Annual Report 2012|2013

KWS SAAT AG

Seeding the future
since 1856

Key figures of the KWS Group

Figures in € millions. unless otherwise specified (IFRS)

Fiscal year	2012/13	2011/12	2010/11	2009/10	2008/09
Net sales	1,147.2	986.3	855.4	754.1	717.2
Operating income (=EBIT)	150.7	140.9	116.6	82.4	77.9
as a % of net sales (=ROS)	13.1	14.3	13.6	10.9	10.9
Net income	91.3	94.4	72.9	51.5	50.1
as a % of net sales	8.0	9.6	8.5	6.8	7.0
Operative cash flow	84.6	97.9	101.2	27.4	82.0
Net cash from investing activities	–88.9	–56.6	–52.4	–55.4	–59.4
Equity	667.5	603.1	530.3	492.9	434.5
Equity ratio in %	55.0	55.2	58.8	57.5	57.5
Balance sheet total	1,213.3	1,092.3	902.0	857.4	756.0
Return on equity in %	15.6	18.3	15.2	12.2	13.0
Return on assets in %	9.0	10.7	8.8	7.1	7.8
Fixed assets	399.2	378.2	290.1	275.2	231.9
Capital expenditure	65.2	111.5	49.3	58.4	61.1
Depreciation	38.4	28.4	27.6	22.0	23.3
Average number of employees	4,443	3,851	3,560	3,492	3,215
Personnel costs	211.4	182.5	165.0	147.2	135.0
Performance of KWS shares in €					
Dividend per share	3.00	2.80	2.30	1.90	1.80
Earnings per share	13.32	13.89	10.64	7.51	6.98
Operative cash flow per share	12.82	15.79	15.33	4.15	12.42
Equity per share	101.14	91.38	80.35	74.68	65.83

KWS has bred crops for more than 150 years. The company is now one of the world’s leading seed producers.

Thinking and acting sustainably – for generation after generation.

Behind all of KWS’ activities and ideas are people whose dedication is vital to our company’s success.

The goal of our breeding work is to support every individual farmer with custom solutions.

KWS

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from left: Dr. Hagen Duenbostel – Corn, Marketing (since July 1, 2013)
Eva Kienle – Finance, Controlling, Information Technology, Legal (since July 1, 2013)
Dr. Léon Broers – Research & Breeding
Philip von dem Bussche (CEO) – Corporate Affairs, Sugarbeet, Cereals, Human Resources
Dr. Christoph Amberger – Corn, Marketing (until June 30, 2013)

Foreword of the Executive Board

Dear Shareholders and friends of KWS,

KWS remains successful. In fiscal 2012/2013 we were able to achieve a new milestone in the company's history by breaking the one billion euro mark for net sales for the first time. Our impressive development in recent years is largely attributable to organic growth. The right foundation for this success was mainly laid decades ago – for example by intensifying our corn breeding. Corn now accounts for more than 60% of the KWS Group's net sales. That makes it all the more gratifying that the Sugarbeet and Cereals Segments have continued to grow at the same time and were likewise able to turn in top-class performance in terms of net sales in the year under review.

The global seed market is growing as a whole, and to serve its needs in the future we have to strengthen our innovativeness. That is why we are systematically expanding our research and breeding activities year after year. We spent €141 million on developing products in the year under review, some €14 million more than the year before. Yet large budgets are no guarantee of success. Even more important are motivated, creative employees who are enthusiastic about what they do for our KWS.

The values that guide our global company with its tradition of family ownership are a major competitive factor in recruiting and keeping the best employees. A spirit of mutual respect, solution-oriented decision-making processes and life-long learning play a key part in that. 4,443 employees in 70 countries helped make us successful with their excellent achievements in the year under review. KWS expects to have a global workforce of 5,000 by the end of the current fiscal year. The Executive Board thanks all our colleagues for their great commitment. They have enabled us to present yet another set of very successful annual figures in this 2012/2013 Annual Report.

The KWS Group's net sales rose by just over 16% to €1,147 million. Our operating income (EBIT) in the period under review was €151 million, giving an EBIT margin of 13%. All three product segments – Corn, Sugarbeet and Cereals – contributed to this success. Corn and Cereals posted especially strong, double-digit growth. The Corn Segment, which makes the largest contribution to our net sales, benefited from our new activities in South America and from AGRELIANT, our North American joint venture with the major French seed company Vilmorin (part of the Limagrain Group). We were also able to increase our revenue from corn again in the EU 28, especially in France. The Cereals Segment increased its net sales thanks to good business performance in Germany, Poland and the UK, surpassing the €100 million mark for the first time. Despite sharp reductions in cultivation area in Europe, the Sugarbeet Segment was also able to grow its net sales, as it managed to increase its market share from 60% to over 70% in North America thanks to the outstanding performance of its products.

In fiscal 2012/2013, there was a higher tax rate of 35% (30%), resulting in lower net income of €91.3 (94.4) million. This was primarily due to tax expenses from previous periods. Nevertheless, we intend to continue our long-term policy of paying out an earnings-oriented dividend. We believe our operational growth in the past fiscal year justifies a higher dividend. Accordingly, the Executive and Supervisory Boards will propose to the Annual Shareholders' Meeting the payment of a dividend of €3.00 (€2.80). That is in line with the increase in our operating income.

Since April 1, a new member of the Executive Board has been helping KWS tackle the challenge of maintaining its successful performance above the one billion net sales mark. Following Christoph Amberger's retirement from the Executive Board effective June 30, 2013, Eva Kienle took charge of Finance, Controlling and IT, with the Chief Financial Officer Hagen Duenbostel assuming responsibility for Corn and Marketing. Christoph Amberger will assist us for a transitional period, accompanying our activities he helped initiate in Brazil.

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

Yours Philip

Philip von dem Bussche
Chief Executive Officer

How valuable is plant breeding to society?

How does our society benefit from the systematic and selective work that plant breeders have done for 150 years to steadily increase the yield, performance and resistance of crops? That was the question at the center of a new study by the Humboldt Forum for Food and Agriculture (HFFA) in 2013. It comes to remarkable conclusions about food security, social welfare and protection of the climate and natural resources.

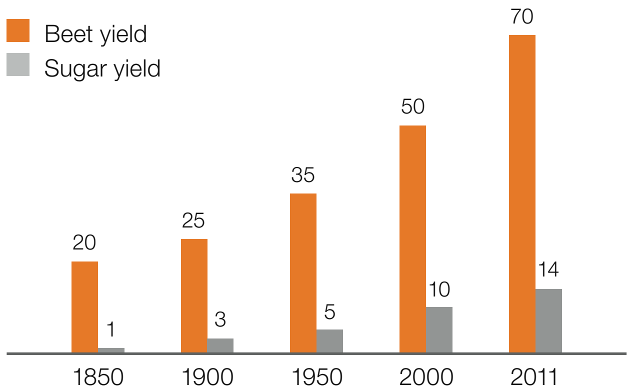
It is not just recently that farmers worldwide have had to deal with the challenge of producing the crops needed to feed more and more people on less and less available land. They have done that for many years, primarily by continuously improving yields per unit area. While it now seems that the possibilities of increasing efficiency by means of production technology and farming methods have largely been exhausted, constant progress in plant breeding has made considerable contributions to ensuring global food security and can achieve even more in the future.

What would things be like without the advances made in plant breeding in Germany alone over the past 20 years?

- Yield per unit area would be 20 percent lower in Germany.
- To compensate for that, the amount of arable land in Germany would have to be increased by more than 1 million hectares to around 13 million – so an additional area equal to half the size of the federal state of Hesse would be needed.

Breeding progress for sugarbeet

Yield in t/ha

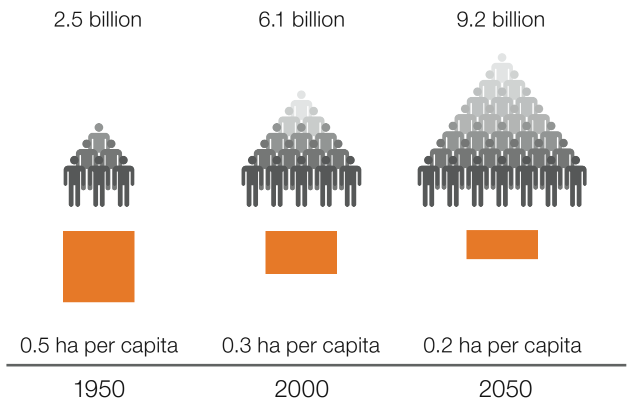


Securing the supply of food and prosperity

The residents of industrialized countries have benefited from steadily falling prices for agricultural raw materials over the past 50 years. The proportion of their income Germans have to spend on food, for example, has shrunk continuously (1950: 44%, 2011: 14%). The resultant savings represent a welfare gain that is available for society to invest elsewhere.

Growth of world population and per-capita cropland

(Source: FAO)



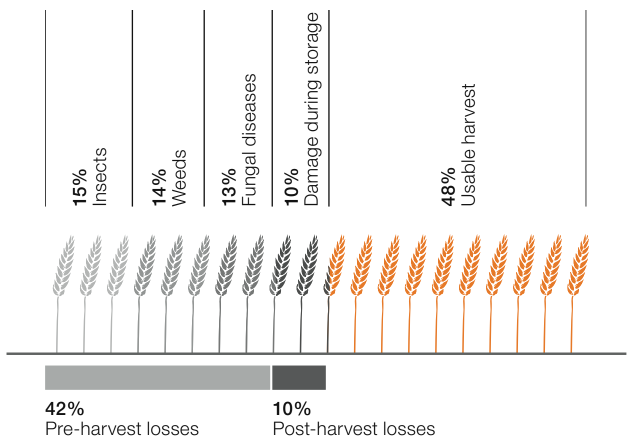
However, food prices are gradually on the rise again, indicating that this "golden age" is drawing to a close, since competition and demand for agricultural raw materials on world markets are steadily increasing: First, the world's population is expected to grow to nine billion by 2050. At the same time there is growing demand for secondary food commodities and processed food, such as meat and dairy products, and the use of plants is rising in the diverse field of regenerative raw materials. Second, experts predict that the land used for farming – currently at around 1.5 billion hectares worldwide – can hardly be increased, if only for ecological reasons. Consequently available per-capita cropland will fall by a third by 2050.

It is here that modern plant breeding can deliver continuous progress – with more and more higher-yielding, robust and resistant seed at the beginning of the food chain – and thus make a crucial contribution to ensuring that food is available in sufficient quantities and at affordable prices. Yields per unit area need to be increased and can be, thanks to modern biotechnology methods, and breeders are aiming to do that especially by focusing on breeding resistance. This is especially crucial for organic farming operations, since they do not use chemical pesticides. Even now, 42% of the potential global harvest is destroyed every year by weeds and insects as well as fungal and viral diseases.

Breeders produce seed that keeps on delivering higher yields and greater resistance. At the start of the food chain, plant breeding makes a valuable contribution to current and future food security and the sparing use of natural resources.

Harvest losses worldwide

(Source: DBV)



Biodiversity and rights to our plants

The results of plant breeding – rising yields per unit area coupled with reduced use of fertilizers and pesticides – enable more sparing use of our land and water resources and thus help protect the climate and preserve biodiversity. That is because breeding progress can help avoid the need to clear forests and grasslands, such as in Brazil's rainforests or Argentina's savannas, with their natural habitats for flora and fauna. In particular, the conversion of forests and grassland into cropland releases considerable amounts of greenhouse gases – even more than industrial production and transport. For instance, the study's authors found that the slower expansion of land used for farming in Germany alone in the past 20 years has avoided CO_2 emissions of between 160 and 230 million tons.

The essence of plant breeding is specifically to increase diversity within our crops by means of more and more new crossings. This is seen not least in the impressive number of 1,905 corn, sugarbeet, cereal, oil seed and fodder crop varieties approved in Germany. These are in fact 1,905 individual genotypes with individual traits. In Germany, the Federal Plant Variety Office is responsible for supervising and approving new varieties. At the beginning of the 20th century, it was still very common for one and the same variety to be marketed under different names.

Variety approvals in Germany in 2012

(Source: BDP)

Agricultural crops	Previously approved varieties	Newly approved varieties
Corn	260	30
Sugarbeet	304	41
Cereals	423	49
Oil seed and fodder crops	918	53
Total	1,905	173

Farmers still have the choice between modern varieties and old plant varieties whose seed they can produce themselves on their farm. However, fewer and fewer are making use of this farmer's privilege, since they want to share in the progress made in breeding. In addition, there is what is called the breeder's exemption in Europe. This allows other breeders to use legally protected varieties for breeding new ones. There is consequently free access to the available genetic resources, and that in turn promotes diversity.

Economically beneficial and future-oriented

Given the above-described socio-economic benefits and global challenges in connection with ensuring food security and protecting the climate, it is in the vital interest of our society to invest in the high-tech field of plant breeding. So that society as a whole can continue to share in the benefits produced in the plant breeding value creation, appropriate general conditions should be created sooner rather than later. That includes public funding of government and private projects relating to plant breeding and agricultural research, as well as the safeguarding of innovations by means of effective regulations to protect industrial property rights. If the competitiveness of German plant breeding is strengthened and the high investment costs spread over many shoulders, we could succeed in satisfying the differing needs inherent in supplying food and regenerative raw materials while also ensuring species and climate protection. That would be a truly future-oriented policy.

» Potatoes are the world's fourth most important food crop, after wheat, corn and rice.

The demands made of potatoes keep on increasing, both as a fresh product and industrially processed. That's why I find it an exciting job to improve the qualities of this plant. «

Dr. Susanne Kohls, Potato Breeder, KWS POTATO B.V.

Report of the Supervisory Board

Andreas J. Büchting, Chairman of the Supervisory Board

KWS can look back at yet another successful fiscal year, one that turned out to be markedly better than the Executive Board had initially expected. On the back of strong growth, KWS was able to further expand its market position. This success grew primarily from the dedication and creativity of the company's 4,443 employees.

In the period under review, 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 of KWS SAAT AG 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 successfully continued their constructive cooperation based on mutual trust. 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 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 the business 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 risk management 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 2012/2013, each of which was attended by all its members. The meeting of the Supervisory Board to discuss the financial statements on October 17, 2012, 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, 2012. The meeting on December 12, 2012, focused on KWS' HR strategy, in particular recruitment and personnel development, and customer relationship management. The next one on December 13, 2012, then discussed further expansion of the seed potato unit. The Supervisory Board's March meeting is traditionally devoted to research and development activities. On March 13, 2013, the Supervisory Board was given an overview of the variety performance of all product categories. In addition, it discussed the progress and prospects relating to the development of genetically modified traits. At this meeting the Supervisory Board also approved construction of a larger corn production plant in Southeastern Europe. On June 26, 2013, the agenda as usual included adoption of the corporate planning for fiscal 2013/2014, including medium-term planning up to 2016/2017. This comprises many individual projects requiring the Supervisory Board's consent, such as construction measures at the Einbeck location, the main goal of which is to provide suitable facilities for our growing number of employees working in R&D. The survey of the Supervisory Board with the aim of avoiding and identifying fraud was also conducted at the end of the fiscal year. The members of the Supervisory Board are not aware of any infringements, i.e. embezzlement, misappropriation and fraudulent acts in connection with personal enrichment at the expense of the company, involving the violation of financial reporting principles or misrepresentations in the KWS Group's annual financial statements.

Annual and consolidated financial statements and auditing

Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Hanover, the auditor chosen at the Shareholders' Meeting on December 13, 2012, and commissioned by the Audit Committee, has audited the financial statements of KWS SAAT AG that were presented by the Executive Board and prepared in accordance with the provisions of the German Commercial Code (HGB) for fiscal 2012/2013 and the financial statements of the KWS Group (IFRS consolidated financial statements), as well as the Management Report of KWS SAAT AG 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 in accordance with section 161 AktG (German Stock Corporation Act) with the German Corporate Governance Code issued by the Executive Board and Supervisory Board (cf. Clause 7.2.3 (2) of the German Corporate Governance Code).

The Supervisory Board received and discussed the financial statements of KWS SAAT AG and the consolidated financial statements and Management Reports of KWS SAAT AG and the KWS Group, along with the report by the independent auditor of KWS SAAT AG and the KWS Group and the proposal on utilization of the net profit for the year made by KWS SAAT AG, 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, Management Reports, 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 23, 2013. The auditor took part in the meeting and reported on the main results of the audit and was also available to answer additional questions and provide further information for the Supervisory Board. 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 AG, which were prepared by the Executive Board, and to the consolidated financial statements of the KWS Group, along with the Management Reports of KWS SAAT AG 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 AG after having examined it.

Supervisory Board Committees

The **Audit Committee** convened for three joint meetings in fiscal 2012/2013 and also held three telephone conferences. In its meeting on September 24, 2012, the Audit Committee discussed the 2011/2012 annual financial statements and accounting of KWS SAAT AG and consolidated financial statements of the KWS Group. The Annual Compliance Report and the results of the auditing projects were on the agenda at its second meeting on March 13, 2013. The audit plan for fiscal 2013/2014 was also discussed and adopted. On June 26, 2013, the Audit Committee discussed the results of the audit relating to the progress made in implementing potato activities. The report on the first quarter and the semiannual report for fiscal 2012/2013 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. The Audit Committee also satisfied itself that the regulations on internal rotation pursuant to Section 319 a (1) No. 4 HGB were observed by the independent auditor. The Audit Committee convened on September 30, 2013, to discuss the annual financial statements of KWS SAAT AG and the KWS Group's consolidated financial statements and accounting. The independent auditor explained the results of its audit of the 2012/2013 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 AG and recommended that the Supervisory Board approve it.

In the year under review, the **Committee for Executive Board Affairs** was closely involved in the question of who should be appointed as the new CFO. It gained an opinion of the candidates for the position of CFO in individual interviews and presented a proposal to the Supervisory Board. This process also involved the Chairman of the Audit Committee. The proposal included key points regarding compensation for this function. The Supervisory Board appointed Ms. Eva Kienle as a deputy member of the Executive Board of KWS SAAT AG effective April 1, 2013. Following a period of familiarization, she took charge of Finance, Controlling and IT effective July 1, 2013, succeeding the Executive Board member Dr. Hagen Duenbostel, who in turn took over responsibility for Corn from Dr. Christoph Amberger on July 1, 2013. As a result, the previously announced changes in the Executive Board were implemented.

The Supervisory Board said farewell to Dr. Christoph Amberger from the Executive Board effective June 30, 2013. Christoph Amberger worked for KWS for a total of 22 years and in 2001 became the Executive Board member responsible for the Corn and Cereals Segments after holding the position of Managing Director at our cereals company KWS LOCHOW. As the Management Report for fiscal year 2012/2013 shows, Christoph Amberger is handing over two segments that are positioned very well and whose impressive growth has made a major contribution to our company's success over the past decade. The Supervisory Board thanks Christoph Amberger for his successful, value-oriented and analytical work and is also pleased that he will continue to assist KWS in an advisory capacity as part of establishment of our new corn activities in Brazil.

The **Nominating Committee** convened on July 10, 2012, to draw up nominations for the Supervisory Board to be proposed to the Annual Shareholders' Meeting on December 13, 2012. All the shareholder representatives on the committee were reelected by the Annual Shareholders' Meeting. The agricultural scientist Dr. Berthold Niehoff was newly elected to it as an employee representative, replacing the biochemist Dr. Dietmar Stahl. The Supervisory Board thanks Dietmar Stahl for his commitment and many expert suggestions. He displayed exceptional dedication at all times to maintaining our innovativeness and securing the future of Einbeck as a research location.

The newly elected Supervisory Board convened for its constitutive meeting on December 13, 2012, where Dr. Andreas J. Büchting was confirmed as its Chairman and Dr. Arend Oetker as its Deputy Chairman. Hubertus von Baumbach was also reelected as Chairman of the Audit Committee. The members of the committees are shown below.

The Supervisory Board expresses its thanks to the Executive Board and all employees of KWS SAAT AG and its subsidiaries for their exemplary commitment and the outstanding work they again performed in fiscal 2012/2013.

Einbeck, October 23, 2013

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

Supervisory Board Committees	Chairman	Members
Audit Committee	Hubertus von Baumbach	Andreas J. Büchting, Cathrina Claas-Mühlhäuser (until December 13, 2012), Jürgen Bolduan (since December 13, 2012)
Committee for Executive Board Affairs	Andreas J. Büchting	Arend Oetker, Cathrina Claas-Mühlhäuser
Nominating Committee	Andreas J. Büchting	Arend Oetker, Cathrina Claas-Mühlhäuser

Declaration regarding Corporate Governance

KWS SAAT AG's business policy has always been oriented toward the long term and gives that long view precedence over short-term profit. We invest sustainably in research and development, thus securing our future growth and creating new jobs. This policy is geared to sustainability and accords with the requirements for responsible corporate governance and control. Respect for the interests of our customers, employees, shareholders and lenders, business partners and other stakeholders is of great importance to us. That is why we comply with the relevant legal requirements regarding management and supervision of listed German stock corporations and the internationally and nationally acknowledged standards of good and responsible corporate governance (German Corporate Governance Code).

The Government Commission for the German Corporate Governance Code made amendments to the code in May 2013 and in doing so was guided by modifications proposed by users of the code, academics and consultants from Germany and abroad. This year's amendments related mainly to the section on the composition and compensation of managing boards. In addition to proposals for maximum limits for variable compensation elements and pension awards, recommendations were also made regarding the content of the compensation report.

KWS' Annual Shareholders' Meeting on December 16, 2010, approved the current compensation system for members of the Executive Board. The salient features of the system are explained in this year's Compensation Report on page 46. Our system includes the maximum limits for variable compensation elements now called for by the German Corporate Governance Code. The demanded disclosures on pension awards are already a standard part of our reporting. As to the appropriateness of compensation for members of the Executive Board in relation to that of senior management and the staff overall, KWS will comply with the new recommendations of Clause 4.2.2 of the German Corporate Governance Code when there are future changes on the Executive Board. As required, we will comply with the recommendations of Clause 4.2.5 relating to presentation of the benefits awarded by the company in the Compensation Report for fiscal year 2014/2015. The relevant data is already being collected in the current fiscal year 2013/2014.

The complete declaration on corporate governance in accordance with Section 289 a 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 > Company > Investor Relations > Corporate Governance.

Compliance declaration in accordance with Section 161 AktG (German Stock Corporation Act)

The Executive Board and Supervisory Board of KWS SAAT AG declare in compliance with Section 161 AktG (German Stock Corporation Act) that – with the exception of Clause 7.1.2 sentence 4, namely the deadlines for publishing the consolidated financial statements and interim reports – the company has complied with the recommendations of the German Corporate Governance Code in the version dated May 15, 2012, since the last compliance declaration in October 2012, and has complied, does now comply, and will comply in the future with the recommendations of the code in the version dated May 13, 2013, since its publication in the official section of the Federal Official Gazette.

KWS SAAT AG 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. It does not comply with the recommended deadlines of 90 and 45 days respectively in Clause 7.1.2 sentence 4 of the German Corporate Governance Code because of the seasonal course of its business.

Einbeck, October 2013

The Supervisory Board The Executive Board

The KWS share

KWS is a company with a long tradition: We have been breeding crops for agricultural cultivation since 1856 and, with our operations in more than 70 countries, now make a major contribution to efficient farming. Our success factors include the commitment and achievements of our employees, the high quality of our products, the great flexibility of our decision-making processes and our long-term business policy with its great emphasis on research and breeding.

A November 2012 study by the auditing firm PricewaterhouseCoopers (PwC) on the future of family-led companies analyzed their strengths compared with other organizational forms in Germany, Austria and Switzerland. It identified the biggest advantages of such companies as being the fact that they think in terms of sustainability and are oriented toward long-term goals.

It is also our conviction that sustainable business operations – or, to put it another way, an orientation toward long-term objectives and values – has a positive impact on earnings and thus on the performance of KWS' stock and the dividend that can be expected. Apart from a regular increase in the dividend in past years, the continuous rise in the KWS share price is also proof of the success of our strategy of sustainability: Since the stock was admitted to the SDAX, the selective index for small and medium-sized enterprises, in June 2006, its price has increased steadily, with the result that KWS now ranks among the leaders of the securities listed on the index in terms of market capitalization and trading volume.

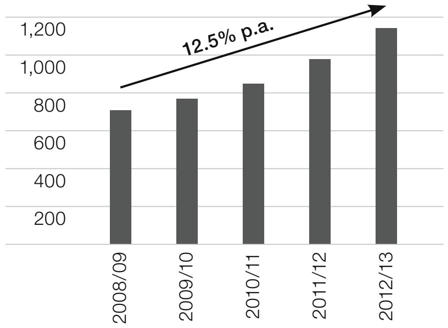
Looked at long-term over a period of ten years, KWS's share has grown in value from July 1, 2003, to June 30, 2013, by over 400%. In the same period, the SDAX rose by just over 170%, while the blue chip index DAX went up by around 150%. Over a five-year period, KWS' stock also outperformed the relevant comparative indexes by a clear margin, rising by almost 88% compared with gains of just under 40% on the SDAX and some 27% on the DAX.

Our very good business performance in 2012/2013, which caused us to raise our targets for the year in February 2013, is also reflected in the performance of KWS' share over the fiscal year. Its price climbed by almost 36% from the beginning of July 2012 to the end of June 2013, i.e. at a higher rate than the SDAX (just over 19%) and the DAX (around 23%). KWS' share also fared impressively in a comparison with other family-led companies, outstripping by 12 percentage points the DAXplus Family Index, which measures the performance of listed family businesses in which the founding families are co-owners and hold at least a 25% share of the voting rights.

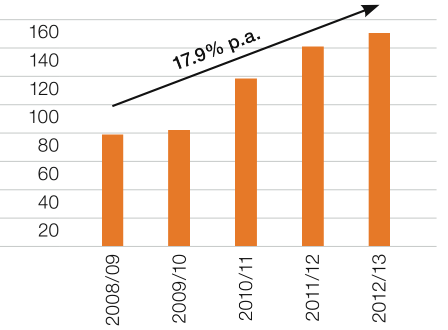
Employee Share Program 2013

Under the KWS Employee Share Program, we enable our employees to become shareholders, share in the company's success and thus identify even more strongly with KWS. 384 employees acquired a total of 12,725 shares (an average of 33 per person) as part of the Employee Share Program in 2013. That is the highest-ever figure since the program was launched in fiscal 2008/2009, and was achieved despite the sharp rise in the share price. The price at which employees were able to buy share in KWS this year was €247.00 per share. KWS grants a bonus on the share price of 20%, which the individual employees must pay tax on, with the result that the purchase price this year was €197.60 a share. The acquired shares are subject to a lock-up period of four years beginning when they are posted to the employee's securities account. They cannot be sold, transferred or pledged during this period. As of January 7, 2013, KWS SAAT AG acquired the necessary number of its own shares for the Employee Share Program in accordance with Section 71 (1) No. 2 of the German Stock Corporation Act (AktG). The shares were bought back in accordance with the safe harbor regulations of Section 20a (3) of the German Securities Trading Act (WpHG) in conjunction with Regulation (EC) No. 2273/2003 of the European Commission dated December 22, 2003.

Net sales of the KWS Group (5 years)
in millions of €



EBIT of the KWS Group (5 years)
in millions of €



Agenda of the Annual Shareholders' Meeting on December 19, 2013

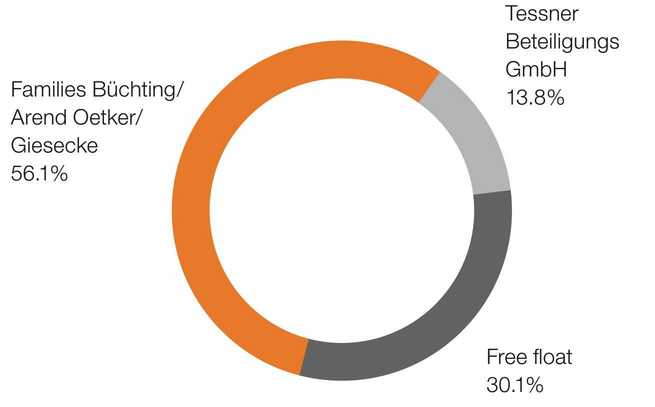
The Company's Executive Board hereby invites you to the

Annual Shareholders' Meeting on Thursday, December 19, 2013, at 11 a.m.,
at the Company's premises in 37574 Einbeck, Grimsehlstraße 31, Germany.

AGENDA

1. Presentation of the approved financial statements of KWS SAAT AG, the financial statements of the KWS Group (consolidated financial statements) approved by the Supervisory Board, the Management Reports for KWS SAAT AG and the KWS Group for the fiscal year from July 1, 2012, to June 30, 2013, the Report of the Supervisory Board and the Explanatory Report by the Executive Board on the disclosures in accordance with Section 289 (4) and (5) and Section 315 (4) German Commercial Code (HGB)
2. Resolution on the appropriation of the net retained profit
3. Resolution on the ratification of the acts of the Executive Board
4. Resolution on the ratification of the acts of the Supervisory Board
5. Election of the external auditors of the financial statements of KWS SAAT AG and the consolidated financial statements for the fiscal year 2013/2014

SHAREHOLDER STRUCTURE



» A change of perspective is also part and parcel of training at KWS.

As tomorrow's industrial mechanics, we provide support for all the technical units at Einbeck. But during the main phase of sugarbeet seed production we slip into our customers' shoes and do four weeks of shifts in seed processing. «

Jannik Höttcher, Workshop Trainee, KWS SAAT AG

Management Report of the KWS Group

The KWS Group again set new records in fiscal 2012/2013 – for net sales and operating income and at the Corn and Cereals Segments. However, we believe it is more important that we were able to lay the foundation for further growth while operating successfully. We entered the world's third-largest corn market by acquiring the Brazilian breeding companies SEMÍLIA and DELTA and with our partnership with the production and distribution company RIBER KWS SEMENTES, for example, and thus expanded our activities to subtropical regions for the first time. We can now look back on our first successful fiscal year in Brazil, where we generated revenue of €37 million.

We took a further important step with our joint venture GENECTIVE, which is tasked with developing genetically modified (GM) traits in corn. This 50:50 joint venture with the French seed company Vilmorin & Cie was also granted its long-awaited approval from the Directorate-General for Competition of the European Union at the end of June 2013. In 2011 we decided to join forces with Vilmorin and jointly develop first-generation GM traits (herbicide tolerance and resistance to insects) for corn seed. The two companies have cooperated very successfully in North America since 2000. AGRELIANT, our 50:50 joint venture for breeding, production and distribution of corn seed, is now the third-largest corn seed supplier on the North American market. Our longer-term objective with GENECTIVE is to develop second-generation traits. They are intended to help improve drought stress tolerance and reduce the use of nitrogen-based fertilizers, for example.

Operating performance

Following excellent cereals business as part of the 2012 fall sowing season, it soon became apparent at the beginning of 2013 that corn and sugarbeet sales would also exceed our expectations. Growing demand for grain corn remained unbroken worldwide. We benefited from that in just about all regions thanks to our impressive varieties. We also recorded far higher sugarbeet seed orders in North America than initially forecast.

KWS in figures

The KWS Group was again able to grow its net sales in fiscal 2012/2013. That figure increased by 16.3% over the previous year to €1,147.2 (986.3) million and was thus above the growth rate for the past five years (average of 12.5%). This rise mainly came from outside Germany, with the largest growth recorded in North and South America. Net foreign sales accounted for 80.5% of the total figure.

The increase in net sales was achieved in all three product segments: Corn, Sugarbeet and Cereals. The largest net sales were posted in the Corn Segment and were €701.7 million compared with €571.5 million in the previous year or an increase of almost 23%. As a result, the Corn Segment contributes 61.2% of total net sales. Net cereal sales also increased sharply thanks to our high-yielding varieties. They rose by almost 20% to €111.7 (93.3) million, breaking the €100 million mark for the first time, and now account for around 10% of total revenue. Net external sales in the Sugarbeet Segment were €328.6 (313.4) million, around the level of the previous year. Its share of total net sales at the KWS Group is 28.6%.

Research and development costs increased

The KWS Group's gross profit rose by 16.1% in the fiscal year to €539.8 (465.0) million. The cost of sales rose to €607.4 (521.3) million on the back of higher license and material costs, an increase of 16.5%. The planned expansion of our distribution channels meant that selling expenses rose by 18.2% to €190.7 (161.4) million. The ratio of selling expenses to net sales thus increased to 16.6% (16.4%). The KWS Group's research and development activities safeguard its innovativeness and competitiveness and are systematically expanded. R&D expenditure in the year under review was €140.8 (126.6) million, corresponding to an increase of 11.2%, or 12.3% (12.8%) of net sales.

Emmeloord by the Ijsselmeer is the new base station for our potato breeding and the headquarters of KWS POTATO B.V.

Administrative expenses were €69.4 (59.5) million and were mainly impacted by extensive IT support services as part of a group-wide software update. However, they were unchanged at 6.0% relative to net sales.

The balance of other operating income and other operating expenses fell to €11.8 (23.4) million, mainly due to additional costs from our commitment in Brazil.

Operating income increases again

The KWS Group's higher net sales resulted in an increase in operating income of 7.0% to €150.7 (140.9) million. Above all, our Cereals Segment grew its income by 41.8% to €26.8 (18.9) million, accounting for 17.8% (13.4%) of group income. The Corn Segment contributed €92.0 (77.8) million or 61.0% (55.2%) of the group's operating icome. The Sugarbeet Segment's income fell slightly to €73.5 (79.9) million or 48.8% (56.7%) of group income. We pool our cross-segment expenses, the costs of central administrative functions and the costs of long-term research projects whose products are not yet ready for the market in our Corporate Segment. Its income was € –41.6 (–35.7) million at the end of the fiscal year.

Higher interest and tax relating to previous periods reduce net income for the year

Despite higher financing costs of €5.1 million for our Brazilian business, the result from ordinary activities rose to€ €140.4 (135.7) million. The KWS Group's net income for the year was impacted positively in the previous year by its low tax rate of 30%. In fiscal 2012/2013, this rate increased to 35.0%, resulting in lower net income of €91.3 (94.4) million. This increase in the tax rate was due to tax expenses from previous periods following field audits and strong income growth in countries with higher tax rates.

Capital expenditure

The KWS Group's capital expenditure mainly relates to additions to its production plant. The focus this year was on North America, where we expanded our corn production capacities and extensively modernized sugarbeet seed production.

The KWS Group invested a total of €65.2 (111.5) million in the year under review. Depreciation and amortization was €38.4 (28.4) million, meaning that investments exceeded them by a significant margin. Of the total investments by the KWS Group, 26.8% (13.4%) went to Germany, 28.0% (18.6%) to the rest of Europe, 37.3% (67.7%) to North and South America and 7.9% (0.3%) to other countries. Around 40% was invested in the Corn Segment and just under 38% in the Sugarbeet Segment.

Total assets increased further

Total assets increased in fiscal 2012/2013 by €121.0 million to €1,213.3 (1,092.3) million. The equity ratio remained constant compared with the previous year at 55.0% (55.2%), meaning the KWS Group is still solidly financed.

The increase in net sales resulted in a rise in net working capital to €238.0 (204.1) million in the year under review.

Inventories and trade receivables accounted for €504.3 (449.1) million or around 41.6% (41.1%) of total assets. On the balance sheet date, cash and cash equivalents were €202.4 (183.0) million and, after deduction of financial borrowings, net liquidity was €70.6 (75.9) million.

Noncurrent assets and inventories are fully covered by equity, which increased to €667.5 (603.1) million. Debt capital increased by €56.6 million to €545.8 (489.2) million, largely as a result of placement of our borrower's note loan in October 2012.

Net cash from operating activities impacted by increase in working capital

Cash earnings in the past fiscal year were €109.5 (117.8) million. The net cash from operating activities fell to €84.6 (97.9) million, mainly due to the increase in working capital. The net cash from investing activities was € –88.9 (–56.6) million. This figure also includes the purchase price paid in fiscal 2012/2013 for our subsidiary RIBER KWS SEMENTES S.A.

The net cash from financing activities includes not only the dividend payments to shareholders, but also the issue of our borrower's note loan, and is €27.2 million compared with € –12.8 million in the previous year.

Cash and cash equivalents on the balance sheet date totaled €202.4 (183.0) million.

Single-entity financial statements of KWS SAAT AG

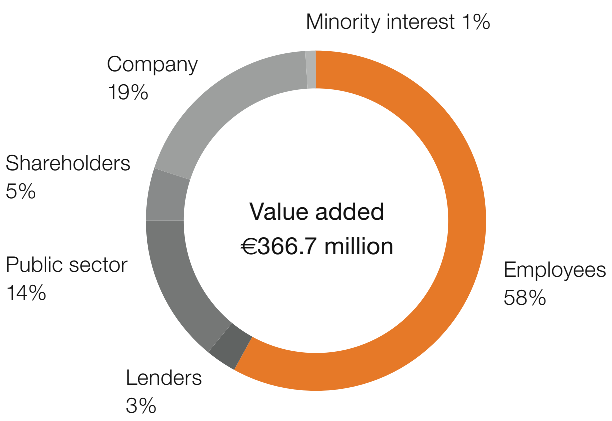
KWS SAAT AG was successful in fiscal 2012/2013 with its sugarbeet business and its corn business. It also financed expansion of its research and development activities. In addition it bears the group-wide central administrative costs, which are reported in the Corporate Segment. KWS SAAT AG's operating income at the end of the fiscal year was €11.8 (11.9) million and thus on a par with the previous year. Net financial income/expenses improved sharply year on year, mainly due to income from investments within the group. Consequently, net income pursuant to the accounting regulations of the German Commercial Code (HGB) was €35.7 (27.9) million. With the net profit of €0.2 (0.8) million carried forward from the previous year and an allocation of €16 (10) million to the revenue reserves, the net retained profit was ultimately €20.0 (18.7) million.

Proposed appropriation of profits

The earnings-oriented dividend policy is to be continued in fiscal 2012/2013. Although our financing costs and taxes were higher, the improvement in operational earnings strength resulted in net income for the year of €91.3 million for the KWS Group following €94.4 million in the previous year. In light of the good operating performance, the Executive and Supervisory Boards will therefore propose to the Annual Shareholders' Meeting the payment of a dividend of €3.00 (previous year: €2.80). A total of €19.8 million from KWS SAAT AG's net retained profit will thus be distributed to shareholders in December 2013, subject to approval.

Distribution of value added

(around 30% of the total output)



Corporate

Net sales at the Corporate Segment come largely from revenue from our farms. They totaled €5.2 million in the year under review. However, the operating income for this segment includes all cross-segment expenses, including the costs of all central functions of the KWS Group and long-term research projects. The segment's income in the past fiscal year was € –41.6 (–35.7) million. It was impacted above all by the increased research budget.

Unrestricted cultivation of Roundup Ready® sugarbeet in the U.S.

Roundup Ready® sugarbeet is one example of the KWS Group's commercial success with genetically modified traits in the U.S. Just two years after being launched in 2007, the varieties had gained broad acceptance in sugarbeet farming in North America. The U.S. Department of Agriculture (USDA) again examined the environmental compatibility of the herbicide-tolerant sugarbeet last year. Following thorough scientific testing, the USDA came to the conclusion that the genetically modified Roundup Ready® sugarbeet is just as safe as conventionally bred varieties. As a result, farmers in the U.S. can continue growing Roundup Ready® sugarbeet without any restrictions.

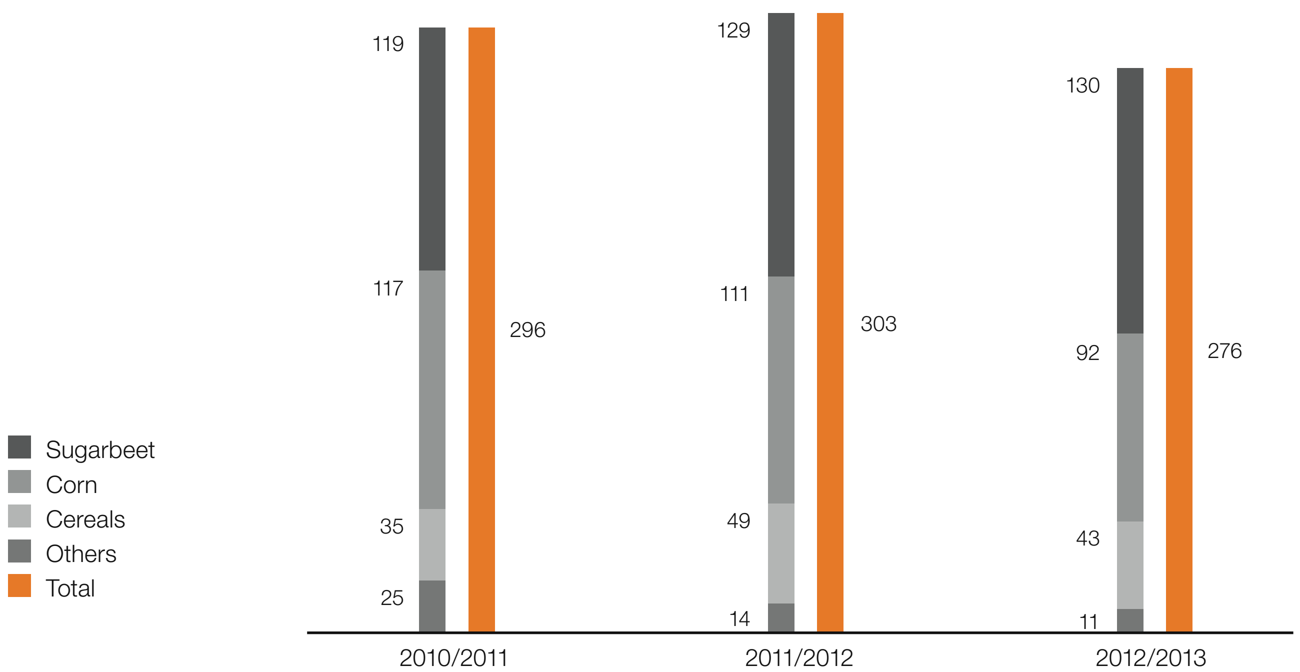
KWS and Vilmorin: More intensive cooperation

GENECTIVE, a company we established together with our French partner Vilmorin & Cie in the fall of 2011, was given final approval by the EU Commission in June 2013. This approval enables KWS and Vilmorin to intensify their cooperation and make advances in their common goal of creating a technology platform for genetically modified varietal traits in corn. The joint research work currently focuses on further development of resistance to herbicides and insects. These standard traits are to be joined by others that enable better adaptation of corn plants to difficult local conditions.

Success in developing nematode-tolerant sugarbeet

Beet cyst nematodes are one of the major pests for sugarbeet in Central Europe. In the case of what is known as "beet fatigue," the nematode larvae parasitize the beet's body and compete with the host plant for nutrients and water. The upshot may be yield losses of more than 30%. KWS has successfully developed new varieties that have greater resistance to beet cyst nematodes. The gene responsible for this resistance was crossed from a related wild beet into

Marketing approvals for new varieties



the sugarbeet with the aid of conventional breeding methods and integrated in the breeding process. To achieve top performance, the trait of high nematode tolerance was combined with above-average sugar yield using optimized breeding methods.

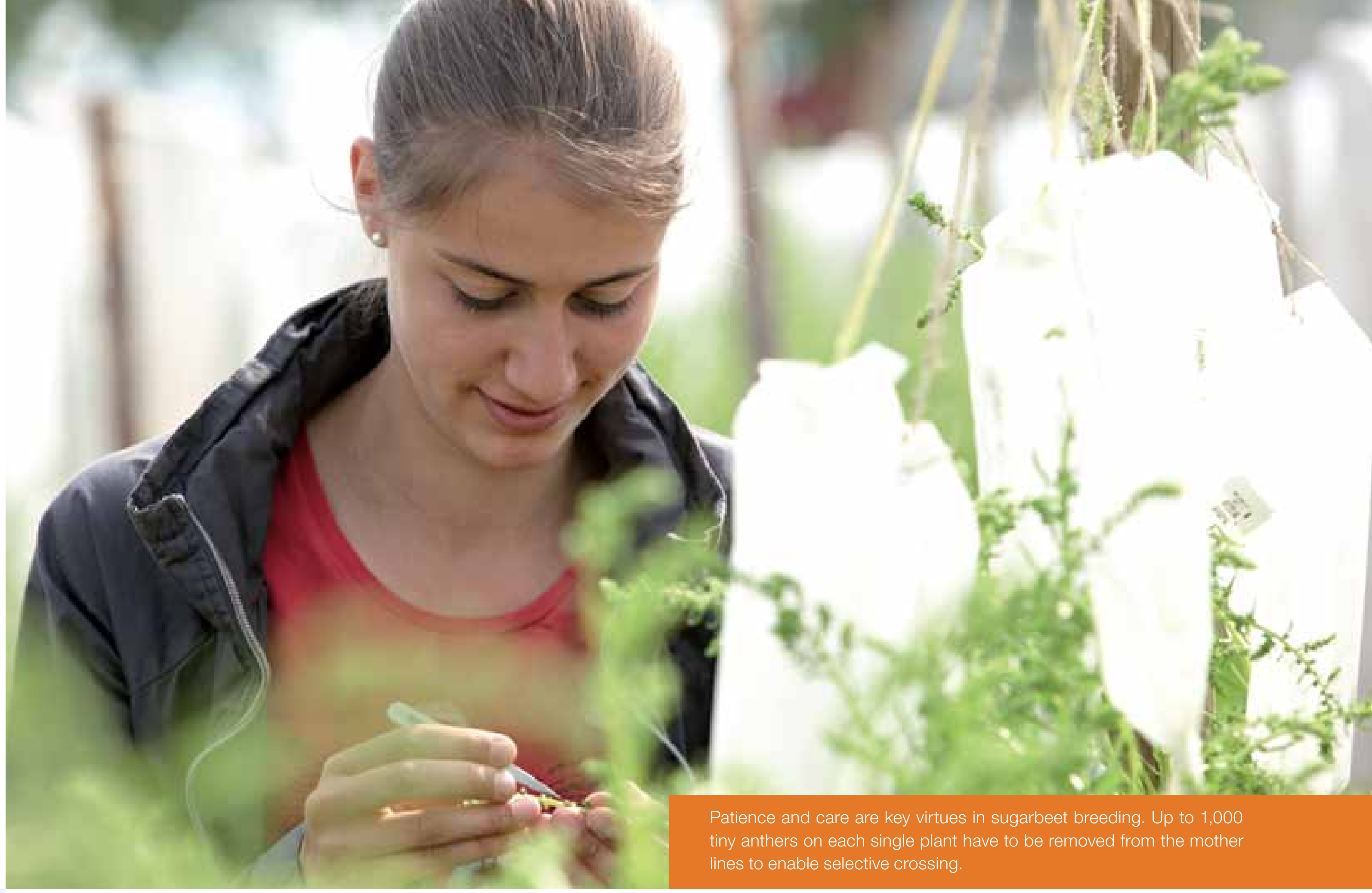
Establishment of a subtropical corn breeding program

Brazil is one of the world's most important markets for corn cultivation, with a total area of 15.5 million hectares used for growing this crop. It is also the third-largest corn market after the U.S. and China. We therefore acquired the breeding companies SEMÍLIA GENETICA E MELHORAMENTO LTDA. and DELTA PESQUISA E SEMENTES LTDA. in June 2012. They were merged into the newly established KWS MELHORAMENTO E SEMENTES LTDA. at the beginning of fiscal 2012/2013. In the summer of 2012, we also launched an extensive corn breeding program based on existing ones. Apart from expanding testing capacities and extensive technological modernization, the focus in the first year was on increasing the workforce and introducing new breeding methods. Three breeding stations and a test station have now been successfully established in Brazil. Further stations are being set up. Testing capacities are to be expanded further in the coming year. From 2015 on we will complement our existing variety portfolio with the first corn varieties from our new breeding program. They will have traits that are specially adapted to the Brazilian market.

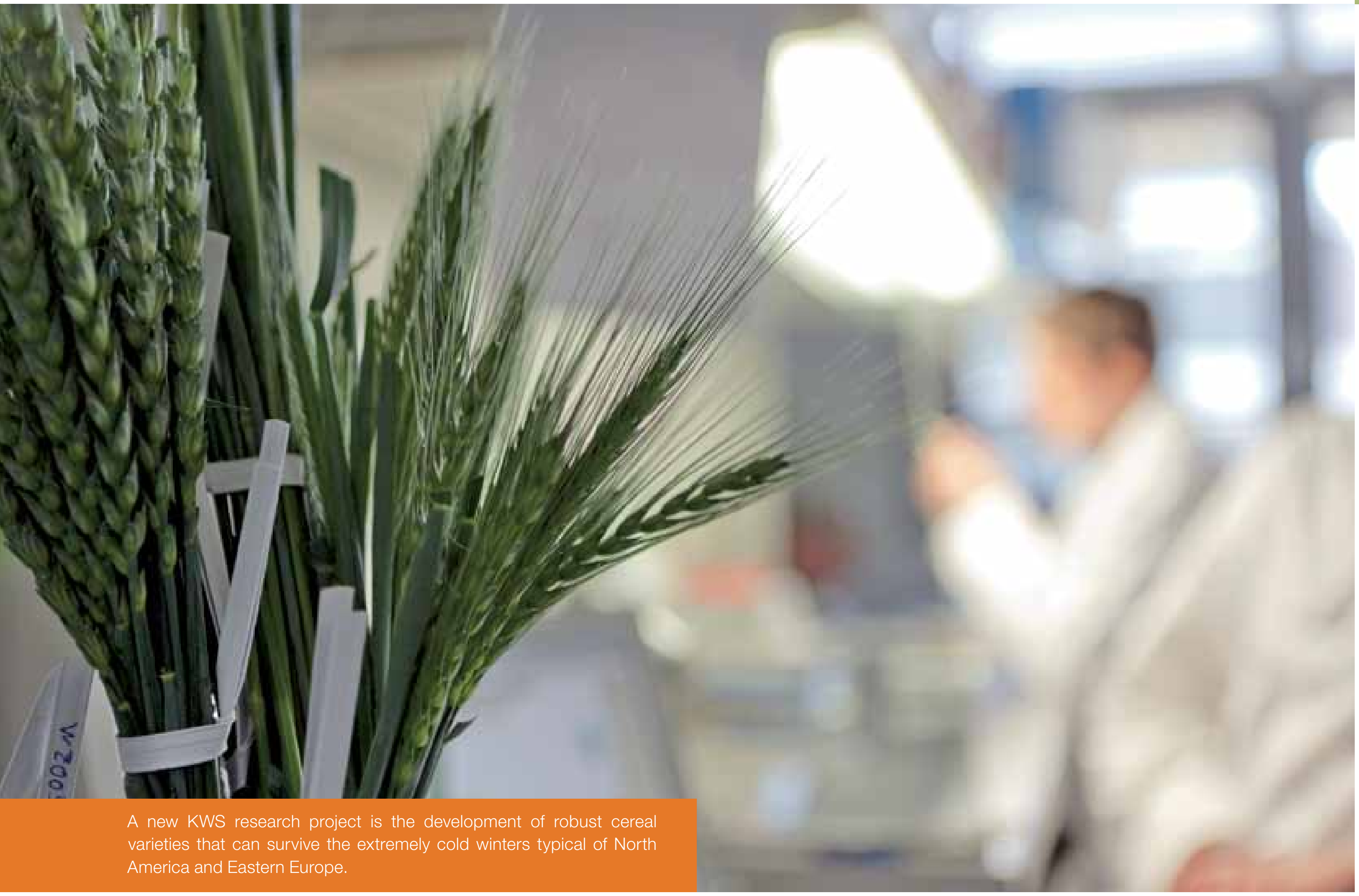
New center for potato breeding established

We established a new breeding station near Emmeloord in the year under review. The town in the Northeast Polder in the Netherlands was chosen as the center for our seed potato operations. Our Dutch subsidiary KWS POTATO B.V. will control and develop our international potato activities from there, which is why breeding, production and distribution will be pooled at KWS POTATO. A 2,000 m² hall with cold storage rooms, laboratories and an office building were built on an area of 96 hectares in a construction period of almost one-and-a-half years. A greenhouse with an area of around 2,200 square meters will supplement the infrastructure by the spring of 2014. The total investment came to some €12 million. The new breeding station offers sufficient space for demonstration and trial fields for all types of crops. Our focus is on developing potato varieties for the growing sector of food processing and for traditional export markets.

We aim to apply know-how from other crops to our potato breeding work. Potato breeding is to be redefined and systematically implemented using state-of-the-art plant breeding methods such as molecular technology, cell culture and gene transfer.



Patience and care are key virtues in sugarbeet breeding. Up to 1,000 tiny anthers on each single plant have to be removed from the mother lines to enable selective crossing.



A new KWS research project is the development of robust cereal varieties that can survive the extremely cold winters typical of North America and Eastern Europe.

Intensification of research at KWS

Research and breeding are the foundation of our company. We develop crop varieties that are adapted to the wide range of needs in agriculture. Research continuously supplies new approaches for developing new and improved product traits and for optimizing breeding methods. In this connection, we regularly examine what fields of research we should work in through our current research program.

By expanding its research program to include new, cutting-edge topics, KWS aims to further strengthen its own competitiveness regarding varietal traits and breeding methods in the long term.

A key indicator of our innovativeness is the official sales approvals for our new varieties. Breeding progress means enhanced crop performance and higher yields for farmers. In the year under review, KWS was awarded 276 (303) marketing approvals for new varieties internationally as part of official testing: 130 (129) for sugarbeet, 92 (111) for corn, 43 (49) for cereals and 11 (14) for the product areas of oil seed and potatoes.

» I like my work because it benefits everyone.

Our mission is to make our plants resistant to fungal diseases so as to avoid harvest losses and reduce the use of fungicides. «

Lydia Weimer, Technical Assistant at the New Genetic Traits/Fungus Resistance unit, KWS SAAT AG

Corn Segment

The Corn Segment generated more than 60% of the KWS Group's net sales in the past fiscal year and will also remain our strongest growth driver in the future. The performance of our variety products is highly acknowledged in all of the world's important corn markets. That is one reason why our joint venture AGRELIANT has now become the third-largest corn breeder in North America. We were even able to become the market leader in France for the first time in the past sowing period. We see growth potential above all in China and Brazil, where corn is grown on a total of some 50 million hectares.

Boosted by the first-time inclusion of our business in Brazil, the Corn Segment's net sales rose by 22.8% to €701.7 (571.5) million in the year under review. In order to tap new markets, we increased our budgets, above all for distribution and product development (by 20% and 15% respectively). Despite these up-front costs, operating income rose by 18.3% to €92.0 (77.8) million. The return on sales (EBIT margin) is still at a high level of 13.1%.

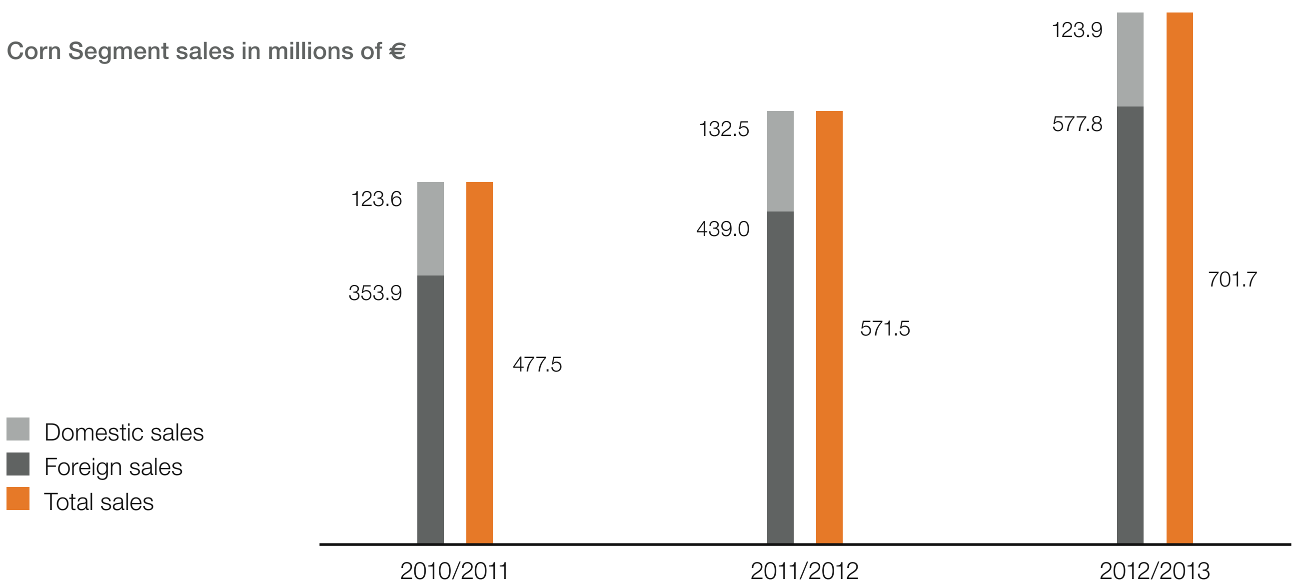
The 2012 growing season was characterized by extreme drought in many regions of the northern hemisphere, with the U.S. experiencing its hottest summer in 50 years, for example. Russia and Ukraine suffered a similar period of dry weather as in the crisis year 2010. The countries of Southeastern Europe were likewise impacted. As a result, the United States Department of Agriculture lowered its estimate for the global cereal harvest by around 150 million tons, or some 10% of worldwide cereal production, in September 2012.

These climatic conditions impacted seed production to the same degree, resulting in a shortage of seed in the entire sector. In order to be able to ensure our ability to supply sufficient seed for the spring of 2013, we had to conduct contra-seasonal multiplication operations on a larger scale in South America, which resulted in higher production costs.

The regions

AGRELIANT, our North American joint venture with the French breeding company Vilmorin & Cie, posted significantly lower yields from seed multiplication in the summer of 2012. However, cultivation area in the U.S. in 2013 was 39 million hectares, i.e. remained at the record level of the previous year. Demand was mainly for genetically improved varieties with multiple tolerance. On the back of a slight increase in sales volume overall, AGRELIANT was able to increase its sales by 19.0% to about €537 million, of which 50% is consolidated in the KWS Group. That means AGRELIANT is now the third-largest supplier in the fiercely competitive U.S. corn market. Construction of the new seed production and logistics center in the state of Iowa proceeded as planned in the past fiscal year, with the result that an initial portion of the processing capacity will be available in time for the seed harvest in September 2013.

Corn Segment sales in millions of €



The Corn Segment's business volume has quadrupled in just ten years. Today, it contributes over 60% of KWS' net sales.

In Europe, above all the regions Southeastern and Eastern Europe were hit by drought in 2012, necessitating large supplies of seed from other regions and from contraseasonal production. Despite these difficulties, we were able to improve our market position in both of these regions and in the Northern Europe region compared with the previous year. While maintaining our leading market position in Germany, this year we also succeeded for the first time in becoming the market leader in France. That was mainly due to successful breeding work in the field of early-maturing corn varieties. In order to cope with this growth with further production capacities, we expanded our seed processing plants in Southwest France and Turkey.

We were able to expand our operations in Brazil successfully in the very first fiscal year after we launched them on July 1, 2012. Net sales there rose by 60% to €37 million. RIBER KWS SEMENTES – our production and distribution company – was able to increase sales volumes and win market share in Brazil in the country's two cultivation periods, namely the summer and winter sowing seasons.

We are focusing on cooperating with our partner Kenfeng in the likewise important growth market of China. Kenfeng, which is headquartered in the province of Heilongjiang, is one of the largest Chinese seed companies in the northeast part of the country; it has had business ties with KWS for almost 30 years. Sales of corn seed under the KWS brand name were almost doubled year on year. KWS has already become one of the leading western suppliers of hybrid corn varieties in China.

The Corn Segment also includes oil seed, which mainly comprises rapeseed and sunflower in Europe and soybean in North and South America. Oilseed contributed €71.4 (62.8) million to the segment's net sales.

Sugarbeet Segment

High stockpiles of sugar and good harvests, coupled with falling world market prices, resulted in a reduction in sugarbeet cultivation area worldwide by 11% to 4.2 million hectares in the 2013 growing season. Nevertheless, KWS generated net sales of almost €300 million in this product segment – a record in our traditional field of activity. We were able to buck the trend by supplying innovative varieties that offer farmers high value added.

The Sugarbeet Segment, which also includes our seed potato business, recorded net sales of €328.6 (313.4) million in fiscal 2012/2013, an increase of 4.9%. A key factor here was our North American business, which now accounts for more than 35% of the segment's net sales. The segment's income was €73.5 million, not quite on a par with the high level of the previous year (€79.9 million). The main causes of this decline are our planned higher expenditure on product development and distribution, with which we intend to secure our market leadership in sugarbeet seed business. We also made large investments to build up our seed potato business. In addition, higher allowances on receivables and inventories were necessary. Overall the return on sales (EBIT margin) fell to 22.4% (25.5%).

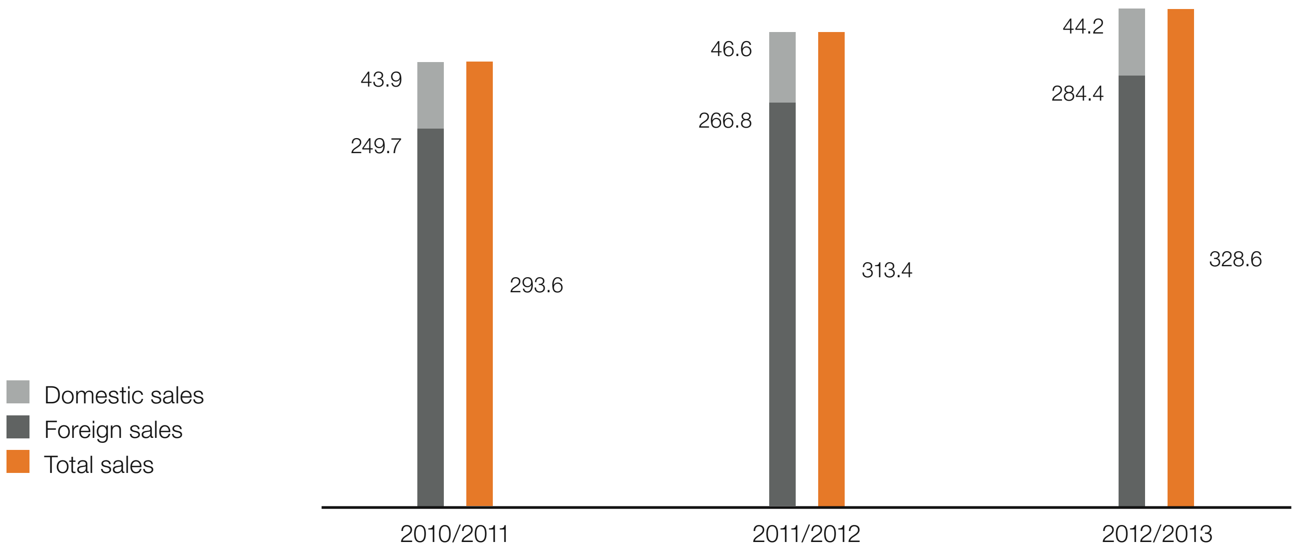
The innovative strength of our Sugarbeet Segment was demonstrated by the 130 (129) marketing approvals for new sugarbeet varieties and the 6 (2) for new potato varieties in a total of 24 countries in fiscal 2012/2013.

The regions

Sugarbeet accounted for €297.8 (280.6) million of the segment's net sales. The main growth regions in the past fiscal year were North America and, to a lesser extent, Central Europe. Net sales in the EU 28 were €127.7 (131.0) million, not quite at the level of the previous year as a result of reductions in cultivation area. Despite a sharp decline in cultivation area of approximately 400,000 hectares in Ukraine and Russia, KWS was still again able to increase revenue from sugarbeet seed outside the EU 28 to €170.1 (149.6) million in the year under review.

A key growth driver was the North American region, where we were able to increase our market share from 60% to just over 70%. Following the decision by the United States Department of Agriculture on July 19, 2012, to permit cultivation of herbicide-tolerant Roundup Ready® sugarbeet again without restriction and with immediate effect, farmers in North America decided to plant these varieties on just about all the

Sugarbeet Segment sales in millions of €



That's what beet should look like: The strong leaves soak up the last rays of sunshine in the fall and convert them into sugar. Our goal by 2020: a yield of 20 tons of sugar per hectare.

area used to grow the crop. To secure its market position, KWS is currently modernizing its existing production plants in North America. The goal is to achieve further improvements in quality and expand capacities. However, the sharp drop in cultivation area means that net sales declined by more than 20% in Eastern Europe.

Net sales also declined slightly in Germany on the back of a 10% reduction in area, while they were able to be maintained at a stable level in France despite the reductions in area there. In Central Europe, net sales and market share were increased slightly in Poland above all. KWS succeeded in further consolidating its leading market position in Northern Europe. KWS is the market leader in particular in Belgium and the Netherlands.

Reductions in area in China in the previous year resulted in left-over stocks, which resulted correspondingly in lower order volumes in fiscal 2012/2013. On the other hand, timely establishment of local seed production in Turkey meant we were able to increase net sales there despite an import freeze.

Seed potatoes

We overhauled our seed potato operations in the year under review. Establishment of a new potato breeding station at Emmeloord in the Netherlands, the headquarters of KWS POTATO B.V., was largely completed. This is also the head office for distribution activities, which we intend to focus on our core markets of Northwestern and Southeastern Europa, Russia and the Middle East/North Africa region. Our seed potato business will also focus in the future on varieties for the processing industry, for example for producing chips and French fries. These areas are to be expanded systematically. Net sales from seed potato business in the year under review were €30.8 (32.8) million. However, the up-front costs are still too high to permit a positive contribution to earnings.

Cereals Segment

All the activities of the KWS LOCHOW Group are bundled in the Cereals Segment. They include breeding, production and distribution of hybrid rye, wheat and barley, with production of the latter largely being licensed out to multipliers. The good prices for cereals for consumption induced many farmers in the 2012/2013 winter sowing season to emphasize quality and ask for certified seed from breeders.

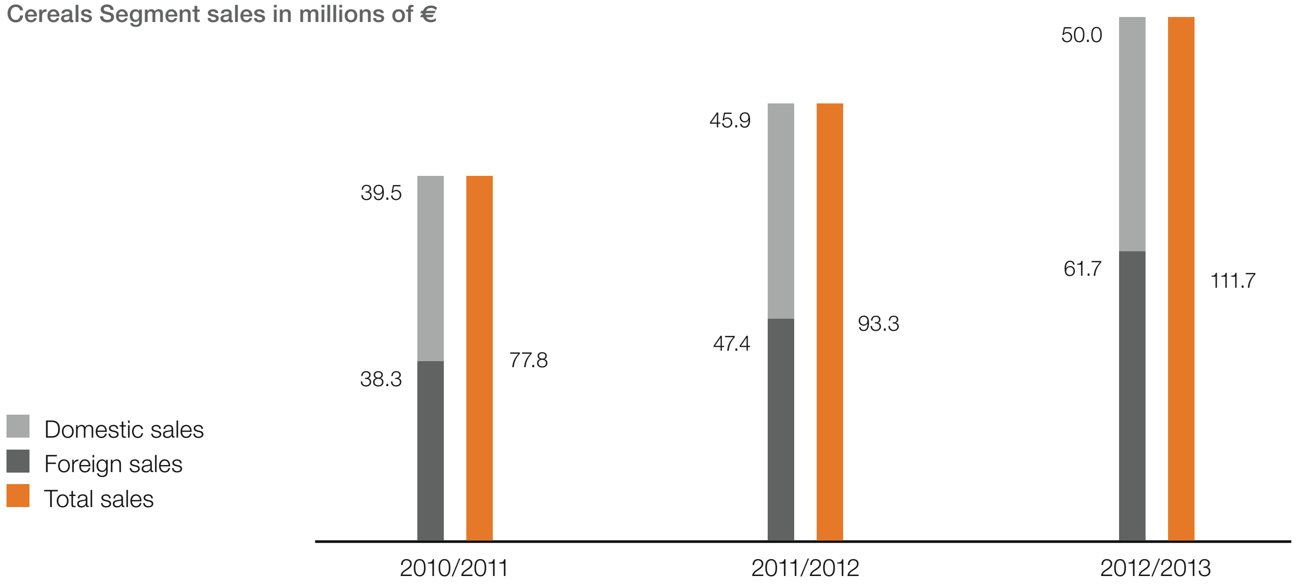
Rye posted the highest increases in net sales in our cereals business. It boasts excellent winter hardiness. In addition, hybrid rye varieties produce a 20% to 30% higher yield than line varieties. These qualities persuaded our customers to expand the area they used to grow rye. At the same time, the share of hybrid rye varieties proportionate to total cultivation area rose. In some markets our hybrid rye varieties were completely sold out for the 2012 winter sowing season. Sales volumes of wheat and barley were also gratifying in Europe. In particular, there is large demand for our wheat varieties in the UK, where our market share is an excellent 45%.

Net sales at the Cereals Segment rose overall by 19.7% to €111.7 (93.3) million, mainly on the back of hybrid rye business. However, wheat and barley also posted increases. Rye is still the main contributor to net sales in the Cereals Segment, followed by wheat, barley and rapeseed. The segment's income also developed very positively. Despite the further expansion of our breeding and distribution activities, income at June 30, 2013, rose by 41.8% to €26.8 (18.9) million.

The segment's return on sales (EBIT margin) increased from 20.3% to 24.0%.

The Cereals Segment continued its growth strategy in the past year. As part of that, we increased our expenditure on developing new cereal varieties nationally and internationally. The breeding programs in the core markets of Germany, the UK and France made good progress. However, the strategy also includes very long-term projects. For example, the company has expanded its rye and wheat breeding programs to Eastern Europe (Russia) and to the west (North America). Our goal in Eastern Europe is to adapt our hybrid rye varieties to continental weather conditions. The objective of that is to tap additional market potential there in the medium term. Our focus in the U.S. is also on developing special winter wheat varieties. In Central and Western Europe, our varieties demonstrated their excellent winter hardiness in the past years. In fiscal 2012/2013, a total of 43 (49) approvals for new varieties were obtained in 7 (13) countries at the Cereals Segment.

Cereals Segment sales in millions of €

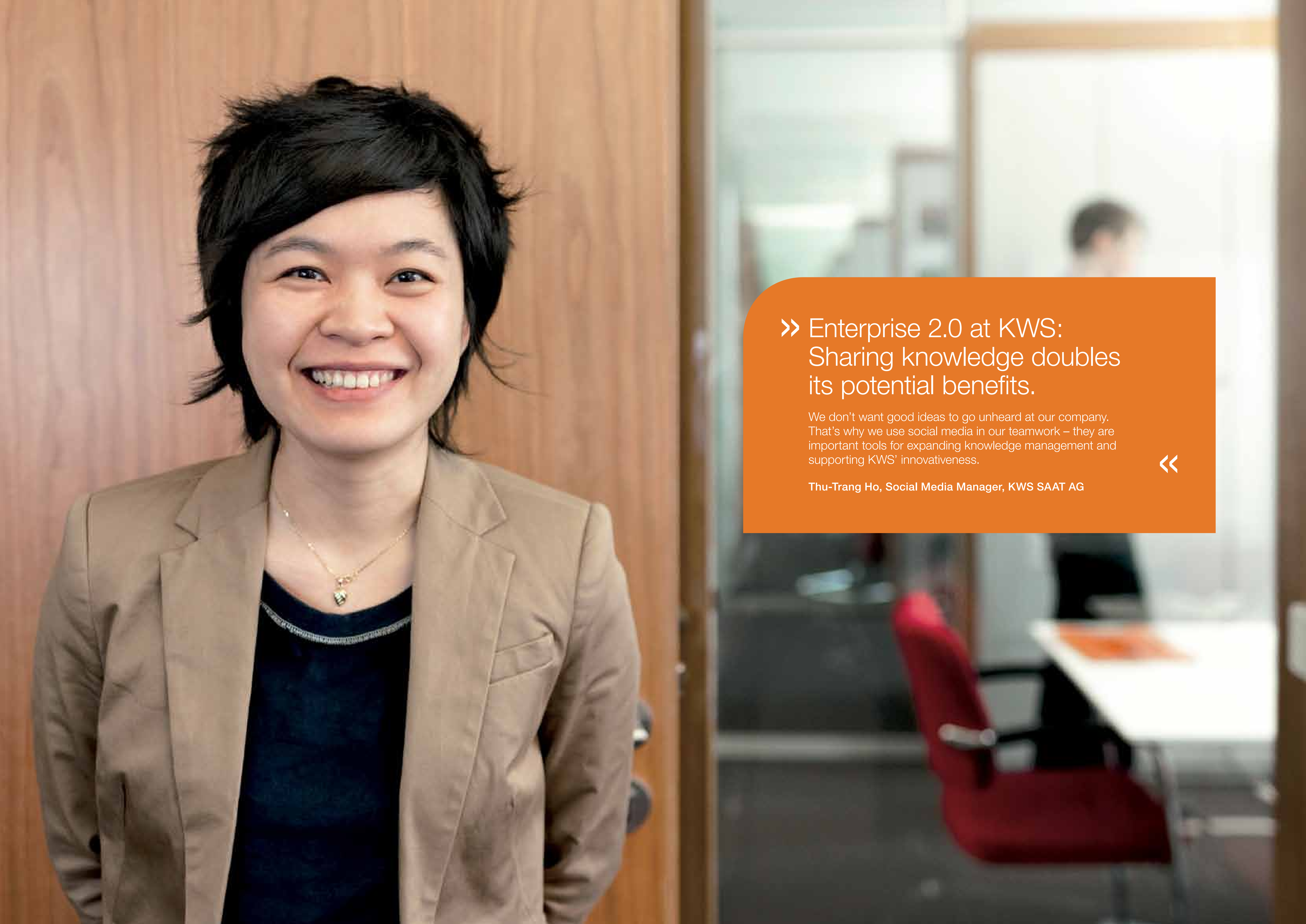


In addition to the high yield of wheat varieties, ensuring healthy ears is a concern in many regions. A focus of our breeding is on lower susceptibility to the fungal disease fusarium head blight.

The regions

The general conditions for using certified cereal seed were very favorable, particularly in Germany. After the winterkill of crops in the previous year, certified varieties were used on 53% (51%) of the cultivation area. The QualityPlus® concept, which was introduced by KWS LOCHOW to coincide with the 2011 sowing season and stands for especially careful and audited cereal seed multiplication and processing, again proved its attractiveness. As a result, we further increased our market share. The very good market climate in Poland helped us grow hybrid rye sales by more than 50% year on year. There was particularly high demand for KWS LOCHOW's Pollen Plus® varieties, which are tolerant to infection by the toxic ergot fungus. In unfavorable weather, this fungus results in considerable crop losses in some regions of Europe since infected cereal is not allowed to enter the human food chain or be used as animal feed.

Quality+
Inspected
Top Quality



Enterprise 2.0 at KWS: Sharing knowledge doubles its potential benefits.

We don't want good ideas to go unheard at our company. That's why we use social media in our teamwork – they are important tools for expanding knowledge management and supporting KWS' innovativeness.

Thu-Trang Ho, Social Media Manager, KWS SAAT AG

Outlook for the fiscal year 2013/2014

The prices for agricultural raw materials fell sharply in the course of 2013. This was attributable in part to good harvest forecasts for 2013. However, global demand for agricultural products has probably hardly changed at all – it will rather tend to increase further. We still see growth opportunities for KWS in this environment, mainly in the markets of South America and Asia and in Southeastern and Eastern Europe. In North America and Western Europe, however, we need to follow up on the high levels of the previous year.

After the years of rapid growth, we expect the **KWS Group** to grow its net sales by just over 5% in fiscal 2013/2014, with almost all of this increase coming from the Corn Segment. In order to tap our growth markets even better, however, we have increased our budgets for product development and distribution by 10% each, which will be reflected not least in a rise in the workforce of around 10%. 5,000 (4,443) people are expected to be employed at KWS at the end of the current fiscal year. However, the planned increases in function costs will not be compensated for by increased net sales in new growth markets, whose contribution margins are lower. As far as can be seen at present, the KWS Group's operating income (EBIT) will therefore fall by around €10 million. At the same time, the EBIT margin will remain in the double digits and thus in line with our general objective.

In the **Corn Segment**, we expect net sales to rise again sharply by around 10% in fiscal 2013/2014. Above all, we intend to grow in the regions of North and South America and Southeastern and Eastern Europe. Net sales of the joint venture we are aiming to establish in China will not be able to be consolidated because KWS is only allowed to hold a 49% stake according to law. Overall, we expect the segment to increase its income by around 8%, despite considerable additional expenditures on expanding our research and development activities and our production and distribution structures.

The **Sugarbeet Segment** benefited primarily from an unexpected gain in market share in North America in fiscal 2012/2013. The current level will probably not be able to be maintained. However, prospects in the EU 28 and Russia have improved slightly. Following reductions in cultivation area in these important regions, we anticipate stable and in some cases increasing area there. Demand in the **seed potato business** will likely increase as well due to the rise in consumer prices, with the result that we assume that annual net sales in the Sugarbeet Segment will remain stable year on year as a whole. Lower U.S. business and higher function costs will result overall in a 10% drop in the segment's income.

In the **Cereals Segment**, the signs are that there will be no growth in the fall sowing season due to the decline in prices for cereals for consumption. Instead, it will be a challenge to maintain the exceptionally high net sales of the previous year. The Q1 report we will publish on November 28, 2013, will allow us to give you a very concrete overview of how this segment is performing. As far as can be seen at present, the segment's income will be approximately 20% down year on year as a result of rising expenditure on breeding and distribution.

IFRS 11

As of fiscal year 2014/2015, a change to the International Financial Reporting Standards (IFRS 11) means that the net sales and costs of our 50:50 joint venture AGRELIANT can no longer be proportionately consolidated in the KWS Group, but instead will be netted off and carried as income from equity investments.

Employees

Apart from excellent products, our professional and highly motivated employees are the foundation for our gratifying performance over the past years. Our open, entrepreneurial way of working based on long-term values defines KWS' culture. The KWS Group continues to grow and is becoming more and more global. Nevertheless, we still nurture a personal and professional working style shaped by the values of our innovative company with its history of family ownership.

We are committed to mutual respect, trust, fairness, freedom of action, openness and team spirit. Our employees, new colleagues and outsiders live and experience this exceptional atmosphere day after day. A spirit of friendliness, respect and recognition of diversity, room for creativity and flexibility and the feeling of being part of the international KWS family – all those are qualities that are repeatedly attested to in talks and surveys. They also shape how our customers see KWS.

Expansion of our position in the labor market

In view of our growth and the significantly changing dynamics of the labor market, we have begun to adapt and boost our activities in the international labor market in the areas of employer branding and talent sourcing. The objective is to position KWS as a preferred employer in the eyes of the various target groups. By doing that, we can help KWS maintain its leading position in the industry. Our prime goal in this regard is to establish and strengthen cooperation with selected universities and other sources of potential employees, as well as to keep on improving our entry programs for people starting their careers.

Internships and programs for students

KWS welcomed far more groups of students to Einbeck last fiscal year than ever before. In addition, a total of 115 students completed internships in a wide range of areas of our company. Addressed to students of biology, biotechnology, biochemistry and related sciences, our internship program offered five participants the chance to work together with our scientists in various projects.

Demand for our offerings for dual courses of study in the fields of biotechnology/plant biotechnology, agricultural management and computer sciences remains high. KWS also continues to sponsor the Germany Scholarships, which give financial and non-material assistance to high-performing

The KWS EnergyScouts: 20 trainees on a mission to identify and eliminate energy waste with their project "Be a kW/Saver."

Average workforce growth over the last 5 years (by regions)

Employees	2012/13	2008/09	Ø-Growth
Germany	1,676	1,357	5.4% p.a.
Europe (excluding Germany)	1,139	782	9.9% p.a.
America	1,505	1,002	10.7% p.a.
Rest of the world	123	74	13.6% p.a.
Total	**4,443**	**3,215**	**8.4% p.a.**

and dedicated students from all over the world. We also award other scholarships, such as to students who specialize in plant breeding. Last, but not least, we assist 40 students in preparing their doctoral theses.

Training

In fiscal year 2012/2013 the company had 92 (91) trainees who were undergoing training in one of seven vocations. In the course of the year, 32 young people from this group successfully completed their two- or three-year apprenticeship in Germany.

Induction programs

Our popular KWS International Trainee Program and the KWS Breeders Academy have been expanded further. The trainee program, which is open to university graduates from anywhere in the world, is a springboard to working in various areas of the company. It comprises a number of stays and projects in different departments, which may be in Germany or abroad. 43 (30) graduates took up this offer in fiscal year 2012/2013. The German job platform Absolventa has given our trainee program its seal of approval, calling it fair and career-enhancing.

The KWS Breeders Academy has increased the number of international openings. With its combination of on-the-job training and further training measures selected individually for each participant, the Breeders Academy is an approach specific to KWS, one that enables every participant to prepare in a very practical way for his or her later career at KWS as a plant breeder.

Employee development

Our rapid growth means we have to keep on growing our skills and focusing on the essentials. Continuous further development of our employees is therefore of key importance. We concentrate on capabilities that address the company's needs for innovation, customer orientation and international character in our knowledge-based and increasingly globalized and digitally networked organization. The aim is to strengthen function-related content, knowledge of languages and the ability to work virtually. Employees are offered such options at their workplace and within their regional organizational structure. We also encourage our employees to collaborate on international projects and apply for international posts within the KWS Group. The number of internal unsolicited applications for jobs at subsidiaries and associated companies abroad is increasing. Supporting such international assignments is also one of the reasons we have expanded the services offered by HR. Personnel development dialogues are held at least once a year between superiors and employees in order to promote the latters' personal and professional growth. The annual performance and career development review offers the opportunity to address all aspects of the working relationship in an open atmosphere. As part of this, current and anticipated changes in the business environment and the employee's role are looked at and development measures are formulated and addressed.

New programs

This year we launched two new global programs, the KWS On Board Program and the International Development Program, for managers, executive experts and international talents. Once again this year, employees from all over the world took part in our "Orientation Center," to explore their personal strengths and development opportunities. The aim of these programs is to lay the foundation to support the future course of the company in good time.

The KWS On Board Program

In its first year, this three-day program was attended by 30 executive employees from all over the world who were new in their function. Their visit to Einbeck gave them a comprehensive overview of our business strategies, values, culture, expectations and organization. The vital importance of networks and knowledge sharing in their new function was also emphasized.

The International Development Program (IDP)

Our twelve-month International Development Program (IDP), which was designed and launched in close cooperation with our management and Human Resources, recently admitted 15 participants. The IDP's objective is to impart skills that are essential in the global business environment of the 21st century. Residential seminars with internal and external experts, webinars and virtual workshops with external specialists, management mentors, project sponsors and coaches ensure the professional and personal growth of every participant.

78% percent of KWS employees view their prospects at KWS positively, according to the last "Company Climate Index," a survey KWS conducts every two years.

Orientation Center

The Orientation Center was held for the eleventh time at the KWS Group. During the three intensive days, the 10 participants faced a host of tasks and challenges that had to be solved under the supervision of members of top management. Detailed feedback sessions gave participants orientation regarding their personal and professional further development.

"Sparring" for executive employees

This year 80% of our German and international employees who hold management responsibility in Germany took part in small, focused internal sparring groups. These quarterly circles give insights into other fields and activities. They also stimulate knowledge transfer. In addition, they enable participants to jointly hone their coaching skills. Such sessions are to be held in other regions as well. Our goal in this is to help local executive employees adapt to changing conditions.

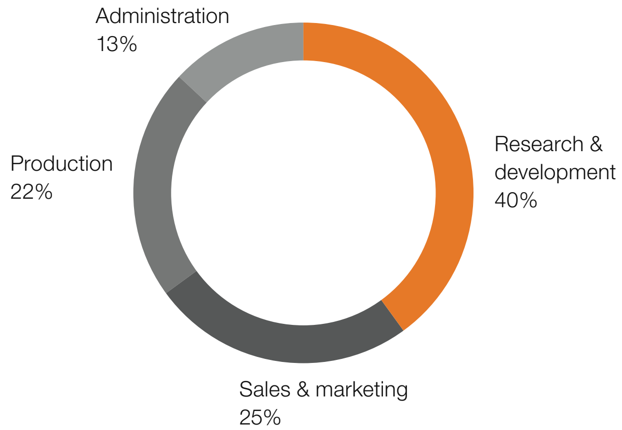
KWS as a family-friendly company

It goes without saying that KWS strives to create a working environment that assists employees in every phase of their life. In Germany there are comprehensive programs in this regard. They include an array of flexible working models, child care allowances and the possibility for employees to look after dependents who need caring for. A new company agreement offers financial assistance for looking after children up to and including third year of primary school in the afternoon or during vacations.

Employees in numbers

The KWS Group employed 4,443 (3,851) people worldwide in fiscal 2012/2013. Personnel expenses at the KWS Group rose by 15.8% to €211.4 (182.5) million.

KWS Group employees by functions



» Sugarbeet is a real multi-talent.

After being harvested, beets do not necessarily end up in a sugar or ethanol plant. They can also be a valuable enrichment for biogas production. My mission is to identify potential for cultivating beet for operators of biogas plants and farmers and to develop customized usage concepts. «

Ulrike Jeche, Biogas Consultant/Sugarbeet Sales, KWS SAAT AG

Risks for future development

KWS' strategic objective is to strengthen and build on its leading market position as an earnings-oriented seed company. KWS' success also depends on how early we identify potential risks and how proactively we develop strategies to counter them. A responsible approach to risks is supported at KWS by an extensive risk management system and internal control system. A risk is an incident or development at or outside the company that jeopardizes its (lasting) commercial success.

Identifying business opportunities and pursuing them

In principle, we look at risk and opportunity management separately. A separate reporting system documents and supports monitoring of the risks. By contrast, the recording and communication of opportunities are integral components of the established controlling system between the subsidiaries, associated companies and company's management. Management of the segments is responsible for identifying, analyzing and implementing operational opportunities. Targeted measures are formulated together with the Executive Board so that strengths can be leveraged and strategic growth potentials tapped. As part of this, we use extensive strategic planning covering a 10-year time frame. In addition, we underpin our growth strategy by exploiting opportunities by means of pinpointed investments in production capacities, R&D and acquisitions.

Internal control and risk management system with regard to the accounting process

The internal accounting control and risk management system for the financial statements of KWS SAAT AG and the KWS Group comprises all suitable measures, structures and processes designed to make sure that all business events and transactions are included in accounting promptly, consistently and correctly. It ensures compliance with the statutory standards, accounting regulations and internal accounting control policies that are binding on all consolidated companies. The system also consists of principles, procedures and controls to reveal irregularities. There are also policies for accounting and reporting.

Among other things, we regularly examine the completeness of financial reporting, the Group's uniform accounting, measurement and account allocation stipulations, the authorization and access regulations for IT systems used in accounting, and proper, complete elimination of intra-Group transactions as part of consolidation. The effectiveness of the controls is assessed by means of regular tests using random samples. They form the basis for assessing whether our controls are adequate and effective. The results are documented and communicated internally. Identified weaknesses are eliminated promptly. The Executive Board and the Audit Committee of the Supervisory Board are informed regularly of the risk situation, the results of the controls and the effectiveness of the risk management system and all its control functions. The consolidated accounting process is controlled at KWS SAAT AG by the corporate units Group Accounting and Group Controlling.

The risk management system means advantages for corporate controlling

An approach based on our corporate culture is also chosen by KWS in risk management. Such an approach is founded on trust in its employees and on the long experience that shows that they act responsibly toward themselves, their colleagues and the company as a whole. The culture of trust practiced by our employees is underpinned by rules of conduct, training and control measures, enabling our employees to assess risks on their own. In addition, the established risk management system helps us identify potential risks in a timely fashion in order for suitable countermeasures and controls to be implemented so that the threat of damage to the company can be averted and its existence safeguarded for the long term.

KWS' risk management system is organized on the basis of the internationally recognized COSO II Enterprise Risk Management Framework. In this connection, the issues of risk management and internal control system have been united in one management approach.

The risk management system thus meets legal requirements by ensuring that all significant risks are systematically identified every year, examined, assessed as to the likelihood of their occurrence and potential impact, documented, controlled and monitored. KWS' risk management system is also based on strategic planning and investment controlling, continuous operational controlling and the quality and process monitoring systems. The internal control system also includes documentation and central coordination of the individual risks and associated controls. Several audits are held each year, covering processes in the organizational units. External auditing by experienced auditors is conducted at KWS and is a key component of the risk management system in ensuring that internal controls work. This process is intended to ensure constant control and thus to support an information-based decision-making process.

Responsibility for risk management lies with the Executive Board, which is supported in that by Corporate Finance – Treasury and Risk Management, Corporate Law & Compliance, Corporate Responsibility Affairs and Corporate Controlling. In addition, the risk report is discussed in a Risk Committee every quarter and any important risks that are missing are added if necessary. The Risk Committee (Corporate Management Circle) represents the top two management levels (Executive Board, Corporate Managers and division heads). The principles of risk management at KWS are enshrined in the "Rules, Guidelines & Procedures (RGPs)," which apply throughout the Group, and are published on the Group-wide intranet. These RGPs create a common understanding of the issue of risk management within KWS. They include principles relating to early detection, communication and handling of risks.

The risk management process at KWS

The objective of the risk management process is to identify, analyze, assess and efficiently monitor significant risks. More than 100 key risks and ways of controlling them are described in the system implemented at KWS. They are assessed with their "individual likelihood of occurrence" and "potential level of damage." Their significance is evaluated on the basis of their effect on operating income (EBIT) or specific qualitative indicators. The individual risks or process sections are assigned to employees who conduct controls and employees responsible for controls. In addition, manual and automated controls using software are set up for the identified risks. The workflows report on the controls to the employees who conduct controls and are responsible for them and on the results to the risk manager. If individual points in the rules and regulations are not complied with, this is registered and the situation is documented.

Explanation of the risk situation

In the following we describe the risks that might have a significant detrimental impact on our business, assets, financial position and earnings, our stock price and our reputation.

Strategic risks

We press ahead constantly with the Group's strategic further development. That comprises continuous optimization of efficiency, strengthening our core areas, product portfolio management and investment in research and development. The success of the related decisions is subject to a risk regarding forecasting future (market) developments and the assumption that the envisaged measures can be achieved.

Significant individual risks

KWS is subject to the usual economic and political risks in the countries and regions in which it and its subsidiaries operate. In addition, the risks described below may lastingly impair KWS' net sales and earnings situation and its financial position. They are reported on regularly in the Risk Committee.

Market risks

In the internationally strongly regulated agricultural industry, political risks have a significant impact on our business development. The lack of statutory regulations may also represent a risk. One unavoidable risk for our corn business is still the possibility of the adventitious presence of genetically modified organisms (GMOs) in conventional seed. In the absence of a standardized legal threshold value, a number of European countries practice a policy of zero tolerance. Thanks to an extensive quality assurance system, only two suspicious seed samples from KWS were identified in international official tests in fiscal 2012/2013.

Structure of risk management at the KWS Group

Corporate Finance	Corporate Controlling	Corporate Responsibility Affairs	Corporate Law & Compliance
• Risk control matrix • Early detection of risks • Minimum requirements • Interest and currency management • Insurance • External audits • IT security	• Early detection of risks • Planning / budget • Current expectation	• Rules, Guidelines & Procedures • Integrated Management System • Internal audits	• CoRA – Compliance Risk Assessment (self-assessment approach) • Compliance training • External audits • Examinations

A further risk lies in the uncertain regulatory framework for growing energy plants. Extensive government market incentive programs and speculation on the agricultural commodity markets have meant that this sector of agricultural production as a whole is currently being called into question. Criticism of the production of energy from plants peaked for the first time in 2008. At that time, the cultivation of plants for energy was also blamed for the in some cases significant increase in food prices, before there was a sudden drop in the prices of agricultural raw materials as of July 2008 in the wake of the incipient economic and financial crisis. What is clearly needed here is a careful analysis of what form of cultivation of energy plants represents an economically sensible and sustainable alternative form of producing energy. This must take into account increases in efficiency in energy plant cultivation and the fact that the prices for fossil fuels will tend to rise.

Overview of significant risks

Risk	Examples
Market risks	• Political risks • Sales volumes and prices • Macroeconomic risks • Currency risks • Risk of changes in interest rates
Production risks	• Weather-related risks • Outage of production systems • Quality risks • Investment risks
Procurement risks	• Dependence on suppliers • Diversification • Access to technologies
Liquidity risks	• Cash / cash flow • Credit lines (with banks) • Receivables management
Legal risks	• Antitrust risks • Corruption risks • Capital market risks • Infringement of patents / trademarks / know-how
Environmental risks	• Pollution of the air, soil and water by dusts, waste water and dangerous waste • Transport of hazardous goods • Genetic mixing
Personnel risks	• Recruitment / development • Work safety • Working time / old-age pensions
IT risks	• IT security • Authorization concept

The medium-term sales risk depends on product performance and the competitive situation. KWS addresses this challenge with systematic analyses of the market and the competition and by constantly developing higher-quality seed for innovative, high-yielding plants.

Currency and interest rate risks are managed by the Treasury and Risk Management department. Financial risks arise in particular from existing receivables and liabilities denominated in foreign currency due to fluctuations in exchange rates. There are interest rate risks as a result of potential changes to market interest rates. Variable-interest financial instruments may result in fluctuations in interest payments and thus have a positive or negative impact on earnings. The risk of interest rate changes and currency risks are addressed through the usual standardized hedging instruments, which in turn can have an influence on KWS' earnings and assets situation.

Production risks

The agricultural production process of breeding and multiplying seed depends to a large extent on the weather. KWS counteracts the risk of production losses stemming from bad weather by distributing seed multiplication over various locations in Europe and North and South America. Our presence in various markets around the world also means that we can cope with fluctuations in demand in one region 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, for example.

KWS counters the risks of outages of production facilities with regular maintenance and Group-wide business interruption insurance. In addition, our products are subjected to regular and extensive quality checks on the fields used for multiplication and during processing so as to reduce quality-related risks. In this way, KWS ensures the high quality of its products through stringent internal quality standards and monitoring.

Procurement risks

Procurement risks are minimized by international diversification of seed production locations and sufficient stockpiling. Moreover, supply risks as a result of sources no longer being able to deliver are largely reduced by means of continuous classification of risks. As part of that, we observe the creditworthiness of important business partners – customers and suppliers alike. In addition, the entire area of purchasing is currently being improved by the Corporate Procurement department so that supplies are optimized and further risks reduced.

Liquidity risks

KWS also addresses liquidity risks with professional cash management and sufficient long-term, syndicated credit lines, the full use of which was not made in the year under review. Our loan agreements include financial covenants, compliance with which has been ensured at all times to date. KWS uses extensive trade credit insurance to minimize the risk of losing receivables in risky regions and business segments. To enable this, KWS pursues an active receivables management policy so that impending payment defaults can be identified at an early stage.

Legal risks

The KWS Group faces risks from legal disputes and official processes both nationally and internationally as part of its operations. Such legal disputes may arise in particular with suppliers, dealers, customers, employees or investors. They may result in payment obligations or other commitments. In order to prevent any violations of the diverse tax, environmental and competition and other regulations and laws, we obligate all employees to abide by our compliance policies. The Code of Business Ethics and the compliance policies based on them state that all KWS employees must act in accordance with KWS' corporate values and comply with the law, contracts and the company's own rules.

Environmental risks

The Integrated Management System and environmental policies, which employees are obligated to implement under our internal regulations, in conjunction with the requirements defined by environmental protection law, form the foundation for all our strategic and operational measures in protecting the environment. The organization of processes and operation of plants and systems, including documentation, in the various areas of the company is regulated in the management system, which complies with the DIN EN ISO 9001:2008 (quality) and DIN EN ISO 14001:2004 (environment) standards. The working order and effectiveness of this system is examined regularly by internal audits and reviews and confirmed by an external certifier. As a result, possible risks of pollution of the air, soil and water by dusts, waste water and hazardous waste are minimized.

Personnel risks

Our success is founded on the individual skills and knowledge of our employees. We encourage the workforce to expand and transfer knowledge through targeted continuing education and development programs. We counter the risk of losing knowledge when people retire by means of intensive and subject-specific qualification and timely succession planning. In addition to our specific vocational training and trainee programs, we initiated the "Breeders Academy" with the aim of training young people specifically in the field of research and breeding.

The trust of farmers is vital to KWS. Tailored advice for customers in agricultural matters plays an important role in winning and keeping that trust.

IT risks

We address IT risks, such as unauthorized access to sensitive electronic company data and information as a result of hacking or computer viruses, with an IT security organization, IT security policies and the use of state-of-the-art firewall and antivirus programs. Due to the rapid pace of technological development, there is a residual risk to IT security which cannot be completely controlled.

Overall statement on the risk situation

The overall risk situation for the KWS Group stems from the above-described risks. There was no significant change in the risk situation in fiscal 2012/2013 compared with the previous year. The main risks for us are still related to products and the market. Overall, the KWS Group's risk management systems did not reveal any risks that jeopardized the company's existence in the year under review. 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 our continued existence in the future.

Report on events after the balance sheet date

There were also no events after June 30, 2013, that can be expected to have a significant impact on the KWS Group's earnings, assets and financial position.

Compensation Report

The **Supervisory Board's compensation** was set by the Annual Shareholders' Meeting on December 17, 2009. 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 and payment for work on committees, but also a performance-related component, which is oriented toward the company's sustainable development. The Chairman of the Supervisory Board receives three times and his or her deputy one-and-a-half times the total 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. Ordinary members of the Supervisory Board receive €5 thousand for their work on the Committee for Executive Board Affairs and €10 thousand 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 total compensation for members of the Supervisory Board amounts to €584 thousand (€509 thousand), excluding value-added tax. In all, 52.4% (45.4%) or €306 thousand (€231 thousand) of the total compensation is performance-related.

Supervisory Board compensation 2012/2013 in €	Fixed	Work on committees	Performance-related	Total	Previous year
Dr. Drs. h.c. Andreas J. Büchting*	84,000.00	0.00	108,000.00	192,000.00	165,600.00
Dr. Arend Oetker**	42,000.00	0.00	54,000.00	96,000.00	82,800.00
Hubertus v. Baumbach***	28,000.00	25,000.00	36,000.00	89,000.00	80,200.00
Jürgen Bolduan	28,000.00	5,000.00	36,000.00	69,000.00	55,200.00
Cathrina Claas-Mühlhäuser	28,000.00	10,000.00	36,000.00	74,000.00	70,200.00
Dr. Berthold Niehoff (since January 2013)	14,000.00	0.00	18,000.00	32,000.00	0.00
Dr. Dietmar Stahl (until December 2012)	14,000.00	0.00	18,000.00	32,000.00	55,200.00
	238,000.00	**40,000.00**	**306,000.00**	**584,000.00**	**509,200.00**

*Chairman **Deputy Chairman ***Chairman of the Audit Committee

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 based on the KWS stock price,
4. Any special payments,
5. Other remuneration and pension awards.

The basic annual salary, bonus payment and other remuneration, including any special payments, are also jointly termed "cash compensation" in the following. Payments for duties performed in subsidiaries and associated companies are offset against the performance-related payment. The cash compensation is limited to an absolute amount of €750,000 per fiscal year. If the company generates sustainable average net income of more than €70 million a year in two successive fiscal years, this limit will be subsequently increased to €800,000 and, in the case of sustainable average net income of more than €100 million a year in two successive fiscal years, to €900,000.

The basic gross annual salary is €216,000. The Chief Executive Officer receives an extra "CEO bonus" of 25% on top of the basic annual salary. The variable payment (performance-related bonus) for our Executive Board members depends on the Company's performance over several years. It is calculated on the basis of a percentage of the average net income of the KWS Group for the past three fiscal years. This percentage is reduced if net income for the year exceeds certain thresholds. There is also a stock-based bonus system intended to act as a long-term incentive. Every member of the Executive Board is now obligated to invest a freely selectable amount ranging between at least 20% and at most 50% of the gross performance-related bonus payment in KWS shares. A 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), measured as the ratio of operating income to net sales. However, it is capped at a maximum of two-and-a-half times the payments made by the Executive Board member as part of his or her own investment. One third of the LTI before taxes must be reinvested in KWS shares after it is paid out.
The basic compensation is paid as a monthly salary. Apart from these salaries, there is also non-monetary compensation, such as a company car or a phone. There are also accident insurance policies for the members of the Executive Board.

Executive Board compensation 2012/2013 in €	Cash compensation				LTI	Total
	Basic compensation	Benefits in kind	Performance-related	Total	Fair Value	
Philip von dem Bussche*	270,000.00	18,519.38	515,480.62	804,000.00	271,844.32	1,075,844.32
Dr. Christoph Amberger	216,000.00	22,882.03	511,117.97	750,000.00	135,128.84	885,128.84
Dr. Léon Broers	216,000.00	21,456.48	512,543.52	750,000.00	211,023.12	961,023.12
Dr. Hagen Duenbostel	216,000.00	19,244.95	514,755.05	750,000.00	273,166.52	1,023,166.52
Eva Kienle (since 04/01/2013)	50,000.00	6,483.24	70,000.00	126,483.24	0.00	126,483.24
	968,000.00	**88,586.08**	**2,123,897.16**	**3,180,483.24**	**891,162.80**	**4,071,646.04**

*CEO

Executive Board compensation previous year in €	Cash compensation				LTI	Total
	Basic compensation	Benefits in kind	Performance-related	Total	Fair Value	
Philip von dem Bussche*	270,000.00	18,998.21	515,001.79	804,000.00	300,769.07	1,104,769.07
Dr. Christoph Amberger	216,000.00	21,984.52	512,015.48	750,000.00	300,769.07	1,050,769.07
Dr. Léon Broers	216,000.00	20,597.34	513,402.66	750,000.00	180,423.30	930,423.30
Dr. Hagen Duenbostel	216,000.00	16,452.21	517,547.79	750,000.00	300,769.07	1,050,769.07
	918,000.00	**78,032.28**	**2,057,967.72**	**3,054,000.00**	**1,082,730.51**	**4,136,730.51**

*CEO

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 between €130 thousand and €140 thousand. In fiscal 2012/2013, €72 thousand (€72 thousand) were paid to a provident fund backed by a guarantee and €193 thousand (€146 thousand) had to be allocated to the pension provisions in accordance with IAS 19 for pension commitments to members of the Executive Board. Pension provisions totaling €1,690 thousand (€1,496 thousand) were formed for the following members of the Executive Board of KWS SAAT AG:

Pension commitments in €	07/01/2012	Personnel expenses	Interest expenses	06/30/2013
Dr. Christoph Amberger	1,222,006.00	104,593.00	67,886.00	1,394,485.00
Dr. Hagen Duenbostel	274,348.00	4,972.00	15,822.00	295,142.00
	1,496,354.00	**109,565.00**	**83,708.00**	**1,689,627.00**

Compensation of former members of the Executive Board and their surviving dependents amounted to €1,097 thousand (€1,052 thousand). Pension provisions recognized for this group of persons amounted to €1,032 thousand (€1,394 thousand) as of June 30, 2013. The pension commitments for three former members of the Executive Board are backed by a guarantee. No loans were granted or other guarantees given to members of the Executive Board and Supervisory Board in the year under review.

Disclosures in accordance with Section 315 (4) HGB (German Commercial Code)

The Executive Board provides the following explanations of the information in accordance with Section 315 (4) HGB (German Commercial Code) in the Group Management Report:

The subscribed capital of KWS SAAT AG is €19,800,000.00. It is divided into 6,600,000 no-par bearer shares. Each share grants the holder the right to cast one vote at the Annual Shareholders' Meeting.

There may be limitations on the voting rights for the shares under 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.

The company has been informed of the following direct or indirect participating interests in the capital of KWS SAAT AG 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. Dr. h.c. mult. 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
Zukunftsstiftung Jugend, Umwelt und Kultur, Einbeck
Büchting Beteiligungsgesellschaft mbH, Hanover
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 13.8%.

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

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.

At KWS SAAT AG, members of the Executive Board are appointed and removed as provided for in Section 84 AktG; analogously to Section 84 AktG, Section 6 of the company's Articles of Association also stipulates that members of the Executive Board are appointed by the Supervisory Board. In compliance with Section 179 (2) AktG and Section 18 of the company's Articles of Association, amendments to the Articles of Association of KWS SAAT AG require a resolution to be adopted by the Annual Shareholders' Meeting by a simple majority of the capital stock represented in adopting the resolution, unless obligatory statutory regulations specify otherwise. 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 AG.

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

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.

Einbeck, October 7, 2013

KWS SAAT AG
THE EXECUTIVE BOARD

Annual Financial Statements of the KWS Group 2012/2013

Balance sheet

of the KWS Group at June 30, 2013, figures in € thousands, unless otherwise specified

ASSETS	Note no.	06/30/2013	Previous year
Intangible assets	(2)	101,866	111,725
Property, plant and equipment	(3)	287,623	261,457
Financial assets	(4)	9,760	5,037
Noncurrent tax assets	(5)	5,719	6,093
Deferred tax assets	(6)	37,134	25,970
Noncurrent assets		**442,102**	**410,282**
Inventories and biological assets	(7)	144,452	139,694
Trade receivables	(8)	359,867	309,422
Securities	(9)	100,878	40,399
Cash and cash equivalents	(10)	101,517	142,569
Current tax assets	(8)	24,385	25,957
Other current assets	(8)	40,122	23,993
Current assets		**771,221**	**682,034**
Total assets		**1,213,323**	**1,092,316**

EQUITY AND LIABILITIES			
Subscribed capital		19,800	19,800
Capital reserve		5,530	5,530
Retained earnings		610,029	553,258
Minority interest		32,167	24,508
Equity	**(11)**	**667,526**	**603,096**
Long-term provisions		67,148	66,603
Long-term borrowings		98,460	48,717
Trade payables		1,697	1,914
Deferred tax liabilities		29,695	36,043
Other long-term liabilities		9,075	8,207
Noncurrent liabilities	**(12)**	**206,075**	**161,484**
Short-term provisions		131,350	121,633
Short-term borrowings		33,259	58,419
Trade payables		82,746	74,373
Current tax liabilities		31,929	24,053
Other liabilities		60,438	49,258
Current liabilities	**(13)**	**339,722**	**327,736**
Liabilities		**545,797**	**489,220**
Total equity and liabilities		**1,213,323**	**1,092,316**

Statement of comprehensive income

from July 1, 2012, through June 30, 2013; figures in € thousands, unless otherwise specified

	Note no.	2012/2013	Previous year
I. Income statement			
Net sales	(18)	1,147,235	986,296
Cost of sales	(18)	607,394	521,343
Gross profit on sales		**539,841**	**464,953**
Selling expenses	(18)	190,762	161,355
Research and development expenses	(18)	140,810	126,571
General and administrative expenses	(18)	69,485	59,494
Other operating income	(19)	61,943	62,637
Other operating expenses	(20)	50,061	39,316
Operating income		**150,666**	**140,854**
Interest and similar income		1,719	2,261
Interest and other expenses		12,080	7,409
Net income from equity investments		45	7
Net financial income/expenses	**(21)**	**–10,316**	**–5,141**
Results of ordinary activities		**140,350**	**135,713**
Taxes	(22)	49,102	41,317
Net income for the year	**(24)**	**91,248**	**94,396**
II. Other comprehensive income			
Revaluation of financial instruments		86	1
Currency translation difference for economically independent foreign units		–13,478	18,760
Other comprehensive income after tax		**–13,392**	**18,761**
III. Comprehensive income			
Comprehensive income		**77,856**	**113,157**
Share of other minority interests		2,606	2,960
Comprehensive income after shares of minority interests		75,250	110,197
Net income for the year		**91,248**	**94,396**
Shares of other minority interests		3,363	2,752
Net income after shares of other minority interests		87,885	91,644
Earnings per share (in €)		**13,32**	**13,89**

Statement of changes in fixed assets of the KWS Group 2012/2013 and 2011/2012

Figures in € thousands, unless otherwise specified

	Gross values								Amortization/depreciation								Net book values	
	Balance 07/01/2012	Currency translation	Changes in the consol. group	Additions	Write-ups	Disposals	Transfers	Balance 06/30/2013	Balance 07/01/2012	Currency translation	Changes in the consol. group	Additions	Write-ups	Disposals	Transfers	Balance 06/30/2013	Balance 06/30/2013	Previous year
Patents, industrial property rights and software	82,622	–2,584	0	4,406	0	1,021	11	83,434	21,014	–404	0	11,674	0	1,017	0	31,267	52,167	61,608
Goodwill	56,907	–458	0	0	0	0	0	56,449	6,790	–40	0	0	0	0	0	6,750	49,699	50,117
Intangible assets	**139,529**	**–3,042**	**0**	**4,406**	**0**	**1,021**	**11**	**139,883**	**27,804**	**–444**	**0**	**11,674**	**0**	**1,017**	**0**	**38,017**	**101,866**	**111,725**
Land and buildings	237,471	–3,703	0	9,991	0	341	7,149	250,567	70,864	–804	0	7,076	0	183	5	76,958	173,609	166,607
Technical equipment and machinery	170,233	–2,504	0	16,899	0	5,109	3,569	183,088	109,373	–1,549	0	11,637	0	4,340	–162	114,959	68,129	60,860
Operating and office equipment	75,591	–1,096	0	10,107	0	3,074	6,071	87,599	50,308	–713	0	8,061	0	2,818	1,845	56,683	30,916	25,283
Payments on account	8,707	–115	0	18,046	0	11	–11,656	14,971	0	0	0	0	0	–2	0	2	14,969	8,707
Property, plant and equipment	**492,002**	**–7,418**	**0**	**55,043**	**0**	**8,535**	**5,133**	**536,225**	**230,545**	**–3,066**	**0**	**26,774**	**0**	**7,339**	**1,688**	**248,602**	**287,623**	**261,457**
Financial assets	**5,203**	**–134**	**0**	**5,746**	**1**	**890**	**0**	**9,926**	**166**	**0**	**0**	**0**	**0**	**0**	**0**	**166**	**9,760**	**5,037**
Assets	**636,734**	**–10,594**	**0**	**65,195**	**1**	**10,446**	**5,144**	**686,034**	**258,515**	**–3,510**	**0**	**38,448**	**0**	**8,356**	**1,688**	**286,785**	**399,249**	**378,219**

	Balance 07/01/2011	Currency translation	Changes in the consol. group	Additions	Write-ups	Disposals	Transfers	Balance 06/30/2012	Balance 07/01/2011	Currency translation	Changes in the consol. group	Additions	Write-ups	Disposals	Transfers	Balance 06/30/2012	Balance 06/30/2012	Previous year
Patents, industrial property rights and software	52,747	292	27,445	2,341	0	214	11	82,622	15,984	166	1	5,076	0	214	1	21,014	61,608	36,763
Goodwill	29,623	1,452	25,830	2	0	0	0	56,907	6,730	60	0	0	0	0	0	6,790	50,117	22,893
Intangible assets	**82,370**	**1,744**	**53,275**	**2,343**	**0**	**214**	**11**	**139,529**	**22,714**	**226**	**1**	**5,076**	**0**	**214**	**1**	**27,804**	**111,725**	**59,656**
Land and buildings	207,439	4,607	4,051	17,850	0	616	4,140	237,471	63,431	1,660	–5	6,340	0	562	0	70,864	166,607	144,008
Technical equipment and machinery	155,732	2,948	2,633	10,062	0	4,705	3,563	170,233	101,260	2,472	–119	10,113	0	4,363	10	109,373	60,860	54,472
Operating and office equipment	68,528	1,777	739	8,593	0	5,939	1,893	75,591	47,736	1,400	–50	6,847	0	5,614	–11	50,308	25,283	20,792
Payments on account	7,043	250	165	10,949	0	93	–9,607	8,707	0	0	0	0		0	0	0	8,707	7,043
Property, plant and equipment	**438,742**	**9,582**	**7,588**	**47,454**	**0**	**11,353**	**–11**	**492,002**	**212,427**	**5,532**	**–174**	**23,300**	**0**	**10,539**	**–1**	**230,545**	**261,457**	**226,315**
Financial assets	**4,268**	**–5**	**279**	**610**	**12**	**278**	**317**	**5,203**	**167**	**–1**	**0**	**0**	**0**	**0**	**0**	**166**	**5,037**	**4,101**
Assets	**525,380**	**11,321**	**61,142**	**50,407**	**12**	**11,845**	**317**	**636,734**	**235,308**	**5,757**	**–173**	**28,376**	**0**	**10,753**	**0**	**258,515**	**378,219**	**290,072**

Statement of changes in equity

Figures in € thousands, unless otherwise specified

	Subscribed capital	Capital reserve	Accumulated group equity from earnings	Adjustments from currency translation	Reserve for financial assets held for sale	Other transactions	Equity	Minority interests	Adjustments from currency translation	Other transactions	Equity	
	Parent company						Parent company	Minority interest				Group equity
				Comprehensive other group income					Comprehensive other group income			
Balance as at June 30, 2011	**19,800**	**5,530**	**503,330**	**–20,142**	**143**	**594**	**509,255**	**21,498**	**–488**	**–4**	**21,006**	**530,261**
Dividends paid			–15,180				–15,180	–476			–476	–15,656
Changes in the consolidated group			–25,684				–25,684	1,018			1,018	–24,666
Other changes			0				0	0			0	0
Net income for the year			91,644				91,644	2,752			2,752	94,396
Other comprehensive income after tax				18,552	1		18,553		208		208	18,761
Total consolidated gains (losses)			91,644	18,552	1		110,197	2,752	208	0	2,960	113,157
Balance as at June 30, 2012	**19,800**	**5,530**	**554,110**	**–1,590**	**144**	**594**	**578,588**	**24,792**	**–280**	**–4**	**24,508**	**603,096**
Dividends paid			–18,480				–18,480	–664			–664	–19,144
Changes in the consolidated group			0				0	0			0	0
Other changes			0				0	5,716			5,716	5,716
Net income for the year			87,885				87,885	3,363			3,363	91,248
Other comprehensive income after tax				–12,720	86		–12,634		–756		–756	–13,390
Total consolidated gains (losses)			87,885	–12,720	86		75,251	3,363	–756	0	2,607	77,858
Balance as at June 30, 2013	**19,800**	**5,530**	**623,515**	**–14,310**	**230**	**594**	**635,359**	**33,207**	**–1,036**	**–4**	**32,167**	**667,526**

Cash flow statement

Figures in € thousands, unless otherwise specified

	Note	2012/13	Previous year
Net income for the year		91,248	94,396
Depreciation/reversal of impairment losses (–) on property, plant and equipment		38,448	28,364
Increase/decrease (–) in long-term provisions		–1,292	1,471
Other noncash expenses/income (–)		–18,919	–6,399
Cash Earnings		**109,485**	**117,832**
Increase/decrease (–) in short-term provisions		24,062	10,425
Net gain (–)/loss from the disposal of assets		–191	–528
Increase (–)/decrease in inventories, trade receivables, and other assets not attributable to investing or financing activities		–86,287	–34,588
Increase/decrease (–) in trade payables and other liabilities not attributable to investing or financing activities		37,509	4,720
Net cash from operating activities	**(1)**	**84,578**	**97,861**
Proceeds from disposals of property, plant and equipment		1,554	1,343
Payments (–) for capital expenditure on property, plant and equipment		–57,739	–46,213
Proceeds from disposals of intangible assets		3	0
Payments (–) for capital expenditure on intangible assets		–4,406	–2,343
Proceeds from disposals of financial assets		361	278
Payments (–) for capital expenditure on financial assets		–5,745	–610
Payments (–) for purchase of shares in consolidated subsidiaries and other business units		–22,970	–9,033
Net cash from investing activities	**(2)**	**–88,942**	**–56,578**
Cash receipts from issue of capital		5,716	0
Dividend payments (–) to shareholders parent and minority		–19,144	–15,656
Cash proceeds from issuance of bonds and from short- or long-term borrowings		40,650	2,880
Net cash from financing activities	**(3)**	**27,222**	**–12,776**
Net cash changes in cash and cash equivalents		**22,858**	**28,507**
Changes in cash and cash equivalents due to exchange rate, consolidated group, and measurement changes		**–3,431**	**7,562**
Cash and cash equivalents at beginning of year		182,968	146,899
Cash and cash equivalents at end of year	**(4)**	**202,395**	**182,968**

Notes for the KWS Group 2012/2013

Figures in € thousands, unless otherwise specified; previous-year figures in parentheses

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). The consolidated financial statements of KWS SAAT AG, Einbeck, discharge the obligations of KWS LOCHOW GMBH, Bergen, and KWS MAIS GMBH, Einbeck, to produce their own financial statements. The statements were prepared under the assumption that the operations of the company will be continued. The KWS Group has applied the amendment to IAS 1 "Presentation of Items of Other Comprehensive Income" for the first time in fiscal year 2012/2013. The following financial reporting standards and interpretations were published by the IASB by the balance sheet date, but must be applied by the KWS Group only at a later date.

Financial reporting standards and interpretations	Mandatory first-time application
IAS 19 (2011): Employee Benefits	In fiscal year 2013/2014
Amendment to IFRS 1 – First-time adoption of International Financial Reporting Standards: Government Loans	In fiscal year 2013/2014
IFRS 13: Fair Value Measurement	In fiscal year 2013/2014
Amendment to IFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	In fiscal year 2013/2014
IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine	In fiscal year 2013/2014
Improvement Project 2009–2011	In fiscal year 2013/2014
IFRS 10: Consolidated Financial Statements	In fiscal year 2014/2015
IFRS 11: Joint Arrangements	In fiscal year 2014/2015
IFRS 12: Disclosure of Interests in Other Entities	In fiscal year 2014/2015
Amendment to IFRS 10, IFRS 11 and IFRS 12 – Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	In fiscal year 2014/2015
IAS 27 (2011): Separate Financial Statements	In fiscal year 2014/2015
IAS 28 (2011): Investments in Associates and Joint Ventures	In fiscal year 2014/2015
Amendments to IAS 32 – Financial Instruments Disclosures: Offsetting Financial Assets and Financial Liabilities	In fiscal year 2014/2015
Amendment to IFRS 10, IFRS 11 and IFRS 12 – Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Investment Entities	At the earliest in fiscal year 2014/2015
IFRS 9: Financial Instruments	At the earliest in fiscal year 2015/2016
Amendments to IFRS 9 and IFRS 7 – Mandatory Effective Date of IFRS 9 and Transition Disclosures	At the earliest in fiscal year 2015/2016

Application of the following financial reporting standards and interpretations is likely to have a significant impact on the consolidated financial statements:

IAS 19: Employee Benefits

The amendments to IAS 19 (2011) mainly relate to abolition of the corridor approach, the immediate recognition of actuarial gains and losses in the other comprehensive income, determination of the expected return on planned assets at the discount rate used to measure the direct benefit obligation, and more extensive note disclosures in the consolidated financial statements. These amendments will have an effect on the level of provisions for pensions and other employee benefits, equity, deferred taxes and net interest expense from pension commitments. In addition, the definition of termination benefits was amended by IAS 19 (2011), necessitating an adjustment to the provision for semi-retirement obligations.

IAS 19 (2011) will be applied starting in fiscal year 2013/2014.

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

IFRS 10 introduces a new concept of control that influences the methods and scope of consolidation. IFRS 11 governs how joint arrangements are reported. IFRS 11 prescribes only the equity method for consolidation of joint ventures.

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. KWS plans to apply the new financial reporting standards relating to consolidation for the first time in fiscal year 2014/2015.

There will be significant changes for the KWS Group in particular from application of IFRS 11. At June 30, 2013, seven joint ventures were proportionately consolidated in the KWS Group's financial statements and will be consolidated using the equity method in future in accordance with IFRS 11. For the first time in fiscal 2014/2015, the balance sheet and income statement will no longer include the proportionate revenue, expenses, assets and liabilities of our joint ventures.

To the extent that these relate to supplementary disclosure obligations, there will be no effects on the balance sheet or statement of comprehensive income. The possible effects of the other changes are currently being examined. As far as can be seen at present, the other financial reporting standards and interpretations will not have a significant impact on the consolidated financial statements of the KWS Group.

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 AG and its subsidiaries in Germany and other countries in which it directly or indirectly controls more than 50% of the voting rights. In addition, joint ventures are in principle proportionately consolidated according to the percentage of equity held in those companies. 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.

Consolidation methods

The single-entity financial statements of the individual subsidiaries and joint ventures included in the consolidated financial statements were uniformly prepared on the basis of the accounting and measurement methods applied at KWS SAAT AG; 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 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 non-consolidated companies are carried at cost. Joint ventures are carried in principle according to the percentage of equity held in the companies concerned using IAS 31.

Subsidiaries and joint ventures are consolidated and associated companies measured at equity only 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 subsidiaries and joint ventures 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 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. Exchange differences resulting from loans to foreign subsidiaries and joint ventures are reported in the other result 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. Research 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 largely unchanged from the previous year. 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.

Intangible assets

Purchased intangible assets are carried at cost less straight-line amortization over a useful life of three to 20 years. Impairment losses on intangible assets with finite useful lives are recognized according to IAS 36. Goodwill with an indefinite useful life is 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, and fair value can be reliably measured. Straight-line amortization of these separated intangible assets is applied over their individual useful life.

Property, plant, and equipment

Property, plant, and equipment is measured at cost less straight-line depreciation. If the impairments exceed the use-related depreciation that has already been applied, a loss is recognized. In addition to directly attributable costs, the cost of self-produced plant or equipment also includes a proportion of the overheads and depreciation/amortization. Depreciation of buildings is based on a useful life of up to 50 years. The useful lives of technical equipment and machinery range from five to 15 years, and for operating and office equipment from three to ten 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 asset's net realizable value and its value in use (value of future cash flows expected to be derived from the asset). 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.

Investments are measured for the first time at cost. Assets available for sale are carried at market value if that can be reliably measured. Unrealized gains and losses, including deferred taxes, are recognized directly in the reserve for intangible assets held for sale under equity. Impairment losses are recognized immediately through the income statement. Borrowings are carried at amortized cost.

The other noncurrent financial assets are essentially available for sale and are carried at market value where possible. If a market value cannot be determined, the amortized costs are carried as an alternative.

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 carried at market values in accordance with IAS 39 and may have a positive or negative value. This relates essentially to common derivative financial instruments that are used to hedge interest rate and foreign currency risks. In particular, the derivative financial instruments are measured 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 fair value of financial instruments is determined on the basis of the market information available on the balance sheet date and in accordance with the recognized measurement methods and must be assigned to a level in 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 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 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 revaluation reserve. 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 direct included in the net income for the period.

Derivatives

Derivatives cannot be designated as hedging instruments pursuant to the regulations of IAS 39. They are measured at their market 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 carried at cost 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 the expected sales proceeds, less costs to sell. 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. Under IAS 12, deferred taxes are calculated on the basis of the applicable local income tax.

Provisions for pensions and other employee benefits

Under IAS 19, obligations from direct pension commitments are measured using actuarial principles under the accrued benefit valuation method. Gains or losses from unplanned changes in accrued benefits and from changes in actuarial assumptions are disregarded if the change moves within a 10% corridor of the accrued benefits. This will be the last year this is done. Only if the gains or losses exceed this threshold will they be recognized as income and distributed over the remaining working lives and included in the provision.

Other provisions

Tax and other provisions account for all discernible risks and contingent liabilities. Depending on circumstances, they are measured at the most probable amount or at the expected value.

Contingent liabilities

The contingent liabilities result from debt obligations where outflow of the resource is not probable 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 goodwill that is carried
- 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

2. Disclosures on the annual financial statements

Consolidated group and changes in the consolidated group

Number of companies including KWS SAAT AG

	Domestic	Foreign	Total	Domestic	Foreign	Total
	06/30/2013			Previous year		
Consolidated	13	42	**55**	13	43	**56**
Consolidated at quota	0	7	**7**	0	7	**7**
	13	49	**62**	13	50	**63**
Equity method	0	1	**1**	0	0	**0**
Total	**13**	**50**	**63**	**13**	**50**	**63**

Delta Pesquisa e Sementes Ltda. / Brazil and Semilia Genetica e Melhoramento Ltda. / Brazil, the breeding companies we acquired in the previous year, were merged into KWS MELHORAMENTO E SEMENTES LTDA. effective July 1, 2012.

We acquired further shares in our joint venture GENECTIVE S.A. on June 28, 2013.

A total of 55 (56) companies were fully consolidated and seven (seven) proportionately consolidated in the year under review. A participating interest that was increased in fiscal 2012/2013 is consolidated using the equity method.

The financial position and results of operations of the seven (seven) proportionately consolidated companies are as follows:

Proportionately consolidated companies

	2012/13	Previous year
	Proportionately consolidated companies	
Noncurrent assets	44,767	36,997
Current assets	155,378	139,434
Total assets	**200,145**	**176,431**
Equity	107,640	99,557
Noncurrent liabilities	868	824
Current liabilities	91,637	76,050
Total equity and liabilities	**200,145**	**176,431**
Total income	**281,396**	**238,494**
Total expenses	**257,758**	**217,857**
Net profit for the year	**23,638**	**20,637**

Significant subsidiaries and affiliated companies

The following list of shareholdings of KWS SAAT AG is published in the Federal Gazette:

Subsidiaries and associated companies, which were included in the consolidated group[1]

Sugarbeet

100%	BETASEED INC.[2] Shakopee, MN/U.S.
100%	KWS FRANCE S.A.R.L. Roye/France
100%	DELITZSCH PFLANZENZUCHT GMBH[10] Einbeck
100%	O.O.O. KWS RUS[12] Lipezk/Russia
100%	O.O.O. KWS R&D RUS[11] Lipezk/Russia
100%	KWS ITALIA S.P.A. Forli/Italy
100%	KWS POLSKA SP.Z O.O. Poznan/Poland
100%	KWS SCANDINAVIA A/S[10] Guldborgsund/Denmark
100%	KWS SEMILLAS IBERICA S.L.[10] Zaratán/Spain
100%	SEMILLAS KWS CHILE LTDA. Rancagua/Chile
100%	KWS SRBIJA D.O.O. New Belgrad/Serbia
100%	KWS SUISSE SA Basle/Switzerland
100%	ACH SEEDS INC.[4] Eden Prairie, MN/U.S.
100%	BETASEED FRANCE S.A.R.L.[18] Sarreguemines/France
100%	BETASEED LTD.[4] Rothwell/UK
100%	KWS UKRAINE T.O.W.[12] Kiev/Ukraine
100%	KWS TÜRK TARIM TICARET A.S.[9] Eskisehir/Turkey
100%	BETASEED GMBH Frankfurt
100%	KWS POTATO B.V.[17] Emmeloord/Netherlands
83%	DYNAGRI S.A.R.L.[16] Casablanca/Morocco

Corn

100%	KWS MAIS GMBH Einbeck
100%	KWS BENELUX B.V.[5] Amsterdam/Netherlands
100%	KWS SEMENA S.R.O.[5] Bratislava/Slovakia
100%	KWS MAIS FRANCE S.A.R.L.[5] Sarreguemines/France
100%	KWS AUSTRIA SAAT GMBH[5] Vienna/Austria
100%	KWS SJEME D.O.O.[5] Pozega/Croatia
100%	KWS OSIVA S.R.O.[5] Velke Mezirici/Czech Rebublic
100%	KWS SEMENA BULGARIA E.O.O.D.[5] Sofia/Bulgaria
100%	AGROMAIS GMBH[5] Everswinkel
100%	KWS MAGYARORSZÁG KFT.[5] Györ/Hungary
100%	KWS SEMINTE S.R.L.[13] Bukarest/Romania
99%	KWS ARGENTINA S.A.[5] Balcarce/Argentina
51%	RAZES HYBRIDES S.A.R.L.[3] Alzonne/France
50%	AGRELIANT GENETICS LLC.[6]* Westfield, IND/U.S.
50%	AGRELIANT GENETICS INC.* Chatham, Ontario/Canada
100%	KWS MELHORAMENTO E SEMENTES LTDA.[21] Curitiba/Brazil
50%	RIBER KWS SEMENTES S.A. [21] Patos de Minas/Brazil

Cereals

81%	KWS LOCHOW GMBH Bergen
100%	KWS UK LTD.[7] Thriplow/UK
100%	KWS LOCHOW POLSKA SP.Z O.O.[7] Kondratowice/Poland
100%	KWS CEREALS USA LLC.[7] Shakopee, MN/U.S.
49%	SOCIETE DE MARTINVAL S.A.[8]* Mons-en-Pévèle/France
100%	SA MOMONT HENNETTE[14] Mons-en-Pévèle/France
95%	SARL LABOGERM[14] Mons-en-Pévèle/France
100%	SARL ADRIEN MOMONT[14] Mons-en-Pévèle/France
100%	SCA HAMET[14] Mons-en-Pévèle/France

Corporate

100%	KWS LANDWIRTSCHAFT GMBH** Einbeck
100%	KWS INTERSAAT GMBH Einbeck
100%	KWS SEEDS INC.[9] Shakopee, MN/U.S.
100%	GLH SEEDS INC.[2] Shakopee, MN/U.S.
100%	KWS SAATFINANZ GMBH Einbeck
100%	RAGIS KARTOFFELZUCHT- UND HANDELSGESELLSCHAFT MBH Einbeck
100%	KWS KLOSTERGUT WIEBRECHTSHAUSEN GMBH Northeim-Wiebrechtshausen
100%	EURO-HYBRID GESELLSCHAFT FÜR GETREIDEZÜCHTUNG MBH Einbeck
100%	KWS SEMENTES BRASIL PARTICIPACOES LTDA.[19] São Paulo/Brazil
100%	KWS BRASIL PARTICIPACOES LTDA.[20] São Paulo/Brazil
50%	GENECTIVE S.A.[22]*** Chappes/France
100%	KWS R&D China LTD.[15] Hefei/China
100%	KWS SERVICES DEUTSCHLAND GMBH Einbeck
100%	KWS SERVICES EAST GMBH Vienna/Austria
100%	KWS SERVICES NORTH B.V. Rotterdam/Netherlands
100%	KWS SERVICES MEDITERRANEAN S.A.S. Roye/France

* Proportional consolidation
** Profit transfer agreement
*** At Equity method

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) Investee of KWS LOCHOW GMBH
9) Subsidiary of KWS INTERSAAT GMBH and KWS SAAT AG
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 SEMENTES BRASIL PARTICIPACOES LTDA. and KWS INTERSAAT GMBH
21) Subsidiary of KWS BRASIL PARTICIPACOES LTDA.
22) Investee of KWS SAAT AG

June 30, 2013

3. Segment reporting for the KWS Group

Figures in € thousands, unless otherwise specified; previous-year figures in parentheses

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 AG in Einbeck. All the breeding material, including the relevant information and expertise about how to use it, is owned by KWS SAAT AG 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. Because of their minor importance within the KWS Group, the distribution and production of oil and field seed are reported in the Cereals and Corn Segments, in keeping with the legal entities 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 (16) foreign companies 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 AG, 18 (18) foreign subsidiaries and affiliated companies 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, an 81%-owned subsidiary of KWS SAAT AG, with its eight (eight) foreign subsidiaries and affiliated companies 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 functions and expenses for long-term research projects that have not yet reached market maturity.

It also includes all management services of KWS SAAT AG, 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

Segment sales contains both sales from third parties (external sales) and 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.

	2012/13	Previous year	2012/13	Previous year	2012/13	Previous year
	Segment sales		Internal sales		External sales	
Corn	701,743	571,765	35	290	701,708	571,475
Sugarbeet	329,288	313,692	713	264	328,575	313,428
Cereals	113,482	95,095	1,828	1,840	111,654	93,255
Corporate	14,873	15,998	9,575	7,860	5,298	8,138
KWS Group	**1,159,386**	**996,550**	**12,151**	**10,254**	**1,147,235**	**986,296**

The Corporate Segment generates 64.4% (49.1%) of its sales with the other segments. The sales of this segment represents 0.5% (0.8%) of the Group's external sales.

The Corn Segment is the largest contributor of external sales, accounting for 61.2% (57.9%) of external sales, followed by Sugarbeet with 28.6% (31.8%) and Cereals with 9.7% (9.5%).

57.3% (62.8%) of total sales are recorded in Europe (including Germany).

External sales by region

	2012/13	Previous year
Germany	223,384	228,328
Europe (excluding Germany)	433,524	390,720
Americas	435,787	325,633
Rest of world	54,540	41,615
KWS Group	**1,147,235**	**986,296**

	2012/13	Previous year	2012/13	Previous year	2012/13	Previous year
	Segment earnings		Depreciation and amortization		Other noncash items	
Corn	91,998	77,764	14,978	8,449	9,885	–10,637
Sugarbeet	73,475	79,891	11,740	9,345	6,818	–7,323
Cereals	26,767	18,941	3,928	3,489	1,284	650
Corporate	–41,574	–35,742	7,802	7,093	–7,283	3,713
Total segments	**150,666**	**140,854**	**38,448**	**28,376**	**10,704**	**–13,597**

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 by means of an appropriate formula.

Depreciation and amortization charges of €38,448 thousand (€28,376 thousand) allocated to the segments relate exclusively to intangible assets and property, plant, and equipment.

	2012/13	Previous year	2012/13	Previous year
	Operating assets		Operating liabilities	
Corn	484,560	426,729	158,621	147,146
Sugarbeet	253,973	242,404	55,244	52,767
Cereals	64,910	60,796	17,033	14,342
Corporate	90,365	92,241	50,390	74,278
Total segments	**893,808**	**822,170**	**281,288**	**288,533**
Others	319,515	270,146	264,509	200,687
KWS Group	**1,213,323**	**1,092,316**	**545,797**	**489,220**

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

The operating assets of the segments are composed of intangible assets, property, plant, and equipment, inventories and all receivables, other assets, and prepaid expenses 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 mainly attributable to the Corn Segment, where it amounted to €23,626 thousand (€77,379 thousand), and the Sugarbeet Segment, where it amounted to €22,408 thousand (€20,327 thousand). 37.3% (67.8%) of the capital spending was made in North and South America and 28.0% (18.6%) in Europe (excluding Germany).

Investments in long-term assets by segment

	2012/13	Previous year
Corn	23,626	77,379
Sugarbeet	22,408	20,327
Cereals	7,333	6,987
Corporate	6,082	5,967
KWS Group	**59,449**	**110,660**

Investments in long-term assets by region

	2012/13	Previous year
Germany	15,933	14,793
Europe (excluding Germany)	16,637	20,553
North and South America	22,174	74,978
Rest of world	4,705	336
KWS Group	**59,449**	**110,660**

Operating assets by region

	2012/13	Previous year
Germany	253,020	233,428
Europe (excluding Germany)	260,911	270,374
North and South America	352,040	297,765
Rest of world	27,837	20,602
KWS Group	**893,808**	**822,169**

4. Notes to the balance sheet

Figures in € thousands, unless otherwise specified; previous-year figures in parentheses

(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 2012/2013. Capital expenditure on assets was €65,195 thousand (€111,549 thousand), of which €0 thousand (€61,142 thousand) was attributable to the changes in the consolidated group. The Management Report describes the significant additions to assets. Depreciation and amortization amounted to €38,448 thousand (€28,376 thousand).

(2) Intangible assets

This item includes purchased varieties, rights to varieties and distribution rights, software licenses for electronic data processing, and goodwill. Additions amounting to €4,406 thousand (€55,618 thousand), of which €0 thousand (€53,275 thousand) resulted from the changes in the consolidated group, comprise the acquisition of software licenses and patents. Amortization of intangible assets amounted to €11,674 thousand (€5,076 thousand), of which €2,420 thousand (€450 thousand) were write-downs. This charge is included in the relevant functional costs and the other operating expenses, 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 thousand (€21,686 thousand) – and KWS MELHORAMENTO E SEMENTES LTDA. – €4,115 thousand (€4,115 thousand), as well as AGRELIANT GENETICS LLC. – €17,584 thousand (€17,973 thousand) – in the Corn Segment, the company KWS UK LTD. – €1,693 thousand (€1,693 thousand) – in the Cereals Segment and KWS Potato B.V. – €2,150 thousand (€2,150 thousand) – in the Sugarbeet Segment.

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 units. 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 entity's net realizable value and its value in use (value of future cash flows expected to be derived from the entity). 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.

A standard discount rate of 5.3% (5.4%) has been assumed to calculate present values. A growth rate of 1.5% (1.5%) has been assumed beyond the detailed planning horizon in order to allow for extrapolation in line with the expected inflation rate. Tests provided evidence that the 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.

Sensitivity analyses were carried out in the fiscal year for all cash-generating units to which goodwill is allocated. A 5% reduction in the forecast cash flow or an increase in the discount rate by 0.1 percentage points 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.

(3) Property, plant, and equipment

Capital expenditure amounted to €55,043 thousand (€55,042 thousand) and depreciation amounted to €26,774 thousand (€23,300 thousand). €0 thousand (€7,588 thousand) of the capital expenditure on property, plant and equipment result from the changes in the consolidated group. The Management Report describes the significant capital expenditure.

(4) Financial assets

Investments in non-consolidated subsidiaries and associated companies and shares in cooperatives and GmbHs that are of minor significance, are reported in principle at their amortized cost totaling €5,972 thousand (€948 thousand) since a market value cannot be reliably determined. The additions to the financial assets mainly relate to the acquisition of further shares in our joint venture GENECTIVE S.A. and total €5,746 thousand (€610 thousand). Listed shares are carried at market value of €141 thousand (€162 thousand). This account also includes interest-bearing homebuilding loans to employees and other interest-bearing loans totaling €118 thousand (€172 thousand). In addition, the balance of €2,455 thousand (€3,099 thousand) after netting off reinsurance claims and the corresponding benefit obligations is carried. Amortization of financial assets amounted to €0 thousand (€0 thousand).

(5) Noncurrent tax assets

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

(6) 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 €37,134 thousand (€25,970 thousand), of which €2,887 thousand (€3,197 thousand) will be carried forward for the future use of tax losses.

(7) Inventories and biological assets

	06/30/2013	Previous year
Raw materials and consumables	15,961	16,761
Work in process	47,124	37,043
Immature biological assets	11,316	14,313
Finished goods	70,051	71,577
	144,452	**139,694**

Inventories increased by €4,758 thousand, or +3.4%, net of impairment losses totaling €53,556 thousand (€51,336 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 €1,528 thousand (€1,749 thousand), for which all the requirements were met at the balance sheet date, were granted for the total area under cultivation of 4,434 (4,410) ha and were recognized in income. Future subsidies depend on the further development of European agricultural policy.

(8) Current receivables

	06/30/2013	Previous year
Trade receivables	359,867	309,422
Current tax assets	24,385	25,957
Other current assets	40,122	23,993
	424,374	**359,372**

Trade receivables amounted to €359,867 thousand, an increase of 16.3% over the figure of €309,422 thousand for the previous year; this amount includes €2,618 thousand (€2,137 thousand) in receivables from related parties. The item "Other current assets" includes prepaid expenses totaling €5,580 thousand (€4,739 thousand) in addition to other receivables of €34,542 thousand (€19,254 thousand). The already overdue trade receivables that have been partly written down amount to €4,843 thousand (€2,218 thousand).

Written-down and overdue receivables

06/30/2013	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 not overdue on the balance sheet date
			1–90 days	91–180 days	181–360 days	> 360 days	
Trade receivables	359,867	311,686	29,405	3,987	2,251	1,435	6,260
Other receivables	34,542	34,103	0	0	0	0	343
	394,409	**345,789**	**29,405**	**3,987**	**2,251**	**1,435**	**6,603**
Previous year							
Trade receivables	309,422	276,231	17,686	5,678	2,584	1,135	3,890
Other receivables	19,254	18,908	2	0	0	0	343
	328,676	**295,139**	**17,688**	**5,678**	**2,584**	**1,135**	**4,233**

There are no indications on the balance sheet date that customers who owe trade receivables that have not been written down and are not overdue will not meet their payment obligations.

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

	07/01	Addition	Disposal	Reversal	06/30
2012/13	29,098	7,865	1,779	6,542	28,642
2011/12	33,017	12,780	4,204	12,495	29,098

The receivables include an amount of €345 thousand (€79 thousand) due after more than one year.

(9) Securities

Securities amounting to €100,878 thousand (€40,399 thousand) relate primarily to short-term liabilities securities and fund shares.

(10) Cash and cash equivalents

Cash of €101,517 thousand (€142,569 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.

(11) Equity

The fully paid-up subscribed capital of KWS SAAT AG is still €19,800,000.00. 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, the net retained profit, the differences from currency translation and the reserve for intangible assets held for sale are grouped in this item in the consolidated balance sheet. 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. 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."

Equity (including minority interest) increased by €64,430 thousand, from €603,096 thousand to €667,526 thousand. For details, see the statement of changes in equity.

(12) Noncurrent liabilities

	06/30/2013	Previous year
Long-term provisions	67,148	66,603
Long-term financial borrowings	98,460	48,717
Trade payables	1,697	1,914
Deferred tax liabilities	29,695	36,043
Other long-term liabilities	9,075	8,207
	206,075	**161,484**

As in the previous year, the trade payables and other long-term liabilities are due for payment in between one and five years.

The obligation of €25,684 thousand from a put/call option as part of our Brazilian operations was carried under the long-term provisions the year before, but was allocated to the long-term financial borrowings in the past fiscal year. The previous year's figures have been adjusted accordingly.

The pension provisions are based on defined benefit obligations, determined by years of service and pensionable compensation. They are measured using the accrued benefit method under IAS 19, on the basis of assumptions about future development. The assumptions in detail are that wages and salaries will increase by 3.00% (3.00%) annually and pensions by 2.00% (2.00%) annually.

The discount rate was 3.50%, compared with 3.80% the year before. In the previous year, a discount rate of 5.10% was erroneously stated; however, the calculations were made using the correct rate of interest.

No income or expenses were recognized as a result of changes in retirement obligations or benefits payable or from the adjustment to assumptions. For benefit obligations backed by a guarantee by an insurance company toward three former members of the Executive Board, the planned assets of €9,059 thousand (€8,599 thousand) correspond to the present value of the obligation. In accordance with IAS 19, the pension provisions are netted off against the corresponding assets. Pension funds were invested in to cover foreign pension commitments.

Long-term provisions	07/01/2012	Changes in the consol. group, currency	Addition	Consumption	Reversal	06/30/2013
Pension provisions	57,212	–259	5,212	4,575	2	57,588
Other provisions	9,391	–581	3,141	2,387	4	9,560
	66,603	**–840**	**8,353**	**6,962**	**6**	**67,148**

The accrued benefit is reconciled to the provisions reported in the consolidated financial statements as follows:

	2012/13	Previous year
Accrued benefit entitlements at beginning of fiscal year	97,291	80,069
Cost of additional benefit entitlements	1,132	916
Interest expenses on benefit entitlements acquired in previous years	3,627	4,842
Changes in consolidated group and currency	–1,308	718
Changes in actuarial gains/losses	3,714	15,571
Other changes not recognized in profit or loss	1	1
Pension payments	4,897	4,826
Accrued benefit entitlements at end of fiscal year	99,560	97,291
Present value of planned assets	–18,967	–18,031
Planned assets carried as assets	2,455	3,099
Actuarial gains/losses not included	–25,461	–25,147
Pension provisions at the end of the fiscal year	**57,587**	**57,212**

The planned assets changed as follows during the fiscal year:

	2012/13	Previous year
Present value of planned assets at the start of the fiscal year	18,031	16,286
Expected gains from planned assets	1,027	1,162
Changes in actuarial gains/losses	1,209	214
Payments from external social security bodies	–944	–943
Currency difference from foreign planned assets	–356	1,312
Present value of planned assets at the end of the fiscal year	**18,967**	**18,031**

The pension obligations and planned assets have changed over time as follows:

	06/30/2013	06/30/2012	06/30/2011	06/30/2010	06/30/2009
Accrued benefit entitlements on 06/30	99,560	97,291	80,069	83,740	71,100
Planned assets on 06/30	18,967	18,031	16,286	16,721	12,948
Shortage (+) / surplus (–)	**80,593**	**79,260**	**63,783**	**67,019**	**58,152**
Empirical gains (+) / losses (–) from pension commitments	378	2,538	91	990	201
Empirical gains (+) / losses (–) from planned assets	943	–832	–229	161	–1,551

The table below shows a breakdown of the pension costs for the defined benefit obligations:

	2012/13	Previous year
Costs for additional benefit entitlements	1,132	916
Interest expense	3,627	4,842
Repayment of actuarial losses	1,062	198
Anticipated income from the planned assets	–1,027	–1,162
Pension costs	4,794	4,794

The pension costs are included in the functional costs with the exception of the interest expense and the anticipated income from planned assets which are reported under the net financial income/expenses.

As part of the company old-age pension program for KWS SAAT AG and German subsidiaries, subsequent benefits will be provided by a provident fund backed by a guarantee and based on a defined contribution plan. The costs for contribution to this pension program were €1,099 thousand (€977 thousand).

The return and income from the planned assets depend on the reinsurance policy, which yields guaranteed interest of 2.25%. For the next year, income totaling €474 thousand (€506 thousand) is expected.

In addition, the benefit obligation from salary conversion was backed by a guarantee that exactly matches the present value of the obligation of €2,432 thousand (€3,514 thousand) (defined contribution plan).

The long-term financial borrowings include loans from banks amounting to €64,834 thousand (€21,228 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 €29,695 thousand (€36,043 thousand). The composition of the deferred tax liabilities is explained in more detail under (22) Taxes.

(13) Current liabilities

	06/30/2013	Previous year
Short-term provisions	**131,350**	**121,633**
Current liabilities to banks	26,975	22,771
Current liabilities to affiliates	292	271
Other current financial liabilities	5,992	35,377
Short-term borrowings	**33,259**	**58,419**
Trade payables to affiliates	7	0
Other trade payables	82,739	74,373
Trade payables	**82,746**	**74,373**
Tax liabilities	**31,929**	**24,053**
Other liabilities	**60,438**	**49,258**
	339,722	**327,736**

Short-term provisions	07/01/2012	Changes in the consol. group, currency	Addition	Consumption	Reversal	06/30/2013
Obligations from sales transaction	99,047	–2,540	106,497	90,512	4,877	107,615
Obligations from purchase transaction	13,221	–355	15,631	5,945	5,693	16,859
Other obligations	9,365	–766	2,603	4,140	186	6,876
	121,633	**–3,661**	**124,731**	**100,597**	**10,756**	**131,350**

Obligations to an amount of €12,351 thousand reported last year under the short-term provisions were subsequently classified as debt due to the greater likelihood of their being utilized and so are allocated to the current liabilities.

The tax liabilities of €31,929 thousand (€24,053 thousand) include amounts for the year under review and the period not yet concluded by the external tax audit.

(14) Derivative instruments

	Nominal volume	Carrying amounts	Market values
	06/30/2013		
Currency hedges	58,124	–207	–207
Interest-rate hedges	55,100	73	73
Commodity hedges	19,828	0	0
	133,052	**–134**	**–134**

	Nominal volume	Carrying amounts	Market values
	06/30/2012		
Currency hedges	42,214	493	493
Interest-rate hedges	42,200	36	36
Commodity hedges	10,793	0	0
	95,207	**529**	**529**

Of the currency hedges, €11,041 thousand (€112 thousand) have remaining maturities of between one and five years. Of the interest-rate derivatives, hedges with a nominal volume of €39,500 thousand (€21,200 thousand) will mature within one to five years and hedges with a nominal value of €15,000 thousand (€15,000 thousand) will mature in more than five years. As in the previous year, the commodity hedges have remaining maturities of less than one year.

(15) Financial instruments

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

	2012/13	Previous year
Available-for-sale financial assets	123	102
Financial assets at fair value	–250	68
Loans and receivables	–335	1,190
Financial liabilities measured at amortized cost	–11,879	–7,189
Financial liabilities at fair value	–2,655	–4,608

The net income from financial assets includes income and expenses from the measurement of financial assets. The net gains/losses from loans and receivables mainly includes effects from changes in the allowances for impairment.

The net gains/losses from financial assets at fair value and financial liabilities at fair value mainly include changes in the market value of derivative financial instruments.

The other comprehensive income includes income of €104 thousand (€1 thousand) from the revaluation of financial instruments. Deduction of taxes totaling of €18 thousand (€0 thousand) gives a remaining amount of €86 thousand (€1 thousand).

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

Interest income from financial assets that are not measured at fair value and recognized in the income statement was €1,552 thousand (€2,096 thousand). Interest expenses for financial borrowings were €11,879 thousand (€7,189 thousand).

In order to assess the risk of exchange rate changes, the sensitivity of a currency to fluctuations was determined. 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 1.30 (1.34) USD/€. If the US dollar depreciated by 10%, the financial instruments would lose €184 thousand (€159 thousand) in value. If the US dollar appreciated by 10%, the financial instruments would gain €225 thousand (€194 thousand) in value. The net income for the year and equity would change accordingly.

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 0.29% (0.93%). A 1% increase in the rate of interest would reduce the interest result by €0.5 million (€0.4 million); equity would change by € –0.3 million (€ –0.3 million). A reduction in the rate of interest to 0 percentage points would add a further €1.3 million (€0.6 million) to the interest result. Equity would increase by € +0.9 million (€ +0.4 million) in the event of such a change in the rate of interest.

In order to assess the risk of changes in commodity prices, the sensitivity of commodity prices to fluctuations was determined. A 10% increase in commodity prices would increase the cost of sales by around €2.0 million (€1.1 million); a decrease would reduce it by around €2.0 million (€1.1 million). In the Management Report possible risks resulting from agreements regarding financial dependencies are addressed.

The carrying amounts and fair values of the financial instruments are as follows:

		Loans and receivables	Financial assets at fair value	Available-for-sale financial assets	Total carrying amount
		Financial instruments			
06/30/2013 Financial assets	**Fair Values**	**Carrying amounts**			
Financial assets	7,660	0	0	7,660	7,660
Trade receivables	359,867	359,867	0	0	359,867
Securities	100,878	100,878	0	0	100,878
Cash and cash equivalents	101,517	101,517	0	0	101,517
Other current assets	40,122	39,310	812	0	40,122
- Other which derivative financial instruments	(812)	(0)	(812)	(0)	(812)
Total	**610,044**	**601,572**	**812**	**7,660**	**610,044**

		Financial liabilities measured at amortized cost	Financial liabilities at fair value	Total carrying amount
		Financial instruments		
06/30/2013 Financial liabilities	**Fair Values**	**Carrying amounts**		
Long-term borrowings	98,460	98,460	0	98,460
Long-term trade payables	1,697	1,697	0	1,697
Other noncurrent liabilities	9,075	9,075	0	9,075
Short-term borrowings	33,259	33,259	0	33,259
Short-term trade payables	82,746	82,746	0	82,746
Other noncurrent liabilities	60,438	59,492	946	60,438
- Other which derivative financial instruments	(946)	(0)	(946)	(946)
Total	**285,675**	**284,729**	**946**	**285,675**

		Loans and receivables	Financial assets at fair value	Available-for-sale financial assets	Total carrying amount
		Financial instruments			
Previous year Financial assets	**Fair Values**	**Carrying amounts**			
Financial assets	1,938	0	0	1,938	1,938
Trade receivables	309,422	309,422	0	0	309,422
Securities	40,399	40,399	0	0	40,399
Cash and cash equivalents	142,569	142,569	0	0	142,569
Other current assets	23,993	22,841	1,152	0	23,993
- Other which derivative financial instruments	(1,152)	(0)	(1,152)	(0)	(1,152)
Total	**518,321**	**515,231**	**1,152**	**1,938**	**518,321**

		Financial liabilities measured at amortized cost	Financial liabilities at fair value	Total carrying amount
		Financial instruments		
Previous year Financial liabilities	**Fair Values**	**Carrying amounts**		
Long-term borrowings	48,717	48,717	0	48,717
Long-term trade payables	1,914	1,914	0	1,914
Other noncurrent liabilities	8,207	8,207	0	8,207
Short-term borrowings	58,419	58,419	0	58,419
Short-term trade payables	74,373	74,373	0	74,373
Other noncurrent liabilities	49,258	48,635	623	49,258
- Other which derivative financial instruments	(623)	(0)	(623)	(623)
Total	**240,888**	**240,265**	**623**	**240,888**

Securities classified within level 1 of the fair value hierarchy totaled €100,878 thousand (€40,399 thousand) at June 30, 2013. Financial assets held for trading (€812 thousand; previous year: €1,152 thousand) and financial liabilities held for trading (€946 thousand; previous year: €623 thousand) are categorized in level 2. There are no financial instruments in level 3.

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

(16) Contingent liabilities

As in the previous year, there are no contingent liabilities to report apart from the employer's statutory secondary liability for direct pension commitments.

(17) Other financial obligations

There was a €5,588 thousand (€8,283 thousand) obligation from uncompleted capital expenditure projects.

Obligations under rental agreements and leases	06/30/2013	Previous year
Due within one year	13,968	9,329
Due between 1 and 5 years	17,439	12,849
Due after 5 years	3,576	3,628
	34,983	**25,806**

The leases relate primarily to full-service agreements for IT equipment and fleet vehicles, which also include services for which a total of €2,139 thousand (€2,858 thousand) was paid in the year under review. The main leasehold obligations relate to land under cultivation.

5. Notes to the income statement

Figures in € thousands, unless otherwise specified; previous-year figures in parentheses

Income statement for the period July 1, 2012 through June 30, 2013

	€ millions	% of sales	€ millions	% of sales
	2012/13		Previous year	
Net sales	1,147,2	100,0	986,3	100,0
Cost of sales	607,4	52,9	521,3	52,9
Gross profit on sales	**539,8**	**47,1**	**465,0**	**47,1**
Selling expenses	190,7	16,6	161,4	16,4
Research and development expenses	140,8	12,3	126,6	12,8
General and administrative expenses	69,4	6,0	59,5	6,0
Other operating income	61,9	5,5	62,6	6,4
Other operating expenses	50,1	4,4	39,2	4,0
Operating income	**150,7**	**13,1**	**140,9**	**14,3**
Net financial income/expenses	–10,3	–0,9	–5,2	–0,5
Result of ordinary activities	**140,4**	**12,2**	**135,7**	**13,8**
Taxes	49,1	4,3	41,3	4,2
Net income for the year	**91,3**	**8,0**	**94,4**	**9,6**
Shares of minority interest	3,4	0,3	2,8	0,3
Net income after minority interest	**87,9**	**7,7**	**91,6**	**9,3**

(18) Net sales and function costs

By product category	2012/13	Previous year
Certified seed sales	1,047,039	908,990
Royalties income	57,806	41,217
Basic seed sales	16,931	13,247
Services fee income	5,637	4,935
Other sales	19,822	17,907
	1,147,235	**986,296**

By region	2012/13	Previous year
Germany	223,385	228,328
Europe	433,524	390,720
America	435,787	325,633
Rest of world	54,539	41,615
	1,147,235	**986,296**

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 €86,051 thousand to €607,394 thousand, or 52.9% (52.9%) of sales. The total cost of goods sold was €351,442 thousand (€301,209 thousand).

Allowances on inventories totaling €2,220 thousand more (previous year: € –3,867 thousand less) were required. The allowances were lower by €150 thousand (€7,973 thousand) for the Sugarbeet Segment, lower by €553 thousand for the Cereals Segment (previous year: €368 thousand) and lower by €1,941 thousand for the Corporate Segment (previous year: €1,072 thousand), while additional allowances totaling €4,864 thousand (€2,666 thousand) were required in the Corn Segment.

The €29,407 thousand increase in **selling expenses** to €190,762 thousand is attributable to the creation and expansion of distribution structures. This is 16.6% of sales, up from 16.4% 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 €140,810 thousand (€126,571 thousand the year before). 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 €9,991 thousand to €69,485 thousand and so still represent 6.0% of sales.

(19) Other operating income

	2012/13	Previous year
Income from sales of fixed assets	836	576
Income from the reversal of provisions	10,763	9,489
Exchange rate gains and gains from currency and interest rate hedges	14,757	15,560
Income from reversal of allowances on receivables	6,542	12,495
Grants	6,204	5,201
Income relating to previous periods	6,773	5,841
Income from loss compensation received	580	380
Miscellaneous other operating income	15,488	13,095
	61,943	**62,637**

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

(20) Other operating expenses

	2012/13	Previous year
Legal form expenses	1,263	1,112
Allowances on receivables	7,865	12,780
Counterparty default	352	87
Exchange rate losses and losses on currency and interest rate hedges	16,428	13,021
Losses from sales of fixed assets	636	48
Expenses relating to previous periods	1,027	1,539
Expense from remeasurement of intangible assets	72	0
Other expenses	22,418	10,729
	50,061	**39,316**

In the year under review, allowances for receivables of €3,414 thousand (€6,722 thousand) were recognized as an expense at the Corn Segment, €4,400 thousand (€5,647 thousand) at the Sugarbeet Segment, €48 thousand (€411 thousand) at the Cereals Segment and €3 thousand (€0 thousand) at the Corporate Segment.

The other expenses include expenses from the revaluation of a put/call option of €6,087 thousand entered into last year in connection with our Brazilian operations.

(21) Net financial income/expenses

	2012/13	Previous year
Interest income	1,641	2,165
Interest expenses	8,203	3,398
Income from securities	0	1
Income from other financial assets	78	95
Depreciation on securities	1	0
Interest expenses from pension provisions	2,600	3,681
Interest expense for other long-term provisions	1,252	173
Interest expense for finance leasing	24	157
Net interest expense	**–10,361**	**–5,148**
Net income from subsidiaries and joint ventures	38	0
Net income from participations	6	7
Net income from write-ups on subsidiaries, joint ventures and participations	1	0
Net income from equity investments	**45**	**7**
Net financial income/expenses	**–10,316**	**–5,141**

The net financial result fell by a total of €5,175 thousand to € –10,316 thousand as a result of the financing of our operations in Brazil. **Net interest expense** was € –10,361 thousand (€ –5,148 thousand), while **net income from equity investments** increased by €38 thousand to €45 thousand. The interest effects from pension provisions comprise interest expenses (compounding) and the planned income.

(22) Taxes

Income tax expense is computed as follows:

	2012/13	Previous year
Income taxes, Germany	26,453	17,010
Income taxes, other countries	39,967	16,248
Current expenses from income taxes	**66,420**	**33,258**
Thereof from previous years	(4,836)	(631)
Deferred taxes, Germany	–5,805	–1,387
Deferred taxes, other countries	–11,513	9,446
Deferred tax income/expense	–17,318	8,059
Reported income tax expense	**49,102**	**41,317**

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 income 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 €6,123 thousand (€7,311 thousand) at June 30, 2013. €1,235 thousand (€905 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:

	2012/13	Previous year	Change	2012/13	Previous year	Change
	Deferred tax assets			Deferred tax liabilities		
Intangible assets	5	5	0	12,754	16,211	–3,457
Property, plant and equipment	220	148	72	14,083	13,973	110
Financial assets	2,479	167	2,312	662	972	–310
Inventories	8,516	9,618	–1,102	201	177	24
Current assets	3,957	3,983	–26	428	3,366	–2,938
Noncurrent liabilities	2,598	3,916	–1,318	1,042	1,300	–258
Current liabilities	16,146	4,432	11,714	521	38	483
Tax loss carryforward	2,887	3,197	–310	0	0	0
Other consolidation transactions	326	504	–178	4	6	–2
Deferred taxes recognized	**37,134**	**25,970**	**11,164**	**29,695**	**36,043**	**–6,348**

The other comprehensive income includes exchange rate-related changes to deferred taxes of €194 thousand (€–6,503 thousand), which were directly credited to equity, without recognition in profit or loss. Tax loss carryforwards of €5,359 thousand (€1,026 thousand) were regarded as not being able to be utilized, with the result that no deferred tax assets were able to be recognized as an asset for them. The anticipated taxable profits projected in the medium-term plans of the companies were used for this in principle; 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.

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:

	2012/13	Previous year
Earnings before income taxes	140,351	135,713
Expected income tax expense*)	40,842	39,492
Difference in income tax liability outside Germany	1,562	693
Tax portion for:		
Tax-free income	–517	–116
Expenses not deductible for tax purposes	1,591	1,218
Temporary differences and losses for which no deferred taxes have been recognized	0	–44
Tax credits	–279	–703
Taxes relating to previous years	4,836	631
Other tax effects	1,067	146
Reported income tax expense	49,102	41,317
Effective tax rate	35.0%	30.4%

* Tax rate in Germany: 29.1% (29.1)%

This increase in the effective tax rate in fiscal 2012/2013 was due to tax expenses from previous periods following field audits and strong income growth in countries with higher rates of tax.

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

(23) Personnel costs/employees

	2012/13	Previous year
Wages and salaries	167,433	145,644
Social security contributions, expenses for pension plans and benefits	43,964	36,844
	211,397	**182,488**

Personnel costs went up by €28,909 thousand to €211,397 thousand, an increase of 15.8%. The number of employees (including trainees and interns) increased by 592 (or +15.4%) to 4,443.

Compensation increased by 15.0% to €167,433 thousand. **Social security contributions, expenses for pension plans and benefits** were €7,120 thousand higher than in the previous year. An amount of €14,030 thousand (€11,161 thousand) was recognized as an expense for defined contribution plans, including state pension insurance, in the year under review.

Employees*	2012/13	Previous year
Germany	1,676	1,589
Rest of Europe (without Germany)	1,139	1,061
America	1,505	1,106
Rest of world	123	95
Total	**4,443**	**3,851**

* Annual average

Of the above number, 713 (668) employees are included according to the percentage of equity held in the companies that employ them. 59 (56) of them were in Europe and 654 (612) in America. 1,428 (1,339) employees are employed by seven now proportionately consolidated investees. If these persons are included in full, the workforce total is 5,158 (4,522). The reported number of employees is greatly influenced by seasonal labor.

(24) Net income for the year

Net income for the year was reduced by net financial income/expenses and a higher tax rate due to tax expenses from previous periods following field audits and strong income growth in countries with higher tax rates and fell by €3,148 thousand to €91,248 thousand, representing a return on sales of 8.0%, down from 9.6% in the previous year. The net profit for the period after minority interest is €87,885 thousand, and €13.32 (€13.89) for each of the 6,600,000 shares on issue. KWS' long-term capital base reflects the company's strategy and accords with the interests of shareholders, employees and other stakeholders. The dividend distributed is therefore geared to the earnings strength of the KWS Group in order to ensure adequate internal financing of further business expansion in the long term. The equity ratio is currently 55.0%, following 55.2% in the previous year.

6. Notes to the cash flow statement

Figures in € thousands, unless otherwise specified; previous-year figures in parentheses

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) Cash flows from operating activities

The cash proceeds from operating activities are substantially determined by cash earnings. They were €109,485 thousand, €8,347 thousand lower than the previous year. The proportion of cash earnings included in sales was 9.5% (11.9%). Capital tie-up amounted to €24,907 thousand (€19,971 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 €1,498 thousand (€2,158 thousand) and dividend income of €45 thousand (€7 thousand) as well as interest expense of €8,113 thousand (€3,398 thousand). €0 thousand (€0 thousand) was paid out for the external financing of pension commitments. Income tax payments amounted to €56,972 thousand (€33,817 thousand).

(2) Cash flows from investing activities

A net total of €88,942 thousand (€56,578 thousand) was required to finance investing activities. An amount of €62,145 thousand (€48,556 thousand) was paid for intangible and tangible assets and an amount of €5,745 thousand (€610 thousand) for financial assets. There were total cash receipts of €1,918 thousand (€1,621 thousand) for disposals of assets. €22,970 thousand (€9,033 thousand) was paid to acquire shares in consolidated companies.

Disclosures on the acquisition and sale of companies and other business units

	2012/13	Previous year
Total for all purchase prices	0	32,002
Total for all sales prices	0	0
Total for purchase price components that are cash and cash equivalents	0	32,002
Total for sales price components that are cash and cash equivalents	0	0
Total cash and cash equivalents acquired with the companies	0	45
Total cash and cash equivalents sold with the companies	0	0

Amounts of other assets and liabilities acquired or sold with the companies

	2012/13		Previous year	
	Acquired	Sold	Acquired	Sold
Fixed assets	0	0	35,498	0
Current assets incl. prepaid expenses (excl. cash and cash equivalents)	0	0	16,150	0
Provisions	0	0	5,218	0
Liabilities incl. deferred income	0	0	38,816	0

The assets and liabilities taken over as part of the acquisition of our Brazilian operations last year were made up as follows:

	2012/13	2011/12
Intangible assets	0	27,436
Property, plant and equipment	0	7,873
Financial assets	0	188
Inventories	0	4,451
Trade receivables	0	9,254
Other assets	0	2,491
Total assets	**0**	**51,693**
Other provisions	0	1,950
Financial borrowings	0	6,800
Trade payables	0	25,755
Deferred taxes	0	9,529
Total liabilities	**0**	**44,034**

(3) Cash flows from financing activities

Financing activities resulted in cash proceeds of €27,222 thousand (previous year: cash payments of €12,776 thousand). The dividend payments to parent shareholders and other shareholders related to the dividends of €18,480 thousand (€15,180 thousand) paid to the shareholders of KWS SAAT AG, as well as profit distributions paid to other shareholders of and at fully consolidated subsidiaries of €664 thousand (€476 thousand). In addition, net borrowings totaling €40,650 thousand (€2,880 thousand) were raised, mainly from our borrower's note loan. The increase in equity relates to the capital increase of €5,716 thousand (€0 thousand) at our production and distribution company RIBER KWS SEMENTES S.A.

(4) Supplementary information on the cash flow statement

The changes in cash and cash equivalents due to exchange rate, consolidated group, and measurement changes were attributable to an amount of € –3,348 thousand (€7,659 thousand) to exchange rate-related adjustments. The remainder of € –83 thousand (€ –97 thousand) comes from other changes. As in previous years, cash and cash equivalents are composed of cash (on hand and balances with banks) and current available-for-sale securities.

Cash and cash equivalents includes €46,582 thousand (€55,452 thousand) from partially consolidated companies.

7. Other notes

Proposal for the appropriation of net retained profits

KWS SAAT AG posted operating income of €11,768 thousand compared with €11,870 thousand for the previous year. Allowing for net financial income/expenses of €35,512 thousand (€13,952 thousand) and income taxes totaling €11,549 thousand (€ –2,121 thousand), net income in accordance with the German commercial law regulations was €35,731 thousand (€27,943 thousand). Adding the net profit of €223 thousand (760 thousand) brought forward from the previous year and the allocation to the revenue reserves of €16,000 thousand (€10,000 thousand), a net retained profit of €19,954 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 AG's net retained profit should be distributed as a dividend of €3.00 (€2.80) for each of the 6,600,000 shares. The balance of €154 thousand (€223 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 AG

The members of the Supervisory Board receive fixed compensation and variable compensation. The total compensation for members of the Supervisory Board amounts to €584 thousand (€509 thousand), excluding value-added tax. €306 thousand (€231 thousand) of the total compensation is performance-related.

In fiscal year 2012/2013, total Executive Board compensation amounted to €4,072 thousand (€4,137 thousand). Variable compensation of €2,124 thousand (€2,058 thousand), calculated on the basis of the net profit for the period of the KWS Group, includes compensation of €38 thousand (€38 thousand) for duties performed in subsidiaries. The fixed compensation includes not only the agreed salaries, but also non-monetary compensation granted by KWS SAAT AG.

Compensation of former members of the Executive Board and their surviving dependents amounted to €1,097 thousand (€1,052 thousand). Pension provisions recognized for this group of persons amounted to €1,032 thousand (€1,394 thousand) as of June 30, 2013.

Shareholdings of members of the Supervisory Board and Executive Board (as of August 31, 2013)

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 AG. All together, the members of the Supervisory Board hold 1,758,718 (1,758,095) shares in KWS SAAT AG.

The members of the Executive Board hold 12,059 (10,677) shares in KWS SAAT AG.

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 term loans are taken out from and granted to subsidiaries at market interest rates. A total of 14 shareholders declared to KWS SAAT AG in 2002 that as a result of mutual allocations, they respectively hold a total of more than 50% of the voting rights. No other related parties have been identified for whom there is a special reporting requirement under IAS 24. A lease agreement with an annual lease of €86 thousand was agreed between Hans-Joachim Tessner and KWS SAAT AG on December 24, 2007 / January 8, 2008.

Audit of the annual financial statements

On December 13, 2012, the Annual Shareholders' Meeting of KWS SAAT AG elected the accounting firm Deloitte & Touche GmbH, Hanover, to be the Group's auditors for fiscal year 2012/2013.

Fee paid to the external auditors under section 314 sentence 1 no. 9 of the HGB	2012/13	Previous year
a) Audit of the consolidated financial statements	683	678
b) Other certification services	5	18
c) Tax consulting	0	0
d) Other services	54	9
Total fee paid	**742**	**705**

For fiscal year 2013/2014, fees for consulting services (excluding auditing) of up to €75 thousand are expected.

Declaration of compliance with the German Corporate Governance Code

KWS SAAT AG 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 this accessible to its shareholders on the company's home page at www.kws.de.

Supervisory and Executive Board of KWS SAAT AG

SUPERVISORY BOARD

Dr. Dr. h.c. mult. Andreas J. Büchting
Einbeck
Agricultural Biologist/Economist
Chairman of the Supervisory Board of KWS SAAT AG

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 AG

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:
- E. Gundlach GmbH & Co. KG, Bielefeld
- Leipziger Messe GmbH, Leipzig
- Berliner Philharmonie GmbH, Berlin (Chairman)

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 Committee of KWS SAAT AG

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 (since December 13, 2012)
Einbeck
Agricultural Scientist
Employee Representative

Dr. Dietmar Stahl (until December 13, 2012)
Einbeck
Biochemist
Employee Representative

EXECUTIVE BOARD

Philip von dem Bussche
Einbeck
CEO
Corporate Affairs, Sugarbeet, Cereals, Human Resources

Dr. Christoph Amberger (until June 30, 2013)
Northeim
Corn, Marketing

Dr. Léon Broers
Einbeck, D / Heythuysen, NL
Research and Breeding

Dr. Hagen Duenbostel
Einbeck
Finance, Controlling, Information Technology, Legal (until June 30, 2013)
Corn, Marketing (since July 1, 2013)

Membership of comparable German and foreign oversight boards:
- Hero AG, Lenzburg, CH (Member of the Board of Administration)

Eva Kienle (since April 1, 2013)*
Göttingen
Finance, Controlling, Information Technology, Legal (since July 1, 2013)
*Deputy member of the Executive Board

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 7, 2013
KWS SAAT AG
THE EXECUTIVE BOARD

P. von dem Bussche   L. Broers   H. Duenbostel   E. Kienle

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 Group Management Report for the fiscal year from July 1, 2012, to June 30, 2013, all of which were prepared by KWS SAAT AG, 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 (German Commercial Code) 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 AG, 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 7, 2013

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Kompenhans)	(Bukowski)
Auditor	Auditor

Financial calendar

November 28, 2013	Report on the 1st quarter of 2013/2014
December 19, 2013	Annual Shareholders' Meeting in Einbeck
February 25, 2014	Report on the 2nd quarter of 2013/2014
May 27, 2014	Report on the 3rd quarter of 2013/2014
October 16, 2014	Publication of 2013/2014 financial statements Annual press and analyst conference in Frankfurt
December 18, 2014	Annual Shareholders' Meeting in Einbeck

Key data of KWS SAAT AG

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
Capital stock at June 30, 2013	€19,800,000
Share price high February 25, 2013 (Xetra)	€297.10
Share price low August 24, 2012 (Xetra)	€200.10
Average number of shares traded – in Xetra – in floor trading in Frankfurt	 3,755 250

KWS SAAT AG

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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:
Tomasz Ciesielski • Eberhard Franke • Frank Stefan Kimmel • Michael Löwa • Dominik Obertreis • Dieter Sieg • KWS Group archive