INTERIM REPORT

of the BayWa Group
1 January until 31 March 2016

BayWa

Interim Report of the BayWa Group for the Period from 1 January to 31 March 2016

The Report provides information on the business performance of the BayWa Group in the first quarter of the financial year 2016.

Energy and Building Materials Strong; Agriculture Still Encountering Headwind

in € million	**Q1/16**	Q1/15*	%
Revenues	3,468.4	3,450.0	0.5
EBIT	- 12.4	- 3.3	> - 100

The international trading and services group BayWa is reporting a slight increase in revenues to around €3.5 billion (Q1/2015: €3.4 billion) in the first three months of the current financial year, 2016. As is usual for the season, earnings before interest and tax (EBIT) were still down, falling from €–3.3 million in the same quarter in 2015 to €–12.4 million.

As expected, trade in the agricultural business was the main factor behind the negative consolidated result in the first quarter. The sharp drop in agricultural producer prices kept willingness to sell grain extremely subdued and led to below-average trading margins due to the inelastic prices. Furthermore, on account of the vegetation, the operating resources business did not gain momentum until the end of the quarter. This weather-related delay effect also had an impact on the southern hemisphere and resulted in a later start to the marketing of the fruit harvest than in the previous year. Delay effects, sluggish demand for agricultural machinery (which was in line with expectations) and modest trading margins meant that the new financial year got off to a difficult start for the Agriculture Segment. However, the figures in April indicate that business activity is picking up significantly. The BayWa Agricultural Sales (BAV) and BayWa

* Figures adjusted, mainly for the effect from the accounting of a finance leasing in the financial year 2013 and the early application of a new IFRS standard. Details on the adjustments made are described in note B.7. of the Consolidated Financial Statements 2015.

Agri Supply & Trade (BAST) business units will probably make up for these adverse effects in the next quarter. In the reporting quarter, the Agriculture Segment generated EBIT of €–0.5 million (Q1/2015: €20.3 million).

The Energy and Building Materials Segments recorded a relatively good start to the opening quarter. In the Energy Segment, the Renewable Energies business sector benefited from continued brisk demand for solar and wind parks. On a European scale, the commitment in the UK, where a solar park with a total output of roughly 18 megawatts (MW) was sold, paid off in particular. In addition, BayWa r.e. was able to add the Mercedes-Benz energy storage units to its electricity storage portfolio and conclude highly promising cooperation agreements in the first quarter, including contracts to act as an exclusive systems partner in the sales cooperation between Tchibo and Trina Solar. In conventional energies, the low oil prices once again strongly fuelled demand for heating oil. EBIT in the Energy Segment increased year on year by €14.9 million to around €16.0 million.

The continued trend in the construction sector and the mild weather at the start of the calendar year in particular made construction activity possible in January. As a result, the Building Materials Segment was able to improve the usual seasonal loss at the start of the year of €16.7 million in 2015 by around €1.8 million to a total of €–14.9 million.

Owing to the seasonal influences on BayWa's business performance, the first three months are only of limited informative value for the result of the financial year as a whole.

Agriculture Segment

Market and industry development

In the first quarter of 2016, global agricultural markets remained shaped by extensive inventories of grain and oilseed, as well as by the very high harvest volume of the grain year 2015/16, which is estimated at around 2,000 million tonnes (excluding rice). The comfortable supply situation with agricultural commodities worldwide led to strong pressure on prices, which was further boosted in wheat and corn by major short positions by institutional investors. Accordingly, the price of wheat, much like the price of corn, fell on the MATIF commodity futures exchange from over €180 per tonne in November 2015 to around €140 per tonne in early March 2016. The unfavourable development of prices resulted in cautious marketing activities among farmers in Europe, meaning that farms still had remaining stock from last year's grain harvest as at the reporting date. At most, brisk export demand for grain from the European Union (EU) may have generated positive market momentum. The prices of grain and corn recovered slightly towards the end of the reporting period and have been hovering recently between €150 and €160 per tonne. Industry experts attribute this to the currently unfavourable weather conditions during the harvest phase in South America, among other factors. These weather conditions have probably also been responsible for the most recent increase in the price of soy beans. From today's perspective, however, the fundamental conditions for a sustained rise in grain prices are lacking, as the analysts at the International Grains Council (IGC) are once again forecasting a large grain harvest worldwide of 1,997 million tonnes for the grain year 2016/17. The mild winter has created favourable growth conditions for grain throughout Europe, and Germany has also been reporting little damage to winter grain from winter kill. In 2016, the Deutscher Raiffeisenverband (German Raiffeisen Association – DRV) expects to see above-average grain production of 48.2 million tonnes (2015: 48.9 million tonnes) in Germany. The corn harvest is likely to significantly outperform the quantity seen in the previous year, which was lower on account of dry weather. With regard to wheat, by contrast, a decline in harvest volumes is expected on account of lower average yields.

Following a nearly 40% average drop in incomes among German farmers in 2015 on account of the low producer prices, the continued gloomy sentiment on grain markets also had an impact on the agricultural resources sector. Despite a decrease in fertiliser prices of around 10% compared to the final quarter of 2015, traders recorded weak demand for fertilisers for the most part in the period leading up to the end of February 2016. On the one hand, this is attributable to a change in farmers' purchasing behaviour towards increasingly buying the required operating

resources as needed in smaller quantities and multiple tranches. On the other hand, the initial application of fertiliser started around two weeks late on account of the vegetation. In some regions, effective treatment with crop protection products was also not possible until mid-March. The spring weather conditions, which arrived towards the end of the reporting quarter, resulted in a recovery in demand. The relatively weak start to the year in comparison with the first quarter of 2015 is also a reflection of the agricultural industry's economic barometer: At 3.4 points, it is currently at its lowest level in more than six years. Farmers' investment propensity – which, accordingly, is significantly lower – is mainly having an impact in terms of cuts related to planned farm buildings and agricultural equipment purchases. In terms of machinery and equipment, this was reflected in a further decline in tractor registration figures in the first quarter of 2016. A total of 6,127 new tractors have been registered in Germany since the start of the year (Q1/2015: 6,955 tractors). The increasing opportunities offered by the digital connectivity of agricultural equipment paired with production processes in agriculture are the only sources of growth momentum.

In the fruit business, the apple season in the northern hemisphere is drawing to a close. Despite Russia's ban on imports, which is still in place, the lower EU inventories year on year as a result of the 2015 apple harvest bear witness to positive sales development. On account of the weather conditions to date, German apple production in 2016 is expected to be on par with the previous year's figure. In the southern hemisphere, the apple harvest, at a total of 5.3 million tonnes, is expected to be around 2% lower than in 2015. Following last year's record harvest, a slight decline in volume to around 548,000 tonnes is also forecast for New Zealand. However, the promising fruit quality from the harvest, which is currently in full swing, is providing grounds for optimism regarding the upcoming marketing season. Particular attention is to be paid to increasing the volume of exports to Asia and North America.

Business development

The business activities of the Agriculture Segment were restructured with effect from 1 January 2016: The activities of the Agricultural Trade business unit were split up into the new BayWa Agri Supply & Trade (BAST) and BayWa Agricultural Sales (BAV) business units. BAST combines BayWa's national and international trade, distribution and logistics activities for grain, oilseed and additional products. The collection business and trade in operating resources and feedstuffs have been pooled in the new business unit known as BAV. The Fruit, Agricultural Equipment and Digital Farming business units remain unchanged.

	Revenues			EBIT		
in € million	**Q1/16**	Q1/15	%	**Q1/16**	Q1/15*	%
BAST	1,496.8	2,150.1	-	2.0	19.9	-
BAV	727.4		-	7.6		-
Fruit	140.4	128.7	9.0	- 0.6	0.7	> - 100
Agricultural Equipment	219.9	262.5	-16.2	- 8.1	- 0.3	> - 100
Digital Farming	1.8	-	-	- 1.4	-	-
Agriculture Segment	**2,586.2**	**2,541.3**	**1.8**	**- 0.5**	**20.3**	**> - 100**

In the first three months of the financial year 2016, the Group's Agriculture Segment generated a slight increase in revenues, which was primarily due to the significant rise in grain and oilseed trading volumes, as well as increases in fruit sales. Compared to 2015, the declines in the BAV and Agricultural Equipment business units in particular left their mark on operating segment earnings (EBIT), which, as expected, were still down significantly year on year after the first quarter of 2016.

The development of revenues in the BAST business unit was marked in the first quarter of 2016 by 35% higher grain and oilseed sales volumes year on year. The increase in volume was due, among other factors, to the acquisition of the Hamburg-based malting barley trader Evergrain Germany GmbH & Co. KG at the end of January 2016 and the activities of the Romanian Group company BayWa Agri Romania S.r.l., as these were not yet included in the first quarter in 2015. In addition, international trading activities were expanded through the BayWa Marketing & Trading International (BMTI) marketing platform and the Spanish and Italian agricultural companies. The sustained drop in prices for agricultural produce, which also led to lower profit margins, counteracted this effect. Due to the decline in the development of grain prices and mostly low volatility, a conservative and risk-averse trading strategy was adopted in the reporting quarter. Furthermore, the low prices meant that it was difficult for farmers to generate trading margins in the collection business.

* Figures adjusted

Business activities in the BAV business unit were influenced, on the one hand, by the sluggish subsequent collection of grain in BayWa's core region compared to the previous year. On the other hand, operating equipment trading volume saw inconsistent development in the reporting quarter: Whereas domestic demand for crop protection products and fertiliser remained down year on year due to the weather conditions, sales of seed increased. Demand increased noticeably from the end of March following sporadic on call purchases of fertiliser inventories by farmers due to the delayed development of vegetation compared to 2015 between the start of the year and February. The sharply declining prices for both urea and nitrogen fertilisers, such as calcium ammonium nitrate, in the reporting period also led to considerable pressure on margins.

The revenue growth in fruit trading was primarily due to the initial consolidation of TFC Holland B.V., a Dutch supplier of tropical fruit, in which BayWa acquired a majority share in the reporting quarter. Consultants' fees incurred in the course of the acquisition, as well as bonus payment to T&G employees, raised costs in the reporting quarter. Thanks to T&G's export business, which has been operating at full steam since April, it should be possible to quickly make up the slight year-on-year shortfall in EBIT in the spring months.

In the agricultural equipment business, farmers' low propensity to invest led, as expected, to lower demand for farm and animal equipment, as well as a sharp drop in machinery sales. Both new machinery sales, which started the current year with a lower backlog of orders, and sales of used tractors saw declines of around 30% from the above-average first quarter of 2015. As anticipated, increased personnel expenses, paired with stable service business in the reporting quarter, led to a significant shortfall in revenues and earnings compared with the figures seen in the previous year.

The Digital Farming business unit developed as expected in the first quarter of 2016: The research and development costs incurred in the course of expanding the product range of smart farming solutions exceeded the sales and income generated from software licensing fees. Accordingly, the business unit posted negative EBIT in the reporting period.

Energy Segment

Market and industry development

Thanks to the mild temperatures, among other factors, the German economy quickly picked up steam in 2016 and probably grew strongly in the first quarter, according to Deutsche Bundesbank estimates. This was mainly due to domestic economic factors such as higher private consumption, which benefited from the good labour market situation and the low current inflation rate of 0.3%. The confident consumer sentiment continues to be supported by the low price of crude oil, which was down year on year throughout the reporting quarter and is currently hovering around the USD40 per barrel mark. Accordingly, industry sales of fuels at the start of the year exceeded the quantities seen in 2015 due primarily to higher diesel volume. During the first three months of the current financial year, the price of heating oil was down on the already modest level of the same period in the previous year, falling at times to less than €0.40 per litre. This benefited sales of heating oil in Germany, which in January 2016 matched the comparatively high figures seen in 2015. With the meeting of oil-producing nations in mid-April having failed to reach an agreement on capping production volume, the excess supply could continue to keep prices at a consumer-friendly level. In their spring report, however, the leading economic researchers lowered the growth forecast for gross domestic product in 2016 from 1.8% to 1.6% due to the drop in exports to date and subdued order intake in the German industrial sector. This was reflected at the start of the year in declining demand for lubricants in Germany.

In terms of renewable energies, the German federal government aims to raise the proportion of electricity generated from renewable sources from the current level of 32% to at least 45% in 2025. A new amendment to the German Renewable Energy Sources Act (EEG) is necessary to achieve this goal. The changes were recently published in a key issues paper by the Federal Ministry for Economic Affairs and Energy, according to which EEG compensation will no longer be determined by law, but will instead be determined by the free market on the basis of government invitations to tender. This is intended to ensure adherence to the planned expansion corridor and make it possible to synchronise the necessary expansion of the grid. Following a weak start to 2016 in Germany, especially in terms of new photovoltaic (PV) systems installation, the continued drop in prices for electricity storage systems could give solar energy, as part of smart energy systems, new momentum. In the US – which, with a forecast PV expansion of 13 gigawatts (GW), is set to overtake Japan in 2016 and become the world’s second-largest solar market after China – the number of new energy storage systems, which are usually

installed in combination with PV systems, increased by 243% in the financial year 2015. Wind energy is also undergoing significant expansion in the US: At the start of the year, wind projects with a total output of around 9.4 GW were under construction, and a further 4.9 GW were in advanced planning stages. As a result, the US is likely to achieve the second highest expansion figures in the world in 2016, after China, whereas a decline in newly installed onshore wind turbines to 2.6 GW (2015: around 3.5 GW) is expected in Germany. At around USD329 billion worldwide, more was invested last year in the expansion of renewable energies than in the extraction of new fossil fuels for the first time.

Business development

	Revenues			EBIT		
in € million	**Q1/16**	Q1/15	%	**Q1/16**	Q1/15*	%
Conventional Energies	449.4	531.3	- 15.4	4.0	1.2	> 100
Regenerative Energies	160.4	123.6	29.8	12.0	- 0.1	> 100
Energy Segment	**609.8**	**654.9**	**- 6.9**	**16.0**	**1.1**	**> 100**

The Energy Segment comprises the BayWa Group's trading activities in fossil and renewable heating fuels, fuels and lubricants as well as its business in renewable energies, which is pooled in BayWa r.e. renewable energy GmbH. Compared with the same period in the previous year, the segment's revenues declined in the first three months of 2016 on account of the price of oil. The segment increased its operating result (EBIT) significantly year on year, as BayWa r.e. and the conventional energies business in particular generated a considerably higher earnings contribution in the reporting quarter.

In the conventional trade and distribution business, revenues fell in the first quarter due to the noticeable year-on-year fall in the price of oil. However, the attractive price level led to an increase in demand for energy carriers in heating systems such as heating oil and wood pellets. Compared to the previous year, which was a strong one, the sales volumes of these products once again increased by 6% (heating oil) and 9% (wood pellets). Fuel volumes also increased slightly due primarily to the unusually high demand from freight forwarders and construction sites

* Figures adjusted

for this time of the year resulting from the early start to the season. By contrast, sales in the economy-driven lubricant business fell by 9%. All told, the increase in sales volume and an improvement in heating oil margins led to a threefold increase in EBIT year on year.

Business development in the Renewable Energies business unit benefited in the first three months of the current calendar year from the PV boom in the UK in particular, though this will lose steam over the further course of the year. As planned, it was possible to connect six solar parks with a total output of around 128 megawatts (MW) to the grid shortly before the cut in subsidies for solar energy, which entered into force on 1 April 2016. These included the Vine Farm project (45.8 MW), largest single solar park by BayWa r.e. to date. The sales process for the British solar park Homestead (17.7 MW) was also completed in the reporting quarter. In the wind energy business, the Stormon wind park (16 MW) in Sweden was commissioned and the groundwork for further growth was laid through the purchase of project rights for 31 German wind parks (total output: around 375 MW). Alongside the project business, solar module trading was also expanded through the continuation of the Luxembourg-based company Solar-Center under the name BayWa r.e. Solar Systems S.a.r.l. from 1 March 2016. On account of the expansion of business activities, BayWa r.e. succeeded in increasing its revenues and earnings year on year during the reporting period. Project-related hedging transactions also resulted in additional earnings of €10.7 million as at the reporting date that may still increase or decline over the further course of the financial year.

Building Materials Segment

Market and industry development

After the mild weather conditions meant that there were no interruptions to construction activities through to late December 2015, companies in the industry also benefited from the lack of wintry weather at the start of 2016. Activities on construction sites were able to restart as early as January, and companies were free to continue working through the orders on hand. At an increase of 1.0%, new orders in the construction sector rose month on month for the third time in a row in January 2016. In addition to the positive development in order intake, the 8.4% increase in the number of building permits for structural engineering projects in 2015 recently triggered a recovery in demand. Accordingly, the industry association Hauptverband der Deutschen Bauindustrie (HDB) is forecasting that revenues in the construction sector will grow by 3% in

2016. Whereas commercial construction is likely to post modest development, considerable momentum is expected from public sector and residential construction in particular. Both areas are benefiting from incentives such as additional subsidies from federal and state governments coupled with tax concessions that were approved in early March as part of a residential construction initiative by the government. As a consequence, industry experts expect some 300,000 new residential units to be completed in the current financial year. However, due to the high rate of migration and the rising number of students, demand is estimated to be at least 350,000 new residential buildings a year, mainly in major urban areas and university cities. Still, price increases for construction services and building materials appear infeasible in 2016 on account of rising competition, which is also being caused by foreign companies that are increasingly entering the German market.

Business development

	Revenues			EBIT		
in € million	**Q1/16**	Q1/15	%	**Q1/16**	Q1/15*	%
Building Materials	269.0	250.2	7.5	- 14.9	- 16.7	11.2
Building Materials Segment	**269.0**	**250.2**	**7.5**	**- 14.9**	**- 16.7**	**11.2**

The Building Materials Segment mainly comprises Group trading activities involving building materials in Germany and Austria. In the first quarter of 2016, the lack of the typical winter weather led to an unusually early start to the building materials season. Against this backdrop, a year-on-year rise in revenues was generated in the first three months of the current financial year. The entire building materials product range benefited from the favourable weather conditions, as the product lines for all trades recorded rising sales. The unusually brisk demand for civil engineering, gardening and landscaping products for the winter months was attributable to the relatively short ground-frost phase in much of southern Germany. As a result, excavation work, for example, was already possible in the first quarter of 2016. Because the lower fuel prices also pushed down logistics costs, the negative EBIT typical for the season in the Building Materials Segment was less pronounced than in the same quarter in the previous year.

* Figures adjusted

Other Activities

EBIT resulting from Other Activities, including transition, comprises Group administration costs as well as consolidation effects and stood at €–13.1 million (Q1/2015: €–7.9 million) as at 31 March 2016. The fall compared with 2015 was mainly due to a slight increase in administrative costs, currency losses and a seasonal decline in income from holdings.

Report on the Assets, Financial Position and Result of Operations

Asset position

The total assets of the BayWa Group at the end of the first quarter of 2016 came to €6,493.9 million, up €457.3 million as against the end of 2015, a rise which was mainly shaped by the seasonally-induced increase in current assets arising from the spring business. Non-current assets, on the other hand, only increased slightly.

Non-current assets rose by a total of €19.7 million to €2,306.9 million, mainly due to an increase in intangible assets, from €166.8 million as at 31 December 2015 to €193.1 million as at the end of the first quarter of 2016 on account of the preliminary goodwill from the acquisitions of TFC Holland B.V. and Evergrain Germany GmbH & Co. KG. This was offset by a €11.8 million reduction in property, plant and equipment to €1,408.0 million due to depreciation and exchange effects. Investments recognised at equity also declined, by €4.6 million to €199.3 million as at the reporting date, due to constant adjustments of the values of the respective capital shares. The €3.3 million rise in other financial assets to €171.5 million is largely down to the increase in loans to affiliated companies. The value of investment properties declined from €55.9 million to €53.6 million on account of their reclassification to non-current assets held for sale. This was offset by a €12.0 million rise in deferred tax assets to €223.5 million.

Current assets climbed by €434.2 million to €4,173.9 million, mainly due to the usual seasonal rise in current trade receivables as well as a rise in inventories; trade receivables increased by €331.8 million to €1,098.2 million on account of the start of the spring business in the Agricultural Trade, Agricultural Equipment and Building Materials business units. Besides the seasonal changes in inventories in the Fruit, Agricultural Equipment and Building Materials business units, the €2,141.5 million rise in inventories to €2,270.1 million is mainly due to the progress made in many project developments in the Renewable Energies business unit. This was offset by a fall in inventories in the Agricultural Trade business unit, which comprised the BayWa Agri Supply & Trade (BAST) and BayWa Agricultural Sales (BAV) units for the first time in the reporting period,

due to a reduction in grain trading activities. Other assets also declined, by €54.3 million, mainly due to the repayment of project financing by the sold project companies, as well as the receipt of bonus receivables.

Non-current assets and disposal groups held for sale rose by €3.3 million compared to 31 December 2015 to €13.1 million; this item includes properties not used for business operations and that the company intends to sell.

The equity of the BayWa Group as at the reporting date came to €1,053.3 million, as against €1,075.9 million at the end of 2015. Besides minor effects from differences from currency translation and changes in the group of consolidated companies, the €22.6 million drop was mainly due to the usual seasonal quarterly loss, of €24.2 million.

Non-current liabilities stood at €2,243.6 million as at 31 March 2016, up €52.1 million as against 31 December 2015, largely due to the non-current financial liabilities incurred in the Renewable Energies business unit for project financing purposes.

Current liabilities climbed from €2,769.3 million in the reporting period to €3,197.0 million. This increase is due almost exclusively to the change in trade payables and current financings arising from brisk business activities in the first quarter of the year, and mainly serves to finance the increase in inventories and receivables.

Financial position

Cash earnings declined year on year by €16.2 million to €–4.6 million. With a net loss for the period down €8.9 million year on year and depreciation and amortisation more or less unchanged at €30.8 million, this development is mainly due to higher income tax payments in the reporting period. Inventories and trade receivables increased less during the first quarter than in the previous year's period, but were offset and more than compensated for by a fall in other assets and, in particular, an increase in liabilities from operating activities. As a result, cash flows from operating activities for the first quarter of the financial year 2016 amount to €70.1 million, up €58.9 million year on year.

Cash outflows from investing activities totalled €74.3 million as at the end of the first three months of the current financial year. In addition to payments for the acquisition of TFC Holland B.V., Evergrain Germany GmbH & Co. KG and the acquisition of the operations of SOLAR-Center S.à.r.l, as well as for the remaining purchase price payments for acquisitions made in previous years, funds of €26.7 million were raised for the acquisition of intangible assets and

property, plant and equipment; these relate to the Agriculture Segment as well as the development of existing plants in the Renewable Energies business unit. By contrast, cash inflows of €4.0 million resulted from the disposal of intangible assets and property, plant and equipment. BayWa Group saw cash outflows of €3.3 million in the first quarter of 2016 from additions and disposals of financial assets. The year-on-year increase in cash outflows from investing activities is mainly due to the rise in payments for company acquisitions.

Cash flows from financing activities amount to €22.1 million, and are mainly due to long-term borrowing within the scope of the project development in the Renewable Energies business unit as well as a reduction in financing from asset-backed securitisation measures.

Total cash and cash equivalents have increased by €17.5 million since 31 December 2015 to €102.0 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 €–0.3 million also being taken into account.

Earnings position

The revenues achieved by the BayWa Group in the first quarter of the financial year 2016 came to €3,468.4 million and have therefore risen slightly by €18.4 million, the equivalent of 0.5%, year on year.

The activities of the Agricultural Trade business unit, which were split into the new BayWa Agri Supply & Trade (BAST) and BayWa Agricultural Sales (BAV) business units effective 1 January 2016 within the scope of a restructuring, reported a €74.1 million, or 3.4%, rise in revenue to €2,224.2 million in the first quarter of the current financial year. In the BAST business unit, the continued drop in prices for agricultural produce was compensated for by the sharp rise in sales volumes within the scope of international trade activities, as well as by the acquisition of the business activities of Evergrain Germany GmbH & Co. KG. Revenues rose due to the revenues of BayWa Agri Romania S.r.l. that were taken into account for the first time in the first quarter; the company had been acquired in the previous year. In the BAV business unit, the drop in demand for crop protection and fertilisers due to prevailing weather conditions was offset by a rise in seed sales.

At €140.4 million, revenues in the Fruit business unit also rose, increasing by €11.6 million, or 9.0%. This development is mainly due to the initial consolidation of TFC Holland B.V.; BayWa acquired the majority of the Dutch supplier of tropical fruits at the start of the year.

Revenues in the Agricultural Equipment business unit fell by €42.6 million, or 16.2%, to €219.9 million, mainly due to famers' lower propensity to invest in farm and animal equipment as well as in machines and tractors, which was a result of falling producer prices for agricultural produce.

The Digital Farming business unit, which was established at the end of the last financial year, generated revenues of €1.8 million.

Revenues in the Agriculture Segment between January and March 2016 came to €2,586.2 million, up €44.9 million, or 1.8%, year on year.

The Energy Segment saw revenues decline by €45.1 million, or 6.9%, to €609.8 million. €81.9 million of this drop is due to conventional energy business activities on account of the renewed year-on-year reduction in crude oil prices, which had been moderate in the previous year. However, price developments resulted in a significant increase in sales volumes purchased by heat energy carriers, such as heating oil and pellets.

The Renewable Energies business unit on the other hand reported a 29.8%, or €36.9 million, rise in revenues to €160.4 million which, in addition to the sale of a British solar park, is due to the expansion of business activities.

Revenues in the Building Materials Segment rose by €18.8 million, or 7.5%, year on year to €269.0 million. The segment benefited from the unusually early start to the season for building materials activities, which was due to prevailing weather conditions. High demand in particular for civil engineering as well as gardening and landscaping products resulted in revenue growth.

Other Activities Segment revenues only fell slightly by €0.1 million to €3.4 million.

Other operating income of the BayWa Group has risen by €3.8 million to €38.3 million year on year. This increase is mainly due to the rise in income from price gains, which primarily resulted from project-related hedges in the Renewable Energies business unit. Taking account of increases in inventories, largely resulting from project developments in the Renewable Energies business unit, and other own work capitalised, the BayWa Group's overall performance rose by €36.8 million, or 1.0%, year on year to €3,646.9 million.

With a disproportionately low increase in the cost of materials of €27.2 million, or 0.8%, gross profit rose by €9.6 million, or 2.9%, to €338.3 million.

The €9.3 million, or 4.7%, increase in personnel expenses to €208.5 million is largely a result of the business activities of the companies newly acquired in the previous year, which were included for the first time in the first quarter of the current financial year, as well as an expansion of business activities in the BayWa Agri Supply & Trade business unit and the Renewable Energies business unit.

At €30.8 million, depreciation and amortisation of property, plant and equipment and intangible assets was more or less on par with the previous year.

Other operating expenses rose by €5.5 million, or 5.2%, to €110.8 million. This is mainly due to higher currency-induced losses and increased value adjustments of receivables. The same was not true, however, for advertising expenses and administrative costs.

The changes led to the result of operating activities falling by a total of €5.4 million to €–11.8 million at the end of the first quarter of 2016.

At €–0.6 million, the result of participating interests is down €3.7 million year on year, due, in particular, to a drop in income from participating interests recognised at equity.

This resulted in EBIT of €–12.4 million for the BayWa Group for the first quarter of 2016, corresponding to a year-on-year decrease of €9.1 million.

At €–17.5 million, net interest in the first quarter of 2016 was down €1.3 million, or 8.1%, year on year.

Including tax income of €5.7 million, this results in a loss for the first quarter of the current financial year of €24.2 million, which is €8.9 million lower than the figure for the previous year.

Employees

At the end of the reporting period, the BayWa Group had a workforce of 17,416, which is 1,187 more employees than at the end of 2015. The number of employees in the Agriculture Segment increased by 1,161 to 10,915. In the Agricultural Trade business unit, which now comprises the BayWa Agri Supply & Trade and BayWa Agricultural Sales business units, the number of employees rose by 58 people. The number of employees in the Agricultural Equipment business unit rose by 62 to 3,500 people. The expansion of business activities in the Digital Farming business unit resulted in a corresponding increase in employees of 13 to 118 people. In the Fruit business unit, the number of employees increased by 1,028 people largely due to the seasonal expansion of employee capacities during the harvest period in New Zealand. In the Energy Segment, the number of employees fell marginally by 52 compared to year-end 2015. The workforce in this segment now totals 1,800 employees. The number of employees in renewable energies decreased by 35, while the corresponding figure in conventional energies declined by 17. In the Building Materials Segment, the number of employees rose by 35 compared to the end of 2015 and stood at 4,063 as at 31 March 2016. The number of employees attributable to the Other Activities Segment has risen by 43 to 638.

Outlook

The most important milestones in the restructuring of the Agriculture Segment were completed at the start of the year and will probably lead to increases in efficiency in subsequent quarters. The associated expansion of grain and oilseed trading volume is likely to fuel expectations of additional earnings. Although a recovery of grain prices remains unlikely for the time being on account of high inventories worldwide and the anticipation of another above-average harvest in 2015/16, the volatility of grain prices usually tends to increase during the harvest period, thereby offering greater trading opportunities. In addition, several commodity futures will fall due in the second half of the year, which will reaffirm the positive outlook for produce trading at BayWa.
An increasing normalisation of demand is anticipated in the operating resources business. Demand for seed could receive an additional boost on account of the EU environmental, or greening, requirements. Under normal weather conditions, trading in crop protection products is also likely to increase year on year. Sales in the fertiliser business are mainly determined by demand in the second quarter. Given normal weather conditions, it may even be possible to exceed last year’s high sales volumes. The potential rise in sales will probably compensate largely for the lower trading margins due to the decline in prices.

In the fruit business, the entire marketing volume of the Group is also set to increase noticeably. The acquisition of a majority interest in the Dutch subsidiary TFC Holland B.V., which has been included in the group of consolidated companies since 1 March 2016, will also contribute to the increase.

The agricultural equipment business is not expected to be able to keep up with the rally of the other business units in the Agriculture Segment on account of farmers' very low propensity to invest. However, the higher-margin service business should be able to reduce the earnings shortfall in sales in the second half of the year.

Furthermore, the company is confident that the Energy Segment, with the Renewable Energies business unit, will develop as planned. The current project pipeline and the positive start to the first quarter have laid a good foundation for possibly even exceeding the annual forecast. In conventional energies, it remains to be seen whether the brisk demand for heating oil, which is the result of low crude oil prices, will maintain its current level. All in all, the outlook for the development of business in the Energy Segment can be characterised as positive.

In the Building Materials Segment, the better start compared to the previous year provides a good basis for expanding, or at least maintaining, the lead, which would lead to an improvement in the segment's total earnings.

The first quarter is of limited informative value for revenues and earnings over the course of the year as a whole. Management is optimistic that the Group will be able to achieve its targets for the year, provided that no negative influences are exerted on business by exceptional weather conditions and market developments.

Consolidated Financial Statements of BayWa AG pursuant to IFRS

Consolidated Balance Sheet as at 31 March 2016

in € million

Assets	31/03/2016	31/12/2015
Non-current assets		
Intangible assets	193.076	166.809
Property, plant and equipment	1,407.969	1,419.814
Participating interests recognised at equity	199.297	203.876
Other financial assets	171.474	168.196
Investment property	53.562	55.915
Non-current income tax claims	1.435	1.432
Other receivables and other assets	56.556	59.610
Deferred tax assets	223.523	211.525
	2,306.892	**2,287.177**
Current assets		
Securities	2.056	1.983
Inventories	2,270.082	2,141.541
Current biological assets	9.990	11.977
Current income tax claims	28.966	22.595
Financial assets	232.977	222.373
Other receivables and other assets	1,527.819	1,254.756
Cash and cash equivalents	102.009	84.459
	4,173.899	**3,739.684**
Non-current assets held for sale/disposal groups	**13.122**	**9.796**
Total assets	**6,493.913**	**6,036.657**

Shareholders' equity and liabilities	31/03/2016	31/12/2015
Equity		
Subscribed capital	88.997	88.997
Capital reserve	104.949	104.949
Revenue reserves	540.422	538.564
Other reserves	51.024	77.166
Equity net of minority interest	**785.392**	**809.676**
Minority interest	267.888	266.225
	1,053.280	**1,075.901**
Non-current liabilities		
Pension provisions	623.512	625.466
Other non-current provisions	81.634	82.618
Financial liabilities	1,123.040	1,068.340
Financial lease obligations	154.245	154.823
Trade payables and liabilities from inter-group business relationships	4.396	5.084
Financial liabilities	4.358	3.650
Other liabilities	93.085	93.419
Deferred tax liabilities	159.339	158.092
	2,243.609	**2,191.492**
Current liabilities		
Pension provisions	29.423	29.787
Other current provisions	182.597	175.940
Financial liabilities	1,416.017	1,314.307
Finance lease obligations	6.591	6.671
Trade payables and liabilities from inter-group business relationships	1,121.596	792.220
Current income tax liabilities	27.797	25.301
Financial liabilities	165.185	169.868
Other liabilities	247.818	255.170
	3,197.024	**2,769.264**
Liabilities from non-current assets held for sale/disposal groups	**-.---**	**-.---**
Total shareholders' equity and liabilities	**6,493.913**	**6,036.657**

Consolidated Financial Statements of BayWa AG pursuant to IFRS *

Consolidated Income Statement for the First Quarter of 2016

in € million	01/01–31/03/2016	01/01–31/03/2015 adjusted
Revenues	**3,468.398**	**3,449.966**
Inventory changes	138.139	124.849
Other own work capitalised	2.024	0.772
Other operating income	38.346	34.507
Cost of materials	- 3,308.647	- 3,281.429
Gross profit	**338.260**	**328.665**
Personnel expenses	- 208.508	- 199.186
Depreciation and amortisation	- 30.804	- 30.603
Other operating expenses	- 110.796	- 105.319
Result of operating activities	**- 11.848**	**- 6.443**
Income from participating interests recognised at equity	- 1.563	1.906
Other income from shareholdings	0.971	1.212
Interest income	1.597	1.538
Interest expense	- 19.081	- 17.711
Financial result	**- 18.076**	**- 13.055**
Result of ordinary activities (EBT)	**- 29.924**	**- 19.498**
Income tax	5.717	4.193
Net loss for the period	**- 24.207**	**- 15.305**
of which: profit share of minority interest	0.593	2.319
of which: due to shareholders of the parent company	- 24.800	- 17.624
EBIT	**- 12.440**	**- 3.325**
EBITDA	**18.364**	**27.278**
Average number of shares	34,764,480	34,643,344
Basic earnings per share (in €)**	**- 0.71**	**- 0.51**
Diluted earnings per share (in €)**	**- 0.71**	**- 0.51**

* Previous-year figures adjusted, mainly for the effect from the accounting of a finance leasing in the financial year 2013 and the early application of a new IFRS standard. Details on the adjustments made are described in the notes to this Interim Report as well as note B.7. of the Consolidated Financial Statements 2015.
** 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 Quarter of 2016

in € million	01/01–31/03/2016	01/01–31/03/2015 adjusted
Net loss for the period	**- 24.207**	**- 15.305**
Actuarial gains/losses from pension obligations and provisions for severance pay recognised in the reporting period	0.046	- 0.083
Sum of items not subsequently reclassified in the income statement	**0.046**	**- 0.083**
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	0.841	- 1.479
Reclassifications to the income statement due to disposal of financial assets in the "available for sale" category recognised in the reporting period	-.---	-.---
Net gain/loss from hedging instruments with a clear hedging relationship	-.---	-.---
Reclassifications of net gain/loss recognised in the reporting period from hedging instruments with a clear hedging relationship to the income statement	- 0.020	- 0.807
Differences from currency translation	- 1.746	16.009
Sum of items subsequently reclassified in the income statement	**- 0.925**	**13.723**
Gains and losses recognised directly in equity	**- 0.879**	**13.640**
of which: profit share of minority interest	- 1.415	3.328
of which: due to shareholders of the parent company	0.536	10.312
Consolidated total result for the period	**- 25.086**	**- 1.665**
of which: profit share of minority interest	- 0.822	5.647
of which: due to shareholders of the parent company	- 24.264	- 7.312

Consolidated Cash Flow Statement for the First Quarter of 2016

in € million	01/01–31/03/2016	01/01–31/03/2015 adjusted
Cash earnings	**- 4.60**	**11.639**
Cash flow from operating activities	**70.053**	**11.155**
Cash flow from investing activities	**- 74.25**	**- 26.62**
Cash flow from financing activities	**22.081**	**30.802**
Cash-effective changes in cash and cash equivalents	**17.881**	**15.328**
Cash and cash equivalents at the start of the period	**84.459**	**108.356**
Outflow/inflow of funds due to changes in the group of consolidated companies and in exchange rates	- 0.33	3.927
Cash and cash equivalents at the end of the period	**102.009**	**127.611**

Statement of Changes in Consolidated Equity in the First Quarter of 2016

in € million	Subscribed capital	Capital reserve	Revaluation reserve	Other revenue reserves	Other reserves	Equity net of minority interest	Minority interest	Equity
As at 01/01/2016	**88.997**	**104.949**	**- 4.373**	**542.937**	**77.166**	**809.676**	**266.225**	**1,075.901**
Differences resulting from changes in the group of consolidated companies	-.---	-.---	-.---	-.---	0.001	0.001	2.508	2.509
Capital increase against cash contributions/share-based payment	-.---	-.---	-.---	-.---	-.---	-.---	-.---	-.---
Changes in the fair value of assets classified as “available for sale” and derivative financial instruments as well as other income from interests accounted for using the equity method	-.---	-.---	0.402	-,---	-.---	0.402	0.419	0.821
Actuarial gains/losses from pension obligations and provisions for severance pay	-.---	-.---	-.---	0.022	-.---	0.022	0.024	0.046
Inter-company profits from elimination with associates recognised in equity	-.---	-.---	-.---	- 0.021	-.---	- 0.021	-.---	- 0.021
Dividend distribution	-.---	-.---	-.---	-.---	-.---	-.---	- 0.023	- 0.023
Differences from currency translation	-.---	-.---	-.---	-.---	0.112	0.112	- 1.858	- 1.746
Transfer to/withdrawal revenue reserve	-.---	-.---	-.---	1.455	- 1.455	-,---	-,---	-,---
Net loss for the period from 01/01 to 31/03/2016	-.---	-.---	-.---	-.---	- 24.800	- 24.800	0.593	- 24.207
As at 31/03/2016	**88.997**	**104.949**	**- 3.971**	**544.393**	**51.024**	**785.392**	**267.888**	**1,053.280**
As at 01/01/2015 adjusted	**88.687**	**101.683**	**- 2.815**	**528.918**	**69.986**	**786.459**	**263.917**	**1,050.376**
Differences resulting from changes in the group of consolidated companies	-.---	-.---	-.---	0.955	- 0.591	0.364	- 2.690	- 2.326
Capital increase against cash contributions/share-based payment	-.---	-.---	-.---	-.---	-.---	-.---	-.---	-.---
Changes in the fair value of assets classified as “available for sale” and derivative financial instruments as well as other income from interests accounted for using the equity method	-.---	-.---	- 2.069	-.---	-.---	- 2.069	- 0.217	- 2.286
Actuarial gains/losses from pension obligations and provisions for severance pay	-.---	-.---	-.---	- 0.006	-.---	- 0.006	- 0.077	- 0.083
Inter-company profits from elimination with associates recognised in equity	-.---	-.---	-.---	- 1.208	-.---	- 1.208	-.---	- 1.208
Dividend distribution	-.---	-.---	-.---	-.---	-.---	-.---	- 0.021	- 0.021
Differences from currency translation	-.---	-.---	-.---	-.---	12.668	12.668	3.726	16.394
Transfer to/withdrawal revenue reserve	-.---	-.---	-.---	7.302	- 7.302	-.---	-.---	-.---
Net loss for the period from 01/01 to 31/03/2015	-.---	-.---	-.---	-.---	- 17.752	- 17.752	2.360	- 15.392
Adjustments pursuant to IAS 8 – Differences from currency translation	-.---	-.---	-.---	-.---	- 0.281	- 0.281	- 0.104	- 0.385
Adjustments pursuant to IAS 8 – Net loss for the period from 01/01 to 31/03/2015	-.---	-.---	-.---	-.---	0.128	0.128	- 0.041	0.087
As at 31/03/2015 adjusted	**88.687**	**101.683**	**- 4.884**	**535.961**	**56.856**	**778.303**	**266.853**	**1,045.156**

Segment information by business sector (income statement) 01/01–31/03/2016 in € million	Agri Supply & Trade	Agricultural Sales	Agricultural Equipment	Digital Farming	Fruit	**Agriculture**	Energy	Renewable Energies	**Energy**	**Building Materials**	**Other Activities***	**Transition/ Consolidation***	**Group**
Revenues generated through business with third parties	1,496.763	727.416	219.879	1.751	140.375	**2,586.184**	449.361	160.444	**609.805**	**268.991**	**3.418**	**-.---**	**3,468.398**
Intra-segment revenues	107.763	75.664	3.334	0.069	0.014	**186.844**	43.266	21.739	**65.005**	**8.092**	**11.131**	**- 271.072**	**-.---**
Inter-segment revenues	12.573	7.989	0.267	-.---	-.---	**20.829**	1.349	0.106	**1.455**	**0.323**	**0.988**	**- 23.595**	**-.---**
Total revenues	**1,617.099**	**811.069**	**223.480**	**1.820**	**140.389**	**2,793.857**	**493.976**	**182.289**	**676.265**	**277.406**	**15.537**	**- 294.667**	**3,468.398**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**2.920**	**14.034**	**- 5.663**	**- 0.988**	**2.929**	**13.232**	**6.015**	**18.203**	**24.218**	**- 11.093**	**- 6.524**	**- 1.469**	**18.364**
Depreciation and amortisation	0.919	6.401	2.474	0.420	3.523	13.737	2.056	6.135	8.191	3.772	3.700	1.404	**30.804**
Earnings before interest and tax (EBIT)	**2.001**	**7.633**	**- 8.137**	**- 1.408**	**- 0.594**	**- 0.505**	**3.959**	**12.068**	**16.027**	**- 14.865**	**- 10.224**	**- 2.873**	**- 12.440**
Earnings before tax (EBT)	**- 0.621**	**1.970**	**- 11.636**	**- 1.411**	**- 2.191**	**- 13.889**	**3.833**	**8.128**	**11.961**	**- 18.177**	**- 6.701**	**- 3.118**	**- 29.924**
Income tax													**5.717**
Net loss for the period													**- 24.207**

Segment information by business sector (income statement) 01/01–31/03/2015 adjusted in € million	Agricultural Trade	Agricultural Equipment	Digital Farming	Fruit	**Agriculture**	Energy	Renewable Energies	**Energy**	**Building Materials**	**Other Activities***	**Transition/ Consolidation***	**Group**
Revenues generated through business with third parties	2,150.066	262.512	-.---	128.754	**2,541.332**	531.309	123.574	**654.883**	**250.215**	**3.536**	**-.---**	**3,449.966**
Intra-segment revenues	223.732	3.338	-.---	0.003	**227.073**	54.452	6.752	**61.204**	**8.178**	**10.884**	**- 307.339**	**-.---**
Inter-segment revenues	0.522	0.210	-.---	-.---	**0.732**	3.800	-.---	**3.804**	**0.359**	**0.952**	**- 5.847**	**-.---**
Total revenues	**2,374.320**	**266.060**	**-.---**	**128.757**	**2,769.137**	**589.561**	**130.330**	**719.891**	**258.752**	**15.372**	**- 313.186**	**3,449.966**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**27.496**	**2.202**	**-.---**	**3.725**	**33.423**	**3.316**	**5.709**	**9.025**	**- 13.110**	**0.010**	**- 2.070**	**27.278**
Depreciation and amortisation	7.552	2.539	-.---	3.069	13.160	2.155	5.803	7.958	3.621	4.128	1.736	**30.603**
Earnings before interest and tax (EBIT)	**19.944**	**- 0.337**	**-.---**	**0.656**	**20.263**	**1.161**	**- 0.094**	**1.067**	**- 16.731**	**- 4.118**	**- 3.806**	**- 3.325**
Earnings before tax (EBT)	**12.325**	**- 4.091**	**-.---**	**- 0.958**	**7.276**	**1.049**	**- 3.483**	**- 2.434**	**- 20.120**	**- 0.327**	**- 3.893**	**- 19.498**
Income tax												**4.193**
Net loss for the period												**- 15.305**

*before consolidation

Segment information by business sector (balance sheet) as at 31/03/2016 in € million	BayWa Agri Supply & Trade	BayWa Agricultural Sales	Agricultural Equipment	Digital Farming	Fruit	**Agriculture**	Energy	Renewable Energies	**Energy**	**Building Materials**	**Other Activities***	**Transition/ Consolidation***	**Group**
Assets	1,555.101	1,435.234	639.735	9.618	459.912	**4,099.600**	254.441	2,257.565	**2,512.006**	**583.697**	**3,769.003**	**- 4,470.393**	**6,493.913**
of which: participating interests recognised at equity	2.499	-.---	6.515	-.---	14.249	**23.263**	-.---	10.472	**10.472**	**0.051**	**165.511**	**-.---**	**199.297**
of which: non-current assets held for sale/disposal groups	-.---	-.---	-.---	-.---	-.---	**-.---**	-.---	-.---	**-.---**	**-.---**	**13.122**	**-.---**	**13.122**
Inventories	331.286	656.544	372.643	0.194	48.581	**1,409.248**	38.546	562.853	**601.399**	**164.498**	**1.505**	**93.432**	**2,270.082**
of which: non-current assets held for sale/disposal groups	-.---	-.---	-.---	-.---	-.---	**-.---**	-.---	-.---	**-.---**	**-.---**	**-.---**	**-.---**	**-.---**
Liabilities	1,211.711	971.265	565.838	5.325	270.031	**3,024.170**	355.043	1,787.233	**2,142.276**	**576.043**	**2,530.232**	**- 2,832.088**	**5,440.633**
of which: liabilities from non-current assets held for sale/disposal groups	-.---	-.---	-.---	-.---	-.---	**-.---**	-.---	-.---	**-.---**	**-.---**	**-.---**	**-.---**	**-.---**
Additions in intangible assets, property plant and equipment and investment property (incl. company acquisitions)	2.143	6.274	2.779	0.425	10.404	**22.025**	0.530	19.410	**19.940**	**3.973**	**3.763**	**27.361**	**77.062**
Employees at month's end	375	3,763	3,500	118	3,159	**10,915**	953	847	**1,800**	**4,063**	**638**	**-**	**17,416**

Segment information by business sector (balance sheet) as at 31/03/2015 in € million	Agricultural Trade	Agricultural Equipment	Digital Farming	Fruit	**Agriculture**	Energy	Renewable Energies	**Energy**	**Building Materials**	**Other Activities***	**Transition/ Consolidation***	**Group**
Assets	2,821.566	549.733	7.218	412.505	**3,791.022**	224.639	2,084.607	**2,309.246**	**562.733**	**3,597.880**	**- 4,224.224**	**6,036.657**
of which: participating interests recognised at equity	3.164	6.620	-.---	14.555	**24.339**	-.---	10.964	**10.964**	**0.051**	**168.522**	**-.---**	**203.876**
of which: non-current assets held for sale/disposal groups	-.---	-.---	-.---	-.---	**-.---**	-.---	-.---	**-.---**	**-.---**	**9.796**	**-.---**	**9.796**
Inventories	1,086.682	291.188	0.225	29.628	**1,407.723**	36.302	474.748	**511.050**	**138.722**	**0.833**	**83.213**	**2,141.541**
of which: non-current assets held for sale/disposal groups	-.---	-.---	-.---	-.---	**-.---**	-.---	-.---	**-.---**	**-.---**	**-.---**	**-.---**	**-.---**
Liabilities	1,935.987	434.614	5.083	284.131	**2,659.815**	305.921	1,619.700	**1,925.621**	**556.719**	**2,412.878**	**- 2,594.277**	**4,960.756**
of which: liabilities from non-current assets held for sale/disposal groups	-.---	-.---	-.---	-.---	**-.---**	-.---	-.---	**-.---**	**-.---**	**-.---**	**-.---**	**-.---**
Additions in intangible assets, property plant and equipment and investment property (incl. company acquisitions)	52.488	25.745	9.154	45.415	**132.802**	7.130	24.947	**32.077**	**26.240**	**22.746**	**-.---**	**213.865**
Employees at month's end	4,080	3,438	105	2,131	**9,754**	970	882	**1,852**	**4,028**	**595**	**-**	**16,229**

*before consolidation

Segment information by region

in € million	External sales 01/01–31/03/2016	External sales 01/01–31/03/2015	Non-current assets 31/03/2016	Non-current assets 31/12/2015
Germany	1,174.006	1,455.133	1,491.612	1,489.772
Austria	563.186	601.432	370.127	371.165
Netherlands	-.---	343.390	-.---	-.---
New Zealand	-.---	-.---	254.777	258.747
Other international operations	1,731.206	1,050.011	190.376	167.493
Group	**3,468.398**	**3,449.966**	**2,306.892**	**2,287.177**

Notes to the Interim Report for the Period from 1 January to 31 March 2016

Accounting policies and valuation methods

The Interim Report of the BayWa Group as at 31 March 2016 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 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 2015. 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 2015.

IAS 8 – Accounting and Valuation Principles, Changes in Estimates and Errors

The consolidated financial statements and the management report on the Group of BayWa AG as at 31 December 2013 were subject to a random sample audit by the Deutsche Prüfstelle für Rechnungslegung (DPR) / Financial Reporting Enforcement Panel (FREP) pursuant to Section 342b para. 2 sentence 3 item 3 German Commercial Code (HGB). This audit resulted in findings which had an effect on the assets, financial position and result of operations of the BayWa Group for the financial year 2013 and, consequently, also for subsequent years; these effects led to an adjustment in this Interim Report of the comparable previous-year figures.

In the previous year, the BayWa Group opted for the early adoption of amendments to IAS 16 (Property, Plant and Equipment) and IAS 41 (Agriculture) with regard to the recognition of bearer plants, which were endorsed in European law in November 2015. This necessitated an adjustment to the figures for the comparable period in the previous year. Please refer to the explanations provided in the consolidated financial statements of BayWa AG as at 31 December 2015 for more information and a detailed presentation of the specified adjustments.

The described adjustments had the following impact on the income statement for the first quarter of the financial year 2015:

in € million	01/01–31/03/2015 unadjusted	Adjustments	01/01–31/03/2015 adjusted
Gross profit	**327.762**	**0.903**	**328.665**
Result of operating activities	**–9.518**	**3.075**	**–6.443**
Result of ordinary activities (EBT)	**–19.521**	**0.023**	**–19.498**
Net loss for the period	**–15.392**	**0.087**	**–15.305**
of which: profit share of minority interest	2.360	–0.041	2.319
of which: due to shareholders of the parent company	–17.752	0.128	–17.624
EBIT	**–6.389**	**3.064**	**–3.325**
EBITDA	**21.668**	**5.610**	**27.278**

The transition to the consolidated statement of comprehensive income for the first quarter of 2015 after the adjustments is as follows:

in € million	01/01–31/03/2015 unadjusted	Adjustments	01/01–31/03/2015 adjusted
Net loss for the period	**–15.392**	**0.087**	**–15.305**
Differences from currency translation	16.394	–0.385	16.009
Sum of items subsequently reclassified in the income statement	**14.108**	**–0.385**	**13.723**
Gains and losses recognised directly in equity	**14.025**	**–0.385**	**13.640**
of which: profit share of minority interest	3.432	–0.104	3.328
of which: due to shareholders of the parent company	10.593	–0.281	10.312
Consolidated total result for the period	**–1.367**	**–0.298**	**–1.665**
of which: profit share of minority interest	5.792	–0.145	5.647
of which: due to shareholders of the parent company	–7.159	–0.153	–7.312

The adjustments had the following effects on the cash flow statement for the first quarter of 2015:

in € million	01/01–31/03/2015 unadjusted	Adjustments	01/01–31/03/2015 adjusted
Cash flow from operating activities	**6.438**	**4.717**	**11.155**
Cash flow from investing activities	**–26.629**	-.---	**–26.629**
Cash flow from financing activities	**35.519**	**–4.717**	**30.802**
Cash-effective changes in cash and cash equivalents	15.328	-.---	15.328
Cash and cash equivalents at the start of the period	106.076	2.280	108.356
Inflow/outflow of funds due to changes in the group of consolidated companies and in exchange rates	3.927	-.---	3.927
Cash and cash equivalents at the end of the period	**125.331**	**2.280**	**127.611**

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.

BayWa Obst Beteiligung GmbH, Munich, Germany; BayWa Fruit B.V., Amsterdam, the Netherlands; Kerifresh Growers Trust 2016, Kerikeri, New Zealand; T&G South East Asia Ltd, Bangkok, Thailand, are all companies established in the reporting year or before, and became part of the fully consolidated group for the first time.

Since 1 January 2016, Intersaatzucht Verwaltungs GmbH, Munich, Germany, which had not been consolidated by the end of the financial year 2015 due to it being of minor significance, has also been included in BayWa AG's consolidated financial statements for the first time in accordance with the standards applicable to full consolidation.

Project company Windpark Stockelsdorf GmbH, Gräfelfing, Germany, also became part of the fully consolidated group for the first time in the financial year 2016.

BayWa AG, Munich, Germany, took over 100% of the shares in Evergrain Germany GmbH & Co. KG, Hamburg, Germany, through Group company BayWa Agrar Beteiligung Nr. 2 GmbH, Germany, by way of a share deal. With the takeover, the BayWa Group is expanding its

international specialities business and plans to take a leading role in the malting barley trade. The biggest market potential for malting barley lies in the European Union and increasingly in the growth of South American and Asian markets. BayWa Agrar Beteiligung Nr. 2 GmbH has had a controlling influence over Evergrain Germany GmbH & Co. KG since 29 January 2016, the date when the purchase price was paid for the acquired shares. The initial consolidation of the company therefore took place for reasons of materiality and practicability on 1 February 2016 within the scope of full consolidation.

The preliminary cost of the shares came to €6.600 million and includes the contractually agreed purchase price component of €4.992 million, which was disbursed in January. The purchase agreement also includes contingent purchase price components which, depending on the respective return on invested capital for the financial years 2016 through 2019, amount to a maximum of €1.608 million.

The transaction costs incurred in connection with the acquisition of the shares to date amount to €0.365 million. In the financial years 2015 and 2016, these costs are included in the income statement under other operating expenses.

The net assets acquired in connection with the purchase of Evergrain Germany GmbH & Co. KG break down as follows (preliminary figures):

in € million	Book value	Fair value adjustments	Fair value
Intangible assets	-.---	-.---	-.---
Property, plant and equipment	0.019	-.---	0.019
Financial assets	0.025	-.---	0.025
Inventories	-.---	-.---	-.---
Receivables and other assets	12.861	-.---	12.861
Deferred tax assets	0.485	-.---	0.485
Cash and cash equivalents	0.703	-.---	0.703
Non-current liabilities	4.637	-.---	4.637
Current liabilities	6.804	-.---	6.804
Deferred tax liabilities	-.---	-.---	-.---
	2.652	**-.---**	**2.652**
Goodwill (preliminary)			3.948
Preliminary total purchase price, including contingent purchase price components			**6.600**

The gross amount of the receivables amounted to €5.453 million as at the time of acquisition; of this amount, €5.446 million is considered to be recoverable.

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 €4.610 million higher and the consolidated profit attributable to investors €2.354 million higher.

Since 1 February 2016, the date of its initial inclusion in the group of consolidated companies, Evergrain Germany GmbH & Co. KG has generated revenues of €24.271 million and gains of €0.341 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.

Effective 1 March 2016, BayWa AG, Munich, Germany, took over the photovoltaic (PV) operations of SOLAR-Center S.à.r.l., Luxembourg, through Group company BayWa r.e. Solar Systems S.à.r.l., Luxembourg, by way of an asset deal to expand its renewable energies activities; these activities include wholesale operations related to PV panels, inverters and other accessories, in the Benelux, France and Germany. The preliminary cost of the acquired net assets comes to €2.404 million.

The transaction costs incurred in connection with the acquisition of the shares amount to €0.053 million. In the financial year 2016, these costs are included in the income statement under other operating expenses.

The net assets acquired in connection with the takeover of operations break down as follows (preliminary figures):

in € million	Book value	Fair value adjustments	Fair value
Intangible assets	0.708	-.---	0.708
Property, plant and equipment	0.035	-.---	0.035
Financial assets	-.---	-.---	-.---
Inventories	1.661	-.---	1.661
Receivables and other assets	-.---	-.---	-.---
Deferred tax assets	-.---	-.---	-.---
Cash and cash equivalents	-.---	-.---	-.---
Non-current liabilities	-.---	-.---	-.---
Current liabilities	-.---	-.---	-.---
Deferred tax liabilities	-.---	-.---	-.---
	2.404	**-.---**	**2.404**
Goodwill (preliminary)			-.---
Total purchase price (preliminary)			**2.404**

The takeover of operations did not result in any goodwill.

Since 1 March 2016, the date of its initial inclusion in the group of consolidated companies, BayWa r.e. Solar Systems S.à.r.l. has generated revenues of €3.120 million and gains of €0.094 million.

BayWa AG, Munich, Germany, took over 68.4% of the shares in TFC Holland B.V., De Lier, the Netherlands, through Group company BayWa Fruit B.V., Amsterdam, the Netherlands, by way of a share deal. The takeover is an important step for BayWa in its international growth strategy in the Agricultural Segment. TFC has long-standing international trade relations in all procurement markets for exotic fruits – mainly for avocado, mango, ginger and citrus fruits, as well as with the European food retail industry. By expanding its portfolio in the growth market for exotic speciality fruits, in particular in the “ready-to-eat” sector, the BayWa Group is strengthening its position as a leading international supplier of fruit and pome fruit. BayWa Fruit B.V. has had a controlling influence over TFC Holland B.V. since 8 March 2016, the date when the purchase price was paid for the acquired shares. The initial consolidation of the company therefore took place for reasons of materiality and practicability on 1 March 2016 within the scope of full consolidation.

The preliminary cost of the shares came to €28.705 million and includes the contractually agreed purchase price component which was disbursed in March.

The transaction costs incurred in connection with the acquisition of the shares amount to €0.194 million. In the financial year 2016, these costs are included in the income statement under other operating expenses.

The net assets acquired in connection with the purchase of TFC Holland B.V. break down as follows (preliminary figures):

in € million	Book value	Fair value adjustments	Fair value
Intangible assets	-.---	-.---	-.---
Property, plant and equipment	5.254	-.---	5.254
Financial assets	0.058	-.---	0.058
Inventories	1.065	-.---	1.065
Receivables and other assets	12.402	-.---	12.402
Deferred tax assets	0.227	-.---	0.227
Cash and cash equivalents	3.476	-.---	3.476
Non-current liabilities	0.890	-.---	0.890
Current liabilities	13.522	-.---	13.522
Deferred tax liabilities	-.---	-.---	-.---
	8.070	**-.---**	**8.070**
Proportionate net assets			5.520
Goodwill (preliminary)			23.185
Total purchase price (preliminary)			**28.705**
Portion of net assets attributable to non-controlling shares			2.550

The portion of net assets of €2.550 million attributable to the non-controlling shares in TFC Holland B.V. comprises the fair value of the assets and liabilities attributable to minority interests.

The gross amount of the receivables amounted to €11.079 million as at the time of acquisition; of this amount, €11.008 million is considered to be recoverable.

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 €33.158 million higher and the consolidated profit attributable to investors €2.312 million higher.

Since 1 March 2016, the date of its initial inclusion in the group of consolidated companies, TFC Holland B.V. has generated revenues of €6.800 million and gains of €0.552 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.

Solarpark Homestead GmbH, Gräfelfing, Germany, sold 100% of its shares in Haymaker (Homestead) Ltd., London, UK, on 18 March 2016.

The effect of this transaction on the consolidated financial statements is as follows (preliminary figures):

Consideration received

in € million	18/03/2016
Consideration received in the form of cash and cash equivalents for 100% of the shares	4.081

Assets and liabilities derecognised owing to control relinquished

in € million	18/03/2016
Non-current assets	
Intangible assets	-.---
Property, plant and equipment	-.---
Financial assets	-.---
Deferred tax assets	2.715
	2.715
Current assets	
Inventories	21.038
Receivables and other assets	0.395
Cash and cash equivalents	1.308
	22.741

in € million	18/03/2016
Non-current liabilities	
Non-current provisions	0.126
Financial liabilities	23.448
Trade payables and other liabilities	-.---
Deferred tax liabilities	0.327
	23.901
Current liabilities	
Current provisions	0.106
Financial liabilities	-.---
Trade payables and other liabilities	0.248
	0.354
Net assets on the disposal date	**1.201**

Gains/losses from the disposal of Group companies

in € million	18/03/2016
Consideration received for 100% of the shares	4.081
Net assets relinquished	–1.201
Disposal gain	**2.880**

The disposal is disclosed in the income statement under revenues and changes in inventories, while tax components are disclosed under tax expenses.

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

in € million	18/03/2016
Purchase price settled through cash and cash equivalents	4.081
Less cash and cash equivalents paid out in connection with the disposal	–1.308
	2.773

As at 31 March 2016, a total of 301 companies (31 December 2015: 295 companies) were included in the consolidated financial statements in accordance with the standards applicable to full consolidation. In addition, 32 associated companies (31 December 2015: 32 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 current reporting period.

Seasonal and economic influences on business activity

Seasonal influences typical to the business have an impact on almost all the core activities of the Group. Over the course of the year, these lead 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. Conventional energies are impacted more by economic influences which cause fluctuations in business. The price trend exerts a major influence on consumer behaviour and therefore on the development of the business unit’s revenues. The backlog in demand subsequently evens out over a number of years. Renewable energies are subject to fluctuations depending

on project sales. Business development may also be impacted by political factors as a result of changes in promotion measures. In the Building Materials Segment, business picks up after the first quarter and slows in the fourth quarter due to the weather.

Financial instruments

The book values and fair values of those financial liabilities that are measured at amortised cost and whose book values do not approximate their fair values are as follows:

in € million	31/03/2016		31/12/2015	
	Fair value	Book value	Fair value	Book value
Non-current financial liabilities				
Financial liabilities	1,131.176	1,123.040	1,076.468	1,068.340

The financial assets and liabilities measured at fair value assigned to the three levels of the fair value hierarchy as at the reporting date, 31 March 2016, are as follows:

in € million	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial instruments & commodity futures	47.920	185.057	-.---	232.977
Securities FAHfT	2.056	-.---	-.---	2.056
Financial assets AfS	5.090	-.---	-.---	5.090
Sum total of financial assets	**55.066**	**185.057**	**-.---**	**240.123**
Financial liabilities measured at fair value				
Derivative financial instruments & commodity futures	69.914	99.629	-.---	169.543
Sum total of financial liabilities	**69.914**	**99.629**	**-.---**	**169.543**

Bonds/equity instruments

In the period under review, there were no issues, share buy-backs or repayments, neither for bonded loans 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 2015 retained earnings

As the parent company of BayWa Group, BayWa AG discloses profit available for distribution of €36,306,528.30 in its financial statements as at 31 December 2015 which were drawn up in accordance with German accounting standards (German Commercial Code – HGB) and adopted by the Supervisory Board on 30 March 2016. The Board of Management and the Supervisory Board will propose the following use of this amount to the Annual General Meeting of Shareholders on 7 June 2016:

Dividend of €0.85 per dividend-bearing share:	€29,463,417.40
Carried forward to new account:	€6,843,110.90
Profit available for distribution:	€36,306,528.30

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, as these shares are not entitled to dividend pursuant to Section 71b of the German Stock Corporation Act (AktG). This portion will be additionally transferred to other revenue reserves.

Earnings per share

Basic earnings per share (EPS) are calculated by dividing the net profit for the period attributable to the shares (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 for the first quarter 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 2015.

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.

Segment report

The change in the internal organisational structure of the BayWa Group's agricultural trading business activities since the start of the financial year 2016 impacted segment reporting during the reporting period. The agricultural trading business activities, which had previously been aggregated in the Agricultural Trade business unit, were split into two separate business units, BayWa Agri Supply & Trade (BAST) and BayWa Agricultural Sales (BAV), effective 1 January 2016. BAST combines the BayWa Group's national and international trade, distribution and logistics activities for grain, oilseed and additional products. The collection business and trading in operating resources and feedstuff have been pooled in the business unit known as BAV. The comparable figures for the previous year do not need to be adjusted in line with the change in the organisational structure as the information required to do so is unavailable, and the costs of preparing such information would be disproportionate to its benefits. In terms of content, the consolidation of the key figures of the BAST and BAV business units for the first quarter of 2016 is comparable with the values reported in the previous year for the Agricultural Trade business unit.

Other transactions and events to be reported

On 26 January 2016, the Bundeskartellamt (German federal antitrust authority) conducted a search in a number of offices at BayWa AG headquarters in Munich, Germany, on the basis of a warrant from Bonn district court. The investigation is based on the suspicion that employees of the company were allegedly involved in agreements aimed at restricting competition in the sale of agricultural equipment. According to the court order authorising the search, several companies from the industry are being investigated. No further details on the

accusations were available to the company at the time of the conclusion of the interim financial statements. BayWa AG will offer its full cooperation with the Bundeskartellamt to clarify the circumstances.

Audit of the Interim Report

The Interim Report was not subject to any audit review.

Munich, 9 May 2016

The Board of Management

Prof. Klaus Josef Lutz
(Chief Executive Officer)
Andreas Helber
Roland Schuler
Matthias Taft
Reinhard Wolf