not yet been made as the fair value of the assets and liabilities had not yet been definitively calculated at the time when the Interim Report was drawn up.

BayWa r.e. Asset Holding GmbH, Munich, Germany, sold 100% of its shares in Windpark Selmsdorf III GmbH & Co. KG, Grünwald, Germany, and 75% of its shares in WP SDF Infrastruktur GmbH & Co. KG, Grünwald, Germany, on 28 February 2014

within the scope of operating activities. The effect of this transaction on the consolidated financial statements is as follows (preliminary figures):

Consideration received

in € million	28/02/2014
Consideration received for the sold shares	4.886

Assets and liabilities derecognised owing to control relinquished

in € million	28/02/2014
Non-current assets	
Intangible assets	-.---
Property, plant and equipment	-.---
Financial assets	-.---
Deferred tax assets	0.019
	0.019
Current assets	
Inventories	14.200
Receivables and other assets	0.884
Cash and cash equivalents	-.---
	15.084

in € million	28/02/2014
Non-current liabilities	
Non-current provisions	-.---
Financial liabilities	11.331
Trade payables and other liabilities	-.---
Deferred tax liabilities	-.---
	11.331
Current liabilities	
Current provisions	0.095
Financial liabilities	0.696
Trade payables and other liabilities	1.805
	2.596
Net assets on the disposal date	**1.176**
of which: attributable to minority shareholders	-.---
of which: attributable to shareholders of the parent company	1.176

Gains/losses from the disposal of Group companies

in € million	28/02/2014
Consideration received for the sold shares	4.886
Net assets relinquished (attributable to shareholders of the parent company)	- 1.176
Disposal gain	**3.710**

The disposal is disclosed in the income statement under revenues and cost of materials, while tax components are disclosed under tax expenses.

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

in € million	28/02/2014
Purchase price settled through cash and cash equivalents	4.886
Less cash and cash equivalents paid out in connection with the disposal	-.---
	4.886

RENERCO GEM 1 GmbH, Grünwald, Germany, sold 100% of its shares in GEM WIND FARM 1 Ltd., London, UK, on 27 June 2014 within the scope of operating activities. The effect of this transaction on the consolidated financial statements is as follows (preliminary figures):

Consideration received

in € million	27/06/2014
Consideration received for 100% of the shares	20.897

Assets and liabilities derecognised owing to control relinquished

in € million	27/06/2014
Non-current assets	
Intangible assets	-.---
Property, plant and equipment	-.---
Financial assets	-.---
Deferred tax assets	0.925
	0.925
Current assets	
Inventories	34.914
Receivables and other assets	2.761
Cash and cash equivalents	3.747
	41.422

in € million	27/06/2014
Non-current liabilities	
Non-current provisions	0.206
Financial liabilities	30.129
Trade payables and other liabilities	-.---
Deferred tax liabilities	0.886
	31.221
Current liabilities	
Current provisions	0.116
Financial liabilities	1.796
Trade payables and other liabilities	7.520
	9.432
Net assets on the disposal date	**1.694**

Gains/losses from the disposal of Group companies

in € million	27/06/2014
Consideration received for 100% of the shares	20.897
Net assets relinquished	- 1.694
Disposal gain	**19.203**

The disposal is disclosed in the income statement under revenues and cost of materials, while tax components are disclosed under tax expenses.

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

in € million	27/06/2014
Purchase price settled through cash and cash equivalents	20.897
Less cash and cash equivalents paid out in connection with the disposal	- 3.747
	17.150

BayWa r.e. Asset Holding GmbH, Munich, Germany, sold 100% of its shares in Parham Solar GmbH, Grünwald, Germany, on 26 June 2014 within the scope of operating activities. Until they were sold, Parham Solar GmbH, and the shares in GGRenewables Ltd., London, UK, which were held by Parham Solar GmbH until these were disposed, were also included in BayWa AG's consolidated financial statements within the scope of full consolidation. The effect of this transaction on the consolidated financial statements is as follows (preliminary figures):

Consideration received

in € million	26/06/2014
Consideration received for 100% of the shares	**0.025**

Assets and liabilities derecognised owing to control relinquished

in € million	26/06/2014
Non-current assets	
Intangible assets	-.---
Property, plant and equipment	-.---
Financial assets	-.---
Deferred tax assets	-.---
	-.---
Current assets	
Inventories	30.262
Receivables and other assets	6.037
Cash and cash equivalents	0.249
	36.548

in € million	26/06/2014
Non-current liabilities	
Non-current provisions	
Financial liabilities	32.401
Trade payables and other liabilities	-.---
Deferred tax liabilities	-.---
	32.401
Current liabilities	
Current provisions	1.660
Financial liabilities	-.---
Trade payables and other liabilities	2.655
	4.315
Net assets on the disposal date	**- 0.168**

Gains/losses from the disposal of Group companies

in € million	26/06/2014
Consideration received for 100% of the shares	0.025
Net assets relinquished	0.168
Disposal gain	**0.193**

The disposal is disclosed in the income statement under revenues and cost of materials, while tax components are disclosed under tax expenses.

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

in € million	26/06/2014
Purchase price settled through cash and cash equivalents	0.025
Less cash and cash equivalents paid out in connection with the disposal	- 0.249
	- 0.224

Effective 27 May 2014, BayWa AG, Munich, Germany, acquired a 49% share in Dutch company Agrimec Group B.V, Apeldoorn, the Netherlands. Agrifirm Group B.V., Apeldoorn, the Netherlands, one of the largest agricultural cooperatives in the Netherlands, holds a 51% share in the agricultural equipment company. The purchase price of the 49% share amounted to €4.135 million. Agrimec Group B.V. is

a newly founded joint venture between Agrifirm Group B.V. and BayWa AG. Agrifirm will transfer its entire agricultural equipment business (called Abemec) in the Netherlands to the new joint venture. The company will sell and service among others the AGCO products Fendt and Massey Ferguson as well as the corresponding service business in its sales territories, which focus on the southern Netherlands. Since the acquisition, the acquired shares in Agrimec Group B.V. have been included in the consolidated financial statements of BayWa AG using the equity method.

As at 30 June 2014, a total of 247 companies (31 December 2013: 240 companies) were included in the consolidated financial statements in accordance with the standards applicable to full consolidation. In addition, 28 associated companies (31 December 2013: 26 companies) have been included in the consolidated financial statements in accordance with the equity method set out under IAS 28.

Assumptions and estimates

In as much as assumptions and estimates were made in the context of reporting, they have remained unchanged as to the methodology used during the financial year and between financial years. There are no reportable changes which have had a material impact on the period covered by this Interim Report.

Seasonal and economic influences on business activity

Seasonal influences typical to the business have an impact on all the core activities of the Group. Over the course of the year, these led to fluctuations in revenues and profit which partly offset one another. In the Agriculture Segment, the main activities take place in the first three quarters of the financial year, with the focus on the second quarter. The Energy Segment is impacted more by economic influences which cause fluctuations in business. The price trend exerts a major impact on consumer behaviour and therefore on the development of the segment's revenues. The backlog in demand subsequently evens out over a number of years. In the Building Materials Segment, business picks up after the first quarter and slows in the fourth quarter due to the weather.

Bonds/equity instruments

In the period under review, there were no issues, share buy-backs or repayments, neither for bonds nor for other equity instruments. The treasury share portfolio has

remained unchanged since the financial year 2003 and comprises 19,500 shares, which correspond to €49,920, or the equivalent of 0.06% of the share capital.

Appropriation of 2013 retained earnings

On 17 June 2014, the Annual General Meeting of Shareholders approved the following appropriation of BayWa's unappropriated retained earnings in 2013:

Dividend of €0.75 per dividend-bearing share	€25,839,084.00
Transfer to other revenue reserve:	€31,179,563.59
Profit available for distribution:	€57,018,647.59

The dividend was paid out on 18 June 2014.

The amount distributed to the shareholders was reduced by the portion of the shares owned by BayWa AG at the time when the resolution on profit appropriation was made, as these shares are not entitled to dividend pursuant to Section 71b of the German Stock Corporation Act (AktG). This portion was additionally transferred to other revenue reserves.

Earnings per share

Basic earnings per share (EPS) are calculated by dividing the net profit for the period (net of minority interest) by the average number of shares. So-called potential shares (above all share options and convertible bonds) which can dilute earnings per share were not issued, which means that diluted and basic earnings per share are the same.

Transactions and events to be reported

Interim reporting must contain information on transactions and events which affect the assets, liabilities, equity, result for the period under review or the cash flow, and which, due to their type, scope or frequency, are unusual. In the period under review, there were no matters requiring reporting. In respect of effects from the acquisition and disposal of companies, reference is made to the explanations above.

Tax computation

Tax computation is carried out by using the weighted average annual income tax rate

for each separate region. The deferred tax assets include tax-reducing claims which arise from the expected utilisation of loss carryforwards in the periods ahead, the realisation of which is assured with sufficient probability.

Contingent liabilities and contingent receivables

There are no contingent receivables. There were no major changes in contingent liabilities as against the reporting date of 31 December 2013.

Cash flow statement

The cash flow statement has been drawn up pursuant to IAS 7 by applying the indirect method, and broken down into cash flows from operating, investing and financing activities.

Other transactions and events to be reported

BayWa AG, Munich, Germany, will acquire the business activities of the third largest apple producer in New Zealand, Apollo Apples Limited, through its New Zealand subsidiary Turners & Growers Limited, Auckland, New Zealand by way of an asset deal: Turners & Growers Limited agreed a purchase price of NZD36 million (approximately €23 million) with the owners of Apollo Apples Limited. With this acquisition, the share of BayWa Group companies in apple exports from New Zealand will increase to 35%. This transaction also includes the acquisition of the title and the leasehold rights to a total of approximately 500 hectares of crop land in the Hawke's Bay region of New Zealand. The effectiveness of the acquisition is subject to the approval by the Overseas Investment Office (OIO) of New Zealand, which deals with foreign investments. Apollo Apples Limited currently sells approximately 30% of its annual export volume to Asia; roughly another 30% is sold to Europe. The total annual trading volume of the company is approximately 25,000 tonnes of apples, the main varieties of which are Jazz™, Royal Gala and Braeburn. Apollo Apples Limited and Turners & Growers Limited have been working together in the sale of Jazz apples for years. Unlike Turners & Growers, which markets fruit such as grapes and kiwis as well as approximately 100,000 tonnes of apples each year, Apollo Apples Limited focuses exclusively on apples. Apollo Apples Limited employs around 120 staff to store, package and sell the apples around the world. Apollo Apples Limited posted revenues of approximately €32 million in the financial year 2013.

BayWa AG, Munich, Germany, will assume responsibility for the agricultural trading business of HAGRO Handels- und Agrodienst GmbH Haßleben, Boitzenburger Land-Haßleben, Germany, by way of an asset deal effective 1 July 2014. HAGRO Handels- und Agrodienst GmbH Haßleben is an agricultural trader with locations in Boitzenburger Land, Germany, and Mittenwalde, Germany. The acquired agricultural trading business comprises trading in grain, fertilisers, crop protection and feedstuffs, seed as well as agricultural operational products.

Audit of the Interim Report

This Interim Report was not subject to any audit review.

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 applicable to interim reporting, the consolidated 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 over the remainder of the financial year.

Munich, 5 August 2014

The Board of Management

Prof. Klaus Josef Lutz
Chief Executive Officer

Andreas Helber

Dr. Josef Krapf

Roland Schuler

Reinhard Wolf