

Annual Report 2014|2015

SEEDING
THE FUTURE
SINCE 1856

KWS



Key figures of the KWS Group

in € millions	2014/2015	2013/2014	2012/2013	2011/2012	2010/2011
Key figures of the KWS Group in accordance with the corporate controlling structure¹					
Net sales	1,260.4	1,178.0	1,147.2	986.3	855.4
Operating income (= EBIT)	138.0	138.4	152.1	140.9	116.6
as a % of net sales (= ROS)	10.9	11.8	13.3	14.3	13.6
Net financial income/expenses	-7.1	-12.6	-10.3	-5.1	-7.0
Net Income	84.0	80.3	92.3	94.4	72.9
as a % of net sales	6.7	6.8	8.0	9.6	8.5
Operative cash flow	57.7	61.0	84.6	97.9	101.2
Net cash from investing activities	-136.3	-75.4	-88.9	-56.6	-52.4
Equity	738.7	637.8	649.7	603.1	530.3
Balance sheet total	1,440.2	1,262.8	1,218.7	1,092.3	902.0
Equity ratio in %	51.3	50.5	53.3	55.2	58.8
Return on equity in %	13.6	12.8	15.8	18.3	15.2
Return on assets in %	7.2	7.3	9.0	10.7	8.9
Capital expenditure	140.6	82.6	65.2	111.5	49.3
Depreciation	51.6	45.8	38.4	28.4	27.6
Average number of employees	5,322	4,847	4,443	3,851	3,560
Personnel costs	256.4	225.8	209.9	182.5	165.0
Key figures of the KWS Group in accordance with IFRS 11²					
Net Income	986.0	923.5			
Operating income (= EBIT)	113.4	118.3			
as a % of net sales (= ROS)	11.5	12.8			
Net financial income/expenses	16.7	7.5			
Net Income	84.0	80.3			
as a % of net sales	8.5	8.7			
Operative cash flow	48.1	76.0			
Net cash from investing activities	-123.8	-63.1			
Equity	738.7	637.8			
Balance sheet total	1,355.5	1,165.0			
Equity ratio in %	54.5	54.7			
Return on equity in %	13.6	12.8			
Return on assets in %	7.8	7.8			
Capital expenditure	132.5	69.4			
Depreciation	45.9	41.2			
Average number of employees	4,691	4,150			
Personnel costs	216.9	189.9			
Performance of KWS shares in €					
Dividend per share	3.00	3.00			
Earnings per share	12.53	11.69			
Equity per share	111.92	96.64			

¹ Our 50:50 joint ventures are included proportionately in accordance with their shares.

² In accordance with IFRS 11, the net sales and expenses of our joint ventures are no longer included in KWS' statement of comprehensive income. Instead, the shares they contribute to earnings are carried under net financial income/expenses. In addition, the assets of our joint ventures will be included in the future in the KWS Group's balance sheet as an equity-accounted financial asset in accordance with the new accounting regulations.

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To our
share-
holders

Hagen Duenbostel (CEO) Corn, Coporate Development & Communications, Compliance

Léon Broers Research & Breeding

Eva Kienle Finance, Controlling, Global Services, IT, Legal, Human Resources

Peter Hofmann Sugarbeet, Cereals, Marketing

Foreword of the Executive Board

Dear shareholders and friends of KWS,

KWS can look back on almost 160 years of plant breeding experience. In this time, the company has evolved from its beginnings as a domestic sugar-beet seed vendor into a leading international plant breeder. An independent family business, KWS now offers high-yielding varieties in some 70 countries and generates more than 80% of its net sales outside Germany. In view of the tough climate in the international agricultural markets, however, keeping up earnings-driven expansion of KWS' business is a particular challenge.

After years of steadily increasing demand for food and feed and a parallel trend in supply, agricultural markets now face record cereal inventories. World market prices for consumer goods have accordingly fallen sharply and are still not yet trending upward. Increasing globalization of trade is also causing greater volatility in commodity prices. However, incomes in the farming sector largely correlate with these trends in commodity prices. Decisions on what to grow are made on the basis of crop rotation, but also in particular on the farmer's revenue situation and costs. Consumer prices for sugar, corn, potatoes and oils have dropped to lows that in some cases have not been seen for decades.

Depending on the market situation, influences from exchange rate fluctuations and increases in the cost of capital may exert additional pressure on cultivation area for the individual crops. These challenges were especially clear in our international growth markets, such as Eastern Europe and South America. There were greater economic pressures on cultivation of grain corn there, for example. As a consequence, cultivation area was reduced, as was the size of KWS' potential market.

Plant breeding can offer sustainable solutions to the long-term growth in demand for food worldwide. The

industry's high rate of innovation is driven by intense competition – accompanied by shorter and shorter development cycles for new technologies. As a result, research and development expenditure in plant breeding has risen steadily for years, and KWS again increased its R&D spending by around 16% to €173.8 million last fiscal year.

Despite this challenging environment, KWS was able to hold its own well in fiscal 2014/2015. We grew our net sales by around 7% to almost €1.3 billion. We posted an EBIT of €138 million and exceeded our own profit expectations. That is attributable to the close collaboration of our currently 5,322 KWS employees worldwide. They are the crucial foundation of our innovative strength and the key to our future growth. What is particularly important for us is to practice our corporate values with passion, preserve our family company's independence and maintain the trust farmers have in us as a powerful partner by supplying seed of the very best quality.

In order to achieve that goal and grow in the future, we are focusing our resources on research and development, expanding distribution and creating the necessary production capacities. The main emphasis of our capital spending program last fiscal year was therefore on expanding and modernizing our seed processing and production plants worldwide. We were also able to successfully increase our footprint in France, one of the world's most important cereals markets, by acquiring the remaining 51% stake in the French seed company SOCIETE DE MARTINVAL S.A (MOMONT) effective September 30, 2014. We invested a total of €141 million last fiscal year.

KWS has grown and spread its roots over all the years. KWS operated outside Germany and was a European player early in its history, namely at the beginning of the 20th century. Changing its legal

form into a European Stock Corporation (Societas Europaea/SE) was therefore a logical consequence of KWS' development in Europe and its strong international growth, especially in recent years. In addition, the interests of European employees are represented by a European body now that the company has the legal form of an SE.

We intend to continue implementing our corporate strategy stringently in the coming year. As part of that, we will continue to focus strongly on research and development and product quality to keep on offering seed of the highest quality. By doing that, we believe we can grow net sales by 5% to 10% and post an EBIT margin of at least 10.5%. In this regard I wish to note that next fiscal year will see a fundamental change in our financial communications and that the KWS Group's net sales and profit (EBIT) will be lower since they will not include the revenue and expenses from our joint ventures. You can find more information on page 24.

The main theme of this report is seed of the very best quality. We therefore present the individual steps of how we produce it. In the spotlight topic and on the two-page photo spreads you can find detailed and informative explanations and impressions. I wish you a very enjoyable read!

In conclusion, I would like to talk about our employees. Without their commitment and innovative expertise, our company's success would not be possible. On behalf of the whole Executive Board, I would like to thank them for their outstanding work. I also thank our customers, investors and partners for their support and trust. We will continue on our path together.

With best regards from Einbeck on behalf of the entire Executive Board,



Hagen Duenbostel
Chief Executive Officer

Report of the Supervisory Board

In its meeting on October 15, 2014, the Supervisory Board decided – following careful examination – to give its consent to the proposal by the Executive Board to convert KWS SAAT AG into KWS SAAT SE, which also entailed a change in the company's name. Changes in the company's name have always marked the dawning of a new era in KWS' history. The extensive efforts being made to develop new products and penetrate new markets are testimony to the exceptional dynamism of this dedication to the future. Close and trusted interaction between the Supervisory Board and the Executive Board is vital in this regard.

The Supervisory Board discharged the duties incumbent on it in accordance with the law, the company's Articles of Association and the bylaws, regularly advised and monitored the Executive Board in its activities and satisfied itself that the company was run properly and in compliance with the law and that it was organized efficiently and cost-effectively. The Supervisory Board decided on all significant business transactions requiring its consent and carefully accompanied the Executive Board in all fundamental decisions of importance to the company. The Supervisory Board discussed the information and assessments that influenced its decisions together with the Executive Board. Both boards continued their constructive cooperation based on mutual trust in every respect. Among other things, this was demonstrated by the fact that, as is customary, the Supervisory Board was involved in all decisions of vital importance to the company at an early stage. The Supervisory Board was provided with the necessary information in written and oral form regularly, promptly and comprehensively. This included all key information on relevant questions of strategy, planning, the business performance and the situation of the company and the KWS Group, including the risk situation, risk management and compliance. Business transactions requiring consent were submitted to and discussed and approved by the Supervisory Board in compliance with the bylaws for the Executive Board. The company's business policy, corporate and financial planning, profitability and situation, the general development of

the various businesses, market trends and the competitive environment, research and product development and, along with important individual projects, risk management at the KWS Group were also the subject of detailed discussions. The Chairman of the Supervisory Board continued the bilateral discussions with the Chief Executive Officer and individual members of the Executive Board in regular talks outside the meetings of the Supervisory Board. In addition, there were monthly meetings between the Chairman of the Supervisory Board and the Executive Board as a whole, where the company's current business development and, in particular, its strategy, occurrences of special importance and individual aspects of the company were dealt with. The Chairman of the Supervisory Board informed the Supervisory Board of the results of these meetings. The Supervisory Board did not make use of its right to conduct an examination granted by Section 111 (2) AktG (German Stock Corporation Act) since the reporting by the Executive Board meant there was no reason to do so.

Focal areas of deliberations

The full Supervisory Board held five regular meetings in fiscal 2014/2015. The meetings were always attended by all the members, with the exception of one where a member was connected by phone. The meeting of the Supervisory Board of KWS SAAT AG to discuss the financial statements on October 15, 2014, was devoted to examining and approving the financial statements of KWS SAAT AG and the consolidated financial statements of the KWS Group as of June 30, 2014. In addition, conversion of KWS SAAT AG into a European Stock Corporation (Societas Europaea/SE) was discussed. The change in legal form is intended to reflect our company's strong international growth and to emphasize its large footprint in Europe. In addition, the interests of European employees are represented by an additional European body now that the company has the legal form of an SE. The Supervisory Board decided, together with the Executive Board, to propose to the Annual Shareholders' Meeting on December 18, 2014, that KWS SAAT AG be converted into KWS SAAT SE.

The Annual Shareholders' Meeting agreed to the conversion. The resolution on conversion of the company adopted by the Annual Shareholders' Meeting also included a resolution on the Articles of Association of KWS SAAT SE, Sections 8 (1) and (2) of which specify that the Supervisory Board consists of six members: four shareholder representatives and two employee representatives. Section 8 (7) of the Articles of Association contains provisions on appointing the shareholder representatives on the first Supervisory Board of KWS SAAT SE; the same persons were appointed as shareholder representatives as were serving on the Supervisory Board of KWS SAAT AG. The change in the company's legal form took effect upon its entry in the commercial register on April 15, 2015.

The meetings of the Supervisory Board of KWS SAAT AG on December 17 and 18, 2014, focused on KWS' HR strategy, establishment of its research center in St. Louis and expansion of corn production capacities in Eastern Europe. In its last meeting on March 18, 2015, the Supervisory Board of KWS SAAT AG heard detailed reports on the status of product development and the research projects. The company's organizational development was also discussed. Following this meeting, the first Supervisory Board of KWS SAAT SE convened for its constitutive meeting on March 18, 2015. The meeting was not only attended by the shareholder representatives appointed by the Annual Shareholders' Meeting on December 18, 2014, but also by the employee representatives who had been appointed on March 15, 2015, pursuant to the agreement between the Executive Board and the Special Negotiating Body of the European employees. The employee representatives were likewise the same persons who had served in this capacity on the Supervisory Board of KWS SAAT AG. The first Supervisory Board of KWS SAAT SE then initially elected Dr. Andreas J. Büchting as its Chairman and Dr. Arend Oetker as its Deputy Chairman. The Supervisory Board also adopted the bylaws for the Supervisory Board of KWS SAAT SE. It then formed a Committee for Executive Board Affairs, a Nominating Committee and an Audit Committee, appointed their chairpersons and

members and adopted bylaws for the Audit Committee. The members and chairpersons of these committees were the same persons who had served in this capacity on the respective committees of the Supervisory Board of KWS SAAT AG. Further items on the agenda were the appointment of the members of the Executive Board of KWS SAAT SE, namely the same persons who had served on the Executive Board of KWS SAAT AG, approval of the supplemental agreements to the existing contracts with the Executive Board members and adoption of the bylaws for the Executive Board of KWS SAAT SE. The members of the Supervisory Board of KWS SAAT SE also approved the appointment of the members of the Executive Board and conclusion of the supplemental agreements, including in their capacity as members of the Supervisory Board of KWS SAAT AG. The joint formation audit report of the first Supervisory Board and first Executive Board of KWS SAAT SE was likewise signed on March 18, 2015. The Supervisory Board of KWS SAAT AG continued to exist alongside the Supervisory Board of KWS SAAT SE until its term of office expired when the conversion took effect on April 15, 2015. All the above-mentioned bylaws and details on the members of the Supervisory Board's committees can be obtained on the company's homepage.

On June 24, 2015, the agenda as usual included adoption of the corporate planning for fiscal 2015/2016, including medium-term planning up to 2018/2019. The Supervisory Board also approved the merger of KWS MAIS GMBH with KWS SAAT SE. The survey of the Supervisory Board with the aim of avoiding and identifying fraud was also conducted. The Supervisory Board is not aware of any such acts. A further item on the agenda were the resolutions on the ratio of women on the Supervisory Board and the Executive Board. The ratio of women among the shareholder representatives on the Supervisory Board is currently 25%; the two seats for the employee representatives are currently held by men. In accordance with Section 111 (5) AktG (German Stock Corporation Act), the Supervisory Board decided that the ratio of women on the Supervisory Board of KWS SAAT SE will still be 16.6% within the statutory period for defining

target figures for the ratio of women, namely by June 30, 2017. No election to the Supervisory Board is envisaged within this statutory period. The ratio of women on the Executive Board of KWS SAAT SE is still to be 25% within the above period of time. No new appointments to posts on the Executive Board are planned within the statutory period of time. In accordance with Clause 5.4.1 of the German Corporate Governance Code, the Supervisory Board of KWS SAAT SE also discussed setting a limit on the length of time members can serve on the Supervisory Board of KWS SAAT SE and decided not to comply with these recommendations by the German Corporate Governance Code, since they would significantly restrict the rights of a business with a tradition of family ownership like KWS, whose family shareholders hold a majority stake. The Supervisory Board, in agreement with the Executive Board, then adopted the declaration of compliance with the German Corporate Governance Code in accordance with section 161 AktG (German Stock Corporation Act). The company's declaration of compliance for fiscal year 2014/2015 has been published on the company's homepage.

Annual and consolidated financial statements and auditing

Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Hanover, the independent auditor chosen at the Shareholders' Meeting on December 18, 2014, and commissioned by the Audit Committee, has audited the financial statements of KWS SAAT SE that were presented by the Executive Board and prepared in accordance with the provisions of the German Commercial Code (HGB) for fiscal 2014/2015 and the financial statements of the KWS Group (IFRS

consolidated financial statements), as well as the Combined Management Report of KWS SAAT SE and the KWS Group Management Report, including the accounting reports, and awarded them its unqualified audit certificate. In addition, the auditor concluded that the audit of the financial statements did not reveal any facts that might indicate a misstatement in the declaration of compliance issued by the Executive Board and the Supervisory Board in accordance with section 161 AktG (German Stock Corporation Act) with respect to the "German Commission for the Corporate Governance Code" (cf. Clause 7.2.3 (2) of the German Corporate Governance Code).

The Supervisory Board received and discussed the financial statements of KWS SAAT SE and the consolidated financial statements and Combined Management Report of KWS SAAT SE and the KWS Group, along with the report by the independent auditor of KWS SAAT SE and the KWS Group and the proposal on utilization of the net profit for the year made by KWS SAAT SE, in due time. Comprehensive documents and drafts were submitted to the members of the Supervisory Board as preparation; for example, all of them were provided with the annual financial statements, Combined Management Report, audit reports by the independent auditors, Corporate Governance Report, Compensation Report and the proposal by the Executive Board on the appropriation of the profits. The Supervisory Board also held detailed discussions of questions on the agenda at its meeting to discuss the financial statements on October 14, 2015. The auditor took part in the meeting. It reported on the main results of the audit and was also available to answer additional questions and provide further information for the Supervisory Board.

Supervisory Board Committees

Committee	Chairman	Members
Audit Committee	Hubertus von Baumbach	Andreas J. Büchting Jürgen Bolduan
Committee for Executive Board Affairs	Andreas J. Büchting	Arend Oetker Cathrina Claas-Mühlhäuser
Nominating Committee	Andreas J. Büchting	Arend Oetker Cathrina Claas-Mühlhäuser

According to the report of the independent auditor, there were no material weaknesses in the internal control and risk management system in relation to the accounting process. There were also no circumstances that might indicate a lack of impartiality on the part of the independent auditor. The small extent of services additionally provided by the independent auditor can be seen from the Notes.

In accordance with the final results of its own examination, the Supervisory Board endorsed the results of the audit, among other things as a result of the vote by the Audit Committee, and did not raise any objections. The Supervisory Board gave its consent to the annual financial statements of KWS SAAT SE, which were prepared by the Executive Board, and to the consolidated financial statements of the KWS Group, along with the Combined Management Report of KWS SAAT SE and the KWS Group. The financial statements are thereby approved. The Supervisory Board also endorses the proposal by the Executive Board to the Annual Shareholders' Meeting on the appropriation of the net retained profit of KWS SAAT SE after having examined it.

Corporate Governance

The Supervisory Board conducted its efficiency review in accordance with Clause 5.6 of the German Corporate Governance Code for fiscal 2013/2014 accompanied and supported by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. Recommendations and measures derived from it were implemented without exception in fiscal year 2014/2015.

The Supervisory Board regularly addressed the question of any conflicts of interest on the part of its members and those of the Executive Board. In the year under review, there were no such conflicts of interests that had to be disclosed immediately to the Supervisory Board and reported to the Annual Shareholders' Meeting.

Supervisory Board Committees

The **Audit Committee** convened for two joint meetings in fiscal 2014/2015 and also held three telephone conferences, on all occasions with all its members in attendance. In its meeting on September 29, 2014, the Audit Committee discussed the 2013/2014 annual financial statements and accounting of KWS SAAT AG and consolidated financial statements of the KWS Group. In addition, the required audit relating to the conversion of KWS SAAT AG into a European Company (SE) was discussed. The Annual Compliance Report and the results of the auditing projects were on the agenda at its second meeting on March 18, 2015. The audit plan for fiscal 2015/2016 was also discussed and adopted. The quarterly reports and the semiannual report for fiscal 2014/2015 were discussed in detail in three telephone conferences and their publication was approved.

In addition, the Audit Committee obtained the statement of independence from the auditor in accordance with Clause 7.2.1 of the German Corporate Governance Code, monitored the auditor's independence and examined its qualifications and defined the focal areas of the audit. The Audit Committee also satisfied itself that the regulations on internal rotation pursuant to Section 319a (1) No. 4 HGB were observed by the independent auditor. The Audit Committee convened on September 28, 2015, to discuss the current annual financial statements of KWS SAAT SE and KWS' consolidated financial statements and accounting. The independent auditor explained the results of its audit of the 2014/2015 financial statements and pointed out that there were no grounds for assuming a lack of impartiality on the part of the independent auditor in its audit. The Audit Committee also dealt with the proposal by the Executive Board on the appropriation of the net retained profit of KWS SAAT SE and recommended that the Supervisory Board approve it.



Andreas J. Büchting, Chairman of the Supervisory Board

The **Committee for Executive Board Affairs** dealt in the year under review with the examination of the contracts of the Executive Board members.

At the 2014 Annual Shareholders' Meeting, the Supervisory Board said farewell to Philip Freiherr von dem Bussche, who retired from the Executive Board of KWS SAAT AG. After working on the Supervisory Board for five years from 2000 on, Philip von dem Bussche was appointed as a member of the Executive Board in 2005 and then, in January 2008, as Chief Executive Officer. He was responsible for the product segments Sugarbeet (including potatoes) and Cereals up to October 2014. In particular, the Sugarbeet Segment performed magnificently during his era – despite far-reaching changes in market policies. He also helped shape the establishment of our corn activities in Brazil, our research joint venture GENECTIVE and our second research center in St. Louis. As a farmer and businessman with an optimistic and entrepreneurial spirit, Philip von dem Bussche enjoyed the special trust of our customers

worldwide. At the same time, he was someone who KWS employees worldwide were able to identify with in our phase of rapid growth. With his boundless energy and great charisma, Philip von dem Bussche made a major contribution to the company's success over the past decade. The Supervisory Board thanks him for his extraordinarily successful achievements.

The Supervisory Board also expresses its thanks to the Executive Board and all employees of KWS SAAT SE and its subsidiaries for their exemplary commitment and the outstanding work they again performed in fiscal 2014/2015.

Einbeck, October 14, 2015

Dr. Drs. h.c. Andreas J. Büchting
Chairman of the Supervisory Board

The KWS share

Key figures for the KWS share¹

		2014/2015	2013/2014
Number of shares (June 30)	in millions	6.6	6.6
Closing price (June 30)	in €	298.50	257.50
Low	in €	257.00	243.20
High	in €	298.50	280.60
Market capitalization (June 30)	in € millions	1,970	1,700

¹ Xetra trading system

Low interest rate policy of central banks unchanged

On the capital markets, there was again no change this year in the interest rate policy of central banks. The United States Federal Reserve (the Fed) and the European Central Bank stuck to their policy of low interest rates in order to keep capital cheap and stimulate economic growth. There were also economic and political uncertainties: There was turbulence in the stock market in China, the political situation in Eastern Europe remained difficult and the negotiations between Greece and its mostly European lenders are still ongoing. In the environment of low-interest rates, the stock markets as a whole trended upward, although the prevailing uncertainties were obvious from the strong fluctuations in the major indices. The DAX, for example, exhibited sharp swings that continued after the end of our fiscal year: August 24, 2015, saw the biggest daily loss in many years (-4.7%), while the next day the DAX climbed almost 5% again.

KWS share price increases

In KWS' fiscal year (July 1 to June 30), the German stock indices DAX, MDAX and SDAX performed positively overall. The KWS share increased in price by almost 16% in the period from July 1, 2014, to June 30, 2015, surpassing the rise in the SDAX (approximately 15%) and DAX (just over 10%). The share price was very stable. It was listed at €257.50 at the beginning of the fiscal year and fell below that mark

on only one day of trading in the next twelve months. On June 30, the share stood at €298.50, thus reaching its highest level precisely at the end of our fiscal year. Shortly after the end of our fiscal year, the consolidation plans of two large companies in our industry became public, producing the sharp daily swings in KWS' share price (July 2, 2015: € +6.60, July 3, 2015: € +7.25, July 6, 2015: € -13.55). On the other hand, the share barely responded to the sharp increase in our EBIT forecast on September 1.

KWS share is a firm part of the SDAX

KWS SAAT SE's market capitalization was higher than in the year before: In the year under review it was €1,970 million on the basis of the closing price on June 30, 2015 (previous year: €1,700 million); solely on the basis of the proportion of free float of 28.8% (29.7%) it was €567.4 (504.9) million. The share still occupies a mid-range position in the SDAX, Germany's most important index for small caps. Measured in terms of free float market capitalization at the relevant key date of June 30, 2015, the KWS share ranked 18th (17th) in the index, which comprises 50 companies, and 35th (26th) in terms of trading volume over the period under review.

Shareholder structure unchanged

There were once again only slight changes in KWS SAAT SE's shareholder structure in fiscal 2014/2015. Only Tessner Beteiligungs GmbH increased its stake by 0.9 percentage points to 15.1%.

Employee Share Program enjoys great popularity

For more than 35 years KWS has offered its employees the chance to become a shareholder in the company and thus share in its success and identify more strongly with it. The content of our Employee Share Participation Program remained unchanged in the year under review. Our employees were able to buy up to 500 KWS shares at a price of €214.40, including a 20% bonus, which the individual employees must pay tax on. 401 (401) employees in nine European countries took up this offer and purchased a total of 9,878 (11,028) shares, corresponding to an average stake per employee of 25 (28) shares. The acquired shares are subject to a lock-up period of four years. They cannot be sold, transferred or pledged during this period. As in previous years, the shares used for the Employee Share Program were acquired in accordance with the stipulations in Section 71 (1) No. 2 of the German Stock Corporation Act (AktG). A total of €2.7 (2.8) million was used to buy back the company's own shares, giving an average purchase price per share of €271.73 (257.00).

Dividend stable at €3.00 a share

At the Annual Shareholders' Meeting on December 18, 2014, the shareholders decided to set the dividend per share at €3.00. The number of shares remained unchanged, giving a total amount distributed of €19.8 million as in the previous year. The dividend payout ratio relative to the KWS Group's net income for the year of €80.3 million in fiscal 2013/2014 was thus 24.7%.

Proposal on the appropriation of the profits for fiscal 2014/2015

Surplus supply due to high global stocks of agricultural raw materials, low prices for agricultural raw materials, a reduction in cultivation area, political and economic tension in growth markets, and volatile exchange rates created a challenging climate for KWS in the past fiscal year. Nevertheless, the KWS Group was able to increase its net sales year on year in all product segments, also after adjustment for exchange rate effects. This operational earnings strength underpinned our rising expenditure on research and development and expansion of our international distribution structures. Despite these planned increases, the KWS Group's net income for the year was €84.0 million, above that of the previous year (€80.3 million). However, the return on sales remained virtually constant at 6.7% (6.8%).

The Executive and Supervisory Boards will therefore propose payment of a dividend of €3.00 for the fiscal year 2014/2015, i. e. at the same level as the previous year, to the Annual Shareholders' Meeting. €19.8 million would thus be distributed to KWS SAAT SE's shareholders in December 2015. That means we are able to stick to our proven dividend policy, which is geared toward the company's earnings strength and envisages a payout of 20% to 25% of the KWS Group's net income for the year.

Shareholder structure at October 13, 2015 (in %)

Shareholder structure 6,600,000 shares





Spotlight topic

Our seed: the essence of life!

Quality is produced in the field

To successfully raise crops for food and other purposes, farmers need high-quality seed. Along with fertilizer and pesticides, seed is the farmer's most important production resource, and high quality is crucial.

It takes many years to develop a variety. High-quality seed is vital so that varieties can unfold their genetic potential to the full. Seed quality is a very complex property and may be influenced by many internal and external factors, but especially by the steps involved in multiplication and processing. Special breeding and production know-how, such as that of specialized companies, is needed to ensure high and constantly improved seed quality.

Why does seed production take so long?

The production process begins with sales and multiplication planning. As part of that, the volumes of each variety that might potentially be cultivated in the individual markets are assessed in order to calculate production requirements. This planning is continuously adjusted throughout the production process to make sure that enough seed of high quality is produced without high surpluses. Planning commences up to three years before the seed is sold to farmers – after

all, plants need time to grow. In order to save time and be able to respond more flexibly to the market, we also carry out multiplication in South America, for example in Chile and Argentina. Since it is summer and winter at different times in the northern and southern hemispheres, two generations of seed can be produced in one year. That saves time, creates flexibility and reduces our production risks. It also means that lower yields due to the weather in seed multiplication in Europe can be compensated for, ensuring we can supply farmers in the spring.

Where does the seed come from?

Multiplication planning is followed by field production. It is necessary here to comply with the high – and in some cases crop-specific – requirements demanded of the production conditions in order to ensure outstanding seed quality. That includes, for example, regulations on the distance between the multiplication areas for different varieties of a crop. The objective of such minimum distances is to prevent the presence of undesirable traits from other populations through pollination.

However, field production also entails other challenges, such as in the production of hybrid seed. Hybrid

breeding is a breeding method that is more than 100 years old. In this method, systematic crossing of two parents explicitly chosen for their properties creates progeny that exhibits better growth and a higher yield than its parent generation. To produce hybrid seed successfully, it is therefore necessary to ensure that the pollen of the plant chosen as the “father” actually pollinates the “mother” plant. Yet how can that be guaranteed? The answer to that also depends to a very great extent on the crop in question. There is a relatively “simple” mechanical possibility for producing corn hybrids. The tassels and thus the male flowers are simply removed (page 14/15). The process is sometimes far more complicated for other crops. In the case of sugarbeet, for example, the female and male flower parts are to be found together in a flower. Consequently, special mother lines that are male-sterile due to a biological mechanism and do not produce any pollen are used to obtain hybrid seed. The procedure is similar for rapeseed and rye.

The populations are monitored by experts throughout their time in the field. It is important to multiply seed in regions with a favorable climate where the disease pressure on, and occurrence of pests that attack, the crops are particularly low and the conditions for pollination and maturation (page 18/19) are as ideal as possible. Such regions for sugarbeet are Northern Italy and Southern France.

” Just looking at the seed, you’d never know how much high-tech it contains.

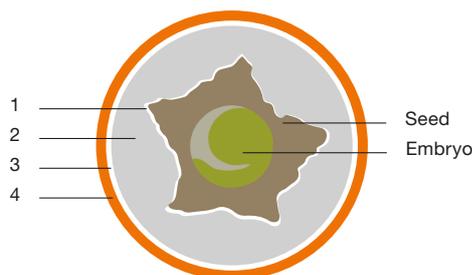
Dr. Ralf Tilcher, Head of Seed Technology

How seed becomes a high-tech product

In order to ensure the high quality of seed produced on the field, it must be processed after being harvested. The seed is cleaned, dried gently and sorted by size (page 50/51). The precise technical processes for processing the raw goods depends on the nature and size of the seed of the various crops, among other factors. Corn is harvested on the cob and only separated from the cob after it has been dried, for

instance. However, sugarbeet seed – which is angular by nature – has to be polished and pelleted to obtain the round “pellet” that enables precision sowing of individual seeds. The individual seed lots are dressed as desired by the farmer with pesticides at the end of processing.

Structure of a sugarbeet pellet



A pellet has four layers added in very specific, high-tech procedures:

- 1 Active substance – protects the seed from sources of fungal damage
- 2 Coating with substances to promote germination and emergence
- 3 Active substances – as protection from animals and sources of fungal damage in the earth
- 4 Color layer – prevents direct contact with the coating, protects against friction and gives the pellet its typical orange color

How does life stay in the seed?

All the processes are designed to make sure that the seed is handled carefully so that the seedlings are kept protected and ideal germination capacity can be ensured. Each lot is repeatedly examined throughout the process – whether the seed actually has the quality features and traits that make the variety what it is. That includes specific resistance against diseases or constituents that define its quality, for instance. The seed’s germination capacity and spouting strength are also determined (page 34/35). We set high standards: For instance, the germination capacity of our sugarbeet seed is at least 96% – and usually even higher!

Only when the seed has been thoroughly examined and has passed all the checks is it approved for sale, packaged and shipped (page 66/67). As a result, the farmer ends up with seed of best quality.

A great combination

Hybrid production

To produce hybrid seed successfully, it is necessary to ensure that the pollen of the pollinating plant (“father”) actually pollinates the “mother” plant. That is relatively easy to do with corn due to its special architecture: The male flower (the tassel) is located at the tip of the plant, while the female flower is in the middle section of the stalk. The mother plants, on which the seed to be harvested grows, are detasseled, i. e. the male flower is completely removed. Depending on the conditions in the field and the prevailing weather, detasseling is carried out in repeated mechanical operations or completely by hand. Our employees check that every plant has actually been completely detasseled so as to ensure the purity of the seed batch. Coordinating this process requires efficient logistics and a lot of experience, since the time window for this activity is very limited. It is precision work that guarantees the quality of the hybrid seed.



Corporate sustainability

KWS seeds the future

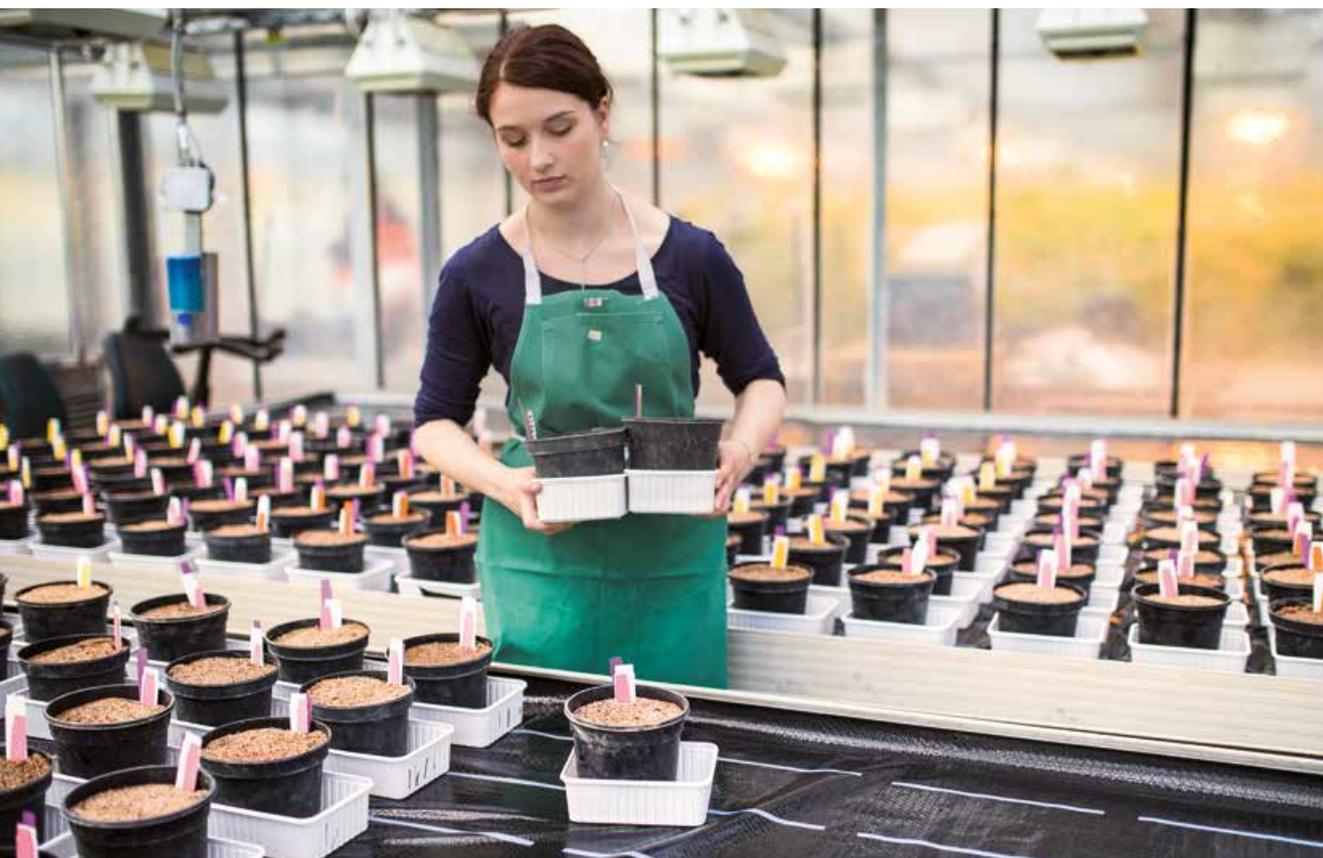
KWS is a forward-looking company whose missions is to be commercially successful in the long term and create values. Proactive planning and action is therefore the core principal of our corporate governance. That means we have to carefully address the economic, ecological and social challenges facing our company in the future so as to anticipate the resultant opportunities and risks at an early stage.

Core issues of our long-term corporate development

KWS' long-term economic success is mainly shaped by the following core sustainability issues:

- **Employees:** Our company's success is founded on the achievements of our employees. We make intensive efforts to recruit new employees and have introduced a process to identify and further develop junior staffers.
- **Economics:** KWS is one of the leading seed companies. Key factors in our success include specializing in our core business, i. e. breeding high-yielding new varieties. We also pursue a policy of rigorous customer orientation, orientation toward growth and profitability, as well as independence and financial strength.
- **Product innovations:** KWS' product portfolio is geared to our customers' needs and requirements. Global trends such as climate change and the limited availability of natural resources, such as soil and water, as well as the occurrence of plant diseases and pests, are major factors that influence breeding objectives in product development.
- **Modern breeding methods:** We use modern breeding methods to develop varieties that keep on delivering higher yields and enable resource-sparing agriculture under changing conditions. That also includes new biotechnology methods, which are indispensable to enable goal-oriented, efficient plant breeding.

The more resistant and undemanding a variety is, the fewer resources are needed to care for it in the vegetation period – a perfect symbiosis of ecology and economics.



- **Seed quality:** Our prime concern is for our customers to be satisfied. We develop genetic potential and produce top-quality seed so that plants' genetic potential can be fully leveraged after sowing in the field. Our mission is to provide our customers with the best-possible consulting, and we are backed in that by a closely-knit regional network of consultants.
- **Safe seed:** We ensure that our seed is safe for people and the environment by means of technical and organizational measures and furnish proof of that in extensive tests and analyses in compliance with official requirements – whether it is ecological, conventional or genetically modified seed.
- **Protection of intellectual property:** Adequate protection of intellectual property is necessary to refinance our high expenditure on research and development. We therefore advocate variety protection and patenting, since both systems are of major importance for KWS' breeding and research activities.
- **Social and ecological standards:** As an international company, we define and apply social and ecological standards for our group-wide processes. That also includes imposing appropriate stipulations on our suppliers and service providers.
- **Compliance:** We support observance of the law and company requirements by means of effective compliance management.
- **Work safety and protection of the environment:** Work safety and protection of the environment are firmly integrated in our production and processing operations in order to avoid detrimental impacts on people and the environment. Wherever possible, we also aim to optimize our use of resources and apply the principle of recycling.

Social commitment

KWS is part of society and is committed to helping society. The focus of that is on promoting science and research in the field of plant breeding and biotechnology and strengthening the regional and local attractiveness of our locations by fostering cultural and social life there.

Dialogue with stakeholders

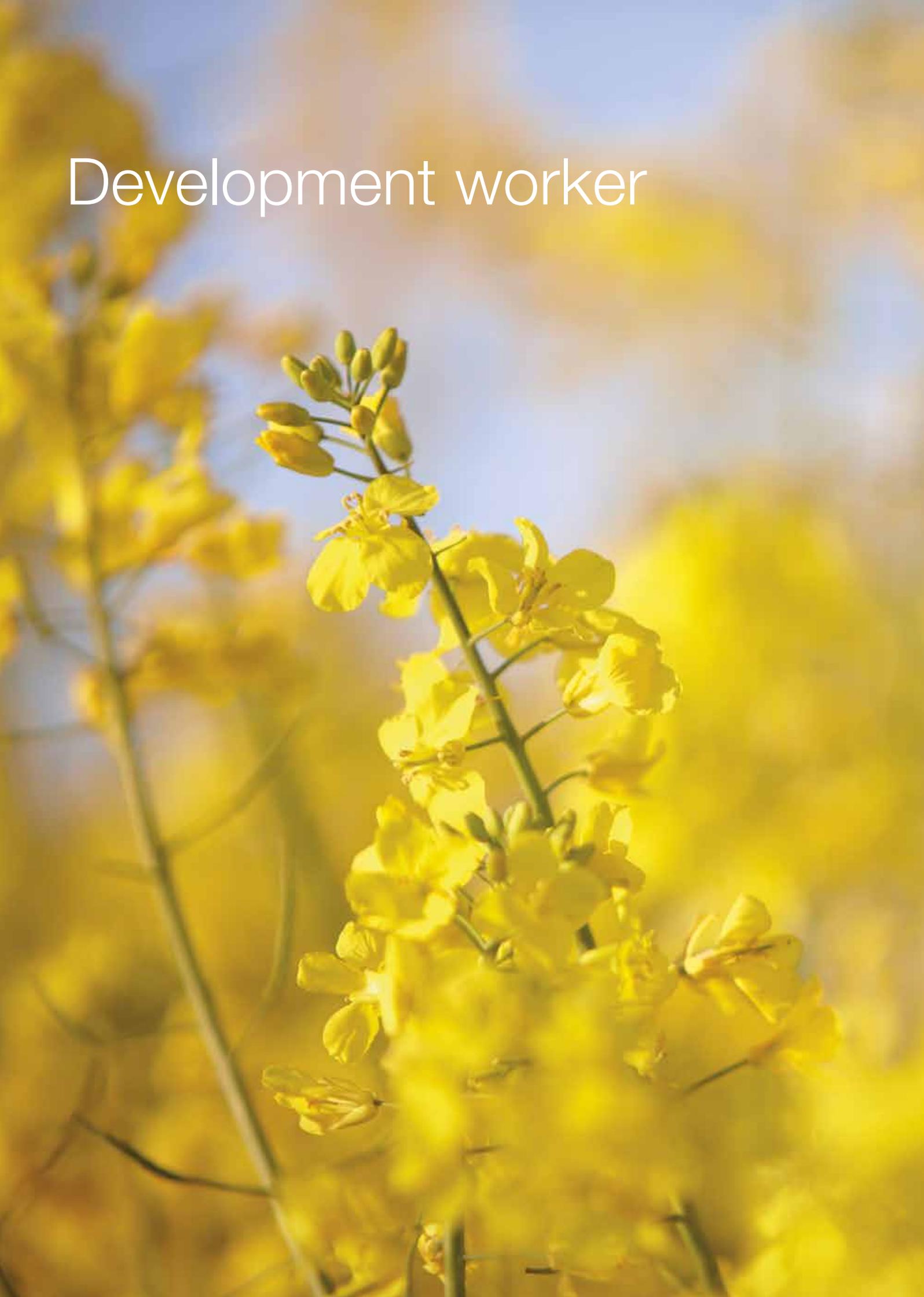
We intend to keep on systematizing the process for determining the key issues relating to our long-term corporate development. To enable that, we aim to expand our dialogue with stakeholders, which has been conducted to date at our headquarters in Einbeck, and make it more international in the coming years. In this way, we obtain feedback from the various markets and can also discuss critical issues with the relevant local stakeholders and derive measures for our company's further development.

Sustainability Reporting

The latest Sustainability Report for fiscal year 2014/2015 is based on the international reporting specifications of the Global Reporting Initiative (GRI G4) and is available online on the company's Internet site at www.kws.com/sr2015.

We are currently working to internationalize our sustainability reporting, with the objective of expanding it so that it covers the main aspects of sustainability for the entire KWS Group and integrating it fully in the Annual Report in the medium term.

Development worker





Pollination

The flower is the heart of breeding, since crossing processes begin there: It has to be pollinated to produce seed or fruit. That sounds banal, but it is vital in seed production. Without pollination there would be no fertilization and thus no seed. Even though the pollen of some plants is transported by wind, most of our crops are pollinated by insects. That means that beneficial insects, such as honey-bees, are of great importance to us as a seed producer.

The success of our seed production depends directly on them. We therefore have specially trained auditors conduct voluntary and independent checks of our seed processing operations and have the latter certified in accordance with the German SeedGuard quality standard. The entire process – from trial dressing and technical processing to packaging and storage of the treated seed – is examined. That enables us to ensure that our processes and products provide the greatest possible protection of the environment and health.

Corporate Governance

KWS SAAT SE's successful development since 1856 is founded on thinking long term and acting in terms of sustainability. Corporate governance is entrenched at the company and enables us to ensure responsible, value-creating management and control of the company. We create trust by heeding the interests of our customers and employees, the capital markets and our national and international business partners – and that makes a key contribution to our lasting success.

We live up to our responsibility and take into account the relevant legal requirements regarding management and supervision of German stock corporations in our decisions. We also intensively address the acknowledged standards of good and responsible corporate governance, in particular the German Corporate Governance Code.

KWS was converted from a German stock corporation to a European Stock Corporation (Societas Europaea/ SE) on April 15, 2015. This step is intended to reflect our company's strong international growth and to emphasize its large footprint in Europe. As a European Stock Corporation headquartered in Germany, KWS SAAT SE is governed by European legal norms and – unless special provisions stipulate otherwise – by German SE and corporation law.

KWS has retained the main features of its successful corporate constitution. That applies in particular to the dual system of management with the Supervisory Board and Executive Board and participation of employees on the Supervisory Board. As in its former legal form as a German stock corporation, one-third of KWS SAAT SE's Supervisory Board is made up of employee representatives. The first employee representatives were appointed pursuant to Section 14.1. of the "Agreement on Employee Involvement at KWS SAAT SE" ("SNB Agreement") dated March 16, 2015.

The first shareholder representatives were appointed in accordance with Article 40 (2) Sentence 2 of the Council Regulation on the Statute for a European Company pursuant to the Articles of Association of

KWS SAAT SE (Section 8.7), which was adopted by the Annual Shareholders' Meeting on December 18, 2014. In the future, the shareholder representatives will be elected by the Annual Shareholders' Meeting in accordance with Section 8.2 of the company's Articles of Association. The employee representatives will be elected by direct vote by the European employees of the KWS Group in accordance with the provisions of the SNB Agreement. For more information, please refer to the excerpt from the SNB Agreement posted on www.kws.de > Hauptversammlung 2015 > Sonstige Unterlagen (German only).

As a listed company based in Germany, KWS SAAT SE is still subject to the provisions of the German Corporate Governance Code (DCGK).

You can find detailed information on corporate governance from our Corporate Governance Report (which is also the declaration on corporate governance in accordance with Section 289a of the German Commercial Code (HGB)), which is available on our website at www.kws.com > Company > Investor Relations > Corporate Governance. The Compensation Report, which is presented on pages 69 to 74 of this Annual Report, contains details on the compensation system and the individual remuneration of the members of the Executive Board and the Supervisory Board.

Compliance declaration in accordance with section 161 AktG (German Stock Corporation Act) 2014/2015

The Executive Board and the Supervisory Board of KWS SAAT SE declare in compliance with Section 161 AktG (German Stock Corporation Act) that the company has complied with the recommendations of the German Corporate Governance Code in the version dated June 24, 2014, since the last compliance declaration in October 2014, and with the recommendations of the German Corporate Governance Code in the version dated May 5, 2015, since its publication in the official section of the Federal Official Gazette, and does now comply and will comply with them in the future, with the following exceptions:

In accordance with Clause 5.4.1 (2) Sentence 1 of the German Corporate Governance Code, the Supervisory Board is to set a limit on the length of time members can serve on the Supervisory Board. This recommendation is not complied with, since in a business with a tradition of family ownership like KWS SAAT SE it would significantly restrict the rights of the family shareholders, who hold a majority stake in the company.

In accordance with Clause 5.4.3 Sentence 1 of the German Corporate Governance Code, elections to the Supervisory Board are to be made on an individual basis. The shareholder representatives of the first Supervisory Board of KWS SAAT SE were appointed in accordance with Article 40 (2) Sentence 2 of the Council Regulation on the Statute for a European Company pursuant to the Articles of Association. This did not entail any change in the persons representing the shareholders; their term of office as members of the Supervisory Board of KWS SAAT SE will also not exceed their remaining term for which

they held their seats at the former KWS SAAT AG. The recommendation in Clause 5.4.3 Sentence 1 of the German Corporate Governance Code is to be fully complied with again in the future.

Clause 7.1.2 Sentence 4 of the German Corporate Governance Code states that the consolidated financial statements shall be publicly accessible within 90 days of the end of the fiscal year and interim reports within 45 days of the end of the reporting period. KWS SAAT SE publishes its consolidated financial statements and interim reports within the period of time defined in the regulations for the Prime Standard of the German Stock Exchange. The company's seasonal course of business means that it cannot ensure compliance with the recommended periods in the German Corporate Governance Code.

Einbeck, October 2015

The Supervisory Board

The Executive Board

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Combined Management Report

We changed the presentation of the KWS Group's consolidated financial statements at the beginning of fiscal 2014/2015 due to an amendment to the International Financial Reporting Standards (IFRS 11). The main change is that we can no longer carry the net sales and costs of our 50:50 joint ventures, which are operated in the Corn Segment, in the statement of comprehensive income (see page 76) in the KWS Group, so the KWS Group's reported net sales and EBIT are significantly lower. The earnings contributed by these companies are instead included under net financial income/expenses. In addition, their assets will be included in the KWS Group's balance sheet as equity-accounted financial assets in accordance with the new accounting regulations.

So as to ensure there is no impairment to the transparency of our operational development compared with the previous year, this year we still report our joint ventures proportionately in the Combined Management Report in accordance with our internal corporate controlling structure and present the earnings, financial position and assets both in accordance with our internal corporate controlling structure and the KWS Group's consolidated financial statements. We also indicate the main differences between the two forms of presentation in the Combined Management Report. After the year of transition 2014/2015, we will only report in accordance with the new accounting regulations – with the exception of the segment reporting.

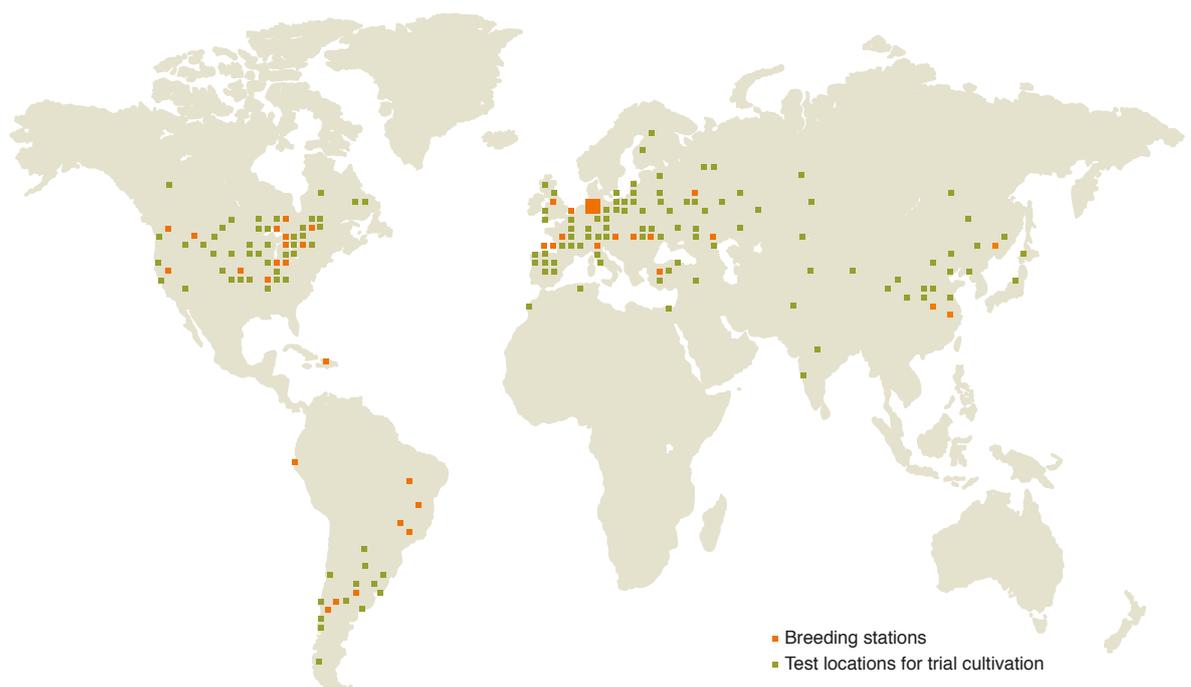
Fundamentals

Group structure and business activity

Since it was founded in 1856, KWS has specialized in developing, producing and distributing high-quality seed for agriculture. KWS' core competence is in

breeding new, high-yielding plant varieties. From our beginnings in sugarbeet breeding, we have evolved into an innovative international supplier with an extensive portfolio of crops. We cover the complete value

Breeding and distribution activities in over 70 countries



chain of a modern seed company – from breeding of new varieties, multiplication and processing, to marketing of the seed and consulting for farmers.

Diversified product portfolio

We offer our customers – farmers – a broad range of agricultural crops that have been adapted by breeding to the conditions of their specific location. These crops include corn, sugarbeet, the cereals rye, wheat and barley, oil plants such as rapeseed, sunflower and soybean, and potatoes. The varieties are mainly adapted to the moderate climatic zones. Since we entered the Brazilian market in 2012, varieties for sub-tropical regions have also been part of our portfolio.

Global footprint

The KWS Group has around 5,300¹ employees, has 65 subsidiaries and associated companies at present and operates in more than 70 countries. We generate 18% of our net sales in Germany and 36% in other European countries. Another 41% of our revenue is from North and South America, with the remaining 5% coming from other foreign countries.

Growth through research and breeding

All of KWS' activities are geared toward exploiting plants' potential as well as possible and leveraging it to tackle the challenges of modern, sustainable agriculture. Whether it's plants for producing food, fodder or energy, conventional, organic or genetically improved: We offer farmers the ideal variety for their

purposes. Genetically improved varieties, which are distributed in particular in North and South America, now contribute 37% (34%)² of our net sales.

Our company's long-term success is founded on research and breeding new varieties. Our highly qualified employees and close collaboration with other companies and research institutions are key factors that drive continuous innovation and constant optimization of our varieties. Thanks to our large network of breeding and trial stations in all the world's key markets, we can test the individual candidates under a wide range of climatic and local conditions to determine whether the varieties are suitable for cultivation. The section "Research & Development" on page 30 contains an overview of the main focus of our activities in this field last fiscal year.

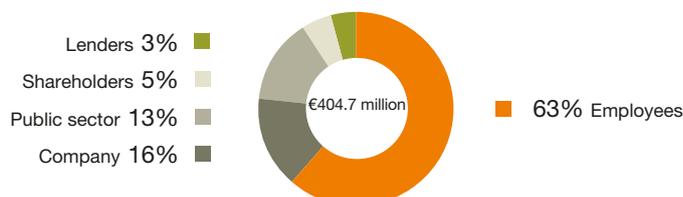
Organization of the KWS Group

KWS SAAT SE is the parent company of the KWS Group. It multiplies and distributes sugarbeet seed, breeds a broad range of crops and provides its subsidiaries with new varieties every year for the purpose of multiplication and distribution. It also conducts important basic research for the entire KWS Group, assumes the function of a holding company and manages the Group with its 65 subsidiaries and associated companies operationally and strategically. An overview of the subsidiaries and associated companies included in the consolidated financial statements of the KWS Group is provided in the Notes on page 96/97.

¹ Main differences from the consolidated financial statements: Excluding the joint ventures, KWS employs around 4,700 people and generates 77.3% of its net sales abroad (44.8% in Europe, 25.8% in North and South America and 6.7% in the rest of the world).

² Main differences from the consolidated financial statements: Net sales from genetically improved varieties account for around 23%, excluding the proportionately consolidated companies.

Distribution of value added (around 30% of the total output)



The KWS Group's operational business is conducted in the three segments Corn, Sugarbeet and Cereals and, including our 50:50 joint ventures in the Corn Segment, can be described as follows:

The **Corn Segment** is the KWS Group's largest division in terms of net sales, accounting for around 60% of the total figure. It covers production and distribution of corn seed and the product areas of oil and field seed, which includes rapeseed, sunflower and sorghum. We still generate the lion's share of net sales in this segment from corn seed, in particular in the U.S. and Europe. We are one of the top three largest corn seed vendors, in terms of cultivation area, in these markets. The largest share of net sales comes from regions where sowing is carried out in the spring, with the result that the segment's operating performance is impacted by seasonal fluctuations. The segment generates just around 10% to 15% of its revenue in the first half of our fiscal year (July to December), mainly from winter rapeseed in Europe and corn varieties in South America.

The **Sugarbeet Segment** generates 31% of the KWS Group's net sales. Most of that comes from sugarbeet seed production and distribution. Around one-tenth of the segment's net sales is generated from seed potato business. Our high-quality sugarbeet varieties are some of the highest-yielding in the industry, which is why we are the leader in the field of sugarbeet seed with a global market share of 53%. Our main sales markets are still North America, a region where genetically improved, herbicide-tolerant sugarbeet varieties are almost exclusively used, and the EU, where KWS is likewise extremely successful with conventionally bred, multiple-resistant varieties. Sugarbeet is sown in the spring, which means that net sales in this segment are likewise largely generated in the second half of our fiscal year (January to June).

The **Cereals Segment** includes production and distribution of rye, wheat, barley and rapeseed. It contributes 9% of the KWS Group's net sales. Hybrid rye accounts for 44% of the segment's revenue, wheat 21%, barley 20% and other crops around 15%. In our core markets for cereal seed (Germany, Poland, the UK and France), farmers predominantly sow the crops in the fall. Consequently, we generate most of our revenue in this segment in the first half of our fiscal year (July to December).

The **Corporate Segment** supports the operating segments with research and development activities and by providing central functions for controlling the group. Its relatively low net sales mainly come from the revenue from our farms. Since all cross-segment function costs and research expenditure is charged to this segment, its income is usually negative.

Objectives and strategies

The objective of our corporate strategy, which is based on long-term, proactive thinking, is to make sure our diverse range of products meets the changing and often very specific requirements of our customers. Our corporate values define the core framework for our goals of creating sustainable, profitable growth for our customers, employees and investors. Particular cornerstones of our business model are intensive research work, development of new, high-yielding varieties and continuous expansion of our global footprint so that we are on the ground in regional markets with their special climatic conditions.

The KWS Group's medium- and long-term objectives¹

Objectives	
Profitable growth	<ul style="list-style-type: none"> ■ An average increase in consolidated net sales of 5% to 10% p. a. ■ EBIT margin > 10%
Research & Development	<ul style="list-style-type: none"> ■ R&D intensity of 12% to 15% of consolidated sales ■ 1% to 2% progress in yields p. a. for our customers and development of tolerances and resistances
Internationalization	<ul style="list-style-type: none"> ■ Foreign sales > 80% ■ Expansion of the portfolio of varieties for subtropical markets
Sustainability	<ul style="list-style-type: none"> ■ Integration of international subsidiaries
Dividend	<ul style="list-style-type: none"> ■ A dividend payout ratio of 20% to 25% of the KWS Group's net income for the year

¹ Including our joint ventures. We will revise these medium- and long-term objectives in the coming fiscal year as a consequence of the new accounting regulations from IFRS 11. This change will affect in particular our objectives for the EBIT margin and R&D intensity, which can already be seen from the forecast for fiscal 2015/2016 on page 62/63.

We were able to achieve our objectives successfully in the past fiscal year. Our net sales growth was in the desired range, as was the EBIT margin, the R&D intensity and our foreign sales. Our young subsidiaries in Brazil can look back on a very successful year, with sharp increases in net sales and gains in market share. The dividend ratio of the payout in December 2014 was 24.7% and thus also in line with our objectives.

Guiding principles with a clear focus

One of the major challenges of the 21st century is to supply a growing world population with sufficient food and regenerative raw materials despite the fact that the necessary resources are growing scarcer. While more than seven billion people now have to be provided with food and raw materials, the arable land available worldwide cannot be increased at will. Consequently, it is falling in terms of area per capita. That makes it necessary to keep on increasing production on the area available.

As a global breeding company, KWS has been working with foresight for generations on the issue of sustainable agricultural production. The development of new varieties makes it possible to increase yields and thus steadily boost yields per unit area. We supply seed that meets the very highest quality and performance requirements to farmers in many regions of the world.

The framework for our strategic decisions and everyday work as part of operational business is formed by our guiding principles, which are based on four core activities:

- We increase genetic potential through outstanding research and breeding programs.
- We supply our farmers with seed of the very best quality.
- We are a strong partner who enjoys the trust of our customers.
- We create entrepreneurial freedom and help people unfold their talents.

Development of new varieties

Plant breeding is our core competence. It stands at the beginning of the value chain for food and feed production and all forms of regenerative raw materials. Modern variety breeding is a resource-intensive process that extends over a period of about ten years. This time span is needed to develop a plant with new properties into a variety that can be awarded approval and is ready for marketing.

The objective of our research and development is to obtain new crop varieties that are tailored to different needs and changing agricultural requirements. Our most important objectives across all crops are to increase yield, breed resistance to plant diseases and pests and improve plants' quality of processing. Conservation of plant genetic resources is also a key concern of ours.

Expressed in hard and fast figures, the new varieties we supply to our customers deliver an average yield progress of 1% to 2% a year. So that we continue that success, we will continue to focus strongly on research and development as part of our corporate planning.

Expansion of our global footprint

With business activities in more than 70 countries around the world, KWS has become a leading international plant breeder. We now conduct over 80% of our business abroad. Nevertheless, our strategic objective is still to press ahead with further internationalizing our company. Our extensive commitment in Brazil, as well as the joint venture with our long-standing partner KENFENG in China, are part of that.

Markets such as Brazil, with a subtropical climate and several harvests a year, not only offer attractive sales potential – especially for our corn business – but are also very attractive for another reason: In our core markets, our main contributors to net sales – corn and sugarbeet – are only sown in the spring, whereas there are different sowing and harvesting cycles in other regions. As a result, we can cushion the highly seasonal nature of our business in the medium term.

High seed quality for our customers

What counts most for us is that farmers trust in KWS. That is why we demand the very highest standards as regards the quality of our seed and our consulting. Our goal as a trusted partner, specialist and consultant to agriculture is at all times to supply high-quality, innovative seed for producing food and feed, as well as regenerative raw materials. The KWS Group is a powerful partner at all stages in the value chain: in research into, breeding of and approval for new varieties, in multiplying and processing seed, in distribution, and when it comes to providing consulting on the ground.

Entrepreneurial freedom for employees

Qualified and motivated employees are the key to our commercial success. We therefore offer our employees the opportunity to shape their place of work and working environment. All employees at the KWS Group can develop their strengths and press ahead with pursuing their own ideas. Open dialogue is the foundation for that. It is a firm part of the culture of our evolved and innovative family business and enables maximum flexibility. Our goal is to give every

employee extensive entrepreneurial freedom and prospects for their individual development, as well as to encourage them to act on their own responsibility and sustainably.

Sustainable and profitable growth

Our investments and expenditure for research and development are the foundation for sustainable growth. We aim to increase the KWS Group's net sales by an average of 5% to 10% p.a. and achieve a return (EBIT margin) of at least 10%¹. The development of the key performance indicators is described in the sections "Earnings, financial position and assets" in accordance with our corporate controlling structure starting on page 36 and in accordance with the consolidated financial statements as of page 47. In line with the principles of our long-term corporate strategy, we use our earnings strength to expand research and breeding in particular, as well as our distribution operations. As a result, we bolster the KWS Group's potential and lay the foundation for future growth.

Control system

The objective of the KWS Group's corporate strategy is to ensure the company's long-term growth. Detailed annual and medium-term operational plans that include our joint ventures proportionately are used to control the Group and the three segments Corn, Sugarbeet and Cereals. The medium-term plan covers the time frame of the annual plan plus three further fiscal years. In turn, the medium-term plan is derived from our strategic corporate planning, which covers a timescale of ten years.

The targets set in planning are arrived at on the basis of the regional economic and legal situation, anticipated market trends and assessments of the company's position in the market and the potential product performance. In a subsequent bottom-up process, which also includes the development of our joint ventures, these premises are used to define targets for sales volumes and net sales, production capacities and quantities, the allocation of resources (including capital spending and personnel), the level of material costs and internal charge allocation and the resultant balance sheet data, along with the financial budget. A firm part of the planning documentation is an opportunity/risk assessment which every manager must conduct for his or her unit.

¹ See also mid-range and long-range goals of the KWS Group on page 27.



We subject our seed to a stringent selection process during production – just around one-fifth of the original quantity is finally packaged and sold. That means only top quality is put on the market.

The planning is compared every quarter with the company's actual business performance and the updated estimates on the underlying general conditions. If necessary, suitable countermeasures are initiated and adjustments made. A detailed forecast for the current fiscal year is made at the end of each quarter. At the end of each fiscal year, all the units conduct a detailed variance analysis of the budgeted and actual results. That serves to optimize our internal planning processes and further enhance the already high quality of our forecasts.

Corporate Controlling is responsible for coordinating and documenting all planning processes and our current expectations. It monitors compliance with adopted budgets and analyzes the efficiency and cost-effectiveness of business processes and measures. The Controlling team also advises decision-makers on economic optimization measures. The respective heads of the individual areas of responsibility are responsible for the contents of the planning and current forecasts. They include in particular the heads of the three product segments, research and development activities and the central functions, as well as the regional heads of sales.

The Executive Board uses various indicators for planning, controlling and monitoring the business performance of the KWS Group and operating units. The main indicators are net sales, operating profitability (EBIT margin) and R&D intensity (research expenditure as a ratio of net sales). The development of these key figures in fiscal 2014/2015 can be found in the report on the earnings situation on page 36.

Management and control

KWS SAAT SE has a system of dual management, consisting of the Executive Board and the Supervisory Board. Both bodies have strictly separated responsibilities and different members. While the Executive Board manages the company, the Supervisory Board supervises and advises the Executive Board. These responsibilities have also been retained following the company's conversion into a European Stock Corporation (Societas Europaea/SE). The declaration on corporate governance in accordance with Section 289a of the German Commercial Code (HGB) contains detailed information on the extensive and close cooperation between the Executive Board and the Supervisory Board and has been published at www.kws.com > Company > Investor Relations > Corporate Governance.



Our sugarbeet varieties belong to the species "Beta vulgaris". They are always given female names. Due to their excellent properties, some of the names are ingrained in our customers' minds like those of pop stars, e.g. Danicia, Lisanna, Rashida.

Research & Development

Breeding progress means sustainable, enhanced crop performance and higher yields for farmers. Accordingly, we continued to invest last fiscal year in expanding our research and breeding capacities in order to be able to develop products that offer high long-term performance for our international markets. Research & Development expenditure in fiscal 2014/2015 was €173.8 (150.0) million. As a result, 13.8%¹ of KWS' total net sales were invested in Research & Development activities. 37% of our employees, around 2,000² people, worked in research and development. The success of our breeding activities is reflected, among other things, in the number of variety approvals worldwide: We obtained 429 (336) marketing approvals for new KWS varieties across all our crops in fiscal 2014/2015, 28% more than in the previous year. That means we still have a competitive product pipeline.

Opening of the KWS Gateway Research Center

The pace of change in plant research, development of methods and product innovation keeps on growing. As a result, cutting-edge technologies and research approaches for plant breeding are gaining in importance. KWS has therefore invested in establishing a new research center in the U.S. in order to better tap the country's international excellence in innovation and strengthen its own presence in plant research. Access to innovative technologies and top-class research is also to be ensured by means of cooperation ventures and networks.

Establishment of the research center began in the spring of 2014 in the Bio-Research & Development Growth Park (BRDG Park) in St. Louis, Missouri (U.S.). The center is surrounded by universities,

¹ The research and development intensity is restated due to the fact that the requirements under IFRS 11 are mandatory for the first time and will increase sharply as a result. While research and development expenditure is hardly impacted by this change, the KWS Group's net sales will be lower by the share contributed by the joint ventures. The R&D intensity will therefore be around 17%.

² The average number of R&D employees excluding joint ventures is around 1,800. See pages 52 to 54 for more information on employees.

institutions and various companies from our industry. It was officially opened in January 2015.

Research in molecular biology will be conducted at the KWS Gateway Research Center, and the results will be used specifically to develop new and improved product traits. 15 highly qualified employees were hired to carry out research in the period under review and have already initiated their first scientific projects. The team is to be expanded to around 25 by the end of 2015; an increase to up to 75 researchers is planned in the medium term.

Expansion of corn activities in China

The Chinese market is developing steadily and is one of KWS' key markets of the future. China now has the world's largest corn cultivation area – almost 38 million hectares in 2015 and more than the U.S. for the first time. KWS was quick to respond to this trend and, within the space of five years, has put together an expert breeding team that is able to develop high-yielding corn varieties for all major cultivation areas in China, with the exception of tropical regions. Last fiscal year, we were able to submit competitive hybrids for approval in KWS' important regions in China, including for the first time in the country's summer cultivation areas, which total more than ten million hectares. After the joint venture KENFENG-KWS was awarded its business license at the end of 2014, we began activities to commence commercial operations and establish a joint breeding program. The first breeding nursery was set up in Gongzhuling in Jilin Province in the spring of 2015.

Importance of winter breeding nurseries for corn breeding at KWS

Winter breeding nurseries have been a core component of corn breeding at KWS for many years. If it were not for the large and flexible breeding stations in the southern hemisphere, no breeding program would now be competitive, since winter breeding nurseries speed up variety development significantly and create a cost advantage. Thanks to the favorable climatic conditions, two to three generations of corn a year can be established (depending on the location) and selected for the desired traits.

As corn breeding at KWS grows sharply, the winter breeding nurseries also have to be expanded steadily. Over the past six years, KWS has succeeded in doubling its capacities at the winter breeding nurseries. To enable that, extensive investments were made in new stations, the related infrastructure and machinery. KWS currently has winter breeding nurseries in four different countries in South America and their capacities are being increased steadily.

Acquisition of MOMONT and initial breeding activities

After 15 years of excellent cooperation between KWS and the French company SOCIETE DE MARTINVAL S.A. (MOMONT), KWS acquired the remaining 51% stake in the company in September 2014. In doing so, we aim to leverage the opportunity to further expand our cereal breeding activities and strengthen our market position in France long term.

MOMONT's existing structures are an ideal complement to our organization and allow us to pool joint activities. So that we can benefit from state-of-the-art

breeding technologies as soon as possible, we established cutting-edge sowing techniques and an advanced trial design in the current season. We intend to use further modern breeding technologies soon.

Increasing importance of nematode-tolerant varieties and increased leaf health in sugarbeet

Many sugarbeet cultivation areas have experienced a sharp increase in infestation by cyst nematodes in the past years. We recognized this development at an early date and have responded by developing new high-performance varieties by means of

intensive breeding. The first variety with triple tolerance – combining resistance to the Rhizomania virus, Rhizoctonia and beet cyst nematodes – has been awarded approval in France.

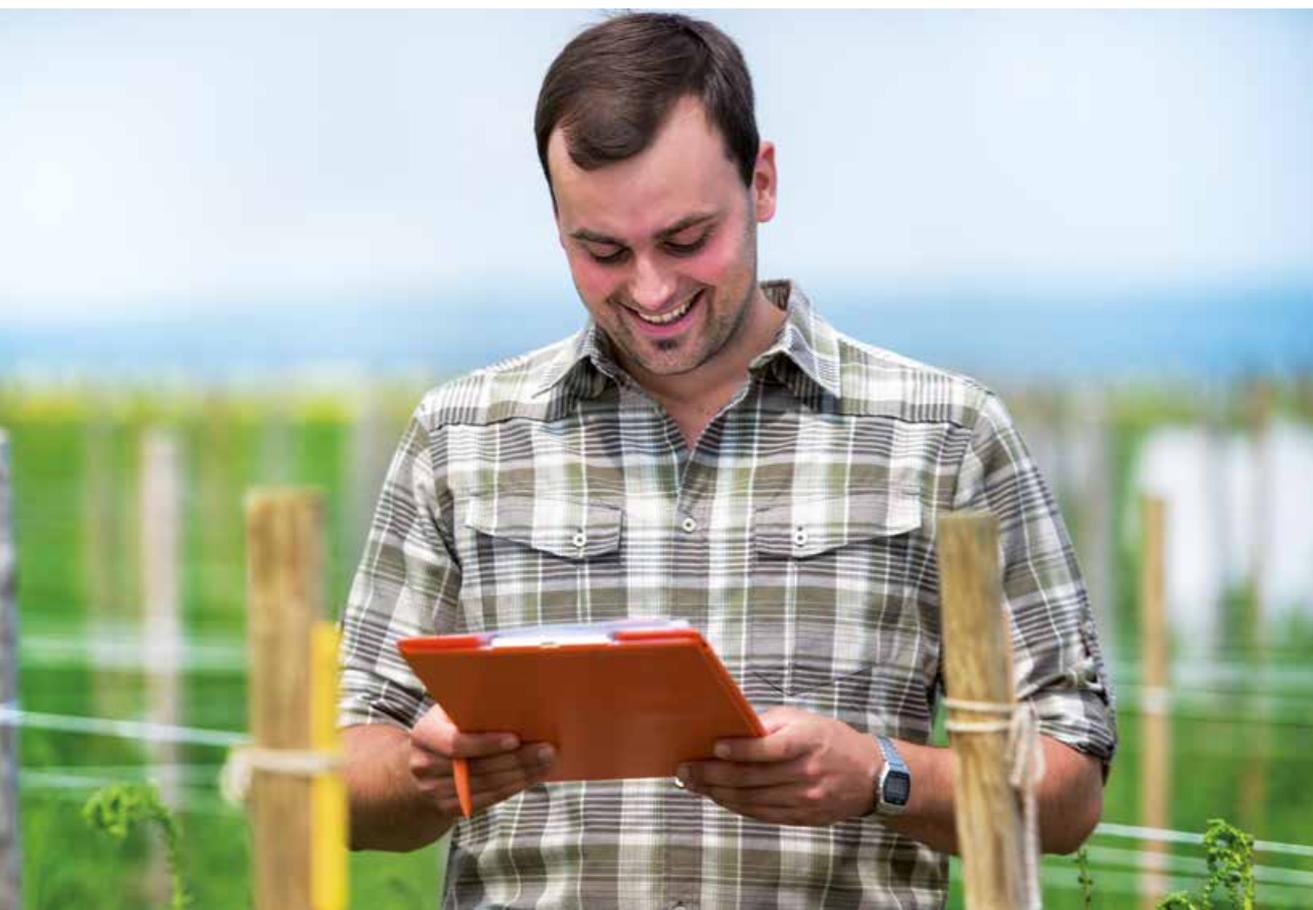
The requirements demanded of new varieties have increased constantly: Apart from high yield potential, the importance of leaf health has also increased, coupled with reduced use of pesticide. The further strategic alignment of our breeding programs and intensified use of new breeding methods have resulted in a significant increase in the competitiveness of KWS' sugarbeet varieties.

Key figures for research and development¹

		2014/2015	2013/2014	+/-
R&D employees		1,985	1,836	8.1%
Ratio of R&D employees	in %	37	38	
R&D expenditure	in € millions	173.8	150.0	15.9%
R&D intensity	in %	13.8	12.7	
Marketing approvals for new varieties		429	336	27.7%

¹ Main differences from the consolidated financial statements: R&D expenditure = €174.6 million, R&D intensity = 17.7%, number of R&D employees = 1,777

In plant breeding, you can choose your parents. However, only by choosing the right crossing partners can we reach our goal: to increase our varieties' resistance.



Business performance

Forecast versus actual business performance¹

	Results for 2014/2015	Forecast for 2014/2015 ²	Q3 05/28/2015	Ad-hoc 09/01/2015
KWS Group				
Net sales	+7.0%	+5% to 10%	Approx. +7.5%	+7.0%
EBIT	-0.3%	≥ -10.6%	Approx. -9%	+/-0%
Corn				
Net sales	+5.5%	> +10%	Approx. +7%	Approx. +5 %
EBIT	-16.6%	-6% to -14%	Approx. -19%	Approx. -17 %
Sugarbeet				
Net sales	+11.2%	+/-0%	Approx. +9%	Approx. +11 %
EBIT	+32.5%	+/-0%	Approx. +21%	Approx. +32 %
Cereals				
Net sales	+3.7%	+/-0%	Approx. +5%	Approx. +4 %
EBIT	-29.8%	+/-0%	Approx. -32%	Approx. -30 %

¹ Including our joint ventures.

² Forecasts taken from the 2013/2014 Annual Report. See also www.kws.com/ir.

We successfully implemented our planning and activities in line with our corporate strategy for 2014/2015 in the year under review, despite some turbulence on agricultural markets, a fall in cultivation area in many places and the fact that farmers felt a greater strain on their liquidity in some cases. Expansion of research and breeding to develop new, high-yielding varieties impacted many projects in the fiscal year and meant our research and development expenditure rose by €23.8 million. That we are on the right track is shown by our good market position in individual regions (see the segment reports on pages 38 to 44) and the sharp rise in marketing approvals awarded to our new varieties. We achieved both thanks to outstanding variety performance and our strong, likewise significantly expanded distribution network in the relevant markets. Our operating performance was accompanied by trade restrictions in Eastern Europe and wild fluctuations in exchange rates: Currencies in Eastern Europe suffered from a sharp depreciation, while the US dollar grew in strength. All in all, the KWS Group's net sales were positively impacted by currency influences to an amount of around €30 million, compared with the significant negative effect in the previous year.

When we published our 2013/2014 Annual Report in October 2014, we forecast that the KWS Group would grow its net sales by 5% to 10% and post an EBIT margin of at least 10%. This guidance was confirmed by our results after the first three quarters; however, the contribution made by our segments to net sales and income was different than had been assumed at the start of the fiscal year, mainly due to the above-described regional turbulences. The Sugarbeet Segment significantly surpassed our expectations. Our good sugarbeet variety performance resulted in higher net sales than forecast, especially in regions outside Europe. The segment's anticipated EBIT was far exceeded as a result of non-recurring currency effects and lower counterparty defaults (aspects that are difficult to factor into planning), which is why we increased our income guidance on September 1, 2015, to €138 million (corresponding to an EBIT margin of 10.9%). Ultimately, our sales grew by 7.0% and the EBIT margin was 10.9%. These trends include the net sales and expenses of our joint companies and are based on the forecast in the preceding Annual Report. They therefore differ from the figures in the consolidated financial statements. An explanation of the earnings situation in accordance with the consolidated financial statements can be found on page 47.

Best in class



Quality testing

Seed is one of the most important resources for a farmer. Its quality – tested several times over to ensure its reliability – is the prerequisite for good yields and thus the viability of agricultural enterprises. That is why seed has to meet the very highest quality requirements and is checked continuously by various institutions throughout the production process. Our quality tests start as early as the field multiplication phase. We then conduct quality tests when we take delivery of the raw goods. Further tests are performed as part of drying, cleaning and calibration, up to when the seed is treated with pesticides and packaged. The seed's germination capacity, sprouting strength and field emergence are also determined. The minimum qualities of seed for sale are regulated by law. However, we demand much higher standards of quality from our seed. Only if these high requirements are met is the seed accepted, certified and sold.



Earnings, financial position and assets in accordance with the corporate controlling structure

In this section, we present our business performance in accordance with our corporate controlling structure. That means that, as in previous years, our 50:50 joint ventures, which are operated in the Corn Segment, are shown proportionately in terms of earnings, financial situation and assets in accordance with the stake in them.

In the following section we present the earnings, financial situation and assets in accordance with KWS' consolidated financial statements based on IFRS 11.

The main difference is that we can no longer carry the net sales and costs of our 50:50 joint ventures in the individual items of the statement of comprehensive income and the net assets of our joint ventures are included in the KWS Group's balance sheet as equity-accounted financial assets. As a result, the KWS Group's net sales, EBIT and total assets are much lower, whereas net financial income/expenses increased by the share of earnings contributed by the joint ventures. Net income for the year is practically identical under both consolidation methods.

Earnings

Abridged income statement

		2014/2015	2013/2014	+/-
Net sales	in € millions	1,260.4	1,178.0	7.0%
Operating income	in € millions	138.0	138.4	-0.3%
Net financial income/expenses	in € millions	-7.1	-12.6	43.7%
Result of ordinary activities	in € millions	130.9	125.9	4.0%
Taxes	in € millions	46.9	45.6	2.9%
Net income for the year	in € millions	84.0	80.3	4.6%
Earnings per share	in €	12.54	11.69	7.3%
EBIT margin		10.9%	11.8%	

7.0% increase in net sales – growth in all product segments

Net sales at the KWS Group rose by 7.0% to €1,260.4 (1,178.0) million in fiscal 2014/2015. The increase in net sales at the Sugarbeet Segment was 11.2%, well above the forecasts for the fiscal year. Net sales rose by 5.5% in the Corn Segment and by 3.7% in the Cereal Segment. In particular in North and South America, the Sugarbeet Segment (in North America) and Corn Segment (in North and South America) posted sharp increases in net sales. The performance of the US dollar against the euro had a positive effect in this regard.

Gross margin improved again

Gross profit in the year under review rose to €610.8 (563.5) million. License and material costs were only slightly higher and again resulted in a below-proportionate increase in the cost of sales by 5.7% to €649.6 (614.5) million. That gives an improved gross margin of 48.5% (47.8%).

Function costs rise due to business expansion

Continuous expansion of our business activities needs to be flanked by expansion of our global distribution structures. Consequently, selling expenses in the year under review increased as planned by



One unit of sugarbeet seed with 100,000 pellets is enough to cultivate around a hectare of land and yields (100m x 100m = 10,000 sqm) up to 20 tons of sugar.

11.5% to €236.7 (212.3) million. Their ratio of the KWS Group's net sales was 18.8% (18.0%). The high expenditure on distribution is intended to lastingly secure KWS' position in growth markets. This long-term approach is underscored by the planned increase in our research and development budget. Research and development costs increased in fiscal year 2014/2015 by 15.9% (6.5%) to €173.8 (150.0) million. Administrative expenses in the year under review rose moderately by 5% (10.4%) to €80.5 million.

Operating income at the level of the previous year

Other operating income was €89.8 (60.7) million, while other operating expenses totaled €71.6 (46.8) million. The balance of them rose year on year by €4.3 million to €18.2 (13.9) million, among things due to positive currency effects.

Operating income (EBIT) was €138.0 million, on a par with the previous year (€138.4 million). The EBIT margin declined accordingly to 10.9% (11.8%). Net financial income/expenses improved to € -7.1 (-12.6)

million due to a fall in interest expense and the contributions to earnings from the stake acquired in MOMONT. Earnings before taxes (EBT) rose from €125.9 million in the previous year to €130.9 million. Income taxes for the year under review were €46.9 (45.6) million, meaning that our tax rate improved slightly to 35.8% (36.2%), although it was still above the long-term average. Losses that cannot be deducted against tax and the increases in net sales in countries where the tax rate is above 30% (North America) were key factors influencing that.

The KWS Group posted net income of €84.0 (80.3) million for fiscal year 2014/2015. Minority interests were €1.3 (3.2) million, meaning €82.7 (77.1) million is attributable to shareholders of KWS SAAT SE. The number of shares was unchanged, giving earnings per share of €12.53 (11.69).

Corn Segment

Key figures for the Corn Segment

		2014/2015	2013/2014	+/-
Net sales	in € millions	754.4	714.9	5.5%
EBIT	in € millions	84.2	100.9	-16.6%
EBIT margin	in %	11.2	14.1	

Net sales grow by 5.5%

The Corn Segment continued its operational growth of past years in fiscal 2014/2015 and increased its net sales by 5.5% to €754.4 (714.9) million. It was able to grow its sales above all in North and South America. That was accompanied by different, in some cases significant currency effects. The positive impacts from exchange rate developments in the U.S. and Argentina were offset by depreciation in the currencies of Brazil, Ukraine and Russia during the year. After adjustment for exchange rate effects, the segment's net sales would have risen by 3.0% to around €736 million.

Overall, the increase in net sales was lower than anticipated at the beginning of the year due to a global decline in cultivation area. The planned continuation of our growth strategy included increasing distribution and research expenditure by €31.7 million year on year. Together with negative non-recurring effects, such as currency influences from Eastern Europe and allowances on inventories, the segment's income (EBIT) fell by 16.6% to €84.2 (100.9) million. It was thus well below the previous year which had been impacted by positive non-recurring effects.

Bumper harvests worldwide – consumer prices for corn continue to drop

For the second year in a row, record harvests and high inventories worldwide defined the economic climate in the corn seed industry. The price for corn for consumption on the exchange in Chicago fell in January 2015 to 146.50 USD/ton, a further drop of 15% from the level in January 2014. The current bearish mood on the agricultural commodity markets, accompanied by the economic crisis in Eastern Europe, resulted in untypically high declines in cultivation area in important markets for corn seed. The exceptionally high seed harvests in the fall of 2014

also produced a global supply surplus, resulting in perceptible pressure on prices that varied from region to region.

The regions: Gains in market share despite fall in cultivation area

Corn cultivation area in North America fell by 2% to around 36 (37) million hectares. Nevertheless, AGRELIANT, our 50:50 joint venture with the French company Vilmorin & Cie., was able to slightly improve its market position as the third-largest vendor of corn. AGRELIANT's net sales in North America rose to €556 (509) million due to exchange rate effects. Demand for high-quality varieties with multiple genetic resistance to herbicides and insects declined slightly due to the pressure on U.S. farmers to cut costs.

In our growth market Brazil, we were again able to increase our net sales of corn and soybean significantly: Our net sales in this important corn market rose by over 20% in total, despite the negative currency influences due to the depreciation of the Brazilian real. As a result, we were able to expand our market share sharply. That is a good success for our companies operating in Brazil, given that corn cultivation area there likewise declined by around 2%. Corn cultivation area also fell sharply in Argentina. As one of the few corn seed vendors there, KWS posted almost constant net sales and so achieved a gratifying 1% gain in market share.

There was also a decline in area totaling 4% in Europe, although this varied greatly from region to region. We were able to defend our outstanding market position in Germany and Northern Europe, while we grew our net sales by double digits in individual markets in Eastern and Southern Europe despite

Corn

declines in cultivation area. In contrast, our business performance was slightly down in France and fell sharply in Southeastern Europe. All in all, we were not quite able to achieve our net sales targets in Europe in a challenging economic climate.

Our activities in China are now mainly based on corn seed licensing business. Net sales from that rose slightly in the year under review. Along with that, our corn production and distribution joint venture cleared the first hurdle to start its operations by obtaining its business license in December 2014. Together with our longstanding Chinese partner Kenfeng, we expect the last step in the approval process to be accomplished in fiscal 2015/2016.

Oil seed revenue rises by 7.8%

Revenues from our oil seed business rose both in Europe and America. While soybean is mainly marketed in America, rapeseed and sunflower are more important in Europe. Net sales from oil seed totaled €88.6 (82.2) million.

Corn is cultivated on about 180 million hectares worldwide – a figure that is growing, since the crop delivers the highest yields per hectare.



Sugarbeet Segment

Key figures for the Sugarbeet Segment

		2014/2015	2013/2014	+/-
Net sales	in € millions	390.5	351.1	11.2%
EBIT	in € millions	93.0	70.1	32.7%
EBIT margin	in %	23.8	20.0	

Significant rise in net sales and profit outside the EU

Net sales at the Sugarbeet Segment, comprising sales revenue from our sugarbeet seed and seed potato business, rose by 11.2% in fiscal 2014/2015 to €390.5 (351.1) million. With the exception of France, the increases in net sales were almost exclusively outside the European Union, in particular in North America, Russia and Turkey. Sugarbeet seed business accounted for €364.4 (318.5) million and seed potato business for €26.1 (32.6) million of total net sales. After adjustment for exchange rate effects, the segment's net sales would have risen by 8.3% to €380.4 million.

The segment's income (EBIT) in the period under review was €93.0 (70.2) million, mainly due to the additional contribution margin from the increase in net sales, and so was 32.5% up year on year despite the planned far higher distribution and research expenditure. This significant increase was largely due to our good performance in North America. As previously reported on September 1, 2015, there were also positive exchange rate effects and lower allowances for receivables in the fourth quarter. Administrative expenses remained stable.

Low sugar prices worldwide – high inventories, especially in the EU

Our business activity in the Sugarbeet Segment was exposed to both positive and negative external influences in the year under review. High sugar inventories worldwide resulted in a further fall in the price of sugar, which had a direct impact on sugarbeet cultivation area. The political and economic situation in Eastern Europe resulted in sharp exchange rate fluctuations there and insolvencies among local farmers,

whereas the strong US dollar had a positive impact on our performance in North America. Consumer prices for potatoes reached new lows, diminishing the revenue prospects for our seed potato business.

The regions: North America boosts sugarbeet seed business

Expansion of sugarbeet breeding and outstanding variety performance were the foundation for very successful business in the past fiscal year in all regions. Net sales in North America increased yet again over the already high level of the previous year. We further expanded our clear leadership in the market. Following a very successful fourth quarter, net sales in North America were up about 25% year on year.

In the EU 28, high inventories and quotas transferred from the previous growing season led to a significant reduction in cultivation area of more than 10%. However, sales were maintained at a virtually constant level thanks to gains in market share and were €136.1 million (€137.2 million). Business went particularly well in France and was accompanied by sharp gains in market share. In Germany, the Netherlands and Poland, the reduction in cultivation area – despite increasing market share – meant that our net sales declined. In particular in Scandinavia, our business performance fell sharply as a result of a large reduction in area.

Net sales outside the EU 28 increased to €228.3 (180.8) million. Apart from our success in North America, we recorded very positive business in Turkey, where our market share rose to more than 50%. In addition, net sales rose in Russia and China, among other countries. However, we were not able to compensate for trends in Serbia, Croatia and

Sugarbeet

Ukraine, which were affected by sharp declines in area, by winning market share. In some cases, we suffered significant declines in net sales here.

We pressed ahead with our cooperation project with Bayer CropScience to develop a conventional herbicide-tolerant sugarbeet. The new technology was named CONVISO® SMART. The new varieties are resistant to the herbicide Conviso and enable more efficient control of weeds in sugarbeet cultivation. We expect the market launch of the first varieties as of 2018.

Seed potato business impacted by all-time lows for consumer prices

Last season, consumer prices for potatoes were at a record low. That is due, among other things, to high production volumes and a large supply of potatoes for consumption. Such a climate tends to foster the use of farm-saved seed potatoes, since farmers use their own harvest for the next growing cycle due to the decline in prices. In this difficult market environment, net sales from our seed potato business fell to €26.1 million (€32.6 million), resulting in a sharply negative contribution to earnings.

Sugarbeets do not form their seed pods until the second growing season. Seed production – from requirements planning to packaging – therefore takes up to three years.



Cereals Segment

Key figures for the Cereals Segment

		2014/2015	2013/2014	+/-
Net sales	in € millions	111.3	107.3	3.7%
EBIT	in € millions	12.0	17.1	-29.8%
EBIT margin	in %	10.8	15.9	

Segment's net sales rise slightly – research and distribution expenditure increased

Net sales in the Cereals Segment rose slightly year on year by 3.7% to €111.3 (107.3) million. Against the backdrop of low agricultural commodity prices, our business with wheat, barley and rapeseed went well: Net sales for each of the crops increased year on year – and even by around 50% for barley. However, revenue from our high-quality hybrid rye varieties declined, since alternative types of cereal are preferred when consumer prices are low. Nevertheless, hybrid rye remained the largest contributor to net sales in the segment, accounting for 44% of the total figure. Along with operational business, the takeover of the remaining 51% stake in the French seed company SOCIETE DE MARTINVAL S.A. (MOMONT) had a positive impact, adding around €6 million to the segment's net sales.

The segment's income (EBIT) was €12.0 (17.1) million. The positive effects on income from the increase in net sales and reduction in the cost of sales were cancelled out by higher expenditure aimed at securing our future growth: Expenditure on research and development and on distribution rose as planned and were the main reason for the year-on-year decline in EBIT. Due to the time of acquisition, which was after the segment's key fall sowing season, not all the positive contributions to income from the acquisition of MOMONT were able to be recognized by the Cereals Segment.

Economic environment: Prices for cereals for consumption remain low

The market environment for cereals proved to be tough in fiscal 2014/2015: Consumer prices for cereals stagnated at a low level for the second year in a row. In general, demand for certified seed from plant

breeding companies was lower, since farmers increasingly opted to use farm-saved seed in response to the above conditions. That meant in particular that net sales from hybrid rye declined. The greening measures under agricultural policy, which aim for greater crop diversity and envisage the provision of ecological focus areas on arable land, had a stabilizing impact on the area used to grow rapeseed and barley.

The regions: Growth in core markets, acquisition in France

KWS' cereals varieties turned in a promising performance compared with the competition in the year under review. We grew our net sales in all important regions. While our business went well in key markets such as the UK, Poland or France, there were slight declines in net sales in Germany. That is mainly attributable to the difficult conditions in hybrid rye business, where – along with the fall in cultivation area – we suffered slight losses in market share.

France is one of the world's largest individual markets for cereals, with around 5 million hectares used for wheat and some 1.8 million for barley. KWS has operated in the French cereals market for many years now and has successfully expanded its footprint in this important market by acquiring the remaining 51% stake in the French seed company SOCIETE DE MARTINVAL S.A (MOMONT) effective September 30, 2014. The already mentioned effects on net sales and profit are due to the time of the takeover and the seasonal nature of cereals business.

Sharp increase in the number of marketing approvals for new varieties

We increased our expenditure on research and development in fiscal 2014/2015 in line with our growth strategy. The cost and effort involved in our diverse

Cereals



breeding programs is paying off: In the year under review we significantly increased the number of marketing approvals for new varieties. They include new hybrid rye varieties with improved yield performance and ergot resistance. They were launched in Germany and Poland in fiscal 2015/2016 as part of our “VorsprungPlus”, a system that gives farmers early access to newly approved varieties.

Our breeding activities cover not only traditional breeding of new varieties, but also long-term research and development projects, such as establishment of hybrid breeding for barley and wheat and use of state-of-the-art technologies to optimize breeding processes. A further objective is to develop hybrid rye varieties that are adapted to growing conditions in Eastern Europe or the U.S. and Canada and will help us tap additional market potential in the medium term.

KWS cereals set new standards of seed quality with the QualityPlus system. To ensure that high standards are met, only selected multipliers and processors produce the QualityPlus seed for KWS' cereals varieties.

Corporate Segment

Key figures for the Corporate Segment

		2014/2015	2013/2014	+/-
Net sales	in € millions	4.2	4.7	-10.6%
EBIT	in € millions	-51.2	-49.7	-3.0%

All cross-segment costs are allocated to our Corporate Segment. They include expenses for all central functions of the KWS Group and for long-term research projects. The segment's net sales are mainly generated from our farms. They were €4.2 (4.7) million

and were not sufficient to cover the increase in expenditure. For the above reasons, the segment's income (EBIT) is usually negative. Due to an increase in R&D costs, it was € -51.2 (-49.7) million.

Just 3.5 kilograms of seed are needed to grow one hectare of sugarbeet. This requires the highest seed quality. This can be guaranteed through the centralization of the processing and refining process for our European sugarbeet production operations in Einbeck.

Corporate



Financial situation

Selected key figures on the financial situation

		2014/2015	2013/2014	+/-
Cash and cash equivalents	in € millions	132.5	155.0	-14.5%
Net cash from operating activities	in € millions	57.7	61.1	-5.6%
Net cash from investing activities	in € millions	-136.4	-75.4	-80.9%
Net cash from financing activities	in € millions	41.8	-31.5	> 100%

KWS' financial management is geared in particular to reflect the corporate values of farsightedness and independence. Consequently, the overriding objective of financial management is to secure adequate earnings strength long term and to safeguard the company's financial independence. Apart from providing sufficient liquidity, the objective is to enable it to expand its business activities flexibly and seize opportunities as and when they arise. The financial management organization is controlled in the Group centrally from Einbeck. A balanced mix of financing, investment and hedging instruments is used as the instrument for that. Derivative financial instruments are used only to hedge the risk of interest rate changes and currency risks.

Operating cash flow of €57.7 million

Cash earnings in fiscal 2014/2015 were €122.2 (110.4) million. The net cash from operating activities (operating cash flow) was €57.7 (61.0) million. The increase in working capital resulting from business expansion in our capital-intensive growth markets and higher inventories had a negative impact here. The net cash used in investing activities totaled €136.3 (75.4) million and includes the payment for acquisition of the shares in SOCIETE DE MARTINVAL S.A. and the planned increase in payments for tangible fixed assets. The net cash from financing activities was €41.8 (-31.5) million and comprised the dividend for the fiscal year 2013/2014, higher cash proceeds from long-term borrowings, and slightly reduced installments for repayment of raised loans. In the previous year, it also included the cash paid to acquire the remaining shares in KWS LOCHOW GMBH. The KWS Group's cash and cash equivalents on the balance sheet date at June 30, 2015 totaled €132.4 (155.0) million.

A syndicated loan with a volume of €200 million exists to provide financing during the year. It was renegotiated in October 2014 and will run until October 2019, with an option to extend its term until 2021.

Sharp increase in capital expenditure

Total capital expenditure in fiscal year 2014/2015 was €140.6 (82.6) million. Capital expenditure was increased by 70.2% year on year, largely due to the takeover of the remaining shares (51%) in MOMONT. The Group's capital expenditure was spread regionally as follows: 24.7% (35.0%) in North and South America, 24.1% (28.8%) in Germany and 43.3% (33.7%) in Europe (excluding Germany). 7.9% (2.5%) of capital spending was in the rest of the world.

The Corn Segment accounted for 36.9% (51.8%) of total capital expenditure. Expansion of our production capacities was driven by investments in production plants in Serbia, North America and France, among other countries. We also invested in further breeding capacities in South America and Europe.

In the Sugarbeet Segment, we continued the drive we began in previous years to modernize production plants in the U.S. We also invested in production sites in Germany and Turkey with the goal of further improving the quality of our seed. The Sugarbeet Segment accounted for 18.1% (22.8%) of the KWS Group's total capital expenditure.

Capital spending in the Cereals Segment was increased significantly with our strategic objectives in mind. The segment's share of total capital expenditure at the KWS Group thus rose from 8.3% in the previous year to 31.7%. The investments include the acquisition of the remaining shares in MOMONT and focused on construction and expansion of production plants, as well as on increasing office capacities.

Depreciation and amortization in the year under review totaled €51.6 (45.8) million. This rise is attributable to the rapid increase in the KWS Group's property, plant, and equipment as a result of the high investment ratio.

Assets

Abridged balanced sheet

		June 30, 2015	June 30, 2014	+/-
Assets				
Noncurrent assets	in € millions	580.6	476.8	21.8%
Current assets	in € millions	859.6	786.0	9.4%
Equity and liabilities				
Equity	in € millions	738.7	637.8	15.8%
Noncurrent liabilities	in € millions	336.1	254.2	32.2%
Current liabilities	in € millions	365.4	370.8	-1.5%
Total assets	in € millions	1,440.2	1,262.8	14.0%

The KWS Group's total assets rose by 14.0% to €1,440.2 (1,262.8) million. This was mainly attributable to high capital expenditure as part of our business expansion.

Noncurrent assets increased by 21.8% to €580.6 (476.8) million, mainly due to investment in property, plant, and equipment. The increase in inventories to €239.7 million and higher trade receivables totaling €377.5 million, both of which grew due to the planned expansion of our business, resulted in an increase in current assets to €859.6 (786.0) million. Cash and cash equivalents, including securities, fell by €22.5 million to €132.5 million. After deduction of financial liabilities, net liquidity was € -88.3 (-12.1) million.

On the other side of the balance sheet, the KWS Group's equity rose by 15.8% to €738.7 (637.8) million. The equity ratio increased to 51.3% (50.5%) and thus remained at a solid level. Equity at the balance sheet date far exceeded noncurrent assets by €158.1 (161.0) million. Noncurrent liabilities rose by 32.2% to €336.1 (254.2) million as a consequence of a further borrower's note loan that was raised to fund further business expansion in our future markets and the acquisition of MOMONT. Current liabilities on the balance sheet date totaled €365.4 (370.8) million.

Earnings, financial position and assets in accordance with IFRS 11

The significant differences from the explanations in Section “Earnings, financial position and assets in accordance with the corporate controlling structure” mainly impact the Corn Segment.

Earnings

Abridged income statement

		2014/2015	2013/2014	+/-
Net sales	in € millions	986.0	923.5	6.8%
Operating income	in € millions	113.4	118.3	-4.1%
Net financial income/expenses	in € millions	16.7	7.5	> 100%
Result of ordinary activities	in € millions	130.1	125.8	3.4%
Taxes	in € millions	46.1	45.5	1.3%
Net income for the year	in € millions	84.0	80.3	4.6%
Earnings per share	in €	12.53	11.69	7.2%
EBIT margin		11.5%	12.8%	-10.2%

Surplus supply due to high global stocks of agricultural raw materials, low prices for agricultural raw materials, a reduction in cultivation area, political and economic tensions in growth markets, and volatile exchange rates created a challenging climate for KWS in the past fiscal year. Nevertheless, the KWS Group was able to increase its net sales year on year in all product segments, also after adjustment for exchange rate effects. Net sales rose by 6.8% to €986.0 million in the year under review (previous year: €923.5 million). This is mainly attributable to a significant increase in net sales from our sugarbeet activities in North America and in net sales in our growth markets South America, Russia and Turkey. The increase in net sales was underpinned among other things by higher sales volumes in the Sugarbeet Segment. Good variety performance in all major KWS regions made a considerable contribution to this. The sales volume in the Corn Segment was maintained at the level of the previous year against a backdrop of sharp falls in cultivation area. Acquisition of the remaining shares (51%) in the French cereals company MOMONT increased net sales only slightly. 22.7% of total net sales were generated in Germany, 44.8% in Europe (excluding Germany), 25.8% in North and South America and 6.7% in the other regions.

Gross profit in the year under review rose to €532.5 (494.2) million. License and material costs were only slightly higher and again resulted in a below-proportionate increase in the cost of sales by 5.6% to €453.5 (429.3) million. That gives a gross margin of 54.0% (53.5%).

Our global growth is secured by expansion of our distribution activities, among other things in new markets such as Brazil. Consequently, selling expenses in the year under review increased by €19.0 million to €189.0 (170.0) million. Their ratio to the KWS Group's net sales was 19.2% (18.4%).

Research and development expenditure increased as planned in the year under review to €174.6 (149.4) million. The R&D intensity relative to the Group's net sales was 17.7% (16.2%). General and administrative expenses increased below-proportionately relative to net sales by 4% to €74.8 (71.9) million. Other operating income was €88.0 (58.2) million, while other operating expenses totaled €68.7 (42.8) million. The balance thus rose to €19.3 (15.4) million. The related individual items are presented in detail in the Notes on pages 125 to 127.

The operating income (EBIT) for the KWS Group was thus €113.4 (118.3) million. The EBIT margin fell to 11.5% (12.8%).

Net financial income/expenses rose to €16.7 (7.5) million. Apart from an improvement of €1.9 million in the interest result, it was mainly impacted by the net income from equity investments. The latter rose by 35.9% to €27.5 (20.2) million as a result of higher income from equity-accounted financial assets (€ +3.5 million) and income from write-ups on subsidiaries, joints ventures and participations (€ +3.7 million). Earnings before taxes (EBT) rose

from €125.8 million in the previous year to €130.1 million. Income taxes in the year under review rose to €46.1 (45.5) million, with the result that our tax rate was 35.4% (36.2%). Although the tax rate therefore fell slightly, losses that cannot be deducted against tax and the sharp increases in net sales in high-tax countries are still above the long-term average. The KWS Group posted net income of €84.0 (80.3) million for fiscal year 2014/2015. Minority interests were €1.3 (3.2) million, meaning €82.7 (77.1) million is attributable to shareholders of KWS SAAT SE. The number of shares was unchanged, giving earnings per share of €12.53 (11.69).

Financial situation

Selected key figures on the financial situation

		2014/2015	2013/2014	+/-
Cash and cash equivalents	in € millions	108.2	122.3	-11.5%
Net cash from operating activities	in € millions	48.1	76.0	-36.8%
Net cash from investing activities	in € millions	-123.8	-63.1	96.2%
Net cash from financing activities	in € millions	48.4	-43.6	> 100

KWS' financial management is geared in particular to reflect the corporate values of farsightedness and independence. Consequently, the overriding objective of financial management is to secure adequate earnings strength long term and to safeguard the company's financial independence. Apart from providing the company with sufficient liquidity, the objective is to enable it to expand its business activities flexibly and seize opportunities as and when they arise. The financial management organization is controlled in the Group centrally from Einbeck. A balanced mix of financing, investment and hedging instruments is used as the instrument for that. Derivative financial instruments are used only to hedge the risk of interest rate changes and currency risks.

Cash earnings in fiscal year 2014/2015 were €92.1 (85.0) million on the back of higher depreciation and amortization of assets and lower other non-cash income. The net cash from operating activities (operating cash flow) was €48.1 (76.1) million. The lower increase in trade payables and short-term provisions, together with the increase in working capital, had a negative impact on the operating cash flow. The increase in

working capital results from business expansion in our capital-intensive growth markets and higher inventories.

The net cash used in investing activities totaled €123.8 (63.1) million and includes the payment for acquisition of the shares in SOCIETE DE MARTINVAL S.A. and the planned increase in payments for tangible fixed assets. The net cash from financing activities was €48.4 (-43.6) million and comprised the dividend for the fiscal year 2013/2014, which was constant compared with the previous year, higher cash proceeds from long-term borrowings, and installments for repayment of raised loans. Last year they also included the cash paid to acquire the remaining shares in KWS LOCHOW GMBH. The KWS Group's cash and cash equivalents on the balance sheet date at June 30, 2015, totaled €108.2 (122.3) million.

A syndicated loan with a volume of €200 million exists to provide financing during the year. It was renegotiated in October 2014 and will run until October 2019, with an option to extend its term until 2021.

Total capital expenditure in fiscal year 2014/2015 was €132.5 (69.4) million. Capital expenditure was increased by 90.9% year on year, mainly due to the takeover of the remaining shares (51%) in MOMONT. As in the previous year, the main focus of the investments was on expanding corn processing capacities. For instance, a corn processing plant was erected in Serbia. Capital was also invested at the Einbeck location. Investments were made in construction of a new research and office building. The Corn Segment accounted for 29.5% (44.1%) of total capital expenditure, the Sugarbeet Segment for 18.1% (27.3%) and

the Cereals Segment for 37.2% (8.2%). The Group's capital expenditure was spread regionally as follows: 17.2% (23.0%) in North and South America, 25.5% (34.4%) in Germany and 48.9% (39.6%) in Europe (excluding Germany). 8.3% (2.5%) of capital spending was in the rest of the world.

Depreciation and amortization in the year under review totaled €45.9 (41.2) million. This rise is attributable to the rapid increase in the KWS Group's property, plant, and equipment as a result of the high investment ratio.

Assets

Abridged balanced sheet

		06/30/2015	06/30/2014	+/-
Assets				
Noncurrent assets	in € millions	651.4	538.7	20.9%
Current assets	in € millions	704.1	626.3	12.4%
Equity and liabilities				
Equity	in € millions	738.7	637.8	15.8%
Noncurrent liabilities	in € millions	334.9	253.0	32.4%
Current liabilities	in € millions	281.9	274.2	2.8%
Total assets	in € millions	1,355.5	1,165.0	16.4%

The KWS Group's total assets rose by 16.4% to €1,355.5 (1,165) million. This was mainly attributable to high capital expenditure as part of our business expansion.

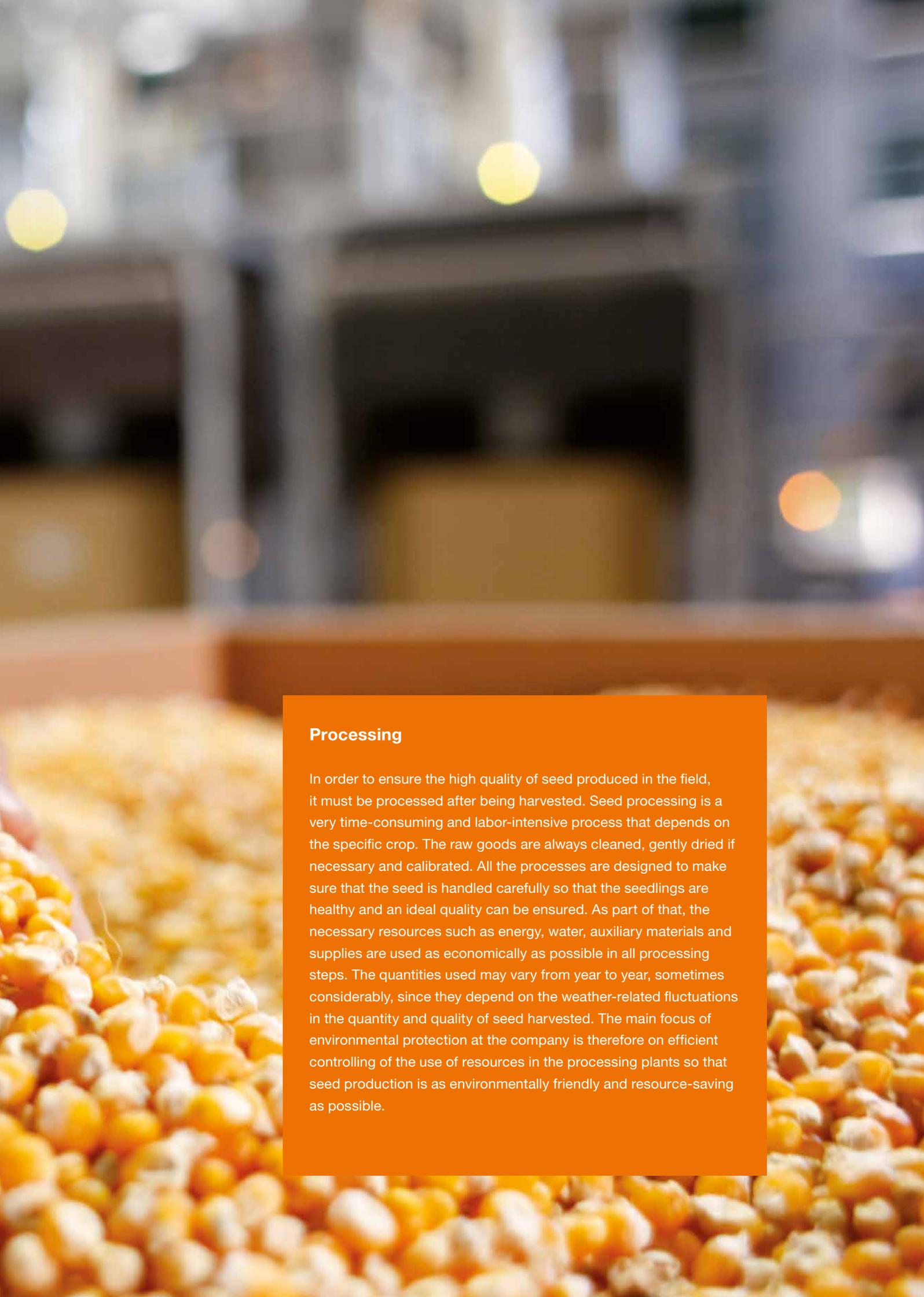
Noncurrent assets at the balance sheet date totaled €651.4 (538.7) million as a result of higher investments in property, plant, and equipment. As a result of the planned expansion of business, higher inventories totaling €178.0 million and trade receivables totaling €309.7 million resulted in an increase in current assets to €704.1 (626.3) million. Cash and cash equivalents, including securities, fell by €14.1 million to €108.2 million. Net liquidity was € -105.9 (-31.6) million.

The KWS Group's equity rose by 15.8% to €738.7 (637.8) million. The equity ratio declined slightly to 54.5% (54.7%). The KWS Group's financing thus

remains solid. Equity at the balance sheet date far exceeded noncurrent assets by €87.3 (99.1) million. Noncurrent liabilities rose by 32.4% to €334.9 (253.0) million as a consequence of a further borrower's note loan that was raised to fund further business expansion in our future markets and the acquisition of MOMONT. Current liabilities on the balance sheet date totaled €281.9 (274.2) million.

A close-up photograph of a person's hands holding a large quantity of yellow corn kernels. The person is wearing an orange shirt, and the background is blurred, showing what appears to be an indoor setting with lights. The text "Climate protector" is overlaid on the image in white.

Climate protector



Processing

In order to ensure the high quality of seed produced in the field, it must be processed after being harvested. Seed processing is a very time-consuming and labor-intensive process that depends on the specific crop. The raw goods are always cleaned, gently dried if necessary and calibrated. All the processes are designed to make sure that the seed is handled carefully so that the seedlings are healthy and an ideal quality can be ensured. As part of that, the necessary resources such as energy, water, auxiliary materials and supplies are used as economically as possible in all processing steps. The quantities used may vary from year to year, sometimes considerably, since they depend on the weather-related fluctuations in the quantity and quality of seed harvested. The main focus of environmental protection at the company is therefore on efficient controlling of the use of resources in the processing plants so that seed production is as environmentally friendly and resource-saving as possible.

Employees

Producing high-quality seed entails a great deal of cost and effort and relies on excellent contributions from our employees with their high professional qualifications. We therefore endeavor to offer our employees a working environment that encourages continuous progress. An attractive and open international work environment, characterized by fairness, mutual respect and support for each other, enables us to find unconventional and innovative solutions together. We foster a corporate culture that is based on mutual trust and the common goal of keeping KWS on its path to success. The values of our family business with its rich tradition are the basis for our actions.

Europe-wide cooperation strengthened by change in legal form to KWS SAAT SE

KWS has continued to grow strongly in the international arena in the past years. The KWS Group generates around 53% of its total net sales in Europe. This trend was reflected by conversion of KWS into a European Stock Corporation (Societas Europaea/SE), and an additional employee representative body was set up at the European level: the European Employee Committee (EEC). After its initial short term of office up to 2017, the EEC will be elected for five years and consists of eleven delegates: Three delegates come from Germany and the remaining eight from the other EU countries in which KWS has subsidiaries.

The above-average turnout for the election of the body at the end of July 2015 showed that our employees at all European companies have a high degree of identification with KWS and make use of the opportunities to help shape it. Following the election of the EEC's Chairperson and two deputies in September 2015, the body commenced its task of representing employees in cross-border matters within the European Union. It will hold at least two meetings a year with the Executive Board to discuss the company's development and planned measures.

At the national level, too, the focus is on harmonious rapport: The collective bargaining agreement for Germany that was concluded in Einbeck in May 2015 specifically paid tribute to the social component and

the employees' commitment, as well as raising the employer's contributions to capital-forming payments. This arrangement benefits in particular part-time employees and trainees, making it easier for them to build up their own capital.

Outstanding attractiveness as an employer – more important than ever for KWS

In view of our constant growth and the importance of qualified employees to our company, it is increasingly vital for KWS to give its employer brand a sharper profile and position itself internationally as an attractive place to work. Modern forms of online communication, participation in selected career fairs in Germany and abroad and systematic establishment of a significant network are key components of our employer branding. We have also maintained intensive contact with relevant professional groups and intensified and expanded our cooperation with universities and organizations worldwide – for example in Argentina, the U.S. or China.

Seeding the Future: KWS fosters young talents at an early stage

We believe youngsters should gain an initial insight into working life as early as possible, i.e. when they are in school or studying at a university. That is why KWS offers students the opportunity to learn more about its various task areas throughout the group: for example in excursions to the company, as interns or through scholarships. Students can also write their degree theses in cooperation with KWS or take dual courses of study.

Excellent career start at KWS

Good training for our employees is a basic necessity so that KWS can remain successful in the future. In fiscal 2014/2015, KWS employed 98 youngsters in six business administration, agricultural science and industrial vocations. Around 120 instructors ensure a high quality of training. KWS offers university graduates two introductory programs: There is very great demand for our tried-and-tested internal Trainee Program and for the "Breeders Academy", which is tailored specifically to plant breeding.



Openness and transparency are not only reflected in our architecture, but above all in our day-to-day activities.

We give all career starters at KWS extensive insight into our globalized, highly networked business processes. We also attach particular importance to developing professional qualifications and personal skills.

Focus on employee development

Personnel development at KWS helps our employees acquire skills that are demanded by our global business environment with its ever-changing general conditions: constant innovation, customer orientation and modern communications. To enable that, a concept for a group-wide successor and talent management system was set up in the year under review. In management groups consisting of participants from different locations and units, potential candidates are identified in development meetings. The findings obtained help boost further development of the identified employees. In addition, the “Orientation Center” (OC) was adapted, a further training measure whose members include Executive Board members and external experts and which aims to identify the strengths of selected employees and the fields they can develop further. Strategic and intercultural aspects are now taken into greater account to reflect the company’s environment.

However, we also continued our proven development programs: For example, the “KWS On Board” program gives experts and executives who have newly taken over a management function a better understanding

of KWS’ values, its strategic orientation and its governance structures. In the course of our ten-month “International Development Program” (IDP), potential junior talents are taught the skills that are particularly required in KWS’ global business environment. Following the successful completion of the first IDP in February 2015, a new intake embarked on the program in June 2015.

Work-life balance at KWS

We want our employees to be able to reconcile their career and private life in every phase of their life. KWS supports that goal in Germany with flexitime models and company agreements on child care allowances, as well as by letting employees reduce their working time so that they can look after dependents who need caring for.

The health management initiative launched in Germany in 2013/2014 is now firmly in place. Among other things, running groups and KWS dragon boot training are offered at the Einbeck location and a fitness studio accompanies sports programs for entire departments. Health management is also becoming established internationally: For example, 86% of all employees in Brazil take part in the “Quality for Life” program, in which they are given dietary advice and regular health checks. As part of that, employees obtain information on possible risk factors and suggestions for a healthy lifestyle.

Employees in numbers¹

The number of employees at the KWS Group rose again as planned in fiscal 2014/2015 and averaged 5,322 worldwide, 9.8% up from the previous year.

Personnel costs rose by 13.6% to a total of €256.4 (225.8) million. Of that, €206.8 (180.3) million

went to compensation and €49.7 (45.6) million to social security contributions, expenses for pension plans and benefits. The average length of service in Germany remains at the constantly high level of 13.0 years. All in all, that underscores the attractiveness of KWS as a modern and fair employer.

¹ Including our joint ventures. Excluding them, the average number of employees is 4,691.

Employees by region

	2014/2015	2013/2014	+/-
Germany	1,868	1,763	6.0%
Europe (excluding Germany)	1,401	1,223	14.6%
Americas	1,865	1,711	9.0%
Rest of world	188	150	25.3%
Total	5,322	4,847	9.8%

Employees by function

	2014/2015	2013/2014	+/-
Research & Development	1,985	1,836	8.1%
Distribution	1,259	1,241	1.5%
Production	1,408	1,136	23.9%
Administration	670	634	5.7%
Total	5,322	4,847	9.8%

Key figures for employees (in Germany)

		2014/2015	2013/2014	+/-
Number of employees in Germany		1,868	1,763	5.9%
of which number of part-time employees		367	350	4.9%
Ratio of men	in %	50.9	50.2	
Ratio of women	in %	49.1	49.8	
Number of trainees		100	98	2.0%
Trainee ratio	in %	5.3	5.5	
Average age	in years	40.4	40.2	
Length of service	in years	13.0	14.0	

Report on events after the balance sheet date

We began implementing adaptation of our European Service Center structure at the beginning of August 2015. As part of that, the Service Center North was integrated in the Service Centers Mediterranean and East effective October 1, 2015. The Rotterdam location was closed; some of its employees were offered work in the Service Centers that took over its activities.

As already announced on several occasions, a decision was made to merge KWS MAIS GMBH with KWS SAAT SE. The merger will become effective upon being entered in the commercial register and will be carried out in the course of fiscal 2015/2016. KWS MAIS GMBH now generates the highest net sales in the KWS Group and consistently makes a large contribution to earnings. The company's reintegration marks a first step in simplifying the Group's structure. Our objective with the merger is also to make internal processes more efficient and reduce our

administrative overhead. The structure of our segments will not be affected by this measure.

As a further step in optimizing the KWS Group's structures, the Executive Board and the Supervisory Board will propose conclusion of a profit and loss transfer agreement between KWS SAAT SE and KWS LOCHOW GMBH to the Annual Shareholders' Meeting. KWS SAAT SE holds all the shares in KWS LOCHOW GMBH, which bundles the KWS Group's cereals activities. Both companies have performed successfully in the past years; conclusion of the agreement is intended to secure their successful commercial development, create the conditions for further organic growth and tap further group-related advantages.

Apart from that, there were no significant events that, in the assessment of the Executive Board, might have an impact on the KWS Group's earnings, assets and financial position.

Opportunity and risk report

As an international seed company, the KWS Group operates in a dynamically changing environment. That results in risks as well as opportunities, which we have to weigh as the foundation for our entrepreneurial decisions.

Opportunities

We understand an opportunity as a development that might have a positive impact on our earnings, financial position and assets.

At the KWS Group, opportunity management is an integral component of the established controlling system between the subsidiaries/associated companies and company management. Strategic opportunities, such as joint ventures and acquisitions, are handled by the Executive Board. Operational opportunities are identified and exploited in our segments, since they have the greatest knowledge of their markets

and products. Targeted measures are formulated together with the Executive Board so that strengths can be leveraged and strategic growth potentials tapped. Strategic opportunities of major importance are handled by the Executive Board. Extensive strategic planning covering a 10-year time frame is the basis for opportunity management. In keeping with our established growth strategy, we exploit the industry-specific and strategic opportunities that arise by means of pinpointed investments in production capacities, research and development and acquisitions.

We see diverse opportunities for the KWS Group to develop the company further in line with our strategy. So that we succeed in achieving sustainable, profitable growth in future as well, our prime goal must be to retain and further increase our innovativeness. The latter is expressed in seed business by continuous



Our huge seed processing plant in Serbia was opened this fiscal year after being built in less than a year.

increases in the yields of new varieties. The plants' yield potential can either be increased or their resistance to detrimental influences, of whatever type, can be improved. Our target is to offer our customers an increase in yield of 1% to 2% per annum with our new varieties. That is why we constantly expand our research and development activities. A measure of our innovativeness is the number of newly approved varieties. In the approval processes, our varieties are compared directly with rival products in official performance tests. More details of that and on our research and development activities can be found on page 30 of this report.

There are also market opportunities as a result of our intensified activities in subtropical regions. Our corn activities in Brazil and China will enable us to tap additional sales potential for the KWS Group in the medium to long term in these – for us – new markets

by developing varieties tailored exactly to their climatic conditions. In particular in the highly fragmented Chinese corn market, there is a good opportunity to participate in the process of consolidation that is now beginning.

Investing in expansion of our production capacities and modernization of our seed processing offers additional opportunities to grow further. Further development of our variety portfolio and expansion of capacities are accompanied by expansion of our distribution structures to enable even more tailored and intensive information and advice for our customers on the possible uses of our seed and allow us to leverage further sales potential. In addition, continuous optimization of processes offers the KWS Group the opportunity to increase productivity and optimize cost structures. Short-term opportunities may also arise as a result of movements in exchange rates.

Risks

We define a risk as a potential future event that might have a negative impact on our business.

Objectives and strategies in risk management

Our risk management is founded on trust in employees and the sense of responsibility of every individual. Our employees are to be enabled to assess and minimize risks on their own.

Our risk management system supports a responsible approach to risks and decision-making processes. It consists of organizational measures so that relevant risks can be identified, assessed and controlled at an early stage. With proactive strategies to counter risks, we reduce or avoid negative impacts so that we can operate successfully on the world market.

Structure of the risk management system

The Executive Board is responsible for risk management. The central functions Corporate Finance, Corporate Controlling, Corporate Compliance Office and Corporate Development & Communications share the various tasks among themselves (see the figure). There is also a Risk Committee that reports regularly on the development of risks.

KWS' risk management system is organized on the basis of the internationally recognized COSO model (Committee of Sponsoring Organizations of the Treadway Commission). Risks are identified and assessed as well as mitigated by suitable control measures. The principles of our risk management are enshrined in our group-wide "Rules, Guidelines & Procedures". Core contents include principles relating to early detection and communication and handling of risks. These standards are implemented by the local subsidiaries. Our group's own Service Centers help in preparing local financial statements and provide a consistent data model that is subject to the group's regulations on accounting and thus ensures that the consolidated financial statements comply with the rules.

As part of its audit of the annual financial statements for fiscal year 2014/2015, Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft confirmed that our system for early detection of risks complies with the requirements under the German Stock Corporation Act. It also enables early identification of risks that jeopardize the company's existence. Identified weaknesses are reported to the Executive Board and the Supervisory Board and rectified in the continuous improvement process.

Structure of risk management at the KWS Group

	Tasks
Corporate Finance	<ul style="list-style-type: none"> ■ Early detection of risks ■ Risk management ■ Interest and currency management ■ Insurance ■ Loan management ■ Damage prevention ■ External audits
Corporate Controlling	<ul style="list-style-type: none"> ■ Planning/budget ■ Current expectations
Corporate Development & Communications	<ul style="list-style-type: none"> ■ Rules, Guidelines & Procedures ■ Integrated Management System ■ Internal audits ■ Excellence Through Stewardship
Corporate Compliance Office	<ul style="list-style-type: none"> ■ Compliance Management System ■ Compliance Risk Assessment ■ Compliance training ■ External audits ■ Examinations

Risk management process

The risk management process at KWS consists of the phases of identification, assessment, control and monitoring of risks and risk reporting.

By risk identification, we mean that the persons responsible for an area of risk identify the potential risks. The identified risks are plausibilized and summarized in a risk control matrix. The risk inventory currently contains around 100 risks and means of controlling them.

This is followed by risk assessment, i. e. qualitative and quantitative analysis of the risks. Risks are measured on a net basis, i. e. after risk mitigation measures have been taken. Their materiality (upper risk limit) is evaluated either on the basis of their potential effect on operating income (EBIT) or specific qualitative indicators. The risks are classified by their likelihood of occurrence and level of damage and prioritized according to a traffic light system.

With risk controlling, we create instruments to actively influence the main risks. Risk controlling comprises measures to reduce risks, constant monitoring of them and risk transfer. Our internal control system (ICS) is used to systematically review and document whether this controlling is effective. The adequacy and proper functioning of the controls must be examined once a year by the person responsible for them at the respective business segment or a commissioned third party. External auditing by experienced auditors is conducted to ensure that internal controls work. The objects audited are chosen on a risk-based approach.

A report on the ICS' effectiveness is given to the Audit Committee of the Supervisory Board once a year. The Risk Committee is informed quarterly of the current risk situation for the KWS Group and its fields of business.

Risk management and the internal control system in the accounting process

The internal control and risk management system comprises measures, structures and processes designed to make sure that business transactions are included in accounting promptly, consistently and correctly. Its objective is to ensure compliance with the law and external and internal accounting regulations. The completeness of financial reporting, the Group's uniform accounting, measurement and account allocation stipulations, and the authorization and access regulations for IT systems used in accounting are examined regularly. Intra-group transactions are consolidated appropriately and in full. Consolidated accounting is carried out at KWS SAAT SE by the corporate units Group Accounting and Group Controlling.

Main areas of risk

We assess risks as being significant if they might have a considerable negative impact on our business activity, financial position or earnings. The order in which the risk categories and individual risks are listed reflects their importance. Unless otherwise specified, the risks apply to all segments of the KWS Group.

Corporate risks

Risk category	Likelihood of occurrence ¹	Potential impact ²	Change from the previous year
Market risks <ul style="list-style-type: none"> ■ Political instability ■ Fall in sales volumes and/or prices ■ Currency depreciation ■ Change in interest rates 	Possible	Significant	↗
Production risks <ul style="list-style-type: none"> ■ Influence of the weather on multiplication in the field ■ Outage of production systems ■ Product liability ■ Genetic mixing 	Possible	Significant	→
Procurement risks <ul style="list-style-type: none"> ■ Non-delivery by suppliers ■ Loss of reputation 	Unlikely	Moderate	→
Liquidity risks <ul style="list-style-type: none"> ■ Insolvency ■ Violation of financial obligations ■ Default by customers 	Unlikely	Significant	↗
Legal risks <ul style="list-style-type: none"> ■ Breaches of contract ■ Anti-trust proceedings ■ Corruption ■ Violation of capital market law ■ Infringement of proprietary rights ■ Violation of data protection 	Possible	Significant	→
Environmental risks <ul style="list-style-type: none"> ■ Pollution of the air, soil and water by dusts, waste water and waste 	Possible	Significant	→
Personnel risks <ul style="list-style-type: none"> ■ Demographic change ■ Shortage of skilled workers 	Unlikely	Moderate	→
IT risks <ul style="list-style-type: none"> ■ Non-availability of IT systems ■ Hacking ■ Data theft ■ Conflict in the authorization process 	Possible	Significant	→

¹ Unlikely = 1–33%. Possible = 34–66%. Likely = 67–99%.

² Moderate: Hardly perceptible effects on our business activity, financial position or earnings.

Significant: Considerable negative effects on our business activity, financial position or earnings.

Existential: Substantial negative effects on our business activity, financial position or earnings that would put the company's continued existence at jeopardy.

Market risks

We face political risks in the strongly regulated international agricultural industry. The continued uncertainty in Ukraine and sanctions against Russia may have a constant negative impact on our business activities in those countries. We generated net sales totaling €59.5 million in the two countries in fiscal 2014/2015.

Sale of our products depends on product performance and the competitive situation. In addition, the state of the global economy has a major influence on our net sales and income. We address this challenge with systematic analyses of the market and the competition and by developing high-quality seed all over the world.

Currency risks arise from fluctuations in exchange rates, in particular for outstanding receivables and liabilities denominated in foreign currency. There are interest rate risks as a result of potential changes to market interest rates. The interest payable on financial obligations with a variable rate of interest may increase. We address the risk of interest rate changes and currency risks through the usual hedging instruments, such as derivatives and forward exchange deals, to reduce the influence on the KWS Group's earnings and assets situation. In fiscal 2014/2015, the research and development expenditure and inter-company loans were almost completely hedged in order to avoid exchange rate risks.

Production risks

Breeding and multiplying seed are dependent on the weather. We reduce the risk of production losses stemming from bad weather by distributing seed multiplication and processing over several locations in Europe and North and South America. Fluctuations in demand in one region can be compensated for as part of our global production network. Contra-seasonal multiplication is carried out in the winter half-year in Chile and Argentina if there are bottlenecks in seed availability in Europe. We counter the outage of production facilities by means of regular maintenance, risk inspections and organizational and technical damage prevention programs. To cover financial loss, we maintain group-wide property and business interruption insurance.

KWS has established extensive checks and tests throughout the production process to safeguard the performance and quality of its products. Regular quality examinations and controls are conducted at all process levels and also include testing of conventional seed to determine that it is free of genetic technology. In addition, very strict requirements have to be met, in particular in relation to genetically modified products. In the absence of a standardized legal threshold value, a number of European countries even practice a policy of zero tolerance.

KWS joined the "Excellence Through Stewardship" (ETS) initiative in January 2013. This is an internationally standardized quality management program relating to the use of biotechnology-derived plant material throughout the product lifecycle. By becoming a member, KWS signals its clear and unwavering commitment to the responsible use of transgenic plant material.

Procurement risks

We reduce supply risks that might arise from the procurement of pesticides for the seed we treat by maintaining sufficient stocks. Moreover, the risk of sources no longer being able to deliver is minimized by continuous assessment of the quality and ability to deliver on the part of our suppliers. In addition, our sustainability principles and requirements are laid down in our newly introduced Code of Business Ethics for Suppliers. Our suppliers are to respect human rights and work safety and environmental protection regulations, as well as to avoid any form of child labor. Violation of the code harbors the risk of damage to our reputation. We conduct audits of suppliers to examine whether they comply with the code.

Liquidity risks

Liquidity risks arise if the KWS Group is not able to fulfill existing or future payment obligations. We reduce the liquidity risk by means of central liquidity planning, cash pooling, long-term borrower's note loans and syndicated credit lines. As in the previous year, full use was not made of the variable credit lines in fiscal 2014/2015. The financial covenants in our loan agreements were complied with. We use trade credit insurance to reduce the risk of losing

receivables in risky regions and business segments. There may be a greater potential for counterparty default in some regions at present due to political developments (Ukraine) and economic developments (exchange rate effects, increase in the price of goods). Loan management helps us identify drops in customers' creditworthiness in good time and to avoid resultant payment defaults.

Legal risks

The KWS Group faces risks in its operations from official proceedings and legal disputes. Legal disputes are possible in particular with suppliers, customers, employees and investors and may result in payment or other obligations. There were no significant legal proceedings in fiscal 2014/2015. Under our compliance policies and the Code of Business Ethics, our employees undertake to act in accordance with laws, contractual provisions, internal regulations and our corporate values.

Environmental risks

KWS' international management system regulates the proper operation of plant and facilities of relevance to environmental protection so as to minimize negative influences on people, the environment and material assets. Implementation of the instructions is audited internally and externally as part of our continuous improvement process.

Personnel risks

It is KWS' conviction that qualified and committed employees are the key to its success. We therefore have to remain an attractive employer. Our strategies enable us to find new talents – career starters and experienced professionals alike – as well as to further develop the existing workforce. Our employer branding has positioned KWS as an attractive place to work in the eyes of relevant professionals. Extensive vocational training and induction programs help junior staff get their career off to an excellent start. Our integrated personnel development landscape supports our employees in acquiring professional qualifications and personal skills that are demanded by our globally networked business environment with its constantly changing general conditions: continuous innovation, customer orientation and modern communications.

IT risks

The KWS Group's business and production processes, as well as its internal and external communications, are based on globally networked IT systems. Any outages in them can result in a significant interruption to business operations. In addition, theft of sensitive information can entail a loss of reputation for us. Our IT security organization and security policies impede unauthorized access to sensitive electronic company data. Firewall and antivirus programs are kept up-to-date and are designed to avoid losses as a result of hacking and malware. There is also an extensive authorization concept. Constant external examinations of our IT security concept and system authorizations ensure an objective risk assessment of the implemented concepts and measures.

Overall statement on the risk situation by the Executive Board

The risks presented above do not jeopardize the existence of the KWS Group, either individually or in their entirety. All in all, the risk situation did not change significantly in fiscal 2014/2015. The main risks for us are still related to products and the market. The increasing share of our business in foreign currency, in particular in emerging countries, means there will be additional currency risks. Nevertheless, and taking into account our countermeasures, we assess the potential financial impact of currency risks as being moderate.

We feel sure that, thanks to our global footprint, our innovative strength and the high quality of our products, we can seize opportunities and successfully counter risks as they arise. However, we cannot rule out the possibility that further factors of which we are not currently aware or which we do not at present assess as significant may impact the continued existence of the KWS Group in the future.

Forecast report

Forecast for the KWS Group for fiscal 2015/2016

in € millions	Sales for 2015/2016	EBIT margin for 2015/2016	R&D intensity for 2015/2016
According to the IFRS statement of comprehensive income (application of IFRS 11)	1,035 – 1,085	≥ 10.5%	~17%

We have changed the KWS Group's forecast report due to the previously described amendments to the International Financial Reporting Standards (IFRS 11). Apart from the forecast for our segment reporting, which is of relevance to internal corporate controlling, we will for the first time specify the KWS Group's anticipated operating income excluding our 50:50 joint ventures (see "Forecast for the KWS Group"). The forecast is based on our corporate planning and the information included in it, such as market expectations or exchange rate developments.

Forecast for segment reporting

We will continue to implement our successful corporate strategy in fiscal 2015/2016. As part of that, we intend to expand our business activities in the sales markets of Brazil and China we have recently tapped and to further increase our already high level of competitiveness in our core markets. As in previous years, we will further strengthen KWS' main success factors: our innovative strength and our distribution network. Our expenditure on research and development and distribution will therefore be increased.

These measures will be flanked by extensive investments in property, plant and equipment. The main focus of that will be on expanding and modernizing production plants in the growth markets of Eastern/Southeastern Europe and the U.S. We are also expanding our research and development facilities at

several locations. For example, a new, cutting-edge greenhouse is being built in Einbeck and a new breeding station is being set up in Bernburg. We are expanding our footprint outside Germany, such as in the U.S. as a result of the research center in St. Louis.

At the **Corn Segment**, we assume increasing sales revenues, in particular in North and South America, but also in Eastern and Southeastern Europe. We currently expect net sales to increase by between 10% and 15% year on year. Despite the sharp increase in expenditure on research and development and distribution, the segment's EBIT margin will probably be around 11%.

Following the extremely successful fiscal year 2014/2015 for the **Sugarbeet Segment**, it will be difficult to achieve further growth in 2015/2016 in view of the fact that cultivation area will likely remain stable. In order to repeat the previous year's success, we need to defend the high market shares we have captured. It will be crucial to our business to expand our position in the growth markets of Eastern Europe and successfully establish our varieties, whose performance is good almost across the board, in the other individual markets. If we manage to do that, we expect the segment's net sales and income to be at the level of the previous year, despite the still difficult situation in the potato market.



A very good outlook: the very best seed as the foundation for future growth.

At the **Cereals Segment**, we expect slight growth in net sales from our acquisition in the important cereals market of France. The segment's EBIT margin is likely to be below that of the previous year, however, due to expected reductions.

At the **Corporate Segment**, we expect stable net sales from our farms' business activities. Due to the fact that all cross-segment costs at the KWS Group are allocated to it, we expect the segment to post a negative EBIT of around € -60 million.

Forecast for the KWS Group's statement of comprehensive income

The statement of comprehensive income in accordance with IFRS 11 no longer includes the net sales and costs of our joint ventures. In line with our corporate strategy and annual planning, the Executive Board expects the KWS Group to post operational sales growth of 5% to 10% and an EBIT margin of at least 10.5% in the coming fiscal year. The R&D intensity is expected to be around 17%. We intend to stick to our dividend policy, with a payout ratio between 20% to 25% of our net income for the year.

KWS SAAT SE (explanations based on the German Commercial Code (HGB))

The Management Reports of KWS SAAT SE and the KWS Group have been combined for the first time for fiscal 2014/2015. The annual financial statements of KWS SAAT SE in accordance with the German Commercial Code (HGB) and the Combined Management Report will be published in the Electronic Federal Gazette at the same time.

Declaration regarding corporate governance

The declaration on corporate governance in accordance with Section 289a of the German Commercial Code (HGB), which also contains the compliance declaration in accordance with section 161 AktG (German Stock Corporation Act), has been published in the Internet at www.kws.com/ir > Corporate Governance.

Compensation Report

The disclosures in accordance with Section 289 (2) No. 5 of the German Commercial Code (HGB) are contained in the Compensation Report on page 69 to 74.

Disclosures in accordance with Section 289 (4) of the German Commercial Code (HGB) and explanatory report of the Executive Board

The disclosures in accordance with Section 289 (4) of the German Commercial Code (HGB) and the explanatory report of the Executive Board can be found on page 68/69.

Business activity, corporate strategy, corporate controlling and management, business performance

You can find disclosures on our business activity, corporate strategy, corporate controlling and management, as well as explanations on our business performance, on pages 24 to 33.

Earnings

KWS SAAT SE's net sales increased in fiscal 2014/2015 by 5.3% to €284.4 (270.1) million. This is mainly due to the positive development of revenue from sugarbeet seed, which – including the sugarbeet technology fee – rose by 7.8%.

Research and development expenditure, which is pooled at KWS SAAT SE, increased as planned by €20.2 million to €158.2 (138.0) million. Expansion of distribution activities resulted in an increase in selling expenses to €30.7 (27.5) million. Most of the administrative functions for the KWS Group are located in KWS SAAT SE, with the result that administrative expenses were €53.8 (51.1) million. The balance of other operating income and other operating expenses rose by €12.7 million to €34.7 million and was impacted positively by the balance of currency translation differences and exchange rate hedges totaling €2.3 (4.7) million and lower allowances for receivables totaling €3.7 (11.4) million.

KWS SAAT SE's operating income thus fell as expected to € –23.2 million compared with € –14.3 million in the previous year, mainly due to the planned increase in research and development expenditure. The net financial income/expenses is made up of the net income from equity investments from eight (seven) companies and the interest result. The net income from equity investments increased by 15.0% to €47.6 (41.4) million. The interest result was € –2.6 (–3.5) million. Taking into account tax expenditures, KWS SAAT SE posted net income for the year of €19.7 (23.8) million.

Assets and financial situation

KWS SAAT SE's total assets increased in the year under review by €61.3 million to €639.8 million. Fixed assets at the balance sheet date were €383.1 (357.0) million or 59.9% (61.7%) of total assets. The increase in fixed assets is mainly due to capital measures at affiliated and associated companies, as well as investments in construction of an office and research building in Einbeck, licenses, laboratory equipment and agricultural machinery. At the same time current assets rose to €255.9 (221.3) million, largely as a result of the fact that receivables and other assets increased by €60.2 million to €210.0 million. Inventories increased by 11.8% to €26.1 million. The securities held totaled €7.0 (24.3) million and cash and cash equivalents fell to €12.8 (17.6) million.

The company's equity was €185.3 million, on a par with the previous year. The equity ratio on the balance sheet date was therefore 29.0% (32.0%). Provisions increased by 4.3% to €102.2 million. There was an increase in the liabilities to banks of €75.9 million to €150.0 million, mainly due to the issue of a further borrower's note loan with a volume of €100 million and simultaneous repayment of a tranche of the borrower's note loan that was issued in 2012. Liabilities to affiliated companies fell by 8.9% to €178.0 million. KWS SAAT SE's total liabilities were €347.1 (289.4) million.

At the balance sheet date, fixed assets were covered by equity to an amount of 48%. A long-term syndicated loan with a total volume of €200 million exists with KWS SAAT SE's principal bankers to finance operating resources during the year.

Dividend

You can find details on the dividend on page 11.

Employees

An average of 1,195 (1,145) people were employed at KWS SAAT SE in the year under review, of whom 115 (118) were trainees and interns.

Research and development

You can find a detailed description of the KWS Group's research and development activities on pages 30 to 32.

Risks and opportunities

The risks and opportunities at KWS SAAT SE are essentially the same as at the KWS Group. It shares the risks of its subsidiaries and associated companies in accordance with its respective stake in them. You can find a detailed description of the opportunities and risks and an explanation of the internal control and risk management system (Section 289 (5) of the German Commercial Code (HGB)) on pages 55 to 61.

Report on events after the balance sheet date

You can find the report on events after the balance sheet date for KWS SAAT SE and the KWS Group on page 55.

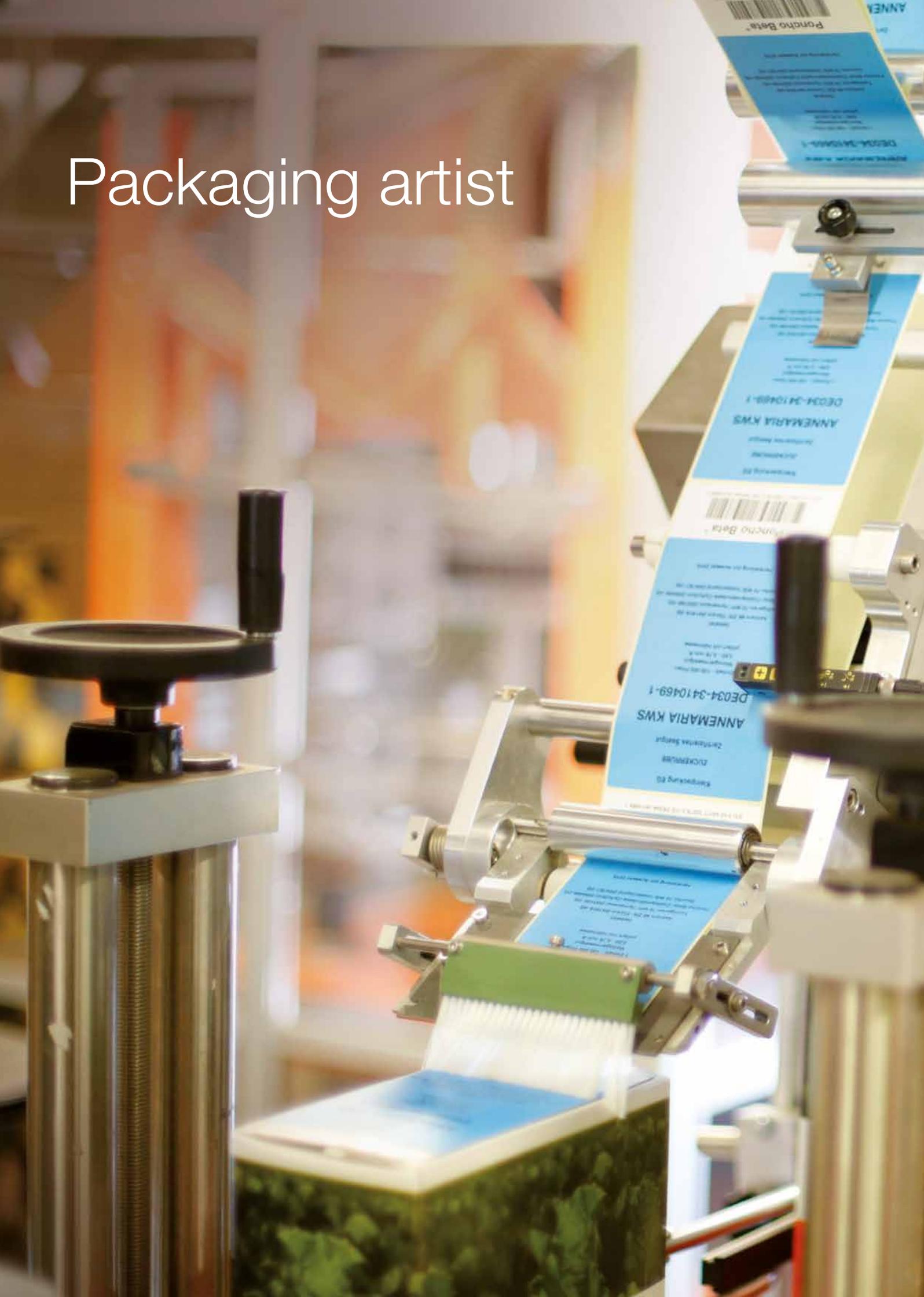
Forecast report

KWS SAAT SE generates the main part of its net sales from sugarbeet seed business and royalties from basic corn seed. Further development of sugarbeet seed business depends to a major extent on developments in our growth markets in Eastern Europe and cultivation areas in our key markets. We currently anticipate a slight increase in net sales. The planned integrated of KWS MAIS GMBH's corn activities in fiscal 2015/2016 will also significantly increase KWS SAAT SE's net sales.

In turn, KWS SAAT SE's operating income is primarily impacted by the KWS Group's research and development expenditure, which will again be increased as planned in the coming year so as to secure KWS' good market position. Together with the administrative expenses, which are pooled in KWS SAAT SE, this resulted in negative operating income in the last two fiscal years. However, operating income will improve sharply and is expected to be positive again as a result of the integration of KWS MAIS GMBH.

The detailed annual financial statements of KWS SAAT SE for fiscal 2014/2015 in accordance with the German Commercial Code (HGB) have also been published at www.kws.com > Investor Relations > Financial Reports.

Packaging artist





Packaging and certification

Seed production is predominantly organized by the breeder itself, but – depending on the crop – is handled in cooperation with many agricultural partners and processing companies. Our seed's quality must be guaranteed throughout the production value chain. The complex processes of multiplication and processing are therefore supported organizationally by an Integrated Management System so that, despite a largely decentralized production structure, the processes and subsequent goods movements can be influenced at all times. After undergoing a large number of official tests and quality inspections of our own, the seed is approved for sale. The seed is packaged and certified in Germany under official control, for example by the Chamber of Agriculture in Hanover. That ensures that only tested seed with a high germination capacity and varietal purity is put on the market. The "blue label" on the seed units indicates that the seed is certified and of top quality.

Other disclosures

Disclosures in accordance with Sections 289 (4) and (5) and 315 (4) of the German Commercial Code (HGB) and the explanatory report of the Executive Board

Composition of the subscribed capital

The subscribed capital of KWS SAAT SE is €19,800,000.00. It is divided into 6,600,000 bearer shares. Each share grants the holder the right to cast one vote at the Annual Shareholders' Meeting.

Restrictions relating to voting rights or the transfer of shares

There may be restrictions relating to voting rights or the transfer of shares as a result of statutory or contractual provisions. For example, shareholders are barred from voting under certain conditions pursuant to Section 136 of the German Stock Corporation Act (AktG) or Section 28 of the German Securities Trading Act (WpHG). In addition, no voting rights accrue to the company on the basis of the shares it holds (Section 71b AktG). The Executive Board is not aware of any contractual restrictions relating to voting rights or transfer of shares. If there are no restrictions to voting rights, all shareholders who register for the Annual Shareholders' Meeting in time and have submitted proof of their authorization to participate in the Annual Shareholders' Meeting and exercise their voting rights are authorized to exercise the voting rights conferred by all the shares they hold and have registered. If members of the Executive Board or executive employees have acquired shares as part of the long-term incentive programs, these shares are subject to a lock-up period until the end of the fifth year after the end of the quarter in which they were acquired. The lock-up period for shares that employees have acquired as part of the Employee Stock Programs runs until the end of the fourth year as of when they are posted to the employee's securities account.

Direct and indirect participating interests in excess of 10% of the voting rights

The company has been informed by shareholders of the following direct or indirect participating interests in the capital of KWS SAAT SE in excess of 10% of the voting rights in accordance with Section 21 and Section 22 of the German Securities Trading Act (WpHG) or elsewhere:

The voting shares, including mutual allocations, of the members and companies of the families Büchting, Arend Oetker and Giesecke listed below each exceed 10% and total 56.1%:

- Dr. Drs. h.c. Andreas J. Büchting, Germany
- Christiane Stratmann, Germany
- Dorothea Schuppert, Germany
- Michael C.-E. Büchting, Germany
- Annette Büchting, Germany
- Stephan O. Büchting, Germany
- Elke Giesecke, Germany
- Christa Nagel, Germany
- Bodo Sohnemann, Germany
- Matthias Sohnemann, Germany
- Malte Sohnemann, Germany
- Arne Sohnemann, Germany
- AKB Stiftung, Hanover
- Büchting Beteiligungsgesellschaft mbH, Hanover
- Zukunftsstiftung Jugend, Umwelt und Kultur, Einbeck
- Dr. Arend Oetker, Germany
- Kommanditgesellschaft Dr. Arend Oetker Vermögensverwaltungsgesellschaft mbH & Co., Berlin

The voting shares, including mutual allocations, of the shareholders stated below each exceed 10% and total 15.1%:

- Hans-Joachim Tessner, Germany
- Tessner Beteiligungs GmbH, Goslar
- Tessner Holding KG, Goslar

Shares with special rights and voting control

Shares with special rights that grant powers of control have not been issued by the company.

There is no special type of voting control for the participating interests of employees. Employees who have an interest in the company's capital exercise their control rights in the same way as other shareholders.

Appointment and removal of members of the Executive Board

Members of the Executive Board of KWS SAAT SE are appointed and removed in accordance with Article 9 (1) and Article 39 (2) of the Council Regulation on the Statute for a European Company (SE Regulation), Article 46 of the Council Regulation on the Statute for a European Company (SE Regulation) and Sections 84 and 85 AktG (German Stock Corporation Act). Section 6 of KWS SAAT SE's Articles of Association also contains provisions that relate to the appointment of members of the Executive Board by the Supervisory Board and that correspond to the statutory regulations.

Amendments to the Articles of Association

The company's Articles of Association can be amended by a resolution adopted by the Shareholders' Meeting in accordance with Article 59 of the Council Regulation on the Statute for a European Company (SE Regulation) and Section 179 (a) AktG (German Stock Corporation Act). In accordance with Article 59 of the Council Regulation on the Statute for a European Company (SE Regulation), Section 179 (1) AktG (German Stock Corporation Act) and Section 18 of the Articles of Association of KWS SAAT SE, amendments to the Articles of Association require that at least half the capital stock be represented and that a resolution be adopted by the Shareholders' Meeting by a simple majority of the capital stock represented in adoption of the resolution, unless obligatory statutory regulations specify otherwise; if at least half the capital stock is not represented in adoption of the resolution to amend the Articles of Association, the resolution must be passed with a majority of at least two-thirds of the votes cast. The power to make amendments to the Articles of Association that only affect the wording (Section 179 (1) Sentence 2 AktG) has been conferred on the Supervisory Board in accordance with Section 22 of the Articles of Association of KWS SAAT SE.

Powers of the Executive Board, in particular in relation to issuing or buying back shares

The Executive Board is not currently authorized to issue or buy back shares.

Significant agreements in the event of a change of control, compensation agreements

Significant agreements subject to the condition of a change in control pursuant to a takeover bid have not been concluded. The compensation agreements between the company and members of the Executive Board and governing the case of a change in control stipulate that any such compensation will be limited to the applicable maximum amounts specified by the German Corporate Governance Code.

Declaration regarding corporate governance

The declaration on corporate governance in accordance with Section 289a of the German Commercial Code (HGB) (which is also the Corporate Governance Report) is available on our website at www.kws.com > Company > Investor Relations > Corporate Governance. Among other things, it contains the declaration in accordance with Section 161 of the German Stock Corporation Act (AktG) (declaration of compliance), which is also reproduced on page 20/21 of this report, relevant disclosures on corporate governance practices and a description of the working practices of the Executive Board and the Supervisory Board.

Compensation Report

The compensation report contains explanations on the salient features, structure and level of the compensation paid to members of the Executive Board and the Supervisory Board. It is based on the relevant statutory provisions and takes into account the pertinent recommendations of the German Corporate Governance Code.

Compensation for members of the Supervisory Board

The Supervisory Board's compensation was set by the Annual Shareholders' Meeting on December 17, 2009, and has remained unchanged since then. It is based on the size of the company, the duties and responsibilities of the members of the Supervisory Board and the company's economic situation. The remuneration includes not only a fixed payment of €28 thousand p. a. and a fixed payment for work on

committees, but also a performance-related component. This component is geared toward the company's long-term development. In keeping with that, members of the Supervisory Board receive €400 for each full €0.10 by which the average consolidated annual earnings per share before minority interests for the past three fiscal years, starting with the fiscal year for which the compensation is granted and calculated backward, exceeds the amount of €4.00. The performance-related payment is limited to the amount of the fixed payment.

Supervisory Board compensation

in €	Fixed	Work on committees	Performance-related	2014/2015 Total	Previous year Total
Dr. Andreas J. Büchting ¹	84,000.00	0.00	84,000.00	168,000.00	168,000.00
Dr. Arend Oetker ²	42,000.00	0.00	42,000.00	84,000.00	84,000.00
Hubertus von Baumbach ³	28,000.00	25,000.00	28,000.00	81,000.00	81,000.00
Jürgen Bolduan	28,000.00	10,000.00	28,000.00	66,000.00	66,000.00
Cathrina Claas-Mühlhäuser	28,000.00	5,000.00	28,000.00	61,000.00	61,000.00
Dr. Berthold Niehoff	28,000.00	0.00	28,000.00	56,000.00	56,000.00
	238,000.00	40,000.00	238,000.00	516,000.00	516,000.00

¹ Chairman

² Deputy Chairman

³ Chairman of the Audit Committee

The Chairman of the Supervisory Board receives three times and his or her deputy one-and-a-half times the fixed compensation of an ordinary member. There is currently no extra compensation for them for work on committees. The Chairman of the Audit Committee receives €25 thousand p. a. Ordinary members of the Supervisory Board receive €5 thousand p. a. for their work on the Committee for Executive Board Affairs and €10 thousand p. a. for their work on the Audit Committee. The members of the Supervisory Board are reimbursed for all expenses – including value-added tax – that they incur while carrying out the duties of their position.

The compensation for the Supervisory Board in the year under review was unchanged over the previous year. Total compensation was €516 thousand exclusive of value-added tax. In all, 46% (46%) or €238 (238) thousand of the total compensation is performance-related.

Compensation for members of the Executive Board

The compensation of members of the Executive Board was set by the Supervisory Board and approved by the Annual Shareholders' Meeting. It is based on the size and activity of the company, its economic and financial situation and the level and structure of compensation for managing board members at comparable companies.

The "total compensation" of the Executive Board comprises five components:

1. A basic fixed annual salary
2. A variable payment in the form of a performance-related bonus
3. A variable payment in the form of a long-term incentive (LTI) based on the KWS stock price
4. Any special payments
5. Other remuneration and pension awards.

The total compensation of every member of the Executive Board is limited individually to an overall amount that can be achieved.

Additional payments for any duties performed in subsidiaries and associated companies are offset against the variable payment (performance-related bonus). This – including the other remuneration – is limited to an amount of €500 thousand or, in the case of Dr. Peter Hofmann, to €300 thousand per fiscal year. If sustainable average net incomes of more than €100 million in each year are generated in two successive years, the upper limit for the bonus is increased to €600 thousand for each Executive Board member as of the following fiscal year. The increase in the upper limit for the bonus does not yet apply to the Executive Board member Dr. Peter Hofmann.

The basic annual salary in the year under review for Philip von dem Bussche until he left at the end of 2014 was still €216 thousand, that for the Executive Board members Dr. Hagen Duenbostel, Dr. Leon Broers and Eva Kienle was €300 thousand, and that for Dr. Peter Hofmann was €250 thousand. New regulations on the compensation for Dr. Peter Hofmann have been agreed on as of fiscal 2015/2016 and will raise his basic salary to the level of the other Executive Board members. Consequently, the limit on his bonus and total compensation will be adjusted to €500 thousand and €1,247 thousand respectively per fiscal year. The Chief Executive Officer receives an extra “CEO bonus” of 25% on top of the basic annual salary. The basic compensation is paid as a monthly salary.

The variable payment for Executive Board members depends on the Company’s performance over three years. It is calculated on the basis of a linear percentage of the average net income of the KWS Group for the past three fiscal years.

There has also been a stock-based bonus system intended to act as a long-term incentive since fiscal year 2010/2011. Every member of the Executive Board is obligated to invest a freely selectable amount ranging between at least 20% and at most 50% of the gross performance-related bonus payment in shares of KWS SAAT SE. The long-term incentive (LTI) is paid in the form of cash compensation after a holding period of five years. This payment is calculated on the basis of the share’s performance over the holding period and on the average return on sales (ROS, based on segment reporting), measured as the ratio of operating income to net sales. For persons with contracts as of July 1, 2014, the LTI payment is limited to a maximum of 1.5 times (2 times for Dr. Hagen Duenbostel) of the capital used to acquire the shares. Due to his leaving the Executive Board, Philip von dem Bussche took part in the LTI program by acquiring shares for the last time in January 2015.

Additional special payments were not granted to the members of the Executive Board in the past fiscal year.

Apart from these salaries, there is also non-monetary compensation, such as a company car or a phone, as fringe benefits. There are also accident insurance policies for the members of the Executive Board. Pension obligations are granted both in the form of a direct obligation to provide benefits and a defined contribution plan, with the annual anticipated pensions ranging at present between €13 thousand and €130 thousand. In fiscal 2014/2015, €279 (108) thousand was paid to a provident fund backed by a guarantee for pension commitments to members of the Executive Board. €143 (115) thousand was allocated to the pension provisions in accordance with IAS 19. Pension provisions totaling €960 (588) thousand were formed for the members of the Executive Board of KWS SAAT SE.

Pension commitments

in €	06/30/2015	06/30/2014	Transition from individual commitments to the Executive Board	Interest expenses	Revaluation effects
Dr. Hagen Duenbostel	682,379.00	587,861.00	0.00	17,048.00	77,470.00
Dr. Peter Hofmann	278,114.00		229,766.00	6,663.00	41,685.00
	960,493.00	587,861.00	229,766.00	23,711.00	119,155.00

The total compensation to be reported for the Executive Board in accordance with Section 314 (1) No. 6a of the German Commercial Code (HGB) in conjunction with German Accounting Standard No. 17 (GAS 17) was €4,007 (3,481) thousand in fiscal 2014/2015. 34% (28%) was accounted for by the basic annual

salary, including benefits in kind, 44% (54%) by annual variable components and 22% (18%) by multi-year variable components. The tables below provide an overview of the total compensation granted in the fiscal year on an individualized basis (excluding pension costs).

Fiscal year 2014/2015

in €	Cash compensation				LTI fair value	Total	LTI
	Basic compensation	Other emoluments	Performance-related bonus ³	Total	Grant		
Philip von dem Bussche ¹	135,000.00	9,131.94	282,868.06	427,000.00	159,035.30	586,035.30	232,368.96
Dr. Léon Broers	300,000.00	21,902.68	433,588.53	755,491.21	216,196.55	971,687.76	174,081.27
Dr. Hagen Duenbostel	337,500.00	20,350.50	433,588.53	791,439.03	240,839.40	1,032,278.43	229,067.52
Eva Kienle	300,000.00	26,995.92	433,588.53	760,584.45	54,366.70	814,951.15	5,449.04
Dr. Peter Hofmann ²	187,499.97	15,905.68	195,114.84	398,520.49	0.00	398,520.49	0.00
	1,259,999.97	94,286.72	1,778,748.49	3,133,035.18	670,437.95	3,803,473.13	640,966.79

Fiscal year 2013/2014

in €	Cash compensation				LTI fair value	Total	LTI
	Basic compensation	Other emoluments	Performance-related bonus ³	Total	Grant		
Philip von dem Bussche	270,000.00	17,876.82	566,123.18	854,000.00	235,178.36	1,089,178.36	142,335.17
Dr. Léon Broers	216,000.00	21,104.58	512,895.42	750,000.00	186,895.18	936,895.18	98,410.03
Dr. Hagen Duenbostel	216,000.00	19,488.16	514,511.84	750,000.00	187,819.26	937,819.26	137,969.82
Eva Kienle	200,000.00	26,548.49	290,263.21	516,811.70	0.00	516,811.70	0.00
	902,000.00	85,018.05	1,883,793.65	2,870,811.70	609,892.80	3,480,704.50	378,715.02

¹ Until December 31, 2014

² Since October 1, 2014

³ Annual variable compensation

Compensation of former members of the Executive Board and their surviving dependents amounted to €1,693 (1,476) thousand, of which €364 (364) thousand was non-compete compensation. Pension commitments in accordance with IAS 19 (2011) recognized for this group of persons amounted to €7,131 (7,018) thousand as of June 30, 2015. The pension commitments for three former members of the Executive Board are backed by a guarantee. No loans were granted to members of the Executive Board and the Supervisory Board in the year under review.

In the tables below, we present the individual awards and receipts for each member of the Executive

Board, as incurred in the past fiscal year and in the previous year in accordance with the recommendations in Clause 4.2.5 (3) of the German Corporate Governance Code (DCGK) in the version dated June 24, 2014.

The target compensation, including the agreed lower and upper limits, is shown under "Award." The LTI awards are assessed at the present value at the time of acquisition of the last tranche of shares. The details on the receipts show the payments actually made to a member of the Executive Board in fiscal years 2013/2014 and 2014/2015.

Executive Board compensation

in €				Grant	Receipt	
				Prevoius year	2014/2015	Prevoius year
			2014/2015			
		min.	max.			
Philip von dem Bussche (Chief Executive Officer until December 31, 2014)						
Fixed payment	135,000.00	135,000.00	135,000.00	270,000.00	135,000.00	270,000.00
Fringe benefits	9,131.94	9,131.94	9,131.94	17,876.82	9,131.94	17,876.82
Subtotal¹	144,131.94	135,000.00	144,131.94	287,876.82	144,131.94	287,876.82
Annual variable payment (performance-related bonus) ³	282,868.06	0.00	282,868.06	566,123.18	282,868.06	566,123.18
Total cash compensation ¹	427,000.00	135,000.00	427,000.00	854,000.00	427,000.00	854,000.00
Multi-year variable payment						
Long term incentive 2012/2013				235,178.36		
Long term incentive 2013/2014	159,035.30	0.00	424,334.10			
Subtotal¹	586,035.30	135,000.00	851,334.10	1,089,178.36	427,000.00	854,000.00
Pension costs ²	0.00	0.00	0.00	0.00	0.00	0.00
Total Compensation¹	586,035.30	135,000.00	851,334.10	1,089,178.36	427,000.00	854,000.00
Hagen Duenbostel (Chief Executive Officer as of January 1, 2015)						
Fixed payment	337,500.00	337,500.00	337,500.00	216,000.00	337,500.00	216,000.00
Fringe benefits	20,350.50	20,350.50	20,350.50	19,488.16	20,350.50	19,488.16
Subtotal¹	357,850.50	135,000.00	357,850.50	235,488.16	357,850.50	235,488.16
Annual variable payment (performance-related bonus) ³	421,424.46	0.00	479,649.50	514,511.84	433,588.53	514,511.84
Total cash compensation ¹	779,274.96	135,000.00	837,500.00	750,000.00	791,439.03	750,000.00
Multi-year variable payment						
Long term incentive 2012/2013				187,819.26		
Long term incentive 2013/2014	240,839.40	0.00	642,601.80			
Subtotal¹	1,020,114.36	135,000.00	1,480,101.80	937,819.26	791,439.03	750,000.00
Pension costs ²	17,048.00	17,048.00	17,048.00	115,076.00	0.00	0.00
Total Compensation¹	1,037,162.36	152,048.00	1,765,000.00	1,052,895.26	791,439.03	750,000.00
Léon Broers						
Fixed payment	300,000.00	300,000.00	300,000.00	216,000.00	300,000.00	216,000.00
Fringe benefits	21,902.68	21,902.68	21,902.68	21,104.58	21,902.68	21,104.58
Subtotal¹	321,902.68	135,000.00	321,902.68	237,104.58	321,902.68	237,104.58
Annual variable payment (performance-related bonus) ³	421,424.46	0.00	478,097.32	512,895.42	433,588.53	512,895.42
Total cash compensation ¹	743,327.14	135,000.00	800,000.00	750,000.00	755,491.21	750,000.00
Multi-year variable payment						
Long term incentive 2012/2013				186,895.18		
Long term incentive 2013/2014	216,196.55	0.00	346,110.21			
Subtotal¹	959,523.69	135,000.00	1,146,110.21	936,895.18	755,491.21	750,000.00
Pension costs ²	0.00	0.00	0.00	0.00	0.00	0.00
Total Compensation¹	959,523.69	135,000.00	1,547,000.00	936,895.18	755,491.21	750,000.00

¹ Taking into account the agreed lower and upper limits

² In accordance with IAS 19 from commitments for pensions and other pension benefits; this relates to costs for the company, not the actual entitlement or payment

³ Annual variable compensation

Executive Board compensation

in €			Grant		Receipt	
			Prevoius year		Prevoius year	
	2014/2015				2014/2015	
	min.	max.				
Eva Kienle						
Fixed payment	300,000.00	300,000.00	300,000.00	200,000.00	300,000.00	200,000.00
Fringe benefits	26,995.92	26,995.92	26,995.92	26,548.49	26,995.92	26,548.49
Subtotal¹	326,995.92	135,000.00	326,995.92	226,548.49	326,995.92	226,548.49
Annual variable payment (performance-related bonus) ³	421,424.46	0.00	473,004.08	292,272.54	433,588.53	290,263.21
Total cash compensation ¹	748,420.38	135,000.00	800,000.00	518,821.03	760,584.45	516,811.70
Multi-year variable payment						
Long term incentive 2012/2013				0.00		
Long term incentive 2013/2014	54,366.70	0.00	87,035.94			
Subtotal¹	802,787.08	135,000.00	887,035.94	518,821.03	760,584.45	516,811.70
Pension costs ²	0.00	0.00	0.00	0.00	0.00	0.00
Total Compensation¹	802,787.08	135,000.00	1,247,000.00	518,821.03	760,584.45	516,811.70
Peter Hofmann (since January 10, 2014)						
Fixed payment	187,499.97	187,499.97	187,499.97	0.00	187,499.97	0.00
Fringe benefits	15,905.68	15,905.68	15,905.68	0.00	15,905.68	0.00
Subtotal¹	203,405.65	135,000.00	203,405.65	0.00	203,405.65	0.00
Annual variable payment (performance-related bonus) ³	189,641.01	0.00	209,094.32	0.00	195,114.84	0.00
Total cash compensation ¹	393,046.66	135,000.00	412,499.97	0.00	398,520.49	0.00
Multi-year variable payment						
Long term incentive 2012/2013				0.00		
Long term incentive 2013/2014	0.00	0.00	0.00			
Subtotal¹	393,046.66	135,000.00	412,499.97	0.00	398,520.49	0.00
Pension costs ²	6,663.00	6,663.00	6,663.00	0.00	0.00	0.00
Total Compensation¹	399,709.66	141,663.00	635,250.00	0.00	398,520.49	0.00

¹ Taking into account the agreed lower and upper limits

² In accordance with IAS 19 from commitments for pensions and other pension benefits; this relates to costs for the company, not the actual entitlement or payment

³ Annual variable compensation

Annual Financial Statements for the KWS Group 2014/2015

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Statement of comprehensive income

in € thousand	Note no.	2014/2015	Previous year
I. Income statement			
Net sales	(20)	986,015	923,481
Cost of sales		453,498	429,272
Gross profit on sales		532,517	494,209
Selling expenses		188,991	170,024
Research and development expenses		174,627	149,382
General and administrative expenses		74,756	71,866
Other operating income	(21)	87,960	58,107
Other operating expenses	(22)	68,686	42,777
Operating income		113,417	118,267
Interest and similar income		1,621	1,717
Interest and similar expenses		12,401	14,428
Income from equity-accounted financial assets		23,747	20,208
Other net income from equity investments		3,722	0
Net financial income/expenses	(23)	16,689	7,497
Results of ordinary activities		130,106	125,764
Taxes	(24)	46,058	45,488
Net income for the year	(27)	84,048	80,276
II. Other income			
	(12)		
Revaluation of available-for-sale financial assets		-172	-161
Currency translation difference for economically independent foreign units		24,606	-14,915
Currency translation difference from equity-accounted financial assets		21,223	-4,283
Items that may have to be subsequently reclassified as profit or loss		45,657	-19,359
Revaluation of net liabilities/assets from defined benefit plans		-8,956	-5,878
Items not reclassified as profit or loss		-8,956	-5,878
Other income after tax		36,701	-25,237
III. Comprehensive income (total of I. and II.)			
		120,749	55,039
Net income after shares of minority interests		82,712	77,124
Share of minority interests		1,336	3,152
Net income for the year		84,048	80,276
Comprehensive income after shares of minority interests		120,282	51,992
Share of minority interests		467	3,047
Comprehensive income		120,749	55,039
Earnings per share (in €)		12.53	11.69

Balance sheet

Assets

in € thousand	Note no.	06/30/2015	06/30/2014
Intangible assets	(2)	85,661	73,877
Property, plant and equipment	(3)	351,856	283,893
Equity-accounted financial assets	(4)	153,018	126,130
Financial assets	(5)	2,465	2,700
Noncurrent tax assets	(6)	3,976	4,189
Deferred tax assets	(7)	54,319	47,935
Noncurrent assets		651,295	538,724
Inventories	(8)	177,990	120,180
Biological assets	(8)	12,344	12,568
Trade receivables	(9)	309,665	297,780
Securities	(10)	66,973	69,188
Cash and cash equivalents	(11)	41,211	53,076
Current tax assets	(9)	57,549	45,265
Other current financial assets	(9)	26,758	14,883
Other current assets	(9)	11,756	13,305
Current assets		704,246	626,245
Total assets		1,355,541	1,164,969

Equity and Liabilities

in € thousand	Note no.	06/30/2015	06/30/2014
Subscribed capital		19,800	19,800
Capital reserve		5,530	5,530
Retained earnings		705,720	604,376
Minority interest		7,668	8,063
Equity	(12)	738,718	637,769
Long-term provisions		110,641	98,951
Long-term borrowings		181,783	113,754
Trade payables		1,600	1,469
Deferred tax liabilities		28,095	26,165
Other noncurrent liabilities		12,756	12,676
Noncurrent liabilities	(14)	334,875	253,015
Short-term provisions		87,355	74,825
Short-term borrowings		32,283	40,086
Trade payables		59,658	56,821
Current tax liabilities		30,111	35,426
Other current financial liabilities		15,952	11,617
Other current liabilities		56,589	55,410
Current liabilities	(15)	281,948	274,185
Liabilities		616,823	527,200
Total equity and liabilities		1,355,541	1,164,969

Statement of changes in fixed assets

Fiscal year 2014/2015

in € thousand	Gross book values						
		Currency translation	Change in consolidated companies	Additions	Disposals	Transfers	
	Balance 07/01/2014						Balance 06/30/2015
Patents, industrial property rights and software	88,375	-2,819	21,511	4,460	585	-399	110,543
Goodwill	34,365	0	2,610	0	0	0	36,975
Intangible assets	122,740	-2,819	24,121	4,460	585	-399	147,518
Land and buildings	235,426	3,584	6,118	26,163	1,744	14,701	284,248
Technical equipment and machinery	173,546	1,193	6,017	23,741	2,582	9,295	211,210
Operating and office equipment	81,818	1,441	106	14,002	7,454	576	90,489
Payments on account	28,185	589	0	20,283	403	-24,171	24,483
Property, plant and equipment	518,975	6,807	12,241	84,189	12,183	401	610,430
Equity-accounted financial assets	134,523	21,223	-13,278	31,100	12,157	0	161,411
Financial assets	3,048	-116	52	182	331	0	2,835
Assets	779,286	25,095	23,136	119,931	25,256	2	922,194

Fiscal year 2013/2014

in € thousand	Gross book values						
		Currency translation	Change in consolidated companies	Additions	Disposals	Transfers	
	Balance 07/01/2013						Balance 06/30/2014
Patents, industrial property rights and software	82,363	-990	0	6,993	94	103	88,375
Goodwill	34,390	0	0	-25	0	0	34,365
Intangible assets	116,753	-990	0	6,968	94	103	122,740
Land and buildings	223,986	-3,337	0	11,179	602	4,200	235,426
Technical equipment and machinery	161,970	-2,272	0	12,923	2,300	3,225	173,546
Operating and office equipment	77,166	-1,539	0	8,857	4,741	2,075	81,818
Payments on account	10,180	-297	0	28,056	151	-9,603	28,185
Property, plant and equipment	473,302	-7,445	0	61,015	7,794	-103	518,975
Equity-accounted financial assets	128,883	-4,283	0	21,183	11,272	12	134,523
Financial assets	1,738	-6	0	1,423	95	-12	3,048
Assets	720,676	-12,724	0	90,589	19,255	0	779,286

						Amortization/depreciation		Net book values	
	Currency translation	Planned additions	Value impairments	Disposals	Transfers				
Balance 07/01/2014						Balance 06/30/2015	Balance 06/30/2015	Balance 06/30/2014	
43,411	-973	10,561	3,905	478	-21	56,405	54,138	44,964	
5,452	0	0	0	0	0	5,452	31,523	28,913	
48,863	-973	10,561	3,905	478	-21	61,857	85,661	73,877	
72,244	1,130	8,729	0	1,640	-56	80,407	203,841	163,182	
108,178	298	13,563	0	1,962	84	120,161	91,049	65,368	
54,658	1,200	9,153	0	7,000	-7	58,004	32,485	27,160	
2	0	0	0	0	0	2	24,481	28,183	
235,082	2,628	31,445	0	10,602	21	258,574	351,856	283,893	
8,393	0	0	0	0	0	8,393	153,018	126,130	
348	123	0	0	101	0	370	2,465	2,700	
292,686	1,778	42,006	3,905	11,181	0	329,194	593,000	486,600	

						Amortization/depreciation		Net book values	
	Currency translation	Planned additions	Value impairments	Disposals	Transfers				
Balance 07/01/2013						Balance 06/30/2014	Balance 06/30/2014	Balance 06/30/2013	
30,755	-35	8,606	4,176	91	0	43,411	44,964	51,608	
3,302	0	0	2,150	0	0	5,452	28,913	31,088	
34,057	-35	8,606	6,326	91	0	48,863	73,877	82,696	
65,613	-283	7,459	0	550	5	72,244	163,182	158,373	
100,646	-974	11,023	0	1,821	-696	108,178	65,368	61,324	
51,262	-814	7,792	0	4,272	690	54,658	27,160	25,904	
2	0	0	0	0	0	2	28,183	10,178	
217,523	-2,071	26,274	0	6,643	-1	235,082	283,893	255,779	
8,393	0	0	0	0	0	8,393	126,130	120,490	
167	181	0	0	0	0	348	2,700	1,571	
260,140	-1,925	34,880	6,326	6,734	-1	292,685	486,600	460,536	

Statement of changes in equity

in € thousand	Parent company					
	Subscribed capital	Capital reserve	Accumulated group equity from earnings	Adjustments from currency translation	Comprehensive other group income	Reserve for available-for-sale financial assets
Balance as at July 1, 2013	19,800	5,530	624,531	-7,300	-7,010	230
Dividends paid			-19,800			
Net income for the year			77,124			
Other income after tax				-14,930	-4,283	-161
Total consolidated gains (losses)			77,124	-14,930	-4,283	-161
Change in shares of minority interests			-19,559			
Other changes			-265			
Balance as at June 30, 2014	19,800	5,530	662,031	-22,230	-11,293	69
Dividends paid			-19,800			
Net income for the year			82,712			
Other income after tax			0	25,463	21,223	-160
Total consolidated gains (losses)			82,712	25,463	21,223	-160
Change in shares of minority interests			0			
Other changes			0			
Balance as at June 30, 2015	19,800	5,530	724,943	3,233	9,930	-91

Parent company			Minority interest				Group equity	
Comprehensive other group income		Total	Minority interest	Comprehensive other group income			Total	
Revaluation of defined benefit plans	Other transactions			Adjustments from currency translation	Revaluation of defined benefit plans	Other transactions		
-18,492	594	617,883	33,227	-1,036	-425	-4	31,762	649,645
		-19,800	-1,328				-1,328	-21,128
		77,124	3,152				3,152	80,276
-5,758		-25,132		15	-120		-105	-25,237
-5,758		51,992	3,152	15	-120		3,047	55,039
-545		-20,104	-25,963		545		-25,418	-45,522
		-265						-265
-24,795	594	629,706	9,088	-1,021	0	-4	8,063	637,769
		-19,800	0				0	-19,800
		82,712	1,336				1,336	84,048
-8,956		37,570		-857		-12	-869	36,701
-8,956		120,282	1,336	-857	0	-12	467	120,749
0	862	862				-862	-862	0
		0						0
-33,751	1,456	731,050	10,424	-1,878	0	-878	7,668	738,718

Cash flow statement

in € thousand	Note no.	2014/2015	Previous year
Net income for the year		84,048	80,276
Depreciation/reversal of impairment losses (-) on property, plant and equipment		45,911	41,206
Increase/decrease (-) in long-term provisions		-1,192	1,631
Other noncash expenses/income (-)		-36,704	-38,159
Cash earnings		92,063	84,954
Increase/decrease (-) in short-term provisions		14,027	25,567
Net gain (-)/loss from the disposal of assets		-160	-92
Increase (-)/decrease in inventories, trade receivables, and other assets not attributable to investing or financing activities		-72,809	-62,626
Increase/decrease (-) in trade payables and other liabilities not attributable to investing or financing activities		2,841	16,932
Proceeds and payments (+) from/for equity-accounted companies		12,157	11,272
Net cash from operating activities	(1)	48,119	76,007
Proceeds from disposals of property, plant and equipment		1,741	1,244
Payments (-) for capital expenditure on property, plant and equipment		-82,108	-56,485
Proceeds from disposals of intangible assets		107	2
Payments (-) for capital expenditure on intangible assets		-4,468	-7,071
Proceeds from disposals of financial assets		229	95
Payments (-) for capital expenditure on financial assets		-7,535	-874
Payments (-) for purchase of shares in consolidated subsidiaries and other business units		-31,727	0
Net cash from investing activities	(2)	-123,761	-63,089
Dividend payments (-) to owners and minority shareholders		-19,800	-66,915
Cash proceeds from long-term borrowings		103,678	46,265
Cash repayments of long-term borrowings		-30,907	-32,902
Changes from proceeds (+)/repayments (-) of short-term borrowings		-4,573	9,994
Net cash from financing activities	(3)	48,398	-43,558
Net cash changes in cash and cash equivalents		-27,244	-30,640
Changes in cash and cash equivalents due to exchange rate, consolidated group, and measurement changes		13,164	-2,909
Cash and cash equivalents at beginning of year		122,264	155,813
Cash and cash equivalents at end of year	(4)	108,184	122,264

Notes for the KWS Group 2014/2015

The KWS Group (KWS Konzern) is a consolidated group as defined in the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), London, taking into account the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and in addition the commercial law regulations to be applied pursuant to Section 315 a (1) of the HGB (German Commercial Code).

KWS SAAT SE is an international company based in Germany and has its headquarters at Grimsehlstrasse 31, 37574 Einbeck, Germany.

The statements were prepared under the assumption that the operations of the company will be continued.

The accounting and measurement methods have generally been retained without change, except for the changes resulting from the new accounting standards IAS 27 (2011), IAS 28 (2011), IFRS 10, IFRS 11 and IFRS 12.

Unless otherwise stated, all the figures in the Notes are in thousands of euros (€ thousand) and have been rounded in accordance with standard commercial practice.

IAS 27 (2011), IAS 28 (2011), IFRS 10, IFRS 11 and IFRS 12 – Consolidation

IFRS 10 “Consolidated Financial Statements” introduces a model where control is the single basis for consolidation of all types of entities. Under the new concept, control exists when the following three criteria are cumulatively fulfilled: The potential parent company has power over the potential subsidiary due to voting rights or other rights, it has the right to variable returns from the subsidiary and it has the ability to use its power to affect the amount of these returns.

First-time application of IFRS 10 did not result in any changes to the companies consolidated in the KWS Group. IFRS 10 supersedes the previous regulations of IAS 27 “Consolidated and Separate Financial Statements” and SIC-12 “Consolidation – Special Purpose Entities”.

IFRS 11 “Joint Arrangements” supersedes the previous regulations of IAS 31, “Interests in Joint Ventures”, and SIC-13, “Jointly Controlled Entities – Non-monetary Contributions by Venturers”. IFRS 11 governs the financial reporting of joint arrangements and prescribes only the equity method for consolidation of joint ventures. Application of IFRS 11 had significant impacts on the consolidated financial statements of the KWS Group.

IFRS 12 contains more extensive disclosure requirements in connection with subsidiaries, joint ventures, associated companies and unconsolidated structured companies. IAS 27 (2011) and IAS 28 (2011) are subsequent amendments of the new IFRS 10, IFRS 11 and IFRS 12.

There are significant changes for the KWS Group in particular from application of IFRS 11, since for the first time in fiscal 2014/2015 the consolidated financial statements no longer include the proportionate income, expenses, assets, liabilities and cash flows of the joint ventures AGRELIANT GENETICS LLC., Westfield, U.S., AGRELIANT GENETICS INC., Chatham, Canada, and GENECTIVE S.A., Chappes, France (as well as SOCIETE DE MARTINVAL S.A. in the previous year).

These new standards were applied for the first time in compliance with the specific transitional provisions.

The new standards on consolidation must be applied for the first time retrospectively. Consequently, the comparative figures for the previous year have been adjusted accordingly.

The reconciliation and breakdown of the assets and liabilities for all joint ventures (AGRELIANT GENETICS LLC., AGRELIANT GENETICS INC., GENECTIVE S.A. and SOCIETE DE MARTINVAL S.A.) as part of the transition from proportionate accounting to the equity method in accordance with IAS 8 is as follows for the **balance sheets of the previous years:**

Changes to IFRS 11 – Balance sheet

in € thousand	06/30/2014 (adjusted)	Adjustment (application of IFRS 11)	06/30/2014 (before adjustment)	07/01/2013 (adjusted)	Adjustment (application of IFRS 11)	07/01/2013 (before adjustment)
Assets						
Intangible assets	73,877	-25,926	99,803	82,696	-19,170	101,866
Property, plant and equipment	283,893	-38,054	321,947	255,779	-31,844	287,623
Equity-accounted financial assets	126,130	126,130	0	121,475	121,475	0
Financial assets	2,700	-74	2,774	4,014	-3,291	7,305
Noncurrent tax assets	4,189	0	4,189	5,719	0	5,719
Deferred tax assets	47,935	-121	48,056	37,133	-7,816	44,949
Noncurrent assets	538,724	61,955	476,769	506,816	59,354	447,462
Inventories	120,180	-60,240	180,420	102,800	-30,336	133,136
Biological assets	12,568	0	12,568	11,316	0	11,316
Trade receivables	297,780	-63,796	361,576	288,507	-71,360	359,867
Securities	69,188	-7,524	76,712	95,345	-5,533	100,878
Cash and cash equivalents	53,076	-25,185	78,261	60,468	-41,049	101,517
Current tax assets	45,265	-344	45,609	24,385	0	24,385
Other current financial assets	14,883	-998	15,881	25,871	-716	26,587
Other current assets	13,305	-1,728	15,033	11,633	-1,902	13,535
Current assets	626,245	-159,815	786,060	620,325	-150,896	771,221
Total assets	1,164,969	-97,860	1,262,829	1,127,141	-91,542	1,218,683
Equity and Liabilities						
Subscribed capital	19,800	0	19,800	19,800	0	19,800
Capital reserve	5,530	0	5,530	5,530	0	5,530
Retained earnings	604,376	0	604,376	592,553	0	592,553
Minority interest	8,063	-10	8,073	31,762	0	31,762
Equity	637,769	-10	637,779	649,645	0	649,645
Long-term provisions	98,951	-683	99,634	84,262	-6,127	90,389
Long-term borrowings	113,754	0	113,754	98,461	1	98,460
Trade payables	1,469	-1	1,470	1,697	0	1,697
Deferred tax liabilities	26,165	-167	26,332	29,530	-165	29,695
Other noncurrent liabilities	12,676	-288	12,964	9,076	1	9,075
Noncurrent liabilities	253,015	-1,139	254,154	223,026	-6,290	229,316
Short-term provisions	74,825	-57,016	131,841	79,252	-52,098	131,350
Short-term borrowings	40,086	-13,271	53,357	26,161	-7,098	33,259
Trade payables	56,821	-24,290	81,111	63,930	-18,816	82,746
Current tax liabilities	35,426	-41	35,467	31,930	1	31,929
Other current financial liabilities	11,617	-574	12,191	11,833	0	11,833
Other current liabilities	55,410	-1,519	56,929	41,364	-7,241	48,605
Current liabilities	274,185	-96,711	370,896	254,470	-85,252	339,722
Liabilities	527,200	-97,850	625,050	477,496	-91,542	569,038
Total equity and liabilities	1,164,969	-97,860	1,262,829	1,127,141	-91,542	1,218,683

The statement of comprehensive income for fiscal year 2013/2014 and reconciliation of it pursuant to first-time application of IFRS 11 can be seen from the table below:

Statement of comprehensive income

in € thousand	2013/2014 (adjusted)	Adjustment (application of IFRS 11)	2013/2014 (before adjustment)
I. Income statement			
Net sales	923,481	-254,526	1,178,007
Cost of sales	429,272	-185,256	614,528
Gross profit on sales	494,209	-69,270	563,479
Selling expenses	170,024	-33,928	203,952
Research and development expenses	149,382	561	148,821
General and administrative expenses	71,866	-4,875	76,741
Other operating income	58,107	-2,565	60,672
Other operating expenses	42,777	-13,428	56,205
Operating income	118,267	-20,165	138,432
Interest and similar income	1,717	-193	1,910
Interest and similar expenses	14,428	-40	14,468
Income from equity-accounted financial assets	20,208	20,208	0
Other net income from equity investments	0	-7	7
Net financial income/expenses	7,497	20,048	-12,551
Results of ordinary activities	125,764	-117	125,881
Taxes	45,488	-107	45,595
Net income for the year	80,276	-10	80,286
II. Other comprehensive income			
Revaluation of available-for-sale financial assets	-161	0	-161
Currency translation difference for economically independent foreign units	-14,915	4,283	-19,198
Currency translation difference from equity-accounted financial assets	-4,283	-4,283	0
Items that may have to be subsequently reclassified as profit or loss	-19,359	0	-19,359
Revaluation of net liabilities/assets from defined benefit plans	-5,878	0	-5,878
Items not reclassified as profit or loss	-5,878	0	-5,878
Other comprehensive income after tax	-25,237	0	-25,237
III. Comprehensive income (total of I. and II.)	55,039	-10	55,049
Net income for the year	80,276	-10	80,286
Net income after shares of minority interests	77,124	0	77,124
Share of minority interests	3,152	-10	3,162
Comprehensive income	55,039	-10	55,049
Comprehensive income after shares of minority interests	51,992	0	51,992
Share of minority interests	3,047	-10	3,057
Earnings per share (in €)	11.69	0.00	11.69

In addition, the way in which amortization of and impairment losses on intangible assets acquired as part of business combinations are presented in the income statement has changed. In previous periods they were carried as other operating expenses. In the current fiscal year, they are allocated to the relevant function costs. The figures for the previous year have been adjusted accordingly. For the previous year, that means that other operating expenses fell by €9,442 thousand, selling expenses increased by €8,306

thousand and research and development costs increased by €1,136 thousand. The effects of the change in presentation are summarized in the table relating to the adjustments pursuant to first-time application of IFRS 11. This change in presentation did not have any impact on balance sheet items.

The table below presents reconciliation of the cash flow statement for the previous year pursuant to first-time application of IFRS 11:

Cash flow statement

in € thousand	2013/2014 (adjusted)	Adjustment (application of IFRS 11)	2013/2014 (before ad- justment)
Net income for the year	80,276	-10	80,286
Depreciation/reversal of impairment losses (-) on property, plant and equipment	41,206	-4,586	45,792
Increase/decrease (-) in long-term provisions	1,631	208	1,423
Other noncash expenses/income (-)	-38,159	-21,059	-17,100
Cash earnings	84,954	-25,446	110,400
Increase/decrease (-) in short-term provisions	25,567	4,936	20,631
Net gain (-)/loss from the disposal of assets	-92	54	-146
Increase (-)/decrease in inventories, trade receivables, and other assets not attributable to investing or financing activities	-62,626	28,255	-90,881
Increase/decrease (-) in trade payables and other liabilities not attributable to investing or financing activities	16,932	-4,082	21,014
Proceeds and payments (+) from/for equity-accounted companies	11,272	11,272	0
Net cash from operating activities	76,007	14,989	61,018
Proceeds from disposals of property, plant and equipment	1,244	-117	1,361
Payments (-) for capital expenditure on property, plant and equipment	-56,485	9,976	-66,461
Proceeds from disposals of intangible assets	2	0	2
Payments (-) for capital expenditure on intangible assets	-7,071	1,460	-8,531
Proceeds from disposals of financial assets	95	-14	109
Payments (-) for capital expenditure on financial assets	-874	1,027	-1,901
Net cash from investing activities	-63,089	12,332	-75,421
Dividend payments (-) to owners and minority shareholders	-66,915	0	-66,915
Cash proceeds from long-term borrowings	46,265	-12,036	58,301
Cash repayments of long-term borrowings	-32,902	1	-32,903
Changes from proceeds (+)/repayments (-) of short-term borrowings	9,994	0	9,994
Net cash from financing activities	-43,558	-12,035	-31,523
Net cash changes in cash and cash equivalents	-30,640	15,286	-45,926
Changes in cash and cash equivalents due to exchange rate, consolidated group, and measurement changes	-2,909	-1,413	-1,496
Cash and cash equivalents at beginning of year	155,813	-46,582	202,395
Cash and cash equivalents at end of year	122,264	-32,709	154,973

Use is made of the exemption specified in IFRS 11.C1B in conjunction with IAS 8.28.

The new standards and interpretations to be applied did not result in any significant impact.

In addition, the following standards had to be applied for the first time in fiscal year 2014/2015:

- Amendments to IAS 32 – Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities
- Amendments to IAS 36 – Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to IAS 39 – Financial Instruments: Recognition and Measurement: Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC 21 – Levies

The following standards and interpretations, or revisions of standards or interpretations, were not applied in the year under review, since they have not yet been adopted by the EU or application of them for fiscal 2014/2015 was not yet mandatory:

Financial reporting standards and interpretations	Mandatory first-time application
Amendments to IAS 19 (2011) – Employee Benefits: Employee Contributions	In fiscal year 2015/2016
Annual Improvements to the International Financial Reporting Standards (2010 – 2012 cycle)	In fiscal year 2015/2016
Annual Improvements to the International Financial Reporting Standards (2011 – 2013 cycle)	In fiscal year 2015/2016
IFRS 14 – Regulatory Deferral Accounts	At the earliest in fiscal year 2016/2017
Amendments to IFRS 11 – Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations	At the earliest in fiscal year 2016/2017
Amendments to IAS 16 and IAS 38 – Property, Plant and Equipment and Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortization	At the earliest in fiscal year 2016/2017
Amendments to IAS 16 and IAS 41 – Property, Plant and Equipment and Agriculture: Bearer Plants	At the earliest in fiscal year 2016/2017
Amendments to IAS 27 – Separate Financial Statements: Equity Method in Separate Financial Statements	At the earliest in fiscal year 2016/2017
Amendments to IFRS 10 and IAS 28 – Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	At the earliest in fiscal year 2016/2017
Annual Improvements to the International Financial Reporting Standards (2012 - 2014 cycle)	At the earliest in fiscal year 2016/2017
Amendments to IAS 1 – Presentation of Financial Statements: Disclosure Initiative	At the earliest in fiscal year 2016/2017
Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception	At the earliest in fiscal year 2016/2017
IFRS 15 – Revenue from Contracts with Customers	At the earliest in fiscal year 2017/2018
IFRS 9 – Financial Instruments	At the earliest in fiscal year 2018/2019

The impact of the standards and interpretations on the consolidated financial statements of the KWS Group are currently being examined and determined. On the basis of

the results of this examination to date, KWS does not expect any significant effects on the consolidated financial statements from application of new or amended standards.

1. General disclosures

Companies consolidated in the KWS Group

The consolidated financial statements of the KWS Group include the single-entity financial statements of KWS SAAT SE and its subsidiaries in Germany and other countries, as well as joint ventures and associated companies, which are carried using the equity method. A company is a subsidiary if KWS SAAT SE has existing rights that give it the current ability to control its relevant activities. Relevant activities are the activities that significantly affect the company's returns. Control therefore only exists if KWS SAAT SE has the ability to use its power to affect the amount of the variable returns. Control can usually be derived from holding a majority of the voting rights directly or indirectly. Subsidiaries and joint ventures that are considered immaterial for the presentation and evaluation of the financial position and performance of the Group are not included. Details on the changes in the consolidated group are provided in Section 2. "Disclosures on the annual financial statements – Consolidated group and changes in the consolidated group".

Consolidation methods

The single-entity financial statements of the individual subsidiaries included in the consolidated financial statements and the single-entity financial statements of the joint ventures and associated companies included using the equity method were uniformly prepared on the basis of the accounting and measurement methods applied at KWS SAAT SE; they were audited by independent auditors. For fully or proportionately consolidated units acquired before July 1, 2003, the Group exercised the option allowed by IFRS 1 to maintain the consolidation procedures chosen to date. The goodwill reported in the HGB financial statements as of June 30, 2003, was therefore transferred unchanged at its carrying amount to the opening IFRS balance sheet. For acquisitions made after June 30, 2003, capital consolidation follows the purchase method by allocating the cost of acquisition to the Group's interest in the subsidiary's remeasured equity at the time of acquisition. Any excess of interest in equity over cost is recognized as an asset, up to the amount by which fair value exceeds the carrying amount. Any goodwill remaining after first-time consolidation is recognized under intangible assets.

According to IAS 36, goodwill is not amortized, but tested for impairment at least once a year (impairment-only approach). Investments in unconsolidated companies are carried at cost.

Joint ventures are consolidated using the equity method in application of IFRS 11 and IAS 28. The basis for a joint venture is a contractual agreement with a third party to manage a joint venture together. In the case of joint ventures, the parties who exercise joint management have rights to the net assets of the agreement.

In the case of joint ventures measured in accordance with the equity method, the carrying amount is increased or reduced annually by the equity capital changes corresponding to the KWS Group's share. In the case of first-time consolidation of equity investments using the equity method, differences from first-time consolidation are treated in accordance with the principles of full consolidation. The changes in the proportionate equity that are recognized in profit or loss are included, along with impairment of goodwill, under the item "Income from equity-accounted financial assets" in the net financial income/expenses.

Associated companies in which a stake between 20% and 50% is held are likewise measured using the equity method. In the year under review, KENFENG – KWS SEEDS CO., LTD., Beijing, China, was carried for the first time as an associated company in the consolidated financial statements using the equity method. KWS has a significant influence on the associated company.

Subsidiaries are always consolidated if such recognition is considered material for the fair presentation of the financial position and results of operations of the KWS Group. As part of the elimination of intra-Group balances, borrowings, receivables, liabilities, and provisions are netted between the consolidated companies. Intercompany profits not realized at Group level are eliminated from intra-Group transactions. Sales, income, and expenses are netted between consolidated companies, and intra-Group distributions of profit are eliminated.

Deferred taxes on consolidation transactions recognized in income are calculated at the tax rate applicable to the company concerned. These deferred taxes are aggregated with the deferred taxes recognized in the separate financial statements.

Minority interests are recognized in the amount of the imputed percentage of equity in the consolidated companies.

Currency translation

Under IAS 21, the financial statements of the consolidated foreign group companies that conduct their business as

financially, economically, and organizationally independent entities are translated into euros using the functional currency method and rounded in accordance with standard commercial practice as follows:

- Income statement items at the average exchange rate for the year;
- Balance sheet items at the exchange rate on the balance sheet date.

The following exchange rates were applied in the consolidated financial statements for the main foreign currencies relative to the euro:

		Rate on balance sheet date		Average rate	
		06/30/2015	06/30/2014	2014/2015	2013/2014
1 EUR/					
ARS	Argentina	10.16290	11.10030	10.27994	9.49031
BRL	Brazil	3.49470	2.99440	3.20855	3.11168
GBP	UK	0.71153	0.80120	0.75716	0.83282
RUB	Russia	61.52060	45.82510	59.64182	46.21843
UAH	Ukraine	23.54140	16.08685	20.80004	12.69831
USD	USA	1.11840	1.36510	1.19175	1.36030

The difference resulting from the application of annual average rates to the net profit for the period in the income statement is taken directly to equity. According to IAS 21 exchange differences resulting from loans to foreign subsidiaries are reported in the other comprehensive income and are not recognized in profit or loss.

Classification of the statement of comprehensive income

The costs for the functions include all directly attributable costs, including other taxes. Research and development expenses are reported separately for reasons of transparency. Performance-based government grants are not deducted from the costs to which they relate, but reported gross under other operating income.

Accounting policies

Consistency of accounting policies

The accounting policies are unchanged from the previous year, with the exception of the financial reporting standards IAS 10 and IFRS 11, which had to be applied for the first time in the year under review.

All estimates and assessments as part of accounting and measurement are continually reviewed; they are based on historical patterns and expectations about the future regarded as reasonable in the particular circumstances.

Recognition of income and expenses

Net sales include sales of products and services, less revenue reductions. Net sales from the sale of products are realized at the time at which the opportunities and risks pass to the buyer. Net sales from service transactions are recognized at the time at which the outcome of the transaction can be reliably estimated in accordance with the percentage of completion. Other income, such as interest, royalties and dividends, is recognized in the period it accrues as soon as there is a contractual or legal entitlement to it.

Performance-based public grants are carried under the other operating income as part of profit/loss.

Operating expenses are recognized in the income statement upon the service in question being used or as of the date on which they occur.

Intangible assets

Purchased intangible assets are carried at cost less straight-line amortization and impairment losses. It is necessary to examine whether the useful life of intangible assets is finite or indefinite. Goodwill has an indefinite useful life. Goodwill and intangible assets with an indefinite useful life are not amortized, but tested for impairment at least once a year. The procedure for the impairment test is explained in the notes to the balance sheet. Intangible assets acquired as part of business combinations are carried separately from goodwill if they are separable according to the definition in IAS 38 or result from a contractual or legal right.

The service life of intangible assets is as follows:

	Useful life
Breeding material, proprietary rights to varieties and trademarks	10 years
Other rights	5 – 10 years
Software	3 – 8 years
Distribution rights	5 – 20 years

Property, plant, and equipment

Property, plant, and equipment is measured at cost less straight-line depreciation and impairment losses. In addition to directly attributable costs, the cost of self-produced plant or equipment also includes a proportion of the overheads and depreciation/amortization.

	Useful life
Buildings	10 – 50 years
Operating equipment and other facilities	5 – 25 years
Technical equipment and machinery	5 – 15 years
Laboratory and research facilities	5 – 13 years
Other equipment, operating and office equipment	3 – 15 years

Low-value assets are fully expensed in the year of purchase; they are reported as additions and disposals in the year of purchase in the statement of changes in fixed assets. Impairment losses on property, plant, and equipment are recognized according to IAS 36 whenever the recoverable amount of the asset is less than its carrying amount. The recoverable amount is the higher of the fair value less costs to sell or the value in use. If the reason for an earlier impairment loss on property, plant, and equipment no longer applies, its value is increased to up to the amount that would have resulted if the impairment loss had not occurred, taking depreciation into account. In accordance with IAS 20, government grants are deducted from the costs of the asset. Any deferred income is not recognized.

Financial instruments

Financial instruments are in particular financial assets and financial liabilities. The financial assets consist primarily of bank balances and cash on hand, trade receivables, other receivables and securities. The credit risk mainly comprises trade receivables. The amount recognized in the balance sheet is net of allowances for receivables expected to be uncollectible, estimated on the basis of historical patterns and the current economic environment. The credit risk on cash and derivative financial instruments is limited because they are kept with banks that have been given a good credit rating by international rating agencies. There is no significant concentration of credit risks, because the risks are spread over a large number of contract partners and customers. The entire credit risk is limited to the respective carrying amount. Comments on the risk management system can be found in the Management Report.

Available-for-sale financial assets are carried at fair value if that can be reliably measured. Unrealized gains and losses, including deferred taxes, are recognized directly in the reserve for available-for-sale financial assets under equity. Allowances are recognized immediately through the income statement. Financial assets belonging to this category of financial instruments are measured at cost, since there is no active market. The financial assets include shares in unconsolidated subsidiaries and securities classified as noncurrent assets. They are subsequently measured at amortized cost. Borrowings are carried at amortized cost.

The carrying amount of receivables, fixed-income securities and cash is assumed as the fair value due to their short term and the fixed-interest structure of the investments.

The financial liabilities comprise in particular trade payables, borrowings and other liabilities.

The fair value of financial liabilities with a long-term fixed interest rate is determined as present values of the payments related to the liabilities, using a yield curve applicable on the balance sheet date.

Derivative instruments are measured at fair value in accordance with IAS 39; they can be assets or liabilities. Common derivative financial instruments are essentially used to hedge interest rate and foreign currency risks. The fair value of the derivative financial instruments is measured on the basis of the market information available on the balance sheet date and using recognized mathematical models, such as present value or Black-Scholes, to calculate option values, taking their volatility, remaining maturity and capital market interest rates into account. The instruments must also be classified in a level of the fair value hierarchy.

Financial instruments in level 1 are measured using quoted prices in active markets for identical assets or liabilities. In level 2, they are measured by directly observable market inputs or derived indirectly on the basis of prices for similar instruments. Finally, input factors not based on observable market data are used to calculate the value of level 3 financial instruments.

Subsequent measurement of the financial instruments depends on their classification in one of the following categories defined in IAS 39:

■ **Loans and receivables**

This category mainly comprises trade receivables, other receivables, loans and cash, including fixed-income short-term securities. Loans are measured at cost. Loans that carry no interest or only low interest are measured at their present value. Discernable risks are taken into account by recognition of an impairment loss. After their initial recognition, the other financial assets in this category are measured at amortized cost using the effective interest method, minus impairments. Receivables that carry no interest or only low interest and with a term of more than twelve months are discounted. Necessary value impairments are based on the expected credit risk and are carried in separate impairment accounts. Receivables are derecognized if they are settled or uncollectible. Other financial assets are derecognized at the time they are disposed of or if they have no value.

■ **Financial assets at fair value**

Held-for-trading securities acquired with the intention of being sold in the short term are assigned to this category. Derivate financial instruments with a positive market value are also categorized as held for trading, unless they are designated hedging instruments in accordance with IAS 39. They are measured at fair value. Changes in value are recognized in income. Securities are derecognized after being sold on the settlement date.

■ **Available-for-sale financial assets**

This category covers all financial assets that have not been assigned to one of the above categories. In principle, securities are classed as available for sale, unless a different classification is required due to the fact that they have an explicit purpose. Equity instruments, such as shares in (unconsolidated) affiliated companies, which are measured at amortized cost, and shares held in listed companies, are also included in this category. In principle, financial instruments in this category are measured at their fair value in subsequent recognition. The changes to their fair value in subsequent recognition are recognized as unrealized gains and losses directly in equity in the reserve for available-for-sale financial assets. The realized gains or losses are not recognized as profit or loss until they are disposed of. If there is objective evidence of permanent impairment on the balance sheet date, the instruments are written down to the lower value. Any subsequent decreases in the impairment loss are recognized directly in equity.

■ **Financial liabilities measured at amortized cost**

All financial liabilities, with the exception of derivative financial instruments, are measured at amortized cost using the effective interest method. The liabilities are derecognized at the time they are settled or when the reason why they were formed no longer exists.

■ **Financial liabilities at fair value**

This category covers derivative financial instruments that have a negative market value and are categorized in principle as held for trading. They are measured at fair value. Changes in value are recognized in income. Derivatives that are designated hedging instruments in accordance with IAS 39 are excluded from this provision.

Securities are generally classified as available for sale, which is why changes in their fair values that require reporting are taken directly to equity. If securities are carried at their fair value and have to be recognized in income, changes to the fair values are directly included in the net income for the period.

The outstanding purchase price obligation for consolidated subsidiaries must be carried at the present value of the anticipated future purchase price payments for minority interests. Changes to the estimates in subsequent years are recognized in profit or loss. The cost of interest accrued on the purchase price obligation is carried in the net financial income/expenses.

Derivatives

The derivatives do not meet the requirements of IAS 39 to be designated as a hedging instrument. They are measured at their fair value. The changes in their market value are recognized in the income statement. Derivatives are derecognized on their day of settlement.

Inventories and biological assets

Inventories are measured at the lower of cost or net realizable value less an allowance for obsolescent or slow-moving items. In addition to directly attributable costs, the cost of sales also includes indirect labor and materials including depreciation under IAS 2. Under IAS 41, biological assets are measured at fair value less the estimated costs to sell. Immature biological assets are carried as inventories as of the time they are harvested. The measurement procedure used is based on standard industry value tables.

Deferred taxes

Deferred taxes are calculated on differences between the IFRS carrying amounts of assets and liabilities and their tax base, and on loss carryforwards; they are reported on a gross basis. Deferred tax assets are recognized if they result from deductible temporary differences and sufficient taxable profit in future periods is expected. Deferred tax liabilities must be set up for all taxable temporary differences. All deferred taxes must be assessed individually at each balance sheet date and must not be discounted. Under IAS 12, deferred taxes are calculated on the basis of the applicable local income tax.

Provisions for pensions and other employee benefits

The provisions for pensions and other employee benefits are calculated using actuarial principles in accordance with the projected unit credit method. Actuarial gains and losses resulting from revaluation of the net liability must be recognized directly in equity in the other income. If there are planned assets, they are netted off against the associated obligations.

The provisions for semi-retirement include obligations from concluded semi-retirement agreements. Payment arrears and top-up amounts for semi-retirement pay and for the contributions to the statutory pension insurance program are recognized in measuring them.

Other provisions

Provisions are set up if current obligations have accrued from past events and it is likely that they will be utilized. In addition, it must be possible to estimate the amount of the anticipated obligation reliably.

Provisions are measured at their expected amount or most likely amount, depending on whether they comprise a large number of items or constitute a single obligation. Provisions are reviewed regularly and adjusted to reflect new findings or changes in circumstances. Long-term provisions are discounted taking into account future cost increases and using capital market interest rates for matching maturities, insofar as the interest effect is material.

Contingent liabilities

The contingent liabilities result from debt obligations where outflow of the resource is not probable or the level of the obligation cannot be estimated with sufficient reliability or from obligations for loan amounts drawn down by third parties as of the balance sheet date.

Borrowing costs

In accordance with IAS 23, borrowing costs are capitalized if they can be classified as qualifying assets.

Discretionary decisions and estimates

The measurement approaches and amounts to be carried in these IFRS financial statements are partly based on estimates and specifically defined specifications. This relates in particular to:

- Determination of the useful life of the depreciable asset
- Definition of measurement assumptions and future results in connection with impairment tests, above all for capitalized goodwill and in connection with measurement of outstanding purchase price obligations for fully consolidated subsidiaries
- Determination of the net selling price for inventories
- Definition of the parameters required for measuring pension provisions
- Selection of parameters for the model-based measurement of derivatives
- Determination whether tax losses carried forward can be used
- Determination of the fair value of intangible assets, tangible assets and liabilities acquired as part of a business combination and determination of the service lives of the purchased intangible assets and tangible assets
- Measurement of other provisions

Despite careful estimates, the actual development may deviate from the assumptions.

The Executive Board of KWS SAAT SE prepared the consolidated financial statements on October 1, 2015, and released them for distribution to the Supervisory Board. The Supervisory Board has the task of examining the consolidated financial statements and declaring whether it approves them.

2. Disclosures on the annual financial statements

Number of companies including KWS SAAT SE

	06/30/2015			06/30/2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Fully consolidated	13	49	62	13	44	57
Equity method	0	4	4	0	8	8
Total	13	53	66	13	52	65

Consolidated group and changes in the consolidated group

The French service company KWS SERVICES MEDITERRANEAN S.A.S., Roye, France, was merged with KWS FRANCE S.A.R.L., Roye, France, effective July 1, 2014. In Brazil, the Brazilian company KWS SEMENTES BRASIL PARTICIPACOES LTDA. was renamed KWS SERVICOS E PARTICIPACOES SOUTH AMERICA LTDA. effective July 1, 2014. In addition, KWS BRASIL PARTICIPACOES LTDA. was split up and merged with the company RIBER KWS SEMENTES S.A. and KWS MELHORAMENTO LTDA. The service company KWS SERVICES NORTH AMERICA LLC., Shakopee, U.S., was founded on July 16, 2014. The company relocated its headquarters from Shakopee to Bloomington in March 2015. KWS PODILLYA T.O.V., Kiev, Ukraine, was founded on January 15, 2015. The company's purpose is to acquire and manage land and property. BEIJING KWS AGRICULTURE TECHNOLOGY CO. LTD., Beijing, China, was founded on March 6, 2015. In addition, our Chinese joint venture KENFENG – KWS SEED CO. LTD., which is carried as an associated company in accordance with the equity method, was awarded its business license by the Chinese authorities on December 15, 2014.

The remaining shares in the SOCIETE DE MARTINVAL Group were acquired effective September 30, 2014. The French breeding company specializes in breeding and distributing field crops. Apart from cereals, the main revenue driver, its product portfolio also includes sugarbeets, peas, oil plants and corn. The main reason for acquiring the 51% stake held by the Momont family is to strengthen competitive cereal breeding programs and expand distribution activities in France. Acquisition of the remaining shares in SOCIETE DE MARTINVAL S.A. and the simultaneous sale of the shares in its subsidiary HAMET S.C.A., Mons-en-Pévèle, France, effective September 30, 2014, mean that the remaining four companies of the SOCIETE DE MARTINVAL Group must be fully consolidated in the KWS Group's consolidated financial statements as of the time of acquisition. The 51% stake in the French cereals company and measurement of the existing 49% stake at fair value resulted in the following fully consolidated assets and liabilities at the time of acquisition:

in € millions	09/30/2014
Intangible assets	21.5
Property, plant and equipment	12.3
Inventories	5.2
Trade receivables	12.2
Cash and cash equivalents	6.7
Other assets	0.1
Total assets	58.1
Provisions	0.4
Liabilities	6.5
Deferred taxes	4.7
Total liabilities	11.6
Net assets	46.4

The acquired property, plant, and equipment was composed of land and buildings totaling €6.1 million and technical equipment and machinery totaling €6.2 million. The fair value of the equity shares held previously in the joint venture was €17,282 thousand. Remeasurement of the shares resulted in a gain of €3,722 thousand, which was carried under the net financial income/expenses.

The goodwill of €2.6 million reflects synergy potentials from expansion of European wheat business. Trade receivables totaling €12.2 million were acquired as part of the merger; none has been classified as uncollectible. Deferred taxes have been carried to an amount of €4.7 million. Transaction costs totaling €448 thousand were incurred to acquire the remaining shares and have been recognized under the other operating expenses in the income statement.

As of the time of full consolidation, the SOCIETE DE MARTINVAL Group posted net sales of €11,823 thousand and income of € -2,823 thousand before consolidation. If the SOCIETE DE MARTINVAL Group had been fully consolidated at July 1, 2014, consolidated net sales would have increased by €8,876 thousand and consolidated income would have improved by €3,256 thousand.

A total of 62 (57) companies were fully consolidated in the consolidated financial statements and four (eight) joint ventures and associated companies were measured using the equity method at June 30, 2015.

List of shareholdings in accordance with Section 313 HGB (German Commercial Code)

Fully consolidated subsidiaries¹

Sugarbeet		Corn		Cereals		Corporate	
100%	BETASEED INC. ² Bloomington, MN, U.S.	100%	KWS MAIS GMBH Einbeck	100%	KWS LOCHOW GMBH Bergen	100%	KWS LANDWIRTSCHAFT GMBH* Einbeck
100%	KWS FRANCE S.A.R.L. Roye, France	100%	KWS BENELUX B.V. ⁵ Amsterdam, Netherlands	100%	KWS UK LTD. ⁷ Thriplow, UK	100%	KWS INTERSAAT GMBH Einbeck
100%	DELITZSCH PFLANZENZUCHT GMBH ¹⁰ Einbeck	100%	KWS SEMENA S.R.O. ⁵ Bratislava, Slovakia	100%	KWS LOCHOW POLSKA SPZ O.O. ⁷ Kondratowice, Poland	100%	KWS SEEDS INC. ⁹ Bloomington, MN, U.S.
100%	O.O.O. KWS RUS ¹² Lipezk, Russia	100%	KWS MAIS FRANCE S.A.R.L. ⁵ Champol, France	100%	SOCIETE DE MARTINVAL S.A. ⁷ Mons-en-Pévèle, France	100%	GLH SEEDS INC. ² Bloomington, MN, U.S.
100%	O.O.O. KWS R&D RUS ¹¹ Lipezk, Russia	100%	KWS AUSTRIA SAAT GMBH ⁵ Vienna, Austria	100%	MOMONT HENNETTE S.A. ¹⁴ Mons-en-Pévèle, France	100%	KWS SAATFINANZ GMBH Einbeck
100%	KWS ITALIA S.P.A. Forli, Italy	100%	KWS SJEME D.O.O. ⁵ Pozega, Croatia	100%	LABOGERM S.A.R.L. ¹⁴ Mons-en-Pévèle, France	100%	RAGIS KARTOFFELZUCHT- UND HANDELS- GESELLSCHAFT MBH Einbeck
100%	KWS POLSKA SPZ O.O. Poznan, Poland	100%	KWS OSIVA S.R.O. ⁵ Velke Mezirici, Czech Republic	100%	ADRIEN MOMONT S.A.R.L. ¹⁴ Mons-en-Pévèle, France	100%	KWS KLOSTERGUT WIEBRECHTSHAUSEN GMBH Northeim-Wiebrechtshausen
100%	KWS SCANDINAVIA A/S ¹⁰ Guldborgsund, Denmark	100%	KWS BULGARIA E.O.O.D. ⁵ Sofia, Bulgaria			100%	EURO-HYBRID GESELLSCHAFT FÜR GETREIDEZÜCHTUNG MBH Einbeck
100%	KWS SEMILLAS IBERICA S.L. ¹⁰ Zaratán, Spain	100%	AGROMAIS GMBH ⁵ Everswinkel			100%	KWS SERVICOS E PARTICI- PACOES SOUTH AMERICA LTDA. ¹⁹ São Paulo, Brazil
100%	SEMILLAS KWS CHILE LTDA. Rancagua, Chile	100%	KWS MAGYARORSZÁG KFT. ⁵ Győr, Hungary			100%	KWS GATEWAY RESEARCH CENTER LLC. ² St. Louis, MO, U.S.
100%	KWS SRBIJA D.O.O. New Belgrade, Serbia	100%	KWS SEMINTE S.R.L. ¹³ Bucharest, Romania			100%	KWS SERVICES DEUTSCHLAND GMBH Einbeck
100%	KWS SUISSE SA Basle, Switzerland	99%	KWS ARGENTINA S.A. ⁵ Balcarce, Argentina			100%	KWS SERVICES EAST GMBH Vienna, Austria
100%	ACH SEEDS INC. ⁴ Bloomington, MN, U.S.	51%	RAZES HYBRIDES S.A.R.L. ³ Alzonne, France			100%	KWS SERVICES NORTH B.V. Rotterdam, Netherlands
100%	BETASEED FRANCE S.A.R.L. ¹⁸ Bethune, France	100%	KWS MELHORAMENTO E SEMENTES LTDA. ²¹ Curitiba, Brazil			100%	KWS SERVICES MEDITERRANEAN S.L. Barcelona, Spain
100%	KWS UKRAINE T.O.V. ¹² Kiev, Ukraine	50%	RIBER KWS SEMENTES S.A. ^{21,24} Patos de Minas, Brazil			100%	KWS SERVICES NORTH AMERICA LLC. Bloomington, MN, U.S.
100%	KWS TÜRK TARIM TICARET A.S. ⁹ Eskisehir, Turkey	100%	KWS PERU S.A.C. ⁸ Lima, Peru			100%	BEIJING KWS AGRICULTURE TECHNOLOGY CO., LTD. ¹⁵ Beijing, China
100%	BETASEED GMBH Frankfurt	100%	KWS R&D China LTD. ¹⁵ Hefei, China			100%	KWS CEREALS USA LLC. ² Champagne, IL, U.S.
100%	KWS POTATO B.V. ¹⁷ Emmeloord, Netherlands						
93%	DYNAGRI S.A.R.L. ¹⁶ Casablanca, Morocco						
100%	KWS Podillya T.O.V. ²² Kiev, Ukraine						

Equity-accounted joint ventures¹

Corn	
50%	AGRELIANT GENETICS LLC. ⁶ Westfield, IND, U.S.
50%	AGRELIANT GENETICS INC. Chatham, Ontario, Canada

Equity-accounted associated companies¹

Corn	
49%	KENFENG – KWS SEEDS CO., LTD. Beijing, China

Unconsolidated subsidiaries¹

Sugarbeet		Cereals		Corporate	
65%	NOSOMA S.A.R.L. ²³ Sahel M'Harza, Morocco	74%	LOCHOW-PETKUS BELGIUM N.V. ⁷ Linter, Belgium	100%	KANT-HARTWIG & VOGEL GMBH Einbeck
67%	VAN RIJN BALCAN S.R.L. ¹⁶ Vulcan/Rumänien				

*Profit and loss transfer agreement

- 1 The percentages shown for each company relate to the share in that company held within the KWS Group.
- 2 Subsidiary of KWS SEEDS INC.
- 3 Subsidiary of KWS FRANCE S.A.R.L.
- 4 Subsidiary of BETASEED INC.
- 5 Subsidiary of KWS MAIS GMBH
- 6 Investee of GLH SEEDS INC.
- 7 Subsidiary of KWS LOCHOW GMBH
- 8 Subsidiary of KWS CHILE LTDA. and KWS SERVICOS E PARTICIPACOES SOUTH AMERICA LTDA.
- 9 Subsidiary of KWS INTERSAAT GMBH and KWS SAAT SE
- 10 Subsidiary of KWS INTERSAAT GMBH
- 11 Subsidiary of O.O.O. KWS RUS
- 12 Subsidiary of EURO-HYBRID GMBH and KWS SAATFINANZ GMBH
- 13 Subsidiary of KWS MAIS GMBH and KWS SAATFINANZ GMBH
- 14 Subsidiary of SOCIETE DE MARTINVAL S.A.
- 15 Subsidiary of EURO-HYBRID GMBH
- 16 Subsidiary of KWS POTATO B.V.
- 17 Subsidiary of RAGIS GMBH
- 18 Subsidiary of BETASEED GMBH
- 19 Subsidiary of KWS INTERSAAT GMBH and KWS SAATFINANZ GMBH
- 20 Subsidiary of KWS SERVICOS E PARTICIPACOES SOUTH AMERICA LTDA. and KWS INTERSAAT GMBH
- 21 Subsidiary of KWS SERVICOS E PARTICIPACOES SOUTH AMERICA LTDA.
- 22 Subsidiary of KWS UKRAINE T.O.V.
- 23 Subsidiary of DYNAGRI S.A.R.L.
- 24 The KWS Group's stake is 50% plus four shares.

3. Segment reporting for the KWS Group

In accordance with its internal reporting system, the KWS Group is primarily organized according to the following business segments:

- Corn
- Sugarbeet
- Cereals
- Corporate

Considered a core competency for the KWS Group's entire product range, plant breeding, including the related biotechnology research, is essentially concentrated at the parent company KWS SAAT SE in Einbeck. The breeding material, including the relevant information and expertise about how to use it, is owned by KWS SAAT SE with respect to sugarbeet and corn and by KWS LOCHOW GMBH with respect to cereals. Product-related R&D costs are carried directly in the product segments Corn, Sugarbeet and Cereals. Centrally controlled corporate functions are grouped in the Corporate Segment. The distribution and production of oil and field seed are reported in the Cereals and Corn Segments, in keeping with the legal entities currently involved.

Description of segments

Corn

KWS MAIS GMBH is the lead company for the Corn Segment. In addition to KWS MAIS GMBH, business activities are conducted by one (one) German company and 15 (15) foreign subsidiaries and three (three) joint ventures of the KWS Group. The production and distribution activities of this segment relate to corn for grain and silage corn, and to oil and field seed.

Sugarbeet

The results of the multiplication, processing and distribution activities for sugarbeet seed, as well as our seed potato business, are reported under the Sugarbeet Segment. Under the leadership of KWS SAAT SE, 18 (17) foreign subsidiaries and two (two) subsidiaries in Germany are active in this segment.

Cereals

The lead company of this segment, which essentially concerns the production and distribution of hybrid rye, wheat and barley, as well as oil and field seed, is KWS LOCHOW GMBH with its six (three) foreign subsidiaries and zero (five) joint ventures in France, Great Britain, the U.S. and Poland.

Corporate

Apart from revenue from our farms and services for third parties, net sales from strategic projects are reported in this segment. The segment also assumes the costs of all central holding functions and expenses for long-term research projects that have not yet reached market maturity.

It also includes all management services of KWS SAAT SE, such as holding company and administrative functions, which are not directly charged to the product segments or indirectly allocated to them by means of an appropriate cost formula.

Segment information

The Executive Board as the main decision-making body is responsible for allocating resources and assessing the earnings strength of the business segments. The segments and regions are defined in compliance with the internal controlling and reporting systems (management approach). The accounting policies used to determine the information for the segments are basically the same as used for the KWS Group. The only exception relates to consolidation of the equity-accounted joint ventures that are assigned to the Corn Segment, namely AGRELIANT GENETICS LLC., AGRELIANT GENETICS INC. and GENECTIVE S.A (as well as SOCIETE DE MARTINVAL S.A. in the previous year). In accordance with the accounting practices we have used up to now, they are still included proportionately in internal controlling as part of segment reporting.

The segment net sales, segment income, depreciation and amortization, other noncash items, operating assets, operating liabilities and capital expenditure on noncurrent assets by segment have been determined in accordance with the internal operational controlling structure, with the joint ventures consolidated proportionately (management approach). In order to permit better comparability, they have been reconciled with the figures in the IFRS consolidated financial statements.

Segment sales contains both net sales from third parties (external sales) and net sales between the segments (intersegment sales). The prices for intersegment sales are determined on an arm's-length basis. Uniform royalty rates per segment for breeding genetics are used as the basis. Technology revenues from genetically modified properties ("tech fees") are paid as a per-unit royalty on the basis of the number of units sold, due to their growing competitive importance.

The Corporate Segment generates 77.1% (68.7%) of its sales from the other segments. The sales of this segment represent 0.3% (0.4%) of the Group's external sales.

The corn segment is the largest contributor of external sales, accounting for 59.9% (60.7%) of external sales, followed by sugarbeet with 31.0% (29.8%) and cereals with 8.8% (9.1%).

in € thousand	Segment sales		Internal sales		External sales	
	2014/2015	Previous year	2014/2015	Previous year	2014/2015	Previous year
Corn	754,458	714,968	16	46	754,442	714,922
Sugarbeet	390,646	351,488	99	439	390,547	351,049
Cereals	113,207	108,435	1,939	1,095	111,268	107,340
Corporate	18,133	15,012	13,981	10,316	4,152	4,696
Segments acc. to management approach	1,276,444	1,189,903	16,035	11,896	1,260,409	1,178,007
Elimination of equity-accounted joint ventures					-274,394	-254,526
Segments acc. to consolidated financial statements					986,015	923,481

in € thousand	Segment earnings		Depreciation and amortization		Other noncash items	
	2014/2015	Previous year	2014/2015	Previous year	2014/2015	Previous year
Corn	84,184	100,859	19,525	16,555	-4,517	689
Sugarbeet	92,998	70,172	14,974	16,159	15,199	7,036
Cereals	12,019	17,125	7,284	4,351	4,143	-3,238
Corporate	-51,186	-49,724	9,840	8,727	22,150	-16,110
Segments acc. to management approach	138,015	138,432	51,623	45,792	36,975	-11,623
Elimination of equity-accounted joint ventures	-24,598	-20,165	-5,712	-4,586	8,680	362
Segments acc. to consolidated financial statements	113,417	118,267	45,911	41,206	45,655	-11,261
Net financial income/expenses	16,689	7,497	0	0	0	0
Earnings before taxes	130,106	125,764	0	0	0	0

The income statements of the consolidated companies are assigned to the segments by means of profit center allocation. Operating income, the most important internal parameter and an indicator of the earnings strength in the KWS Group, is used as the segment result. The operating income of each segment is reported as the **segment result**. The segment results are presented on a consolidated basis and include all directly attributable income and expenses. Items that are not directly attributable are allocated to the segments on the basis of an appropriate formula.

Depreciation and amortization charges of €51,623 (45,792) thousand allocated to the segments relate exclusively to intangible assets and property, plant, and equipment.

The **other noncash items recognized in the income statement** relate to noncash changes in the allowances on inventories and receivables, and in provisions.

in € thousand	Operating assets		Operating liabilities	
	2014/2015	Previous year	2014/2015	Previous year
Corn	644,909	546,753	136,624	151,664
Sugarbeet	274,238	260,088	70,233	74,992
Cereals	120,291	74,280	23,490	17,749
Corporate	102,719	95,193	91,213	67,633
Segments acc. to management approach	1,142,157	976,314	321,560	312,038
Elimination of equity-accounted joint ventures	-204,640	-188,016	-63,698	-81,990
Segments acc. to consolidated financial statements	937,517	788,298	257,862	230,048
Others	418,024	376,671	358,961	297,152
KWS Group acc. to consolidated financial statements	1,355,541	1,164,969	616,823	527,200

The operating assets of the segments are composed of intangible assets, property, plant, and equipment, inventories, biological assets and trade receivables that can be charged directly to the segments or indirectly allocated to them by means of an appropriate formula.

The operating liabilities attributable to the segments include the borrowings reported on the balance sheet, less provisions for taxes and the portion of other liabilities that cannot be charged directly to the segments or indirectly allocated to them by means of an appropriate formula.

Capital expenditure on assets was increased year on year by 64.0% to €133,073 (81,165) thousand. Investments were intensified considerably in the segments Corporate (€20,120 thousand; previous year: €13,840 thousand), Cereals (€44,399 thousand; previous year: €6,761 thousand) and Sugarbeet (€24,026 thousand; previous year: €18,535 thousand). Investments in the Corn Segment rose to €44,528 (42,029) thousand.

Investments in long-term assets by segment

in € thousand	2014/2015	Previous year
Corn	44,528	42,029
Sugarbeet	24,026	18,535
Cereals	44,399	6,761
Corporate	20,120	13,840
Segments acc. to management approach	133,073	81,165
Elimination of equity-accounted joint ventures	-8,061	-13,182
Segments acc. to consolidated financial statements	125,012	67,983

The capital expenditure in the Cereals Segment includes consolidation-related additions of €28,121 thousand from acquisition of the SOCIETE DE MARTINVAL Group.

Disclosures by region

The disclosures on the regional composition of net sales, capital expenditure and operating assets have been made in accordance with the accounting policies to be applied to the

consolidated financial statements of the KWS Group and thus without proportionate consolidation of the joint ventures.

The external net sales by sales region are broken down on the basis of the country where the customer is based. No individual customer accounted for more than 10% of total net sales in the current or past fiscal year.

External sales by region

in € thousand	2014/2015	Previous year
Germany	223,885	225,149
Europe (excluding Germany)	441,526	435,508
Thereof in France	(107,263)	(94,921)
North and South America	254,709	205,600
Thereof in Brazil	(66,316)	(52,841)
Thereof in the U.S.	(164,571)	(132,889)
Rest of world	65,895	57,224
KWS Group	986,015	923,481

67.5% (71.5%) of total sales are recorded in Europe (including Germany).

Investments in long-term assets by region

in € thousand	2014/2015	Previous year
Germany	33,859	23,396
Europe (excluding Germany)	64,630	26,947
Thereof in France	(44,305)	(6,515)
North and South America	22,834	15,627
Thereof in Brazil	(2,871)	(3,127)
Thereof in the U.S.	(17,067)	(10,126)
Rest of world	3,689	2,013
KWS Group	125,012	67,983

27.1% (34.4%) of the capital spending was made in Germany. Of the further capital spending, 18.2% (23.0%) was made in

North and South America, 51.7% (39.6%) in Europe (excluding Germany) and 3.0% (3.0%) in the rest of the world.

Operating assets by region

in € thousand	06/30/2015	06/30/2014
Germany	300,198	248,943
Europe (excluding Germany)	343,915	278,784
Thereof in France	(50,828)	(42,462)
North and South America	258,872	228,171
Thereof in Brazil	(96,146)	(95,492)
Thereof in the U.S.	(162,727)	(107,573)
Rest of world	34,532	32,400
KWS Group	937,517	788,298

4. Notes to the balance sheet

(1) Assets

The statement of changes in fixed assets contains a breakdown of assets summarized in the balance sheet and shows how they changed in 2014/2015. Capital expenditure on property, plant and equipment and intangible assets was €125,011 (67,983) thousand. Of that, the acquisition of the SOCIETE DE MARTINVAL Group accounts for €36,353 (0) thousand, which have been presented as a change to the consolidated companies. The Combined Management Report describes the significant additions to assets. Depreciation and amortization and value impairments amounted to €45,911 (41,206) thousand.

(2) Intangible assets

This item includes purchased varieties, rights to varieties and distribution rights, software licenses for electronic data processing, and goodwill. The current additions of €4,460 (6,993) thousand related to software licenses and patents. The consolidated-related additions mainly relate

to the variety portfolio of SOCIETE DE MARTINVAL S.A., which totals €15,600 thousand and has a useful life of eight years. Amortization of intangible assets amounted to €14,466 (14,932) thousand, of which €3,905 (6,326) thousand were value impairments. This charge is included in the relevant function costs, depending on the operational use of the intangible assets.

The goodwill recognized as an asset relates mainly to the Brazilian companies RIBER KWS SEMENTES S.A. – €21,686 (21,686) thousand – and KWS MELHORAMENTO E SEMENTES LTDA. – €4,115 (4,115) thousand. In the Cereals Segment, the goodwill of SOCIETE DE MARTINVAL is recognized to an amount of €2,600 (0) thousand and that of KWS UK LTD. to an amount of €1,693 (1,693) thousand.

In order to meet the requirements of IFRS 3 in combination with IAS 36 and to determine any impairment of goodwill, cash-generating units have been defined in line with internal

reporting guidelines. At the KWS Group, these are generally the legal entities, with the exception of our potato unit, which as a whole represents the cash-generating unit. To test for impairment, the carrying amount of each entity is determined by allocating the assets and liabilities, including attributable goodwill and intangible assets. An impairment loss is recognized if the recoverable amount of an entity is less than its carrying amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use of a cash-generating unit. The impairment tests to be carried out for fiscal 2014/2015 determine the recoverable amount on the basis of the value in use of the respective cash-generating unit.

The impairment test uses the expected future cash flows on which the medium-term plans of the companies are based; these plans, which cover a period of four years, have been approved by the Executive Board. They are based on historical patterns and expectations about future market development.

For the European and American markets, the key assumptions on which corporate planning is based include assumptions about price trends for seed, in addition to the development of market shares and the regulatory framework. Company-internal projections take the assumptions of industry-specific market analyses and company-related growth perspectives into account.

Due to the change in the KWS Group's debt situation, the discount rate was derived as the weighted average cost of capital (WACC) in fiscal 2014/2015. The discount rate for the cash-generating units is 5.46% after tax. A growth rate of 1.5% (1.5%) has been assumed here beyond the detailed planning horizon in order to allow for extrapolation in line with the expected inflation rate. In the previous year, a standard discount rate of 5.1% (after tax) was assumed to calculate present values.

The impairment tests conducted at the end of fiscal year 2014/2015 confirmed that the existing goodwill is not impaired. Sensitivity analyses were also carried out for all cash-generating units to which goodwill is allocated. In our opinion, realistic changes in the basic assumptions would not result in the need to recognize an impairment loss at any cash-generating unit whose goodwill is significant relative to the total carrying amount of goodwill.

At KWS POTATO B.V., the impairment test revealed the need for a write-down, which was reflected in a reduction in the value of its intangible assets by €3,905 thousand; €2,237 thousand have been allocated to the research and development costs and €1,668 thousand to the selling expenses, since a number of varieties, customer relationships and industrial property rights were relinquished. This value impairment has to be charged to the Sugarbeet Segment. Tests provided evidence that all the other goodwill recognized in the consolidated balance sheet and determined for the cash-generating units is not impaired. Possible changes in the figures reported in the balance sheet result from currency translation at the balance sheet date.

The impairment test for KWS POTATO B.V. in the previous year revealed the need for a write-down, which was reflected by the capitalized goodwill and intangible assets being reduced by €6,326 thousand.

(3) Property, plant, and equipment

Capital expenditure amounted to €96,430 (61,015) thousand and depreciation amounted to €31,445 (26,274) thousand. That includes consolidation-related additions of €12,241 thousand from acquisition of the SOCIETE DE MARTINVAL Group. The Combined Management Report describes the significant capital expenditure.

(4) Equity-accounted financial assets

Equity-accounted joint ventures

The joint ventures AGRELIANT GENETICS LLC., AGRELIANT GENETICS INC. and GENECTIVE S.A., which KWS operates together with its joint venture partner Vilmorin, are recognized at equity. In the year under review, AGRELIANT GENETICS LLC. was classified as a significant joint venture. From the group perspective, AGRELIANT GENETICS INC. and GENECTIVE S.A. were classified as insignificant joint ventures. This also applied to the 49% stake in the SOCIETE DE MARTINVAL Group in the previous year.

The three joint ventures AGRELIANT GENETICS LLC., AGRELIANT GENETICS INC. and GENECTIVE S.A. are operating units. The main business activity of the two joint ventures AGRELIANT GENETICS LLC. and AGRELIANT GENETICS INC. is the production and sale of corn and soy-bean seed in North America. The main activity of the joint venture GENECTIVE S.A. is development of its own traits for genetically improving crops.

The following disclosures on the joint ventures in accordance with IFRS 12.21 (a) and (b) in conjunction with IFRS 12.B12-B13 are only slightly influenced by the insignificant joint ventures. If individual items of the information presented are materially influenced by the insignificant joint ventures, this information is presented separately.

Disclosures on equity-accounted joint ventures (with the partner Vilmorin)

in € thousand	06/30/2015	06/30/2014
Stake in the joint venture	50%	50%
Current assets	318,792	305,270
Thereof cash and cash equivalents	(48,494)	(49,874)
Noncurrent assets	122,992	89,899
Current liabilities	174,974	192,648
Thereof current financial liabilities (excluding trade payables and other liabilities and provisions)	(17,158)	(21,886)
Noncurrent liabilities	2,352	1,870
Net assets (100%)	264,458	200,651
Group share of net assets (50%)	132,229	100,326
Goodwill	13,668	13,668
Carrying amount for the stake in the joint ventures	145,897	113,994
Net sales	570,236	519,944
Depreciation and amortization	10,820	7,179
Net income for the year	44,292	38,262
Other income	42,932	-8,552
Comprehensive income (100%)	87,224	29,710
Comprehensive income (50%)	43,612	14,855
Group share of comprehensive income	43,612	14,855
Dividend payment	23,408	22,536

This also applied to the SOCIETE DE MARTINVAL Group in the previous year.

Disclosures on insignificant equity-accounted joint ventures (Société de Martinval S.A.)

in € thousand	06/30/2014
Stake in the joint venture	49%
Current assets	24,712
Thereof cash and cash equivalents	(15,859)
Noncurrent assets	11,362
Current liabilities	10,944
Thereof current financial liabilities (excluding trade payables and other liabilities and provisions)	(4,835)
Noncurrent liabilities	232
Net assets (100%)	24,898
Group share of net assets (49%)	12,136
Carrying amount for the stake in the joint ventures	12,136
Net sales	21,520
Depreciation and amortization	1,169
Interest income	143
Interest expense	16
Taxes	220
Net income for the year	2,200
Comprehensive income (100%)	2,200
Comprehensive income (49%)	1,078
Group share of comprehensive income	1,078
Dividend payment	10

Equity-accounted associated companies

In the year under review, this relates to our Chinese joint venture KENFENG – KWS SEED CO. LTD., which is included in the KWS Group's consolidated financial statements as an associated company in accordance with the equity method.

The disclosures on insignificant associated companies in accordance with IFRS 12.21 (c) in conjunction with IFRS 12.B16 are as follows:

Disclosures on insignificant equity-accounted associated companies

in € thousand	06/30/2015	06/30/2014
Carrying amount for the stake in insignificant associated companies (aggregated)	7,120	0
Net income for the year	20	0
Other comprehensive income	-495	0
Comprehensive income (100%)	-475	0

(5) Financial assets

Investments in unconsolidated subsidiaries totaling €39 (39) thousand and shares in cooperatives and GmbHs that are of minor significance are reported in principle at their amortized cost totaling €1,871 (1,936) thousand since the fair value cannot be reliably determined. Listed shares are carried at their fair value of €89 (88) thousand. This account also includes other interest-bearing loans totaling €466 (637) thousand.

(6) Noncurrent tax assets

This mainly relates to the present value of the corporate income tax credit balance of the German group companies, which was last determined at December 31, 2006, and has been paid in ten equal annual amounts since September 30, 2008.

(7) Deferred tax assets

Under IAS 12, deferred tax assets are calculated as the difference between the IFRS balance sheet amount and the tax base and on the basis of loss carryforwards. They are reported on a gross basis and total €54,319 (47,935) thousand, of which €6,660 (5,115) thousand will be carried forward for the future use of tax losses.

(8) Inventories and biological assets

Inventories increased by €57,586 thousand, or 43.4%, a figure that includes write-downs of the net realizable value totaling €51,244 (48,230) thousand. Immature biological assets relate to living plants in the process of growing (before harvest). The field inventories of the previous year have been harvested in full and the fields have been newly tilled in the year under review. Public subsidies of €1,443 (1,455) thousand, for which all the requirements were met at the balance sheet date, were granted for the total area under cultivation of 4,246 (4,326) ha and were recognized in income. Future public subsidies depend on the further development of European agricultural policy.

in € thousand	06/30/2015	Previous year
Raw materials and consumables	18,263	15,995
Work in progress	48,921	38,282
Immature biological assets	12,344	12,568
Finished goods	110,806	65,903
	190,334	132,748

(9) Current receivables

in € thousand	06/30/2015	06/30/2014
Trade receivables	309,665	297,780
Current tax assets	57,549	45,265
Other current financial assets	26,758	14,883
Other current assets	11,756	13,305
	405,728	371,233

Trade receivables were €309,665 thousand following €297,780 thousand in the previous year. This amount includes €3,022 (5,695) thousand in receivables from joint ventures.

in € thousand							
	Carrying amount	Of which: neither written down nor overdue on the balance sheet date	Of which: not written down on the balance sheet date and overdue in the following time frames				Of which: written down and overdue on the balance sheet date
			1–90 days	91–180 days	181–360 days	> 360 days	
Balance on 06/30/2015							
Trade receivables	309,665	254,682	45,630	3,442	2,285	0	1,402
Other current financial assets	26,758	21,996	5	1,108	1	134	0
	336,423	276,678	45,635	4,550	2,286	134	1,402
Balance on 06/30/2014							
Trade receivables	297,780	264,771	17,642	1,525	3,364	1,257	3,317
Other current financial assets	14,883	14,282	0	0	1	215	289
	312,663	279,053	17,642	1,525	3,365	1,472	3,606

The already overdue trade receivables that have been partly written down amount to €2,224 (5,904) thousand.

down and are not overdue will not meet their payment obligations.

There are no indications on the balance sheet date that customers who owe trade receivables that have not been written

The following allowances have mainly been made for possible risks of non-payment of trade receivables:

in € thousand	07/01	Addition	Disposal	Reversal	06/30
2014/2015	27,393	7,305	1,219	10,852	22,627
2013/2014	26,999	5,999	747	4,858	27,393

The receivables include an amount of €361 (346) thousand due after more than one year.

(10) Securities

Securities amounting to €66,973 (69,188) thousand relate primarily to short-term liabilities securities and fund shares.

(11) Cash and cash equivalents

Cash of €41,211 (53,076) thousand consists of balances with banks and cash on hand. The cash flow statement explains the change in this item compared with the previous year, together with the change in securities.

(12) Equity

The fully paid-up subscribed capital of KWS SAAT SE is still €19,800 thousand. The no-par bearer shares are certificated by a global certificate for 6,600,000 shares. The company does not hold any shares of its own.

The capital reserves essentially comprise the premium obtained as part of share issues.

The revenue reserves essentially comprise the net income generated in the past by the companies included in the consolidated financial statements, minus dividends paid to shareholders. The differences from currency translation, the reserve for available-for-sale financial assets and the reserve for revaluation of net liabilities/assets from defined benefit plans are also carried here.

Differences from translation of the functional currency of foreign business operations into the currency used by the group in reporting (euro) are essentially carried in the item Adjustments from currency translation. The item Revaluation of net liabilities/assets from defined benefit plans includes the actuarial gains and losses from pensions and other employee benefits.

The tax effects on other comprehensive income are as follows:

Other comprehensive income

in € thousand	2014/2015			2013/2014		
	Before taxes	Tax effect	After taxes	Before taxes	Tax effect	After taxes
Items that may have to be subsequently reclassified as profit or loss	45,606	51	45,657	-19,407	48	-19,359
Revaluation of available-for-sale financial assets	-223	51	-172	-209	48	-161
Currency translation difference for economically independent foreign units	24,606	0	24,606	-14,915	0	-14,915
Currency translation difference from equity-accounted financial assets	21,223	0	21,223	-4,283	0	-4,283
Items not reclassified as profit or loss	-12,945	3,989	-8,956	-8,232	2,354	-5,878
Revaluation of net liabilities/assets from defined benefit plans	-12,945	3,989	-8,956	-8,232	2,354	-5,878
Other comprehensive income	32,661	4,040	36,701	-27,639	2,402	-25,237

The objective of KWS' capital management activities is to pursue the interests of shareholders and employees in accordance with the corporate strategy and earn a reasonable return on investment. One main goal is to retain the trust of investors, lenders and the market so as to strengthen the company's future business development. KWS' capital management activities intend to optimize the average cost of capital. Another goal is a balanced mix of equity and debt capital. Consolidated income (after taxes and minority interests) is €82,712 (77,124) thousand. However, there was a total dividend payout of €19,800 (19,800) thousand in December 2014. Adequate internal financing of further operating business expansion in the long term-term

is ensured by that. Equity increased by €100,949 thousand to €738,718 (637,769) thousand. This figure includes an increase of €45,829 thousand (previous year: decrease of €19,198 thousand) in the reserve for currency translation for foreign subsidiaries and equity-accounted joint ventures and associated companies. Please refer to the statement of changes in equity for further effects not recognized in the income statement.

An important indicator in capital management is the equity ratio. It was 54.5% (54.7%) at June 30, 2015, and thus at a good and solid level. The capital structure is as follows:

Capital structure

in € thousand	06/30/2015	Share of total capital	06/30/2014	Share of total capital
Equity	738,718	54.5%	637,769	54.7%
Long-term financial borrowings	181,783		113,754	
Other noncurrent liabilities	153,092		139,261	
Short-term borrowings	32,283		40,086	
Other current liabilities	249,665		234,099	
Total capital	1,355,541		1,164,969	

The focus in selecting financial instruments is on financing with matching maturities, which is achieved by controlling the maturities. Long-term financial borrowings increased by €68,029 (15,293) thousand. This is mainly due to the increase in long-term financial loans from banks.

(13) Minority interest

The accumulated minority interests in RIBER KWS SE-MENTES S.A. at the balance sheet date were €5,576 (6,078) thousand and are carried under minority interests.

The disclosures on significant minority interests in accordance with IFRS 12.12 in conjunction with IFRS 12.B10 are as follows:

Disclosures on subsidiaries with significant minority interests

in € thousand	Riber KWS Sementes S.A., Patos de Minas, Brazil	
	06/30/2015	06/30/2014
Equity	11,152	12,155
Current assets	69,164	57,857
Noncurrent assets	16,259	20,754
Current liabilities	44,300	49,883
Noncurrent liabilities	29,971	16,573
Net sales	65,804	51,894
Profit/loss	2,525	1,085
Other income	-2,465	-483
Comprehensive income	60	602
Net cash from operating activities	1,446	-6,405
Net cash from investing activities	-2,237	-2,866
Net cash from financing activities	2,868	7,690

The voting rights of minority interests in RIBER KWS SE-
MENTES S.A. total 49.99% (49.99%). Consequently, the
share of minority interests in this company's net income for
the year is €1,263 (543) thousand.

In addition, KWS ARGENTINA S.A., DYNAGRI S.A.R.L.
and RAZES HYBRIDES S.A.R.L. have minority interests,
although these are assessed as being insignificant.

(14) Noncurrent liabilities

Noncurrent liabilities increased by €81,860 thousand. That
is mainly attributable to the increase in long-term financial
borrowings from banks totaling €68,029 thousand.

in € thousand	06/30/2015	06/30/2014
Long-term provisions	110,641	98,951
Long-term borrowings	181,783	113,754
Trade payables	1,600	1,469
Deferred tax liabilities	28,095	26,165
Other noncurrent liabilities	12,756	12,676
	334,875	253,015

The trade payables and other long-term liabilities are due for
payment in between one and five (one and five) years.

Long-term provisions

	06/30/2014	Changes in the consolidated group, currency	Addition	Consumption	Reversal	06/30/2015
Pension provisions	89,834	-56	16,437	4,014	0	102,201
Tax provisions	2,018	97	706	1,429	0	1,392
Other provisions	7,099	-379	871	530	13	7,048
	98,951	-338	18,014	5,973	13	110,641

The pension provisions are based on defined benefit ob-
ligations, determined by years of service and pensionable
compensation. They are measured using the projected unit
credit method under IAS 19 (2011), on the basis of assump-
tions about future developments. The assumptions in detail
are that wages and salaries in Germany will increase by

3.00% (3.00%) annually and abroad by 3.75% (3.75%) annu-
ally. An annual increase in pensions of 2.00% (2.00%) is as-
sumed. The discount rate in Germany was 2.50% compared
with 2.90% the year before and averaged 4.60% abroad fol-
lowing 4.40% the previous year.

The following mortality tables were used at June 30, 2015:

- In Germany: The 2005G mortality table of Klaus Heubeck
- Abroad: RP-2000 Mortality Table Scale AA

A retirement age of 63 years is imputed for Germany, whereas a retirement age of 65 years is imputed for the U.S.

Nature and scope of the pension benefits

In Germany

The following benefits are provided under a company agreement relating to the company retirement pension program:

- An old-age pension at the age of 65
- An early retirement pension before the age of 65, coupled with benefits from the early retirement pension from the statutory pension insurance program
- An invalidity pension for persons who suffer from occupational disability or incapacity to work as defined by the statutory pension insurance program
- A widow's or widower's pension

For benefit obligations backed by a guarantee by an insurance company toward three former members of the Executive Board, the planned assets of €9,446 (9,275) thousand correspond to the present value of the obligation. In accordance with IAS 19 (2011), the pension commitments are netted off against the corresponding assets (planned assets).

Abroad

The defined benefit obligations abroad mainly relate to pension commitments in the U.S. Share funds and bonds were mainly invested in to cover them. All employees who have reached the age of 21 are entitled to benefits. In addition, each employee must have worked at least one year and at least 1,000 working hours to earn an entitlement.

The following benefits are granted from the pension plan:

- An old-age pension at the age of 65
- An early retirement pension before the age of 65 – to be eligible, the employee must be at least 55 and the minimum vesting period must be five years
- A pro-rata pension if the employee reaches the minimum vesting period of five years, but is below 55

The pension plans are mainly subject to the following risks:

Investment and return

The present value of the defined benefit obligation from the pension plan is calculated using a discount rate defined on the basis of the returns on high-quality fixed-income corporate bonds. If the income from the planned assets is below this rate of interest, the result is a shortfall in the plan. The corporate bonds and share funds are chosen to ensure risk diversification and managed by an external fund manager.

Change in interest rates

The fall in the returns on corporate bonds and thus the discount rate will result in an increase in the obligations, which is only partly compensated for by a change in the value of the planned assets.

Life expectancy

The present value of the defined benefit obligation from the plan is calculated on the basis of the best-possible estimate using mortality tables. An increase in the life expectancy of the entitled employees results in an increase in the plan liabilities.

Wage increases

The present value of the defined benefit obligation from the plan is calculated on the basis of future salaries. Consequently, increases in the salary of the entitled employees results in an increase in the plan liabilities.

In previous years, KWS countered the usual risks of direct obligations by converting the pension obligations from defined benefit to defined contribution plans. As a result, subsequent benefits will be provided by a provident fund backed by a guarantee. The existing obligations, which are partly covered

by planned assets, are funded from the operating cash flow and are subject to the familiar measurement risks.

The tables below show the changes in the accrued benefit and planned assets:

Changes in accrued benefit entitlements

	2014/2015			2013/2014		
	Germany	Abroad	Total	Germany	Abroad	Total
Accrued benefit entitlements from retirement obligations on July 1	95,942	13,865	109,807	88,122	11,948	100,070
Service cost	691	689	1,380	647	1,418	2,065
Interest expense	2,713	671	3,384	3,003	528	3,531
Actuarial gains (-)/losses (+)	12,402	986	13,388	8,691	1,218	9,909
of which due to a change in financial assumptions used for calculation	12,010	747	12,757	7,712	1,058	8,770
of which due to experience adjustments	392	239	631	979	160	1,139
Pension payments made	-4,911	-678	-5,589	-4,521	-837	-5,358
Exchange rate changes		2,365	2,365		18	18
Other changes in value		510	510		-428	-428
Accrued benefit entitlements from retirement obligations on June 30	106,837	18,408	125,245	95,942	13,865	109,807

Change in planned assets

	2014/2015			2013/2014		
	Germany	Abroad	Total	Germany	Abroad	Total
Fair value of the planned assets on July 1	9,275	10,698	19,973	9,058	9,500	18,558
Interest income	260	603	863	307	450	757
Income from planned assets excluding amounts already recognized as interest income	491	-47	444	490	1,136	1,626
Pension payments made	-580	-485	-1,065	-580	-388	-968
Exchange rate changes		2,309	2,309		0	0
Other changes in value		520	520		0	0
Fair value of the planned assets on June 30	9,446	13,598	23,044	9,275	10,698	19,973

In order to allow reconciliation with the figures in the balance sheet, the accrued benefit must be netted off with the planned assets.

Reconciliation with the balance sheet values for pensions

	06/30/2015			06/30/2014		
	Germany	Abroad	Total	Germany	Abroad	Total
Accrued benefit entitlements from retirement obligations on June 30	106,837	18,408	125,245	95,942	13,865	109,807
Fair value of the planned assets on June 30	9,446	13,598	23,044	9,275	10,698	19,973
Balance sheet values on June 30	97,391	4,810	102,201	86,667	3,167	89,834
of which pension provisions	106,837	18,408	125,245	95,942	13,865	109,807
of which planned assets	9,446	13,598	23,044	9,275	10,698	19,973

The following amounts were recognized in the statement of comprehensive income:

Effects on the statement of comprehensive income

	2014/2015			2013/2014		
	Germany	Abroad	Total	Germany	Abroad	Total
Service cost	691	698	1,389	647	1,418	2,065
Net interest expense (+)/income (-)	2,452	68	2,520	2,697	77	2,774
Amounts recognized in the income statement	3,143	766	3,909	3,344	1,495	4,839
Gains (-)/losses (+) from revaluation of the planned assets (excluding amounts already recognized as interest income)	-491	47	-444	-490	-1,136	-1,626
Actuarial gains (-)/losses (+) due to a change in financial assumptions used for calculation	12,011	747	12,758	7,712	1,007	8,719
Actuarial gains (-)/losses (+) due to experience adjustments	392	239	631	979	160	1,139
Amounts recognized in other comprehensive income	11,912	1,033	12,945	8,201	31	8,232
Total (amounts recognized in the statement of comprehensive income)	15,055	1,799	16,854	11,545	1,526	13,071

The service cost is recognized in operating income in the respective functional areas by means of an appropriate formula. Net interest expenses and income are carried in the interest result.

The fair value of the planned assets was split over the following investment categories:

Breakdown of the planned assets by investment category

in € thousand	06/30/2015			06/30/2014		
	Germany	Abroad	Total	Germany	Abroad	Total
Corporate bonds		3,646	3,646		3,043	3,043
Equity funds		9,071	9,071		7,173	7,173
Consumer industry		2,010			1,722	
Finance		1,068			889	
Industry		698			746	
Technology		1,396			1,169	
Healthcare		1,337			1,040	
Other		2,562			1,607	
Cash and cash equivalents		881	881		482	482
Reinsurance policies	9,446		9,446	9,275		9,275
Planned assets on June 30	9,446	13,598	23,044	9,275	10,698	19,973

The planned assets abroad relate solely to the U.S.

There is no active market for the reinsurance policies in Germany. There is an active market for the other planned assets: the fair value can be derived from their stock market prices. 82.0% (83.8%) of the corporate bonds and the cash and cash equivalents have a AAA rating.

The following sensitivity analysis at June 30, 2015, shows how the present value of the obligation would change given a change in the actuarial assumptions. No correlations between the individual assumptions were taken into account in this, i.e. if an assumption varies, the other assumptions were kept constant. The projected unit credit method used to calculate the balance sheet values was also used in the sensitivity analysis.

Sensitivity analysis

in € thousand	Effect on obligation in 2014/2015			Effect on obligation in 2013/2014		
	Change in assumption	Decrease	Increase	Change in assumption	Decrease	Increase
Discount rate	+/- 100 basis points	21,889	-17,286	+/- 100 basis points	17,602	-13,852
Anticipated annual pay increases	+/- 50 basis points	-915	991	+/- 50 basis points	-508	533
Anticipated annual pension increase	+/- 25 basis points	-3,848	3,991	+/- 25 basis points	-2,471	2,578
Life expectancy	+/- 1 year	-4,489	4,563	+/- 1 year	-3,006	3,067

The following undiscounted payments for pensions (with their due dates) are expected in the following years:

Anticipated payments for pensions

in € thousand	2014/2015		
	Germany	Abroad	Total
2015/2016	5,050	535	5,585
2016/2017	4,948	594	5,542
2017/2018	4,909	623	5,532
2018/2019	4,864	751	5,615
2019/2020	4,986	756	5,742
2020/2021–2024/2025	24,425	4,713	29,138

The weighted average time at which the pension obligations are due is 15.2 (14.9) years in Germany and 16.0 (15.5) years abroad.

Apart from the above-described pension obligations, there are other old-age pension systems. However, no provisions have to be set up for them, since there are no further obligations

Anticipated payments for pensions

in € thousand	2013/2014		
	Germany	Abroad	Total
2014/2015	4,784	408	5,192
2015/2016	4,681	419	5,100
2016/2017	4,595	436	5,031
2017/2018	4,577	488	5,065
2018/2019	4,566	539	5,105
2019/2020–2023/2024	23,260	3,224	26,484

above and beyond payment of the contributions (defined contribution plans). These comprise benefits that are funded solely by the employer and allowances for conversion of earnings by employees.

The total pension costs for fiscal 2014/2015 were as follows:

Pension costs

in € thousand	2014/2015			2013/2014		
	Germany	Abroad	Total	Germany	Abroad	Total
Cost for defined contribution plans	2,070	1,095	3,165	1,728	849	2,577
Service cost for the defined benefit obligations	691	698	1,389	647	1,418	2,065
Pension costs	2,761	1,793	4,554	2,375	2,267	4,642

In addition, contributions of €12,947 (11,676) thousand were paid to statutory pension insurance institutions.

The costs for defined contribution plans in Germany mainly related to the provident fund backed by a guarantee. The contributions to this pension plan were €1,649 (1,330) thousand. The return and income from the planned assets depend on the reinsurance policy, which yields guaranteed

interest of between 1.75% and 2.25%. In addition, the benefit obligation from salary conversion was backed by a guarantee that exactly matches the present value of the obligation of €4,048 (3,709) thousand (defined contribution plan).

The long-term financial borrowings include loans from banks amounting to €152,534 (79,056) thousand. They have remaining maturities through 2017.

Under IAS 12, deferred tax liabilities are calculated as the difference between the IFRS balance sheet amount and the tax base. They are reported on a gross basis and total

€28,095 (26,165) thousand. The composition of the deferred tax liabilities is explained in more detail under (24) Taxes.

(15) Current liabilities

in € thousand	06/30/2015	06/30/2014
Short-term provisions	87,355	74,825
Current liabilities to banks	31,857	39,537
Current financial liabilities to affiliates	308	301
Other current financial liabilities	118	248
Short-term borrowings	32,283	40,086
Trade payables to affiliates	1,108	129
Other trade payables	58,550	56,692
Trade payables	59,658	56,821
Tax liabilities	30,111	35,426
Other current financial liabilities	15,952	11,617
Other current liabilities	56,589	55,410
	281,948	274,185

Short-term provisions

in € thousand	06/30/2014	Changes in the consolidated group, currency	Addition	Consumption	Reversal	06/30/2015
Obligations from sales transactions	59,577	4,462	70,333	58,000	3,220	73,152
Obligations from purchase transactions	9,068	103	3,439	4,119	3,096	5,395
Other obligations	6,180	283	4,648	2,204	99	8,808
	74,825	4,848	78,420	64,323	6,415	87,355

The obligations from sales transactions essentially relate to provisions for licenses and returns. The obligations from purchase transactions include provisions for procurement transactions, such as compensation for breeding areas. The other obligations relate to litigation risks and other provisions that cannot be assigned to the group of sales transactions or the group of purchase transactions.

The tax liabilities of €30,111 (35,426) thousand include amounts for the year under review and the period not yet concluded by the external tax audit.

(16) Derivative financial instruments

in € thousand	06/30/2015			06/30/2014		
	Nominal volume	Carrying amounts	Fair value	Nominal volume	Carrying amounts	Fair value
Currency hedges	95,003	1,182	1,182	52,873	272	272
Interest-rate hedges	34,000	-130	-130	54,500	26	26
Commodity hedges	148	0	0	0	0	0
Total	129,151	1,052	1,052	107,373	298	298

Of the currency hedges, hedges with a nominal volume of €89,248 (48,465) thousand have a remaining maturity of less than one year and hedges with a nominal volume of €5,755 (4,408) thousand have a remaining maturity of between one and five years. Of the interest-rate derivatives, hedges with a nominal volume of €19,000 (39,500) thousand will mature within one year and hedges with a nominal value of €15,000 (15,000) thousand will mature in more than five years. The commodity hedges have remaining maturities of less than one (one) year.

(17) Financial instruments

In general, the fair values of financial assets and liabilities are calculated on the basis of the market data available on the balance sheet date and are assigned to one of the three hierarchy levels in accordance with IFRS 13. The principal market, i.e. the market with the largest volume of trading and the greatest business activity, is used to calculate the fair value. If this market does not exist for the asset

or liabilities in question, the market that maximizes the amount that would be received to sell the asset or minimizes the amount that would be paid to transfer the liability, after taking into account transaction costs, is used. These are active and accessible markets for identical assets and liabilities, where the fair value results from quoted prices that are observable (level 1 input factors). At the KWS Group, this relates to securities in the category “available-for-sale financial assets”, as well as fund shares at banks and other financial assets whose price is likewise quoted in active markets.

The level 2 input factors relate to derivative financial instruments that have been concluded between KWS companies and banks. The prices can thus be derived indirectly from active market prices for similar assets and liabilities. The level 3 input factors cannot be derived from observable market information.

The carrying amounts and fair values of the financial assets (financial instruments), split into the measurement categories in accordance with IAS 39, are as follows:

06/30/2015

in € thousand	Financial instruments				
	Fair Values	Carrying amounts			
		Loans and receivables	Financial assets held for trading	Available-for-sale financial assets	Total carrying amount
Financial assets					
Financial assets	2,465	0	0	2,465	2,465
Trade receivables	309,665	309,665	0	0	309,665
Securities	66,973	0	0	66,973	66,973
Cash and cash equivalents	41,211	41,211	0	0	41,211
Other current financial assets	26,758	23,756	3,002	0	26,758
of which derivative financial instruments	(3,002)	(0)	(3,002)	(0)	(3,002)
Total	447,072	374,632	3,002	69,438	447,072

06/30/2014

in € thousand	Financial instruments				
	Fair Values	Carrying amounts			
		Loans and receivables	Financial assets held for trading	Available-for-sale financial assets	Total carrying amount
Financial assets					
Financial assets	2,700	0	0	2,700	2,700
Trade receivables	297,780	297,780	0	0	297,780
Securities	69,188	0	0	69,188	69,188
Cash and cash equivalents	53,076	53,076	0	0	53,076
Other current financial assets	14,883	14,004	879	0	14,883
of which derivative financial instruments	(879)	(0)	(879)	(0)	(879)
Total	437,627	364,860	879	71,888	437,627

The fair value of financial assets (equity instruments) measured at amortized costs cannot be reliably determined because there are no active markets. These assets relate to shares in unconsolidated subsidiaries and associated companies. It is assumed that the carrying amounts are the same as the fair values. In addition, the financial assets include securities classified as noncurrent assets, whose fair value is measured by their prices on the stock market (level 1).

The fair value of trade receivables, other current financial assets and cash and cash equivalents is the same as the carrying amounts as a result of the short time in which these instruments are due.

The fair values of securities classified as current assets are based on the price for them quoted on active markets (level 1). The fair value of derivative financial instruments is the present values of the payments related to these balance sheet items. These instruments are mainly forward exchange deals. They are measured on the basis of quoted exchange rates and yield curves available from the market data and allowing for counterparty risks (level 2).

The carrying amounts and fair values of the financial liabilities (financial instruments), split into the measurement categories in accordance with IAS 39, are as follows:

06/30/2015

in € thousand	Financial instruments				
	Fair Values	Carrying amounts			
		Financial liabilities measured at amortized cost	Financial liabilities held for trading	Disclosure in acc. with IFRS 7	Total carrying amount
Financial liabilities					
Long-term borrowings	183,428	152,534	0	29,249	181,783
of which outstanding purchase price obligations for consolidated subsidiaries	(29,249)	(0)	(0)	(29,249)	(29,249)
Long-term trade payables	1,600	1,600	0	0	1,600
Short-term borrowings	32,283	32,283	0	0	32,283
Short-term trade payables	59,658	59,658	0	0	59,658
Other current financial liabilities	15,952	14,003	1,949	0	15,952
of which derivative financial instruments	(1,949)	(0)	(1,949)	(0)	(1,949)
Total	292,921	260,078	1,949	29,249	291,276

06/30/2014

in € thousand	Financial instruments				
	Fair Values			Carrying amounts	
		Financial liabilities measured at amortized cost	Financial liabilities held for trading	Disclosure in acc. with IFRS 7	Total carrying amount
Financial liabilities					
Long-term borrowings	114,224	79,056	0	34,698	113,754
of which outstanding purchase price obligations for consolidated subsidiaries	(34,698)	(0)	(0)	(34,698)	(34,698)
Long-term trade payables	1,469	1,469	0	0	1,469
Short-term borrowings	40,086	40,086	0	0	40,086
Short-term trade payables	56,821	56,821	0	0	56,821
Other current financial liabilities	11,617	11,036	581	0	11,617
of which derivative financial instruments	(581)	(0)	(581)	(0)	(581)
Total	224,217	188,468	581	34,698	223,747

The fair value of long-term borrowings was calculated on the basis of discounted cash flows. To enable that, interest rates for comparable transactions and yield curves were used (level 2).

The outstanding purchase price obligation for consolidated subsidiaries must be carried at the present value of the anticipated future purchase price payments for minority interests. This is derived from the anticipated operating income of the subsidiary and a risk-adjusted discount rate (level 3).

Due to the mainly short times in which trade payables and other financial liabilities (excluding derivatives) are due by, it is assumed that their carrying amounts are equal to the fair value.

The method of calculating the fair values of derivative financial instruments has been presented above under the comments on financial assets.

None of the reported financial instruments will be held to maturity.

The table below shows the financial assets and liabilities measured at fair value:

in € thousand	06/30/2015				06/30/2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivative financial instruments not part of a hedge under IAS 39	0	3,002	0	3,002	0	879	0	879
Available-for-sale financial assets	69,104	0	0	69,104	71,443	0	0	71,443
Financial assets	69,104	3,002	0	72,106	71,443	879	0	72,322
Derivative financial instruments not part of a hedge under IAS 39	0	1,949	0	1,949	0	581	0	581
Financial liabilities	0	1,949	0	1,949	0	581	0	581

The derivative financial instruments mainly consists of forward exchange deals, whose fair value is derived from the forward exchange rates and the use of option pricing models (level 2).

The table below presents the net gains/losses carried in the income statement for financial instruments in each measurement category:

in € thousand	06/30/2015	06/30/2014
Available-for-sale financial assets	141	119
Financial assets held for trading	2,141	81
Loans and receivables	3,854	-1,080
Financial liabilities measured at amortized cost	-10,644	-10,688
Financial liabilities held for trading	-1,471	314

The net income from available-for-sale financial assets essentially includes income from equity investments in cooperatives.

The net gains from financial assets held for trading and financial liabilities held for trading solely comprise changes in the market value of derivative financial instruments.

The net gain/loss from loans and receivables mainly includes effects from changes in the allowances for impairment.

The net losses from financial liabilities measured at amortized cost result mainly from interest expense.

Interest income from financial assets that are not measured at fair value and recognized in the income statement was €1,480 (1,583) thousand. Interest expenses for financial borrowings were €10,644 (10,688) thousand.

In order to control the credit risk resulting from receivables from customers, a regular creditworthiness analysis is conducted by the responsible Credit Manager in accordance with the credit volume. Security is available for some of these receivables and is used depending on the local circumstances. This includes in particular credit insurance, down payments and guarantees. In general, reservation of ownership of goods is agreed with our customers. Credit limits are defined for all customers. Credit risks from

financial transactions are controlled centrally by Corporate Finance/Treasury. In order to minimize risks, financial transactions are exclusively conducted within defined limits with banks and partners who always have an investment grade. Compliance with the risk limits is constantly monitored. The limits are adjusted depending on the credit volume only subject to the approval of the regional or divisional management and the Executive Board.

Liquidity is managed in the euro zone by the central Treasury unit using a cash pooling system. Liquidity requirements are generally determined by means of cash planning and are covered by cash and promised credit lines. In order to finance acquisition of the shares in KWS LOCHOW GMBH and the SOCIETE DE MARTINVAL Group, KWS SAAT SE issued a borrower's note loan with a volume of €100 million in September 2014. As part of that, €19.5 million of the existing borrower's note loan from 2012 was repaid.

There are unutilized credit lines totaling €222 million. A syndicated loan of €200 million was renegotiated in October 2014. It runs until October 2019, with the option of extending it up to October 2021. Unlike the old loan, the new agreement only contains one financial covenant. In the case of financial covenants, the dynamic gearing ratio is used as a financial indicator. Compliance with the covenants is regularly reviewed by KWS SAAT SE's Treasury unit and reported to the banks every quarter in connection with the quarterly and annual financial statements.

The table below shows the KWS Group's liquidity analysis for non-derivative and derivative financial liabilities. The table is based on contractually agreed, undiscounted payment flows:

in € thousand	Book value	Cash flows			
Liquidity analysis of financial liabilities	06/30/2015	06/30/2015 Total	Due in < 1 year	Due in > 1 year and < 5 years	Due in > 5 years
Financial liabilities	214,066	197,425	42,285	98,814	56,326
Trade payables	61,258	61,258	59,658	1,189	411
Other financial liabilities	14,003	14,003	14,003		
Non-derivative financial liabilities	289,327	272,686	115,946	100,003	56,737
Payment claim		40,134	39,868	266	
Payment obligation		43,812	43,168	644	
Derivative financial liabilities	1,949	3,678	3,300	378	

in € thousand	Book value	Cash flows			
Liquidity analysis of financial liabilities	06/30/2014	06/30/2014 Total	Due in < 1 year	Due in > 1 year and < 5 years	Due in > 5 years
Financial liabilities	153,840	185,894	60,611	125,090	193
Trade payables	58,290	58,290	56,821	1,146	323
Other financial liabilities	11,036	11,036	11,036		
Non-derivative financial liabilities	223,166	255,221	128,468	126,237	516
Payment claim		22,531	22,531		
Payment obligation		23,221	23,221		
Derivative financial liabilities	581	690	690		

The cash flows of the derivative financial liabilities mainly relate to forward exchange deals and include both interest payments and redemption payments. These derivative financial instruments are settled in gross.

The following sensitivity analyses show the impact on income and equity. The calculated figures relate to the portfolio at the balance sheet date and show the hypothetical effect for one year.

After the euro, the US dollar is the most important currency in the KWS Group. All other currencies are of minor importance. The average exchange rate in the fiscal year was 1.19 (1.36) USD/€. If the US dollar depreciated by 10%, the financial instruments would be worth €233 (170) thousand. If the US dollar appreciated by 10%, the financial instruments would have a value of €285 (208) thousand. The net income for the year and equity would change accordingly.

Due to seasonally related fluctuations in borrowing requirements, the impact of changes in market interest rates is calculated across the board on the basis of the current interest result.

In order to assess the risk of interest rate changes, the sensitivity of interest rates to fluctuations was determined. The average rate of interest in the fiscal year was 0.16% (0.26%). An increase in the rate of interest of 1 percentage point would add a further €0.1 million to the interest result (previous year: increase of €0.2 million); equity would improve by €0.1 million (previous year: an improvement of €0.1 million). A reduction in the rate of interest to 0 percentage points would add a further €1.1 (1.3) million to the interest result. Equity would increase by €+0.7 (+0.8) million in the event of such a change in the rate of interest.

The Management Report addresses possible risks resulting from agreements regarding financial dependencies.

(18) Contingent liabilities

As in the previous year, there are no contingent liabilities to report at the balance sheet date.

(19) Other financial obligations

There was a €11,875 (9,815) thousand obligation from uncompleted capital expenditure projects, mainly relating to property, plant, and equipment. The largest item is the obligations from investment in the new office and research building in Einbeck totaling €1.2 million.

Obligations under rental agreements and leases

in € thousand	06/30/2015	06/30/2014
Due within one year	15,063	14,038
Due between 1 and 5 years	20,788	18,303
Due after 5 years	7,530	6,939
	43,381	39,280

The leases relate primarily to full-service agreements for IT equipment and fleet vehicles, which also include services for which a total of €4,544 (1,300) thousand was paid in the

year under review. The main leasehold obligations relate to land under cultivation.

5. Notes to the income statement

Income statement

in € millions	2014/2015	% of sales	Previous year	% of sales
Net sales	986.0	100.0	923.5	100.0
Cost of sales	453.5	46.0	429.3	46.5
Gross profit on sales	532.5	54.0	494.2	53.5
Selling expenses	189.0	19.2	170.0	18.4
Research and development expenses	174.6	17.7	149.4	16.2
General and administrative expenses	74.8	7.6	71.9	7.8
Other operating income	88.0	8.9	58.2	6.3
Other operating expenses	68.7	7.0	42.8	4.6
Operating income	113.4	11.5	118.3	12.8
Net financial income/expenses	16.7	1.7	7.5	0.8
Result of ordinary activities	130.1	13.2	125.8	13.6
Taxes	46.1	4.7	45.5	4.9
Net income for the year	84.0	8.5	80.3	8.7
Share of minority interest	1.3	0.1	3.2	0.3
Net income after minority interest	82.7	8.4	77.1	8.3

(20) Net sales and function costs

By product category

in € thousand	2014/2015	Previous year
Certified seed sales	877,494	821,673
Royalties income	72,626	64,435
Basic seed sales	14,318	14,698
Services fee income	780	684
Other sales	20,797	21,991
	986,015	923,481

By region

in € thousand	2014/2015	Previous year
Germany	223,885	225,149
Europe	441,526	435,508
North and South America	254,709	205,600
Rest of world	65,895	57,224
	986,015	923,481

The other sales include net sales from barter transactions totaling €571 (774) thousand.

For further details of sales, see segment reporting. Sales are recognized when the agreed goods or services have been supplied and risk and title pass to the buyer. Any rebates or discounts are taken into account.

The **cost of sales** increased by 5.6% to €453,498 (429,272) thousand, or 46.0% (46.5%) of sales. The total cost of goods sold was €272,836 (269,012) thousand.

Allowances on inventories totaling €1,755 thousand more (previous year: lower by €226 thousand) were required. The allowances were lower by €1,065 thousand for the Cereals Segment (previous year: lower by €181 thousand), while they were lower by €1,750 thousand for the Corn Segment (previous year: higher by €1,042 thousand). Additional allowances

totaling €2,440 thousand were required in the Sugarbeet Segment (previous year: lower by €1,087 thousand).

The €18,967 thousand increase in **selling expenses** to €188,991 (170,024) thousand is attributable to the creation and expansion of distribution structures. This is 19.2% of net sales, up from 18.4% the year before.

Research and development is recognized as an expense in the year it is incurred; in the year under review, this amounted to €174,627 (149,382) thousand. Development costs for new varieties are not recognized as an asset because evidence of future economic benefit can only be provided after the variety has been officially certified.

General and administrative expenses increased by €2,890 thousand to €74,756 thousand, representing 7.6% of sales, after 7.8% the year before.

(21) Other operating income

in € thousand	2014/2015	Previous year
Income from sales of fixed assets	877	333
Income from the reversal of provisions	6,427	15,638
Exchange rate gains and gains from currency and interest rate hedges	36,640	13,512
Income from reversal of allowances on receivables	10,852	4,858
Performance-based public grants	4,845	5,454
Income relating to previous periods	8,227	6,315
Income from loss compensation received	862	191
Miscellaneous other operating income	19,230	11,806
	87,960	58,107

The other operating income mainly comprises foreign exchange gains and income from interest rate hedges, as

well as income from the reversal of provisions and miscellaneous other operating income.

(22) Other operating expenses

in € thousand	2014/2015	Previous year
Legal form expenses	1,712	1,056
Allowances on receivables	8,478	7,520
Counterparty default	8	392
Exchange rate losses and losses on currency and interest rate hedges	44,304	22,285
Losses from sales of fixed assets	717	241
Expenses relating to previous periods	1,199	1,098
Expense from remeasurement of intangible assets	238	2,366
Other expenses	12,030	7,819
	68,686	42,777

In the year under review, allowances for receivables of €5,636 (3,144) thousand were recognized as an expense at the Corn Segment, €2,591 (4,242) thousand at the

Sugarbeet Segment, €251 (70) thousand at the Cereals Segment and €0 (64) thousand at the Corporate Segment.

(23) Net financial income/expenses

in € thousand	2014/2015	Previous year
Interest income	1,480	1,598
Interest expenses	9,709	11,471
Income from other financial assets	141	119
Write-down on securities	9	0
Interest effects from pension provisions	2,518	2,762
Interest expense for other long-term provisions	158	192
Financial lease interest expense	7	3
Interest result	-10,780	-12,711
Result from equity-accounted financial assets	23,747	20,208
Gain from remeasurement of the existing shares in Soci�ete de Martinval S.A.	3,722	0
Net income from equity investments	27,469	20,208
Net financial income/expenses	16,689	7,497

Net income from equity investments increased to €27,469 (20,208) thousand, largely due to improved income from equity-accounted financial assets totaling €23,747 (20,208) thousand and gains from remeasurement of the existing shares in SOCIETE DE MARTINVAL S.A. totaling €3,722 (0) thousand. Together with an

interest result of € -10,780 (-12,711) thousand, **net financial income/expenses** rose by €9,192 thousand to €16,689 (7,497) thousand. The interest effects from pension provisions comprise interest expenses (compounding) and the planned income.

(24) Taxes

Income tax expense is computed as follows:

in € thousand	2014/2015	Previous year
Income taxes, Germany	15,723	15,824
Income taxes, other countries	36,231	34,289
Current expenses from income taxes	51,954	50,113
Thereof from previous years	(294)	(-6,829)
Deferred taxes, Germany	-634	-111
Deferred taxes, other countries	-5,262	-4,514
Deferred tax income/expense	-5,896	-4,625
Reported income tax expense	46,058	45,488

Adjusted for tax relating to previous periods, KWS pays tax in Germany at a rate of 29.1%. Corporate income tax of 15.0% (15.0%) and solidarity tax of 5.5% (5.5%) are applied uniformly to distributed and retained profits. In addition, municipal trade tax is payable on profits generated in Germany. Trade income tax is applied at a weighted average rate of 13.3% (13.3%), resulting in a total tax rate of 29.1% (29.1%).

The “Law on Tax Measures Accompanying Introduction of the Societas Europaea and Amending Further Tax Regulations” (SEStEG), which was passed at the end of 2006, means that the corporate income tax credit balance at December 31, 2006, can be realized. It will be paid out in ten equal annual amounts from 2008 to 2017. The German Group companies carried these claims as assets at their

present value totaling €3,702 (4,933) thousand at June 30, 2015. €1,235 (1,235) thousand was recovered in the year under review and recognized directly in equity.

Under German tax law, both German and foreign dividends are 95% tax exempt.

The profits generated by Group companies outside Germany are taxed at the rates applicable in the country in which they are based.

For the German Group companies, deferred tax was calculated at 29.1% (29.1%). For foreign Group companies, deferred tax was calculated using the tax rates applicable in the country in which they are based.

Deferred taxes result from the following:

in € thousand	Deferred tax assets			Deferred tax liabilities		
	2014/2015	Previous year	Change	2014/2015	Previous year	Change
Intangible assets	273	12	261	8,118	9,431	-1,313
Biological assets	0	0	0	36	33	3
Property, plant and equipment	515	284	231	15,375	13,886	1,489
Financial assets	1,655	1,529	126	1	634	-633
Inventories	9,645	9,527	118	187	166	21
Current assets	4,760	2,351	2,409	3,363	1,139	2,224
Noncurrent liabilities	18,145	14,327	3,818	954	888	66
Current liabilities	11,547	14,404	-2,857	87	16	71
Tax loss carryforward	6,660	5,115	1,545	0	0	0
Other consolidation transactions	1,119	386	733	10	5	5
Deferred taxes recognized	54,319	47,935	6,384	28,095	26,165	1,930

The other income includes exchange rate-related changes to the deferred taxes of €54 (-735) thousand, which were directly credited to equity, without recognition in profit or loss.

The deferred taxes from temporary differences recognized in the income statement changed as follows:

Deferred tax expense/income per balance sheet item

in € thousand	Recognized in the income statement	
	2014/2015	Previous year
Temporary differences from:		
Intangible assets	5,012	3,038
Property, plant and equipment	-74	206
Financial assets	953	-1,005
Inventories	-315	-123
Current assets	752	-2,088
Noncurrent liabilities	-39	1,673
Current liabilities	-3,111	-698
Tax loss carryforward	2,664	3,784
Other	725	58
	6,567	4,845

Deferred tax assets totaling €1,308 thousand were written down and recognized in the income statement, while deferred tax assets totaling €56 thousand were written down and not recognized in the income statement. Deferred taxes due to tax loss carryforwards totaling €289 thousand were recognized in the income statement.

In the year under review, there were surpluses of deferred tax assets from temporary differences and loss carryforwards totaling €9,506 (7,430) thousand at group companies

that made losses in the past period or the previous period. These were considered recoverable, since it is assumed that the companies in question will post taxable profits in the future.

The following schedule reconciles the expected income tax expense to the reported income tax expense. The calculation assumes an expected tax expense, applying the German tax rate to the profit before tax of the entire Group:

in € thousand	2014/2015	Previous year
Earnings before income taxes	130,106	125,764
Expected income tax expense ¹	37,861	36,597
Difference in income tax liability outside Germany	4,228	13,573
Tax portion for:		
Tax-free income	-2,989	110
Expenses not deductible for tax purposes	6,654	2,600
Temporary differences and losses for which no deferred taxes have been recognized	0	143
Tax credits	-313	-2
Taxes relating to previous years	294	-6,829
Other tax effects	323	-704
Reported income tax expense	46,058	45,488
Effective tax rate	35.4%	36.2%

¹ Tax rate in Germany: 29.1%

This increase in the effective tax rate in the year under review compared with the tax rate of 29.1% in Germany was due to strong income growth in countries with higher tax rates and tax effects on non-deductible expenses.

Other taxes, primarily real estate tax, are allocated to the relevant functions.

(25) Personnel costs/employees

in € thousand	2014/2015	Previous year
Wages and salaries	176,088	152,751
Social security contributions, expenses for pension plans and benefits	40,785	37,178
	216,873	189,929

Personnel costs went up by €26,944 thousand to €216,873 thousand, an increase of 14.2%. The number of employees increased by 541 to 4,691, or by 13.0%.

Compensation increased by 15.3% from €152,751 thousand in the previous year to €176,088 thousand. **Social security contributions, expenses for pension plans and benefits** were €3,607 thousand higher than in the previous year.

Employees ¹

	2014/2015	Previous year
Germany	1,868	1,763
Rest of Europe (without Germany)	1,401	1,163
North and South America	1,234	1,073
Rest of world	188	151
Total	4,691	4,150

¹ Annual average

Acquisition of the remaining shares in the SOCIETE DE MARTINVAL Group meant that its headcount was included in full in the figures this year. If our joint ventures are included proportionately, the headcount is 5,322 (4,847). The reported number of employees is greatly influenced by seasonal labor.

(26) Share-based payment

Employee Stock Program

KWS has established a stock program for employees. All employees who have been with the company for at least one year without interruption and have a permanent employment relationship that has not been terminated at a KWS Group company that participates in the program are eligible to take part. That also includes employees who are on maternity leave or parental leave or who are in semi-retirement.

Each employee can acquire up to 500 shares. A bonus of 20% is deducted from the purchase price, which depends on the price applicable on the key date. The shares are subject to a lock-up period of four years beginning when they are posted to the employee's securities account. The right to a dividend, if KWS SAAT SE pays one out, exists during the lock-up period. Holders can also exercise their right to participate in the Annual Shareholders' Meeting during the lock-up period. They can dispose freely of the shares after the lock-up period.

9,878 (11,028) shares were repurchased for the Employee Stock Program at a total price of €2,684 (2,834) thousand in the year under review.

Long-term incentive (LTI)

The stock-based compensation plans awarded at the KWS Group are recognized in accordance with IFRS 2 "Share-based Payment". The incentive program, which was launched in fiscal 2009/2010, involves stock-based payment transactions with cash compensation, which are measured at fair value at every balance sheet date. Members of the Executive Board are obligated to acquire

shares in KWS SAAT SE every year in a freely selectable amount ranging between 20% and 50% of the gross performance-related bonus. Along with that, all members of the second management level can likewise take part in an LTI program. As part of this program, they are obligated to invest in shares in KWS SAAT SE every year in a freely selectable amount ranging between 10% and 40% of the gross performance-related bonus. The members of the Executive Board and the second management level may sell these shares at the earliest after a regular holding period of five years beginning at the time they are acquired (end of the quarter in which the shares were acquired).

The entitled persons are paid a long-term incentive (LTI) in the form of cash compensation after the holding period for the tranche in question. Its level is calculated on the basis of KWS SAAT SE's share performance and on the KWS Group's return on sales (ROS), measured as the ratio of operating income to net sales, over the holding period. For persons with contracts as of July 1, 2014, the cash compensation for members of the Executive Board is a maximum of one-and-half times (for the Chief Executive Officer two times), and for members of the second management level a maximum of two times their own investment (LTI cap). The costs of this compensation are recognized in the income statement over the period and were €1,044 (718) thousand in the period under review. The provision for it at June 30, 2015, was €2,170 (1,200) thousand. The LTI fair values are calculated by an external expert.

(27) Net income for the year

The KWS Group's net income for the year was €84,048 (80,276) thousand on operating income of €113,417 (118,267) thousand and net financial income/expenses of €16,689 (7,497) thousand. The return on sales fell slightly to 8.5% (8.7%). Net income for the year after minority interest is €82,712 (77,124) thousand. Due to the acquisition of the remaining shares held by the Momont family, the share of minority interests in the KWS Group's income fell sharply year on year. Earnings per share in the year under review were €12.53 (11.69).

6. Notes to the cash flow statement

The cash flow statement, which has been prepared according to IAS 7 (indirect method), shows the changes in cash and cash equivalents of the KWS Group in the three categories of operating activities, investing activities, and financing activities. The effects of exchange rate changes and changes in the consolidated group have been eliminated from the respective balance sheet items, except those affecting cash and cash equivalents.

(1) Net cash from operating activities

The cash proceeds from operating activities are substantially determined by cash earnings. In the year under review they were €92,063 (84,954) thousand. The proportion of cash earnings included in sales was 9.3% (9.2%). Capital tie-up amounted to €72,809 (62,626) thousand, mainly due to an increase in assets not attributable to financing or investing activity. The cash proceeds from operating activities also include interest income of €1,479 (1,592) thousand and interest expense of €6,843 (7,288) thousand. Income tax payments amounted to €69,552 (67,497) thousand. The dividends received from the joint ventures are also carried here and total €12,157 (11,272) thousand.

(2) Net cash from investing activities

A net total of €123,761 (63,089) thousand was required to finance investing activities. An amount of €86,576 (63,556) thousand was paid for intangible and tangible assets and an amount of €7,535 (874) thousand for financial assets. There were total cash receipts of €2,077 (1,341) thousand for

disposals of assets. €31,727 (0) thousand was paid to acquire shares in consolidated companies and other business units.

(3) Net cash from financing activities

Financing activities resulted in cash proceeds of €48,398 thousand (previous year: cash payments of €43,558 thousand). The dividend payments to parent shareholders and other shareholders comprise the dividends of €19,800 (19,800) thousand paid to the shareholders of KWS SAAT SE, as well as profit distributions paid to other shareholders of and at fully consolidated subsidiaries of €0 (1,328) thousand. In the previous year, this also related to acquisition of the remaining minority interests in KWS LOCHOW GMBH. In addition, net borrowings totaling €68,198 (23,357) thousand were raised.

(4) Supplementary information on the cash flow statement

Of the changes in cash and cash equivalents caused by exchange rate, consolidated group, and measurement changes, a total of €6,879 (-2,909) thousand results from exchange rate-related adjustments and a total of €6,285 (0) thousand from adjustments relating to changes in the consolidated companies.

As in previous years, cash and cash equivalents are composed of cash (on hand and balances with banks) and current available-for-sale securities.

7. Other notes

Proposal for the appropriation of net retained profits

KWS SAAT SE posted operating income of €-23,242 thousand compared with €-14,331 thousand for the previous year. Allowing for net financial income/expenses of €45,017 (37,911) thousand and income taxes totaling €2,108 (-265) thousand, net income in accordance with the German commercial law regulations was €19,667 (23,845) thousand. Adding the net profit of €199 (154) thousand brought forward from the previous year, a net retained profit of €19,866 thousand is available for distribution.

A proposal will be made to the Annual Shareholders' Meeting that an amount of €19,800 thousand of KWS SAAT SE's net retained profit should be distributed as a dividend of €3.00 (3.00) for each of the 6,600,000 shares.

The balance of €66 (199) thousand is to be carried forward to the new account.

Total remuneration of the Supervisory Board and Executive Board and of former members of the Supervisory Board and Executive Board of KWS SAAT SE

The compensation of the members of the Supervisory Board consists of a fixed and a variable component, with the variable component being limited to the level of the fixed compensation. As in the previous year, the total compensation for members of Supervisory Board amounts to €516 (516) thousand, excluding value-added tax. €238 (238) thousand of the total compensation is performance-related.

In fiscal year 2014/2015, total Executive Board compensation amounted to €4,007 (3,481) thousand. The variable compensation, which is calculated on the basis of the net profit for the period of the KWS Group, is made up of a bonus and a long-term incentive. The bonus totals €1,772 (1,884) thousand; there are contributions from the long-term incentive tranche for 2013/2014 totaling €881 thousand (tranche for 2012/2013: €610 thousand).

Compensation of former members of the Executive Board and their surviving dependents amounted to €1,693 (1,476) thousand. Pension provisions recognized for this group of persons amounted to €7,131 (7,018) thousand as of June 30, 2015, before being netted off with the relevant planned assets.

Shareholdings of members of the Supervisory Board and the Executive Board (as of July 31, 2015)

Dr. Arend Oetker indirectly holds a total of 1,650,010 (1,650,010) shares and Dr. Andreas J. Büchting 108,030 (108,030) shares in KWS SAAT SE. The members of the Supervisory Board hold a total of 1,758,735 (1,758,725) shares in KWS SAAT SE.

All together, the members of the Executive Board hold 14,445 (14,699) shares in KWS SAAT SE.

Related party disclosures

As part of its operations, KWS procures goods and services worldwide from a large number of business partners, including companies in which KWS has an interest. Business dealings with these companies are always conducted on an arm's length basis; from the KWS Group's perspective, these dealings have not been material. As part of Group financing, short- and medium-term loans are taken out from and granted to subsidiaries at market interest rates. A total of 14 shareholders declared to KWS SAAT SE in 2002 that as a result of mutual allocations, they respectively hold a total of more than 50% of the voting rights. The Executive Board, Supervisory Board and the families of their members were also defined as related parties. There were no business transactions or legal transactions that required reporting for this group of persons in fiscal 2014/2015. The compensation that has to be disclosed in accordance with IAS 24 for management in key positions at the Group comprises remuneration for the active Executive Board and the Supervisory Board. It is presented in the Group Management Report. No other related parties have been identified for whom there is a special reporting requirement under IAS 24.

There are lease agreements with an annual lease of €132 (132) thousand between Hans-Joachim Tessner and KWS SAAT SE. The three equity-accounted joint ventures provided breeding services for KWS SAAT SE on an arm's length basis.

Related parties

in € thousand	Deliveries and services provided		Received deliveries and services		Receivables		Payables	
	2014/2015	Previous year	2014/2015	Previous year	06/30/2015	Previous year	06/30/2015	Previous year
Unconsolidated subsidiaries	0	2	0	0	332	262	0	0
Equity-accounted joint ventures	7,887	9,035	22,016	19,360	6,394	5,693	1,108	68
Other related parties	0	0	132	132	0	0	0	0

The receivables from unconsolidated companies in the current fiscal year total €332 thousand. They are classified as dubious and so have been completely written down.

Audit of the annual financial statements

On December 18, 2014, the Annual Shareholders' Meeting of KWS SAAT SE elected the accounting firm Deloitte & Touche GmbH, Hanover, to be the Group's auditors for fiscal year 2014/2015.

Fee paid to the external auditors under Section 314 (1) No. 9 of the HGB

in € thousand	2014/2015	Previous year
a) Audit of the consolidated financial statements	741	710
b) Other certification services	2	2
c) Tax consulting	0	0
d) Other services	52	45
Total fee paid	795	757

For fiscal year 2015/2016, fees for consulting services (excluding auditing) of up to €75 thousand are expected.

Declaration of compliance with the German Corporate Governance Code

KWS SAAT SE has issued the declaration of compliance with the German Corporate Governance Code required by section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) and made it accessible to its shareholders on the company's home page at www.kws.com.

Supervisory and Executive Boards of KWS SAAT SE

Supervisory Board

Dr. Drs. h.c. Andreas J. Büchting

Einbeck

Agricultural Biologist

Chairman of the Supervisory Board of KWS SAAT SE

Membership of comparable German and foreign oversight boards:

- Member of the Board of Directors of Ball Horticultural Company, West Chicago, Illinois (U.S.)

Dr. Arend Oetker

Berlin

Businessman

Managing Partner of Kommanditgesellschaft Dr. Arend Oetker Vermögensverwaltungsgesellschaft mbH & Co., Berlin Deputy Chairman of the Supervisory Board of KWS SAAT SE

Membership of other legally mandated Supervisory Boards:

- Schwartauer Werke GmbH & Co. KGaA, Bad Schwartau (Chairman)
- Cognos AG, Hamburg (Chairman)

Membership of comparable German and foreign oversight boards:

- Leipziger Messe GmbH, Leipzig

Hubertus von Baumbach

Ingelheim am Rhein

Businessman

Member of Management of Boehringer Ingelheim GmbH, Ingelheim am Rhein

Jürgen Bolduan

Einbeck

Seed Breeding Employee

Chairman of the Central Works Council of KWS SAAT SE

Cathrina Claas-Mühlhäuser

Frankfurt am Main

Businesswoman

Chairwoman of the Supervisory Board of CLAAS KGaA mbH, Harsewinkel

Membership of other legally mandated Supervisory Boards:

- CLAAS KGaA mbH, Harsewinkel (Chairwoman)

Membership of comparable German and foreign oversight boards:

- CLAAS KGaA mbH, Harsewinkel (Deputy Chairwoman of the Shareholders' Committee)

Dr. Berthold Niehoff

Einbeck

Agricultural Scientist

Employee representative

Supervisory Board Committees

Audit Committee

Chairman: Hubertus von Baumbach

Members: Andreas J. Büchting, Jürgen Bolduan

Committee for Executive Board Affairs

Chairman: Andreas J. Büchting

Members: Arend Oetker, Cathrina Claas-Mühlhäuser

Nominating Committee

Chairman: Andreas J. Büchting

Members: Arend Oetker, Cathrina Claas-Mühlhäuser

Executive Board

Philip von dem Bussche (until December 31, 2014)

Einbeck

CEO

Chief Executive Officer (until December 31, 2014)

Corporate Development and Communication,

Human Resources

Dr. Hagen Duenbostel

Einbeck

Chief Executive Officer (since January 1, 2015)

Corn, Corporate Development and Communication,

Corporate Compliance

Membership of comparable German and foreign oversight boards:

Hero AG, Lenzburg, CH

(Member of the Board of Administration)

Dr. Léon Broers

Einbeck

Research and Breeding

Dr. Peter Hofmann (since October 1, 2014)

Einbeck

Sugarbeet, Cereals, Marketing

Eva Kienle

Göttingen

Finance, Controlling, Global Services,

IT, Legal, Human Resources

8. Declaration by legal representatives

We declare to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, financial position and earnings of the Group in compliance with the generally accepted standards of consolidated accounting, and that an accurate picture of the course of business, including business results, and the Group's situation is conveyed by the Group Management

Report, and that it describes the main opportunities and risks of the Group's anticipated development.

Einbeck, October 1, 2015

KWS SAAT SE

The Executive Board



H. Duenbostel



L. Broers



E. Kienle



P. Hofmann

Auditors' Report

We have audited the annual financial statements of the KWS Group – consisting of the Balance Sheet, the Statement of Comprehensive Income, the Notes, the Cash Flow Statement, Segment Reporting and the Statement of Changes in Equity – and the Combined Group Management Report for the fiscal year from July 1, 2014, to June 30, 2015, all of which were prepared by KWS SAAT SE, Einbeck. The preparation of the consolidated financial statements and the Group Management Report according to the International Financial Reporting Standards (IFRS) as applicable in the EU, and in addition according to the commercial law regulations to be applied pursuant to Section 315a (1) of the HGB (German Commercial Code), is the responsibility of the Executive Board of the company. Our task is to give, on the basis of the audit we have conducted, an opinion on the consolidated financial statements and the Group Management Report.

We conducted our audit of the annual financial statements in accordance with Section 317 HGB and the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (German Institute of Certified Public Accountants). According to these standards, the audit must be planned and executed in such a way that misstatements and violations materially affecting the presentation of the view of the assets, financial position and earnings conveyed by the consolidated financial statements, taking into account the applicable regulations on orderly accounting, and by the Group Management Report are detected with reasonable certainty. Knowledge of the business activities and the economic and legal operating environment of the Group and evaluations of possible errors are taken into account. The effectiveness of the internal accounting control system and the evidence supporting the disclosures in the consolidated financial statements and the Group Management Report are evaluated mainly on

the basis of test samples within the framework of the audit. The audit includes the assessment of the annual financial statements of the companies included in the consolidated financial statements, the definition of the companies consolidated, the accounting and consolidation principles used and any significant estimates made by the Executive Board, as well as the evaluation of the overall presentation of the consolidated financial statements and the Group Management Report. We believe that our audit provides a reasonable basis for our opinion.

On the basis of our audit, we have no reservations to note.

In our opinion pursuant to the findings gained during the audit, the consolidated financial statements of KWS SAAT SE, Einbeck, comply with the IFRS as applicable in the EU, and in addition with the commercial law regulations to be applied pursuant to Section 315a (1) of the HGB (German Commercial Code), and give a true and fair view of the assets, financial position and earnings of the Group, taking into account these regulations. The Group Management Report accords with the consolidated financial statements, conveys overall an accurate view of the Group's position and accurately presents the opportunities and risks of future development.

Hanover, October 1, 2015

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft



(Kompenhans)
Auditor



(Bukowski)
Auditor

Financial calendar

Date	
November 24, 2015	Report on the 1st quarter of 2015/2016
December 17, 2015	Annual Shareholders' Meeting in Einbeck
February 25, 2016	Report on the 2nd quarter of 2015/2016
May 26, 2016	Report on the 3rd quarter of 2015/2016
October 25, 2016	Publication of 2015/2016 financial statements, annual press and analyst conference in Frankfurt
December 15, 2016	Annual Shareholders' Meeting in Einbeck

KWS share

Key data of KWS SAAT SE	
Securities identification number	707400
ISIN	DE0007074007
Stock exchange identifier	KWS
Transparency level	Prime Standard
Index	SDAX
Share class	Individual share certificates
Number of shares	6,600,000

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This translation of the original German version of the Annual Report has been prepared for the convenience of our English-speaking shareholders. The German version is legally binding.

Photos/Illustrations:

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