ANNUAL REPORT 2014

KTG AGRAR SE

KTG Gruppe

GROUP FIGURES

of KTG Agrar SE (HGB)

m Euro	31.12.2014	31.12.2013	Absolute change	Relative change in percent
A. PROFIT SITUATION				
Sales	234,1	164,9	+ 69,2	+ 42,0
Organic farming	17,5	14,2	+ 3,3	+ 23,2
Conventional farming	20,1	34,3	– 14,2	– 41,4
Energy production/Biogas*	70,9	50,1	+ 20,8	+ 41,5
Complementary agricultural activities	19,4	7,8	+ 11,6	+ 48,7
Industrial food production	103,3	55,8	+ 47,5	+ 85,1
Animal production	2,9	2,7	+ 0,2	+ 7,4
Total output	297,7	205,3	+ 92,4	+ 45,0
EBITDA	54,5	34,6	+ 19,9	+ 57,5
EBIT	37,1	23,9	+ 13,2	+ 55,2
Result from ordinary activities	14,4	5,8	+ 8,6	+ 148,3
Result for the period	6,4	– 0,7	+ 7,1	–
B. ASSETS SITUATION				
Total assets	686,0	581,6	+ 104,4	+ 18,0
Shareholders' equity	113,4	88,5	+ 24,9	+ 28,1
Equity ratio (in percent)	16,5	15,2	–	–
Non-current assets	319,1	257,3	+ 61,8	+ 24,0
Current assets	363,7	320,6	+ 43,1	+ 13,4
Liabilities	549,4	482,8	+ 66,6	+ 13,8

* Figures for 2014 only cover period from 1 January to 31 October due to change in KTG Energie AG's financial year
The accounting methods applied may result in rounding differences of + / – one unit (EUR, percent).

SALES BY SEGMENT

as of 31 December 2014 compared to 31 December 2013

+2 %

FARMING

+42 %*

ENERGY

+85 %

FOOD

CONTENTS

We do what is right and we know what is important.

Let's look ahead

What will our life look like in future? How will we live and what will we eat? How will we produce our food and our energy? What is important today for the future?

We are farmers

As farmers, we are deeply rooted in our regions and we use our natural resources responsibly. Our biogas segment has extended our value chain, enabling us to produce fuel and food on our fields at the same time. We think and act with a long-term perspective. Based on this attitude, we have transformed our company into one of the leading European agricultural enterprises over the past years.

We know that we will harvest tomorrow only what we sow today

Our attitude is at the heart of our sustainable, consistent and highly efficient business model. It comprises the complete agricultural value chain: from organic and conventional farming to processing into high quality, sought-after food, from distribution to the utilisation of harvest residues and intercrops for the production of biogas.

We offer consumers what counts today and will tomorrow become a fast growing megatrend and highly profitable market of the future:

- carefully produced, unadulterated regional products
- organically produced, healthy quality
- fast and uncomplicated convenience food, diverse and rich in taste
- and, additionally, clean energy

SIEGFRIED HOFREITER
CEO

BENEDIKT FÖRTIG
MEMBER OF THE MANAGEMENT BOARD

ULF HAMMERICH
MEMBER OF THE MANAGEMENT BOARD

MICHAEL SCHIRRMACHER
MEMBER OF THE MANAGEMENT BOARD

BERT WIGGER
MEMBER OF THE MANAGEMENT BOARD

OUR BUSINESS SEGMENTS

FARMING

Healthy soil,
healthy yield

ENERGY

Clean energy,
clean growth

FOOD

Grown, processed
and marketed by KTG


CLAAS
3009 KTG
40

DEAR SHAREHOLDERS,

The year 2014 saw KTG Agrar SE successfully launch the harvesting phase – at EUR 234.1 million, the Group's sales revenues not only exceeded the EUR 200 million mark by a wide margin but were also up by 42% on the previous year. This dynamic growth, to which all business segments contributed, was driven by energy and food production. Revenues from the sale of clean energy amounted to approx. EUR 71 million in 2014, up 42% on the previous year. The food segment of KTG Agrar SE almost doubled its sales revenues to EUR 103.3 million. Earnings before interest and taxes (EBIT) increased by roughly 56% to EUR 37 million. Earnings before taxes almost doubled to EUR 11.8 million, while net income reached a clearly positive EUR 6.4 million, up from EUR -0.7 million on the previous year. But this successful performance is only just the beginning, as we have built up a unique value chain "from the field to the plate" over the past years, whose earnings potential we are only just beginning to exploit.

Unique value chain

The massive investments in farmland, biogas plants, food production and agricultural properties were reasonable and necessary in order to occupy attractive niches in markets of the future such as energy, grains and food retailing, which are dominated by large corporations. This has been achieved over the past years with a lot of commitment, passion and courage. Today, KTG Agrar SE cultivates far more than high-quality agricultural products on a total of 45,000 square metres in the heart of Europe; residues such as grass and sugar beet leaves are used to produce energy for 500,000 people. We thus not only supply a city like Hannover with clean energy 24/7 but also provide people with healthy food – for breakfast, lunch and dinner. Brands such as *Frenzel Tiefkühlkost* and *biozentrale* as well as the proprietary *Die Landwirte* brand, which has met with an excellent response from consumers, bring the farm shop to the supermarket. KTG offers the whole range of locally grown and locally processed products – from fresh potatoes to tasty convenience meals and muesli to non-GMO soy oil. This makes our company unique.

Healthy food and clean energy for the future

KTG Agrar SE will exploit the opportunities arising from this unique value chain with great determination and circumspection. The energy segment, for instance, is excellently positioned within the KTG Group to seize attractive takeover opportunities, building on an established business model which is characterised by predictable earnings and cash flows. In May 2015, KTG Agrar SE acquired three biogas sites with a combined capacity of 7.5 megawatts, which has made the company the No. 1 biogas producer in Germany. After the integration phase, the newly acquired plant capacity will result in additional sales revenues of EUR 12 million and additional EBITDA of EUR 3 to 4 million p.a. These plants will benefit from the guaranteed feed-in tariff under the EEG 2009/11 until 2030 and beyond. The existing plant portfolio alone plus the new plants, once they have been

»We are solidly financed also for the coming years and will entirely focus on the earnings phase we have just initiated.«

SIEGFRIED HOFREITER
CEO

»Being the largest producer of GMO-free soybeans in Western Europe, we clearly expanded the land under cultivation in 2014.«

BENEDIKT FÖRTIG
MEMBER OF THE MANAGEMENT BOARD

integrated, will expand the secured revenue base to over EUR 90 million and the EBITDA base to EUR 28 to EUR 29 million by 2016. For comparison: this is equivalent to roughly 50% of the total KTG Group's 2014 EBITDA in the amount of EUR 54.5 million.

Growing international attractiveness of food "made in Germany"

The food production activities, which are pooled under the umbrella of KTG Foods SE, also open up excellent opportunities, some of which we will describe here. More than ever before, today's consumers want to know where their products were cultivated and what they contain – and this applies not only to Germany, which will remain KTG's most important market also in future, and to Europe but also far beyond. The dynamic growth of the population in Asia, especially in countries such as China and Taiwan, is very exciting. As a result of recent food scandals, many consumers are very sceptical about local food. The fast growing Chinese middle and upper class – a target group equivalent to the entire U.S. population – therefore wants to afford high-quality food and identify with brands that stand for the highest product quality and are of European origin.

We thoroughly analysed the Chinese market and held intensive talks with Chinese authorities, market players, associations and chambers of commerce in 2014. The results are promising: in spite of much higher prices, consumers like to buy European products, and KTG clearly stands to benefit from the "made in Germany" label and the "from the field to the plate" strategy. So the time has come to step on the gas. Asia's largest food fair, SIAL China 2015 in Shanghai, will mark the kick-off in May 2015.

Vegetarian diet becomes increasingly accepted

In Germany, we have also identified a mega trend at an early stage and prepared for it, namely vegetarian diet. Although this topic has been known for a long time, it used to be discussed rather academically and politically. It has now arrived in German supermarkets in a big way. Meanwhile all major meat packers and processors are producing vegetarian meat substitutes and have discovered this segment as an important growth market.

While only one in ten Germans are real vegetarians, studies conducted by forsa, the independent market and opinion research institute, show that one in two Germans eat tofu sausages or soy burgers more and more often – with meat consumption remaining constant at the same time. So we have both constant demand for meat and a trend toward vegetarianism. KTG is ideally positioned in this environment. Over the past years, KTG Agrar SE has gained a leading market position as a producer of non-GMO soy, which is the basis for vegetarian food and a scarce resource in the world market. In 2015, we will harvest soybeans on over 8,000 hectares in east Germany, Lithuania and Romania. A major portion of the soybean harvest will be processed into 100%

»We are not only the first listed farming company in Germany but are also among the world's organic food pioneers.«

ULF HAMMERICH
MEMBER OF THE MANAGEMENT BOARD

»There is hardly another profession which has changed so much and can combine nature and technology better than that of the farmer.«

MICHAEL SCHIRRMACHER
MEMBER OF THE MANAGEMENT BOARD

GMO-free vegetable oil at our own oil mill in Anklam. Thanks to the market trend described above and our positioning, we have the opportunity to help shape this market and to further expand our value chain in the soy segment without significant investments, for instance to produce tofu ourselves.
As you can see, we are not resting on the laurels we earned in the successful year 2014 but are full of energy. In 2015, we will continue the earnings phase with determination and not lose sight of our objectives, namely to strengthen our equity capital by growing sales revenues and earnings. The target of EUR 500 million in revenues is realistic and the seeds for it have been sown.
We are fully convinced of the sustainable success of our strategy and hope we can fill you with enthusiasm, too. Everybody who wants to accompany us on our journey is more than welcome. We farm for life.

Hamburg, April 2015
KTG Agrar SE

SIEGFRIED HOFREITER
CEO

BENEDIKT FÖRTIG
MEMBER OF THE MANAGEMENT BOARD

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MICHAEL SCHIRRMACHER
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BERT WIGGER
MEMBER OF THE MANAGEMENT BOARD

01 The company

»We invested at the right time and are able to supply locally grown, high-quality produce from a single source.«

SIEGFRIED HOFREITER
CEO

OUR SUSTAINABILITY MODEL

Thanks to the unique concept of the KTG Group as an integrated supplier of commodities and carbon-neutral energy as well the production of clean food, the KTG Group is willing and able to master the challenges of the future. Today already, the company creates proven benefits for people and the environment in the production of clean food "from the field to the plate".

"FROM the FIELD TO the PLATE" – A FORWARD-LOOKING STRATEGY

Crop cultivation, processing of crops into high-quality food and marketing this food in 22 countries – all this is done by KTG Foods SE. This strategy is virtually unparalleled in Europe and creates consumer confidence. This is a good basis on which to continue our growth.

Delivering top quality and securing this quality in the long term is the day-to-day business of KTG Foods SE. To achieve this, the company pursues an integrated concept, which is one of a kind in the agricultural and food industry, namely to cover all stages of the value chain. Cultivation on its own fields, processing in its own facilities, marketing under its own brands; for years, the company's "from the field to the plate" strategy has proven that it is possible to produce food on a large scale which is still healthy, tasty and produced in an environmentally friendly manner – partly even to certified organic standards – and to sell it at competitive prices.

Food to consumers' taste

Today, KTG Foods SE is able to produce food for one million people. Drawing on its comprehensive agricultural expertise, the ability of its staff to always find the best solutions and the use of modern technology – often as the first company in the market – KTG Foods SE has established itself firmly in this competitive market.

The company's own food brands – *biozentrale*, *Die Landwirte* and *Frenzel Tiefkühlkost* – have become important pillars underpinning its competitiveness. These brands have helped KTG Foods SE to translate the vision of healthy food into products and to turn these products into brands. In times of consumer uncertainty about food quality, these brands provide peace of mind. This is not least reflected in the constantly growing revenues which are generated by these brands and which are an expression of the confidence placed by consumers in the high quality of the food produced by KTG Foods SE.

In this context, KTG Foods SE also benefits from the long-standing trend of more and more consumers buying regionally produced products. The "from the field to the plate" strategy makes the company the only competitor in the market who also fulfils this consumer requirement – by bringing the good old farm shop to the stores of the large retail chains, so to speak.

This is all the more true for the products made in accordance with the Regulation on Organic Farming. The company is the only food manufacturer in Germany who is able to offer consumers what it calls "organic+" products, i.e. products which combine regionality with organic cultivation.

biozentrale, Die Landwirte and Frenzel – brands which are also in international demand

Today, KTG Foods SE is a successful market player not only in the European Union but also sells its products to 22 countries outside the EU. And the move to China means that KTG Foods SE is about to gain a foothold also in the largest and most promising market in the world. In an environment characterised by a number of food scandals, Chinese consumers' demand for healthy, high-quality food is particularly high.

In addition to the good reputation enjoyed by food "made in Germany" anyway, the KTG principles of transparent production processes, the consistent tra-

New farmland for the cultivation of healthy food in Falkenhagen.

ceability of each individual product, the absence of hazardous additives, sugar additives, artificial colours and aromatics combined with guaranteed brand quality give the company clear competitive advantages in the Chinese market.

The future belongs to healthy food

But regionality, food safety and non-GMO products are not the only topics gaining importance for consumers everywhere in the world. Mega trends such as vegetarian or vegan diets are also becoming increasingly widespread. KTG Foods SE identified these trends at an early stage, responded accordingly and can now fulfil the resulting consumer expectations and requirements. At the same time, we are constantly expanding the product range for a meat-free diet, especially in the soy product segment. Other product innovations include organic oil pumpkins, now that the trial phase has been completed successfully. Internally produced pumpkin seeds and oils will soon make our product range even more diverse.

In addition, we will expand our farmland also within Germany. Most recently, we acquired some 2,100 hectares in Falkenhagen (Brandenburg), which will now be used for the cultivation of healthy food. Our crop cultivation activities focus on maize, rapeseed, wheat, rye and barley. Every day, KTG Foods SE proves just how important it is to be able to deliver reliable quality in order to operate successfully also in future. This is guaranteed by the "from the field to the plate" strategy. But this strategy is more than just a company philosophy – it is our commitment and our motivation at the same time. For the consumer, this is visibly reflected in brands such as *biozentrale*, *Die Landwirte* and *Frenzel*.

Cereals from own cultivation.

INTERVIEW WITH REINHARD MEISSNER, HEAD OF KTG FOODS SE

Reinhard Meißner is the man in charge of the newly established KTG Foods SE. As former Managing Director of Campbell's Germany, the leading supplier of soups, stews and convenience meals under renowned brand names such as Erasco and Heisse Tasse, and having held other high-level management positions in the food sector, he has long-standing experience in the food business.

Is the "from the field to the plate" strategy a unique sales proposition of KTG Foods SE? After all, some large food chains claim the same.
R. Meißner: We may not be the only ones but we definitely differ from many of our competitors as we can truly say: we have our own fields, we cultivate our own crops, we have everything under control, from sowing to harvesting to processing. This is what I call "from the field to the plate". And this distinguishes us from many, many competitors who cannot do this the same way.

Large food manufacturers have repeatedly made negative headlines. Are consumers losing confidence in the large corporations?
R. Meißner: You may say so. There are surveys about whom consumers trust and whom they don't trust that much. It is especially the industrial food manufacturers that rank quite low on the confidence scale, while farmers are taking the top places. And we ARE farmers – and have even named one of our brands accordingly. This gives consumers peace of mind.

Have consumer requirements changed over the past years?
R. Meißner: Today's consumers are much more interested in what their products contain than this was the case in the past. The list of ingredients is becoming increasingly important. And of course new market niches are emerging, such as vegan food for instance.

Is KTG-Foods SE part of these trends?
R. Meißner: Absolutely. This is why we also offer vegan products, for instance under the Bio-Zentrale brand, to show consumers that we take their wishes seriously.

Compared to 2013, sales revenues almost doubled to roughly EUR 100 million in 2014. What is your sales target for the current year?
R. Meißner: We are growing in all segments, and it is our declared objective to grow at clearly double-digit rates.

How important are the foreign markets, especially the Chinese market?
R. Meißner: The German market remains most important to us. At the same time, however, we are systematically analysing foreign markets for their potential and their compatibility with our profile. The Chinese market is a very concrete target. We have travelled to China several times since the beginning of the year and taken a very close look at the local food markets, distribution channels, consumer habits, income classes and spending on food. In addition, we held many intensive talks. What we learnt and observed in this context has encouraged us to dare making inroads into the Chinese market and we are in the process of doing so.

Why China? After all, there are other countries with fast growing middle classes?
R. Meißner: A population of 1.3 billion makes China a huge market per se. But the development of the population is what counts. The Chinese middle and upper classes are earning more and more each year and can therefore afford quite a lot. We are talking about a potential target group of 350 million people – this is equivalent to the total US population.

What are your objectives in China?

R. Meißner: We have very detailed plans for the Chinese market, as we are convinced that we will be able, in the medium term, to generate sales revenues similar to those generated in Germany. The next step will be to exhibit at SIAL China, the largest food fair in Asia, where we will present suitable product ranges and hope to start talks with potential distribution partners.

How will KTG Foods SE present itself in China?

R. Meißner: Health in general and healthy food in particular are a big issue in China, not least because of the local food scandals. There is great uncertainty among Chinese consumers, who are highly sceptical about local food. By contrast, they have great trust in imported products from Europe, especially from Germany, with regard to origin, ingredients, reliability – what you would generally call food safety. Needless to say, this attitude suits us very well, which is why we will use the motto "KTG - The German Food Farmers" and our "from the field to the plate" claim, translated into Chinese. This way, we emphasise that consumers can trust our value chain. Together with our German origins, this is quite a lot that we can bring to bear.

What are KTG's possibilities to expand the food production?

R. Meißner: We are in the middle of a process where we look at various categories offering potential we could use and expand. We will certainly enter one category or another with new products, and potentially also with new partners – always true to our motto "from the field to the plate". This has partly been done already at Bio-Zentrale, which offers new products from own cultivation, e.g. mueslis. And we will address the soy and tofu segment more closely. After all, we are one of the largest producers of non-GMO soy and firmly believe that meat substitutes will become a huge market, especially in the western industrialised world.

International visitors at BIOFACH 2014, the world's leading organic food event.

OUR BRANDS AND CONCEPTS: BIOZENTRALE

www.biozentrale.de

Headquarters	Wittibreut-Ulbering (Bavaria)
Branch	Cologne (Marketing & Sales)
Mitarbeiter	approx. 190
Headcount	approx. 230 products
Product portfolio	Basic food, bread spreads, cereals (mueslis/crunchies), convenience meals, spices, oils and many more
Certificates	EU Eco Regulation and IFS Wholesale
Managing Directors	Andreas Plietker and Reinhard Meißner

The *biozentrale* brand of KTG subsidiary Bio-Zentrale Naturprodukte GmbH exclusively uses ingredients from controlled organic cultivation in accordance with the EU Eco Regulation. The product range currently comprises some 230 products from all fields of healthy and whole food. The most popular products include vegetable chips, linseed oil, maize and rice waffles, bread spreads as well as soy products. Soy oil, added to the range last April, is produced at KTG's own oil mill in Anklam (Mecklenburg-Western Pomerania).

The *biozentrale* brand generated sales revenues of EUR 46 million last year. The growing demand for organic products is not least reflected in the fact that sales revenues in the first quarter of the current financial year alone were up by 25% on the prior year period. This means that the *biozentrale* brand outperformed the organic food segment as a whole, whose revenues increased too but by "only" 5% to 8% on average.

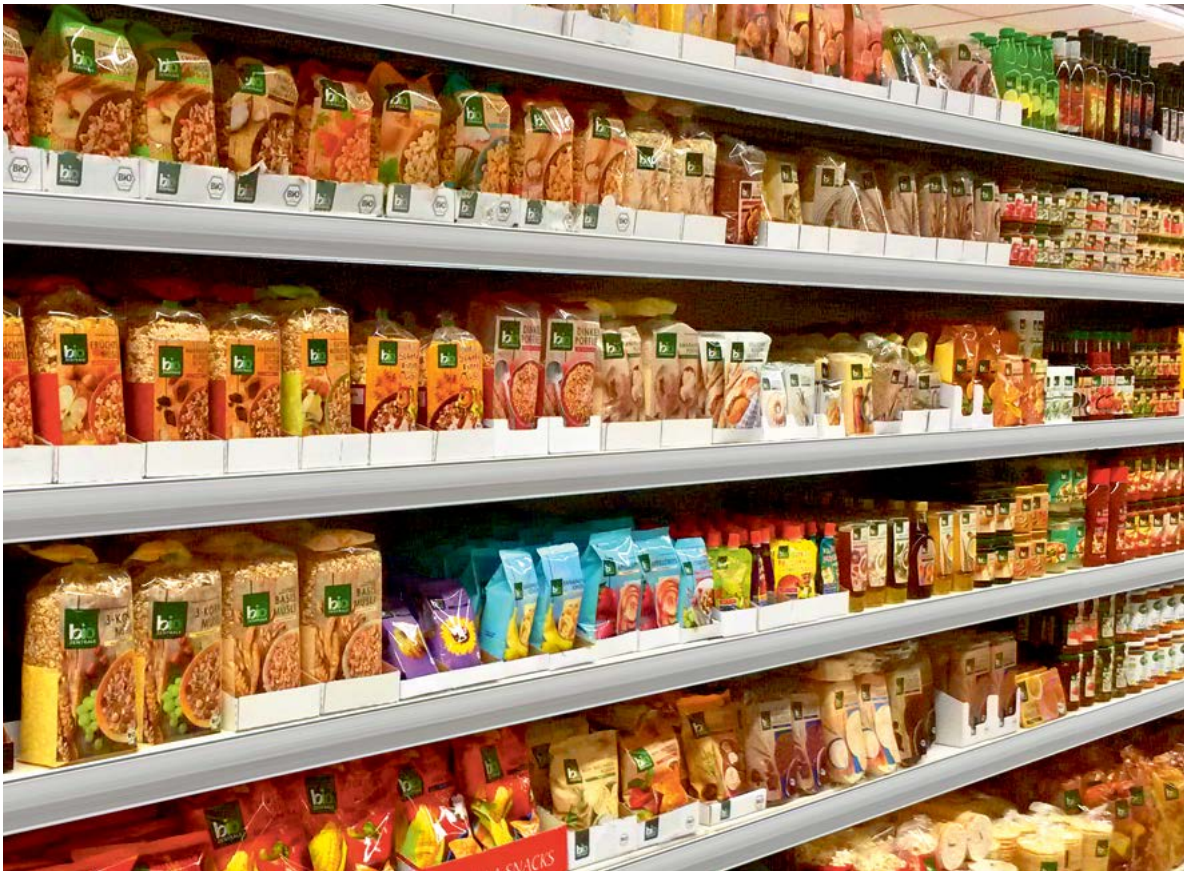
Ever since its launch in 1976, *biozentrale* has been one of the leading German brands in the organic food market. The brand is today available in some 5,000 food stores, especially in the stores of large retail chains such as Edeka and Rewe but also at Kaiser's Tengelmann and Kaufland.

Many of the products are made by long-standing suppliers, who produce them to Bio-Zentrale's recipes and strict requirements. Manufacturer audits, extensive controls and analyses by external laboratories as well as regular internal checks by the company guarantee the consistent high quality of the products. This is not least confirmed by the International Featured Standard (IFS) seal, the highest quality standard in the food sector.

Products such as mueslis, fruit bars and vegetarian patty mixtures of the *biozentrale* brand are produced by the company itself at its location in Wittibreut-Ulbering, Bavaria. This is where all products are high-pressure treated to protect them against infestation – this is the state-of-the-art for technique the preservation of organic foods.

Besides the high quality of the products, the *biozentrale* brand's growing sales are also supported by a special distribution concept. The company's sales reps handle the order management and procurement process for the local stores of the retail chains. Order picking then takes place at the Wittibreut-Ulbering headquarters from where the products are directly delivered to the individual stores instead of being distributed via the central wholesale warehouse. This not only reduces the effort

for the local food retailers but also ensures that they receive only those products which customers want. This special service has increasingly emerged as a competitive advantage – in the first months of the year alone, the *biozentrale* brand was listed in 200 new stores throughout Germany.
In future, *biozentrale* products will also be available in China, where demand for high-quality premium products is growing constantly.



Our biozentrale products occupy a shelf space of 39.8 km in German retail stores.

OUR BRANDS AND CONCEPTS: DIE LANDWIRTE

www.dielandwirte.de

Headquarters	Linthe (Brandenburg)
Branch	Putlitz (Brandenburg)
Headcount	approx. 10
Product portfolio	approx. 25 products
Product focus	Cereals/mueslis, vegetable oils, frozen stir fries, fresh vegetables (potatoes and onions)
Certificates	IFS Broker, Eco-certification
Managing Director	Karl-Georg Ferber

It's all in the name: established in autumn 2013, the "*Die Landwirte*" brand is backed by "real" farmers ("Landwirt" being the German word for "farmer"). At a total of 18 locations, they grow and cultivate, with great passion and motivation, what is later marketed directly to consumers – free from palm oil, flavour enhancers and aroma additives.

Whether it's potatoes and onions, different vegetable and grain varieties or soy and rapeseed – the *Die Landwirte* brand strictly follows the "from the field to the plate" strategy of KTG Foods SE. This also applies to the frozen dishes, which are produced to traditional recipes at a company-owned manufactory. There are only few products in the range which are not cultivated directly by farmers of KTG Foods SE. In these cases, the company relies on a proven cooperation with selected partners, who not only have the corresponding certifications but also comply with the company's cultivation and processing instructions. Additional controls help to secure the high quality of the products.

Launched as recently as in autumn 2013, the brand has quickly established itself: at the end of the first quarter 2014, the first products were listed in several thousand stores of the leading German food retailers.

The brand has expanded not only its product range but also the number of stores in which it is available. Today, *Die Landwirte* can be found in supermarkets of retail chains such as Rewe, Edeka, Bünting/Combi, Okte, Globus, Netto and Kaiser's Tengelmann.

The products used for the *Die Landwirte* brand are generally grown conventionally or made from conventionally grown ingredients. This allows the company to reach also those consumer groups who primarily look at the price when buying food.

The products nevertheless meet the high KTG quality standards, which is why all dishes are free from palm oil as well as from flavour enhancers and aroma additives. The aim of achieving the highest quality is pursued already at the cultivation stage; the company's facility in Nonnendorf (Brandenburg), for instance, has invested in rotary sprinklers, including the largest of its kind in Europe. They allow wetting the plants not only much more efficiently but also especially carefully, which promotes their ideal development and is a precondition for high-quality products. The soil is freed from stones to prevent damaging the sensitive potato tubers, and special care is exercised also during the subsequent harvest. This not only increases the yield but also makes the potatoes more durable, so that they can be stored in special warehouses for up to eight months without loss of quality.

Our farmers personally guarantee the quality of the products.

Anyway, the potatoes, onions and other crops are selected products in the true meaning of the word, as they continue to be sorted by hand – more reasons for the brand's growing popularity.
In 2013, the company opened its own packaging facility in Linthe, south-west of Berlin, which is especially tailored to the brand's requirements; without being exposed to the light, the potatoes are packed in special boxes fully automatically. This prevents early sprouting and keeps them deliciously fresh for a longer time. At the same time, the boxes, which are available in different sizes, serve as convenient containers for the shopper and as a handy potato dispenser in the kitchen.

Only the best manually sorted potatoes are packed in our potato boxes.

OUR BRANDS AND CONCEPTS: FRENZEL TIEFKÜHLKOST

www.frenzel-tk.de

Administration and production	Ringleben (Thuringia)
2nd production facility	Manschnow (Brandenburg)
Headcount	approx. 199
Product portfolio	approx. 50 products
Product focus	Frozen products such as potato specialities, convenience meals, hand-made specialities, vegetables and fruits
Certificates	EU Eco Regulation Nr. 834/2007, Verbund Ökohöfe and IFS Food
Management Board	Dr. Hubertus Fleßner

A member of the KTG brand family since 2011, *Frenzel* is one of the best-known and most popular frozen food brands in Germany. This has won the brand the coveted title of "Top Marke 2014", which is awarded by renowned trade magazine "Lebensmittel Zeitung" on the basis of popularity ratings determined by Gesellschaft für Konsumforschung.

The *Frenzel* brand has made it possible to extend KTG Foods SE's high quality standards to the frozen food segment. This gives consumers the possibility – instead of shopping anonymous products – to buy frozen foods which travel "from the field directly to the plate" and can be fully traced back to the source; after all, the ingredients of the *Frenzel* brand products are also grown and cultivated by KTG member companies. Where they are sourced from selected distribution partners, they are subject to strict controls and instructions. The quality of the end products certified to the International Featured Standard (IFS) also starts with their cultivation, which complies with the EU Eco Regulation and is certified by Germany's Verbund Ökohöfe.

The company's commitment to quality covers all of the following production stages; the raw materials are processed immediately after the harvest and shock-frosted straight away. To ensure that this is done as quickly as possible, the production and processing facilities are located in the immediate vicinity of the carefully selected cultivation sites. This allows all nutritionally valuable ingredients of the *Frenzel* products to be preserved.

Consumers can currently choose from among some 50 different products, which are produced carefully and to original local recipes in the company's own factories in Ringleben, Thuringia, and Manschnow, Brandenburg.

The Frenzel production facilities are located in the immediate vicinity of the cultivation sites.

Frenzel stands for traditional products and convenient innovations.

The fact that Michelin-starred chef Christian Henze developed his own branded product line for the company shows that *Frenzel* products satisfy the taste buds of even the most demanding gourmets. His product line was added to the *Frenzel* range in 2014.

The *Frenzel* brand is distributed via food retailers and is available in several thousand stores of Germany's leading retail chains. But the brand's frozen food products are also becoming increasingly popular with consumers in other European countries and beyond.

Apart from households, large consumers as well as the hospitality sector also rely on the quality of the *Frenzel* brand. These customer groups are supplied directly by the company.

HIGHLIGHTS IN 2014

Q1

Q2

Top-Brand
Frenzel

1st quarter

Die Landwirte off to a good start

Integrated growing, processing and marketing – this is what *Die Landwirte* stands for. Building on this strategy, our brand has conquered the shelves of Germany's supermarkets within only one year from its launch. The kick-off is marked by the Fruit Logistica fair in Berlin in February 2014, the largest and most important event of the global fresh produce sector, where the company exhibits diverse products such as fresh potatoes and onions. The great response once again vindicates our expansion into the food sector and the concentration on local produce. And the success story of *Die Landwirte* has only just begun.

Soy in high demand but in short supply

Thanks to their high protein content, soybeans are very popular not only as animal fodder but also as food for human consumption – e.g. as a substitute for cow milk and meat. As consumers reject genetically modified (GMO) soy, the large producing countries outside Europe do not qualify as suppliers. This benefits KTG Agrar SE, which signs contracts worth over EUR 10 million at the BIOFACH fair in Nuremberg, the world's leading organic food event. Being the largest producer of organic soy in Western Europe, KTG uses this opportunity to announce that it will expand the land used for the cultivation of non-GM soy to 8,000 hectares – a fourfold increase - next year.

Frenzel top brand wins dual award

At the Frozen Summit Paris in March, the *Frenzel* brand wins two Wabel Frozen Awards for "products of the year", thus crowning its "cool" presentation in the French capital. The awards will assist in the ongoing international expansion of KTG's food segment – deep frozen and highly praised.

More megawatts

KTG Energie AG accelerates the expansion of its portfolio by taking another eight CHP plants into operation in Dersewitz, Flechtingen, Schöllnitz, Vehlefanz, Quesitz and Nonnendorf. This increases the electrical output by 6.4 megawatts, resulting in increasing and predictable cash flows for the KTG Group.

2nd quarter

Harvesting phase – not only on the fields

Since 2011, KTG Agrar SE has made huge investments in staff, farmland, production facilities and brands. In the past three years alone KTG Agrar SE increased its headcount by 519 people, its farmland by 10,000 hecta-

Q3

res and the biogas production capacity by 27 megawatts. Moreover, the company has built up its food segment, which generates sales revenues in excess of EUR 50 million – and rising.

AGM again decides to increase the dividend

At the Annual General Meeting on 20 June 2014, a dividend increase to 22 cents is approved by 99% of the participating capital. Since the first profit distribution for 2009, KTG has thus increased the dividend for the fourth consecutive time, and the Management Board has proposed further increases for the coming years.

KTG Energie expands its Management Board

15 years of exclusive knowledge from biogas plant research, planning, construction, operation and optimisation mean genuine added value for KTG Energie AG – Christian Heck, an expert in biogas plant technology is signed up as Chief Operating Officer (COO) for the company's Management Board. Building on growth-driving know-how, he has a clear objective: clean energy for a better environment with reduced carbon emissions.

3rd quarter

Ideally positioned for the future

The cultivation of organic and conventional agricultural products and the decentralised production of energy from biomass means that KTG rests on two strong, forward-looking pillars. Regionality has become a mega trend. Over the past years, KTG has done many things right, anticipated developments and always taken a forward-looking approach. So it is not by coincidence that the KTG Group is today one of the leading agricultural companies in Europe, as farmers, too, should constantly investigate new trends and look beyond their own fields. This is exactly what we are committed to. It is the be-all and end-all of our work – now and in future, wherever we operate. In July 2014, we looked into the future from the perspective of the farmer. Looking forward to the year 2020, KTG interviews customers and suppliers, analyses industry studies, government forecasts and surveys by global institutions. The results are published in a newspaper format titled "Der Report" which depicts the future in the next decade and makes it clear that tomorrow's challenges can be mastered to the benefit of all only on this clear path followed by the company.

KTG Foods SE – food under a single roof

KTG Agrar is pooling its food activities. Since 2001, KTG has expanded its value chain by adding activities such as product processing and the production of high-quality food. The operations of *Frenzel Tiefkühlkost*,

Q3

Bio-Zentrale Naturprodukte, Naturoel Anklam, *Die Landwirte* and the Linthe fresh produce facility are now pooled under the umbrella of KTG Foods SE. This leads to new synergies for the processing of foods and for further growth. Reinhard Meißner, food expert and former Managing Director of Campbell's Germany, is appointed Managing Director of the new company.

Valuable farsightedness

Having invested in assets such as farmland, biogas plants and agricultural properties over the past years, KTG Agrar SE has established hidden reserves of roughly EUR 150 million according to HGB accounting standards. In August 2014, the company acts as a seller for the first time by selling 4,000 hectares in Lithuania and leasing them back under an 18-year contract. The transaction with a German institutional investor has a volume of approx. EUR 20 million including repaid liabilities and a book value of EUR 10 million. The deal highlights KTG's farsightedness in creating value over the past years.

Strong first half-year

Even with autumn just around the corner, business continues to flourish. On 1 September, KTG Agrar SE reports a strong performance for the first half of the year: Group sales up by 48% to EUR 100 million, earnings before interest and taxes (EBIT) up by 45% to EUR 18 million and net income for the first six months of the year up from EUR 0.7 million in the prior year period to EUR 4.4 million (all figures excluding the proceeds from the sale of land). The company has a comfortable net assets and financial position. As of the balance sheet date, equity capital is up to EUR 100 million, from EUR 12 million on 31 December 2013, which is equivalent to an equity ratio of 16.5%.

New Management Board responsibility since 1 July 2014

In the 2014 financial year, KTG again actively supports the development of its employees through seminars, workshops and its in-house Academy. In response to KTG's greatly increased headcount and the related human resources activities, the company created the new position of Chief Human Resources Officer and filled it with Mr Schirrmacher with effect from 1 July 2014.

Top harvest in 2014

2014 brings a top harvest for KTG. The company harvests far in excess of 100,000 tons of rye, barley, rapeseed and food crops, half of which have already been sold at very good prices. In addition, the extension of the value

Q4

chain is paying off. The potatoes harvested on more than 1,000 hectares are not just sold as fresh potatoes but are also processed into high-quality dishes in the company's own production facilities.

4th quarter

Paris is worth a visit

"Made in Germany" has become the symbol of the high, globally respected quality of Germany's industrial sector – and is in high demand also were food is concerned. At the biannual "Salon international de l'alimentation" (SIAL) in Paris, KTG exhibits over 400 conventional and organic food delicacies. The strong brands pooled under the umbrella of KTG Foods SE – Bio-Zentrale Naturprodukte, *Frenzel Tiefkühlkost*, *Die Landwirte* and "Naturoel Anklam" – are presented to the international audience in a highly focused manner. Cultivation, processing and production from a single source – this KTG message goes down very well with the SIAL visitors.

KTG takes over in Manschnow

For the past year, the KTG Group has rented a deep-freezing facility from Pinguin Foods Germany in Manschnow. Now the company takes advantage of an attractive purchase option and acquires the plant, which processes 20,000 tons of vegetables per year and has a storage capacity of 10,000 pallets. This further strengthens the good performance of KTG's food segment, resulting in additional synergies on the way "from the field to the plate".

Active in the capital market

In September 2014, KTG Energie AG increases its share capital by over 8% to EUR 6.5 million. This issue from authorised capital at a price of EUR 11.75 per share will accelerate the expansion of the company's business activities through takeovers.

KTG Agrar SE has thus successfully secured the repayment of the EUR 50 million corporate bond 2010/2015 maturing in September 2015. By refinancing the bond at an early stage, the company is solidly financed also for the coming years and can fully concentrate on the earnings phase it has just initiated.

Die Landwirte mueslis listed in stores throughout Germany

Our *Die Landwirte* mueslis have been permanently listed in the large supermarkets of Rewe, Germany's second biggest food retailer. The entire muesli range with grains from KTG's fields can be found in some 1,250 stores throughout Germany.

REPORT FROM THE SUPERVISORY BOARD

of KTG Agrar SE

DEAR SHAREHOLDERS,

In the financial year 2014, the Supervisory Board of KTG Agrar SE performed the tasks imposed on it by law, the statutes and the rules of procedure as well as its controlling and advisory tasks. We continuously supervised the Management Board and assisted and advised it in managing the company. 2014 saw the KTG Group continue its profitable growth with a view to the integrated "from the field to the plate" value chain. The company now stands to benefit in the long term from the investments made in the past years including 2014. This will not least be supported by the international expansion strategy initiated by the Management Board outside Europe, with a special focus on the Chinese food market.

Supervising and advising in continuous dialogue with the Management Board

The Management Board directly involved us in all decisions of fundamental importance at an early stage. To enable us to perform our advisory and supervisory activity, the Management Board provided us with timely and comprehensive written and oral information on all important topics – these included corporate planning and budgeting as well as the strategic development, in particular the Group budget for the years from 2014 to 2017, the course of business and the situation of the Group as well as the risk situation, risk management and compliance with laws and regulations. This was done in the form of detailed explanations and, where possible, by submitting figures, organisational charts and other relevant documents. The Management Board and the Supervisory Board liaised closely also in between the Supervisory Board meetings. The detailed reports provided by the Management Board convinced us of the legality, correctness and efficiency of the management of the company and the Group. No conflicts of interest of members of the Management Board and the Supervisory Board which would have to be disclosed to the Supervisory Board and reported to the Annual General Meeting occurred in the past financial year. Moreover, the members of the Supervisory Board visited farming and biogas plant sites in the 2014 financial years to gain an insight into the company's operations.

Following thorough reviews, the Supervisory Board approved all transactions requiring its approval. We also assured ourselves that the Management Board took appropriate measures in accordance with the size of the company to ensure compliance with laws and regulations including the definition of the respective responsibilities. A risk management system for the company and the whole Group is in place and was explained to us in detail.

Focal points of the supervisory and advisory activity

The Supervisory Board held six ordinary meetings in the 2014 financial year, all of which were attended by all members of the Supervisory Board. In addition, the Supervisory Board held several telephone conferences in the financial year 2014. Topics that were addressed at all meetings included the business trend, the net assets, financial and earnings position, the investment projects as well as the risk situation and risk management of KTG Agrar SE and the Group. The Supervisory Board paid special attention to the investments in farmland, their current and anticipated price trends as well as the resulting options. Another focus was placed on the development of the food and energy segments. A close look was taken at the financing of these investments, including the medium and long-term financing and the refinancing of the corporate bond, which will mature in 2015, as well as the future financing requirements. The medium to long-term budgets were also discussed closely in the course of the year.

The Supervisory Board of KTG Agrar SE: Henning von Reden (Chairman), Beatrice Ams and Prof. Dr. Julian Voss (from left to right).

Review and endorsement of the separate and the consolidated financial statements including Group management report and review of the auditor's reports

The Annual General Meeting on 20 June 2014 appointed MDS Möhrle GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, auditors of the separate and the consolidated financial statements for the 2014 financial year. The separate and the consolidated financial statements and the Group management report were prepared in accordance with the standards of the German Commercial Code (HGB). The annual financial statements of KTG Agrar SE, the consolidated financial statements and the Group management report for the year ended 31 December 2014 were audited by MDS Möhrle, which declared that they fully comply with the principles of the HGB. As no objections were raised in the audits, unqualified audit certificates were issued. The financial statements, management reports and audit reports were received punctually by all members of the Supervisory Board. These documents were reviewed thoroughly at the Supervisory Board meeting on 6 May 2015. The meeting was attended by the auditor of MDS Möhrle as well as by the Management Board, who outlined the main results of the audit and answered questions by the Supervisory Board. After our own review and talks with the auditor and the Management Board, no objections were raised. From the viewpoint of the Supervisory Board, the Group management report depicts a true picture of the situation of the company and the Group and of its prospects. The Supervisory Board therefore joined the audit result of MDS Möhrle and endorsed the separate

and the consolidated financial statements for the year ended 31 December 2014 prepared by the Management Board. The financial statements of KTG Agrar SE have thus been approved pursuant to section 172 sentence 1 of the German Stock Corporation Act (AktG).

Affiliated company report

The Management Board has prepared a report on the relationships with affiliated companies (affiliated company report) pursuant to section 312 of the German Stock Corporation Act (AktG) and submitted it to the auditor for auditing. The auditor has approved this report without qualification, whereby the factual statements made in the report are correct, the company's consideration with respect to the transactions listed in the report was not inappropriately high or any disadvantages were compensated for, and there are no circumstances that indicate a materially different assessment from that reached by the Management Board with regard to the actions referred to in the report.

We audited the report in our capacity as Supervisory Board. The report lists the legal transactions with the controlling company or with an affiliated company undertaken or omitted by the company or done so at the instigation or in the interests of these companies, and all other measures it took or omitted at the instigation or in the interests of these companies. Furthermore, the report satisfies the legal requirements pursuant to section 312 of the German Stock Corporation Act (AktG). All legal transactions listed were undertaken against appropriate compensation and any disadvantages to the company from legal transactions or measures were compensated prior to the end of the financial year.

In accordance with the results of our review, we do not raise any objections to the final declaration of the Management Board and approve the result of the audit.

Proposed appropriation of profits

The Supervisory Board is in agreement with the proposal made by the Management Board concerning the appropriation of profits for 2014, which is to pay a dividend of EUR 0.25 per share eligible for dividends and to carry the remaining profits forward. This proposed appropriation of profits meets the dividend payment interests of the shareholders as the dividend has been increased once again. At the same time, the ratio between the distribution of profits and the profits carried forward is reasonable. This soundly satisfies the dividend payment interests of the shareholders and proactively secures the capital reserves of the company.

Acknowledgements

The Supervisory Board would like to thank all employees and the Management Board for their work, personal efforts and great commitment over the last financial year. We would also like to thank our customers, business partners, shareholders and bondholders for the confidence placed in us. We are optimistic about our company's future. Over the past years, the KTG Group has successfully invested in the company's further development "from the field to the plate". These investments have laid the basis for dynamic revenue and earnings growth in the coming years.

Hamburg, 6 May 2015

HENNING VON REDEN
CHAIRMAN OF THE SUPERVISORY BOARD

INVESTOR RELATIONS

KTG Agrar SE in the capital market

TABLE 1

SHARE DATA

ISIN	DE000A0DN1J4
Stock exchange abbreviation	7KT
Stock market segment	Entry Standard
Designated Sponsors	DZ Bank, equinet Bank
Shareholder structure	62% free float 38% Beatrice Ams
Annual high (XETRA)	EUR 15.60
Annual low	EUR 12.44
Year-end price	EUR 14.99
Number of shares at the end of the year	6,243,600
Stock exchange capital at year-end	EUR 93,591,564
Dividend proposal per share	EUR 0.25

Harvest season: On the right track

In 2007, KTG Agrar SE was the first German farmer to go public. Since then, our sales revenues have increased sixfold. But this is not all: over the past eight years, our EBIT has grown tenfold and we today grow food crops on over 45,000 hectares of farmland. For the current financial year, we are firmly targeting the EUR 250 million revenue mark. We have the ability to till the land, to process the harvest and to generate energy as a dual benefit.

The KTG Group has shown what a controlled expansion should look like. Since the 2007 IPO, the company has issued three bonds and built up a highly flexible financing structure with an easily controllable equity and debt balance. The future lies ahead. This is something analysts know, too. Their consensus is that the KTG share is fairly valued at over EUR 21. Many research firms are covering the performance of our company. Creditreform Rating AG rates the KTG Group a strong BB+ in spite of the strong expansion over the past years. Against this background of the controlled, yet cost-intensive development of the company, this is a very positive rating, which is no doubt supported by the good prospects of KTG Agrar SE and the fact that the investment harvesting phase has been initiated at all levels.

Stock market performance: Technology top, eco a flop

2014 will go down in stock market history as a largely uneventful year which saw only very moderate movement in the DAX. Germany's benchmark index closed the year 2.65% higher. The much-hoped-for year-end rally was very short and spectacular, as the DAX gained over 400 points within only a few days, which sent it only little above the early 2014 level, however, as the problems of Russia and the constantly declining oil price put a damper on the index. The best performance was shown by Germany's TecDAX, which closed the year 17.5% higher compared to 1 January 2014. Technology shares were the winners in all German indices.

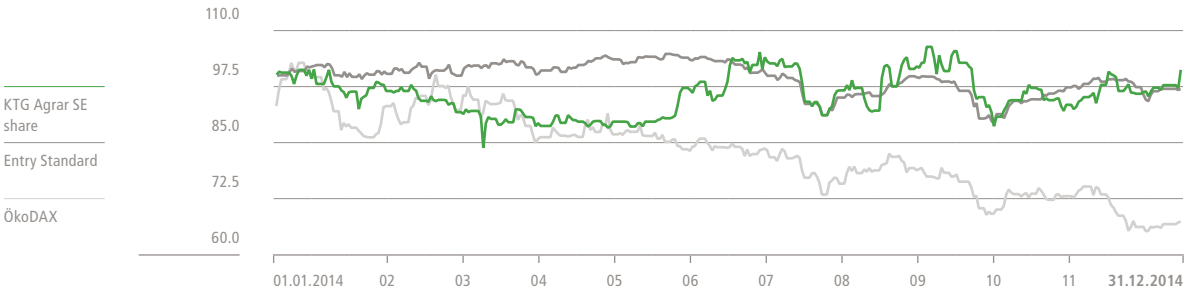
Losing 3%, the Entry Standard segment delivered a similarly unimpressive performance in the course of 2014.

KTG share moves upward as harvesting phase begins

The KTG share did not display a clear trend in 2014. The share opened the year at a price of EUR 14.83. It hit a low of EUR 12.44 at the end of March, followed by a high of EUR 15.60 in late September. The share closed the year at EUR 14.99. After the high investments made by the company over the past years, investors are still waiting

CHART

2 KTG AGRAR SE SHARE PRICE DEVELOPMENTS



to see if the investment harvesting phase is sustainable. KTG's Management Board is convinced that the share will gain momentum as the company continues to increase its earnings.

Annual General Meeting shows almost 100% agreement

KTG Agrar SE paid out a dividend for the fourth consecutive time. This year's dividend amounts to 22 cents per share, as approved by the Annual General Meeting. Shareholders representing 99% of the capital at the AGM on 20 June 2014 voted in favour of this payout; all other items of the agenda were approved by the same overwhelming majority. Against the background of the good business trend in the first half of the year and in anticipation of a good harvest, the Management Board confirmed all targets announced by the KTG Group for 2014.

Bonds: Top interest rates and stable prices

In February 2014, KTG topped up its 2011/2017 bond which is known as the "Biowertpapier II" and has a coupon of 7.125% as well a term of six years, by EUR 20 million. This secures the funding of the company's investments in farmland, biogas plants and food production. The increase was effected by way of a private placement with institutional investors. In autumn 2014, the company then launched the "Biowertpapier III" bond, which was offered to investors in exchange for the first bond ("Biowertpapier I"). While holders of the first bond ("Biowertpapier I") were invited to exchange their paper for the new bond, thereby earning an extra interest of 0.5%, new investors were able to subscribe the bond at normal terms. The "Biowertpapier III" bond has a term of five years and carries a coupon of 7.25%. With these capital measures, KTG Agrar SE managed to refinance the EUR 50 million bond maturing in September 2015 at an early stage.

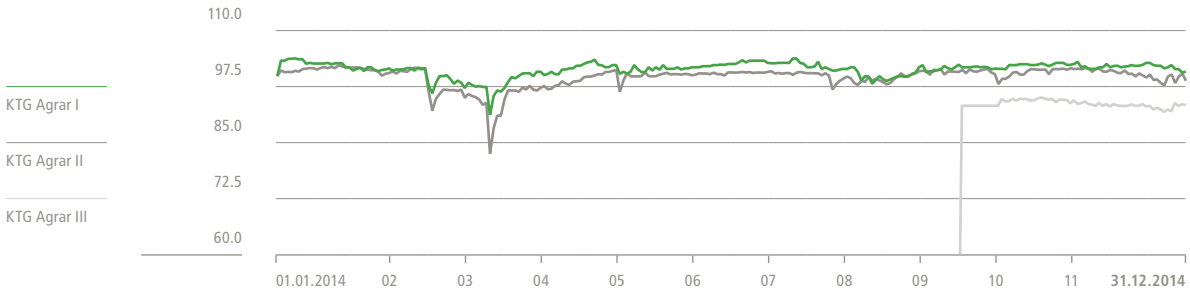
Transparency: Detailed information for all

While KTG Agrar SE is listed only in the Entry Standard of the Frankfurt Stock Exchange, the company considers the dialogue with its shareholders and bondholders as well as its stakeholders to be of vital importance and therefore acts accordingly. A continuous exchange about the corporate strategy, business developments in the individual segments, risks and opportunities as well as a realistic assessment of the anticipated development is an integral element of the company's day-to-day business. KTG Agrar SE disseminates detailed information via different communication channels to ensure that everybody who is interested in the company is always up to date. Interaction with stakeholders is part of KTG's company mission.

CHART

3

KTG AGRAR SE BOND PRICE DEVELOPMENTS



TABLE

4

BOND DATA

	KTG Agrar I	KTG Agrar II	KTG Agrar III
ISIN	DE000A1ELQU9	DE000A1H3VN9	DE000A11QGQ1
Trading volumes (31 December 2014)	EUR 40 million	EUR 210 million	EUR 32 million*
Interest rate	6.75%	7,125%	7,25%
INTEREST PAYMENT	15 September (annually)	6 June (annually)	14 October (annually)
Term	until 14 September 2015	until 5 June 2017	until 15 October 2019
Stock market segment	Entry Standard, Börse Stuttgart	Entry Standard, Deutsche Börse	Entry Standard, Deutsche Börse

* Not fully placed as of the balance sheet date.

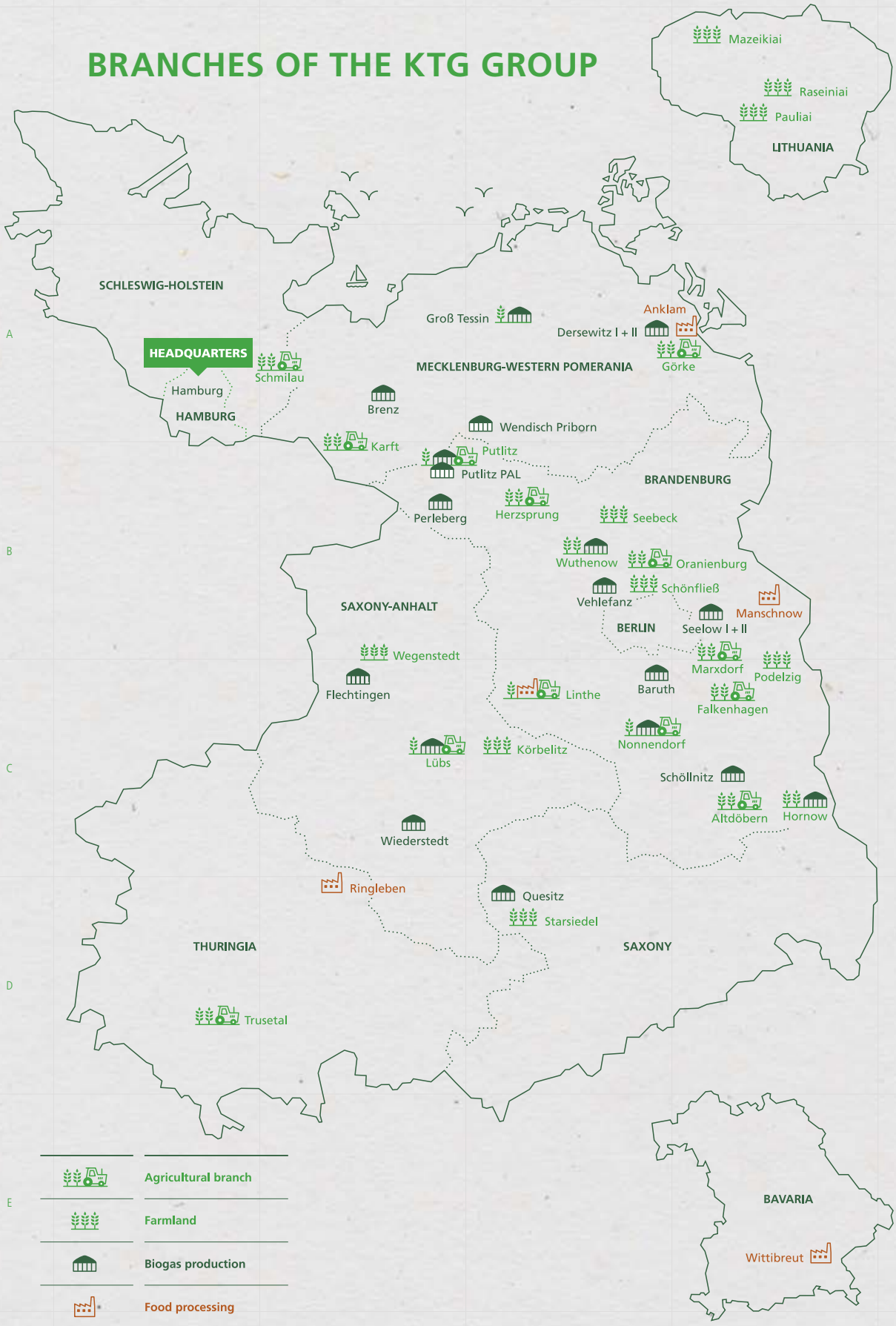
02 Branch Portraits

»We recognised the huge demand for regional products early on and set our future course accordingly.«

ULF HAMMERICH
MEMBER OF THE MANAGING BOARD

4 BRANCHES
of the KTG Group:

BRANCHES OF THE KTG GROUP



ANKLAM

FACTS AND FIGURES

Branch	Oil mill
Storage capacity	› 1,500 tons of rapeseed › 780 tons of rapeseed oil › 540 tons of rapeseed cake › 600 tons of soybeans › 80 tons of soybean oil › 80 tons of soybean cake
Processing capacity	85,000 tons per year
Employees	15
Special features	› Two separate lines for the processing and storage of rapeseed and organic soybeans › One of the few oil mills in Europe capable of processing organic soybeans

Anklam

»We rely on the gentle production of oil which preserves its healthy nutrients. You won't find any cheap refined products at our mill.«

TORSTEN PETERS
CEO OF NATUROEL ANKLAM AG

With an annual pressing capacity of just under 85,000 tons, we are one of the mid-sized oil mills in Germany – and the only one to process organic and non-genetically modified soybeans. In addition to conventionally grown rapeseed, we have also produced oil from organic soybeans since December 2013. These organic soybeans are sourced from the German and international branches of the KTG Group.

We have established two independent production processes for this purpose which also ensure the strict separation of organically and conventionally cultivated crops. In order to further expand our successfully marketed soybean line, we invested in a second soybean press in mid-2014. This will enable us to more than double our processing capacity to some 10,000 tons this year.

Our oil mill in Anklam runs around the clock on seven days a week. We currently process 216 tons of rapeseed and 50 tons of organic soybeans every day.

In a first step, we obtain about 60 tons of high-quality, gently produced oil per day for the use as food through cold pressing of the rapeseed. The resulting expeller is heat-treated and then pressed again. The oil extracted in this second step can be used as animal feed or for technical purposes such as the production of biodiesel or the suppression of foam in biogas plants. The remaining rapeseed cake is marketed as high-quality fodder.

For the production of soybean oil, we also rely on cold pressing – the most gentle extraction process which preserves the oil's healthy nutrients. Due to its high protein content, the by-product of this single pressing, the soybean cake, is also a much sought-after animal feed.

We do not produce any refined oils because we only offer high-quality products. In order to ensure excellent quality, we have developed a proprietary system of quality assurance measures which also include the continuous monitoring of all production steps.

Thanks to this consistent quality approach, market demand is constantly rising. Our organic soybean oil is, for instance, no longer only marketed under KTG's own "Bio-Zentrale" brand but also by Bioland Markt GmbH.

More than 3,500 tons of rapeseed and soybeans can be stored in Anklam.

In contrast, most of the rapeseed oil is sold to customers in other European countries, while 75% of the rapeseed cake is bought by German companies and some 25% is shipped to Scandinavia as animal feed. The organic soybean cake is primarily supplied to a dairy farm of the KTG Group in Schöllnitz (Brandenburg) as well as to Swiss, Italian and Dutch businesses.

Our geographic location helps us serve this wide range of customers: We are not only located close to the motorway and connected to the railroad, but can also ship large amounts via the neighbouring Baltic Sea port of Vierow near Greifswald.

Together with our 15 employees, we optimise our processes on an ongoing basis. Last year, we developed, for example, a technology to significantly improve the quality of the oil obtained from the second pressing cycle. Moreover, we were able to considerably reduce the investment costs for the expansion of our soybean oil production. In addition, we have implemented a safety process for using water from the nearby Peene river to cool our systems and installed a system for the recovery of process heat which will result in much lower energy costs going forward. Our switchover to gas firing will also permit further savings. Due to these and other resource-efficient and climate-friendly measures, we are largely exempt from EEG surcharge and electricity tax

Rapeseed cake containing protein is loaded to be sold in, among others, Scandinavia.

Rapeseed and soybean cake is a sought-after component of animal feed.

Interview with Torsten Peters.

payments, resulting in annual energy cost savings clearly in the six-figure range.
Our oil mill is ready for the future today. We made sure to design it such that a conversion to the processing of other oilseeds would be possible at any time and at short notice. This enables us to respond quickly to any market changes – especially in view of the fact that national and international demand for organic soybean oil and cake by far exceeds available supplies supply already today. We can easily scale up our capacity to handle any expansion of the amount of organic soybeans grown by companies of the KTG Group going forward.

PUTLITZ

FACTS AND FIGURES

Branch	Agricultural operations
Cultivated area	7,000 hectare
Produced crops	Potatoes, spelt, wheat, grain maize, rye, oat, soybeans, barley, sugar beets
Storage capacity	› 7,500 tons of organic products › 10,000 tons of conventional products
Employees	36
Special features	› 3,300 hectors for organic farming › Potatoes to 100 percent under irrigation › Cultivation of soybeans on 400 hectares › Central grain silo of the KTG Group

The large grain silos are a landmark of the agricultural branch in Putlitz.

Putlitz

»We are farmers through and through and we live the company's motto ›from the field to the plate‹. It feels good to hold the products for which we provided the ingredients in your hands.«

STEFFEN LADWIG
BRANCH MANAGER

Until two years ago, there was hardly any interest in growing soybeans in northern Germany. However, after we here in Putlitz achieved an excellent harvest of more than 1.8 tons in the second year, more and more colleagues are contacting us.

This success was no surprise and it can hardly be copied. It is the result of extensive experiments with different kinds of soybeans on small test fields to identify the varieties which best match local conditions here in Brandenburg. All this took considerable effort but it was worth the while.

We also gained experience with respect to seed row spacing and this knowledge is now proving valuable. To be economically successful, however, the organic farming methods we use on our fields require not only a lot of experience, but also the right technical equipment. This includes, for example, special GPS-controlled harvesters which can harvest even very low-growing crops in a time-saving manner without damaging the plants. Another example is the special chippers which we use to reliably and effectively reduce weed pressure on the soybean plants. We were the first company to get a prototype of this machine for extensive testing last year. Having experience the performance and efficiency of the machine on a day-to-day basis, we decided to invest in it. Today, we benefit from all the above.

However, we are not only pioneers in the cultivation of soybeans. Following a series of excellent test results, we will be the first agricultural business in northern Germany to grow oil pumpkins on a larger area this year. We are convinced that this will also be a great success. The subsequent processing of our products and their marketing is ensured by the companies of KTG Foods SE.

We always enjoy holding the finished products of the KTG brands in our hands for which we supplied the raw materials and ingredients. Everyone working for us is a farmer through and through and a big believer in the company's "from the field to the plate" concept. Thanks to our broad range of potatoes, spelt, wheat, maize, rye, soybeans and shortly pumpkins, we can make a major contribution to the realisation of this strategy. Last year alone, we delivered 4,000 tons of potatoes through our own logistics company to the "Bio-Zentrale" and the fresh produce handling plant in Linthe.

We can currently grow our crops on approximately 7,000 hectares of land. After two conversion years, about 3,300 hectares were designated as organic farming fields in 2014. We plan to increase this share in order to further expand our lead in the organic farming segment. 3,700 hectares are used for conventional farming. The products grown on these fields are primarily supplied to KTG Foods SE companies for processing under the "*Die Landwirte*" label or other brands. Others are sold to external customers including an international wholesaler who started buying brewing barley from us some six months ago.

We attach the same great care to processing and storing our products as we do to their sowing, fostering and harvesting. Our long-term chief storekeeper Jörg Bethke is responsible for this. He can use our powerful drying plant to even thresh very humid grains. This makes us much more independent from the weather than other agricultural businesses. Moreover, we benefit from significant storage capacities: We have two halls for storing a total of 10,000 tons of conventionally grown crops and five silos with a volume of 7,500 tons for organic products. Our branch therefore also serves as the central grain and soybean silo of the companies of the KTG Group. In addition, we have an organic potato store with a capacity of 4,000 tons. Here, too, we make sure to strictly separate organic and conventional products.

Mr Ladwig inspecting the green rye.

BERLINER BEERENGÄRTEN

ZAHLEN UND FAKTEN

Branch	Special crops
Cultivated area	38.5 hectares on 6 plantations
Cultivated fruit and vegetables	Strawberries, blueberries, raspberries, currants, white asparagus, green asparagus
Employees	30
Special features	› Cafes serving berry specialities › Locally made jams › 50,000 visitors per years

Berliner Beerengärten (Berlin Berry Gardens)

»After 22 years in the fruit growing trade, I can say: The most important thing you need to successfully grow berries in the amounts we do is a lot of experience.«

SLADJAN MITIC
HEAD OF SPECIAL CROPS

Fruit as fresh as from your own garden: In our Berlin Berry Gardens, we invite visitors to pick strawberries, blueberries, raspberries and currants themselves on our fields. Sampling on the fields is expressly permitted. This offer is gratefully accepted: Last year, we were able to welcome a total of approximately 50,000 visitors on our six idyllically located plantations in and around Berlin. On our plantations, we currently grow strawberries on a total area of 20 hectares, blueberries on 5 hectares and raspberries on 1 hectare. With an area of 0.5 hectares, currants are still playing a minor role. In addition, we have cultivated white asparagus on an area of 9 hectares and green asparagus on 1 hectare for a few years now. With the exception of the asparagus plots, all fields are open to self-pickers.

The asparagus harvest, which is currently in full swing, is better left to the professionals. We have been working hard in the last couple of weeks because asparagus, too, are harvested completely by hand – and to keep them fresh, this must be done quickly. After they have been cut, the asparagus are therefore immediately sorted, washed and delivered to our 28 stalls. Some of our stalls are located as far afield as the Baltic coast. This season we envisage selling about 30 tons of asparagus again.

The strawberry season, our main business, begins at the same time as the asparagus harvest. In order to extend the harvest period, we grow eight different strawberry varieties ranging from early-maturing to late-maturing plants. While similar fruit farms can harvest only for about 3 weeks, we have thus prolonged the season to about 10 weeks.

Most of the some 100 tons of strawberries we harvest are sold directly to visitors at our plantations or at our own market stalls. The same applies to blueberries, of which we sell approximately 25 tons, as well as to our other berries.

Sladjan Mitic looks after the special crops of the KTG Group.

Our Berlin Berry Gardens are located in Oranienburg, Hoppegarten, Gatow, Schönfließ and Falkensee.

During the harvest season, strawberries may be self-picked.

Blueberries are an important crop of our Berlin Berry Gardens.

The rest of the berries are delivered to KTG's own frozen food brand "*Frenzel*" and to the wholesale market in Hamburg. In my opinion, focusing on self-picking is the most economical way of marketing fruit, not least due to the fact that this makes us independent from the price policy of the large retail chains.

At two locations, we operate "berry cafes" where we offer our guests hot and cold drinks, freshly baked cakes as well as our own jams. We also cater for families with children. Our playgrounds with straw castles and mazes invite kids to romp around.

At our plantations, we can rely on the long-standing experience of our 30 employees in the growing of fruit. This experience is increasingly gaining in importance for the successful cultivation of large amounts of berries. Because negative effects on the harvest from unfavourable weather such as dry winters and springs as well as heavy downpours during the summer can only be prevented if you have sufficient experience. This enabled us to maintain our harvest volumes even under the difficult weather conditions of the past years.

This year, we planted a number of new bushes in order to be able to sell more raspberries next year and more currants in two years – because it takes some time before the bushes yield berries. In the fruit growing trade, you have to be patient, but it is worth the while. Our plans to expand the direct marketing of our berries should bear fruit more rapidly. We are considering, for example, setting up concession stalls in the supermarkets of the Kaiser's Tengelmann retail chain.

MANSCHNOW

FACTS AND FIGURES

Branch	Packaging of frozen food
Storage capacity	10,000 EUR-pallets
Packaging capacity	25 tons/shift
Packaging options	› Pillow bags from 750 g to 2,500 g › Folding cartons
Employees	55
Special features	› Processing of frozen food › Production of special mixes

Manschnow

»Our region is referred to as the place ›where the sun rises in Germany‹. This is also a good description of our company. We work to highest quality standards and are proud to make our contribution to healthy eating.«

REGINALD SCHENK
BRANCH MANAGER

People here in the municipality of Küstriner Vorland in the federal state of Brandenburg call our plant "the blue wonder" – not only because of the blue colour of our warehouse that can be seen from afar. When this operation was set up in the mid-nineties, the owners put in state-of-the-art machinery and equipment which had not been seen around here for many years. The site remains a technological marvel even today. Our high-tech equipment ensures efficient, reliable and extremely precise storage, packaging and consignment of all frozen foods delivered to our site, which is our main business segment.

We store the frozen products in our mobile high-bay warehouse with a capacity of 10,000 euro pallets. Movable storage units allow for almost 100% use of the available space at any time.

Our fully automatic and robot-assisted packaging plant is also very impressive. It comprises three processing lines: two packaging lines for pillow bags with a capacity of 750 to 2,500 grams and one for the filling of folding cartons with a capacity of 300 and 450 grams.

In addition, we also produce special fruit and vegetable mixes. The special automatic scales from Japan we use here ensure maximum efficiency, precision and value. Our plant also processes vegetables into various frozen products including buttered vegetables. A look at our history shows that this product was invented by our company long before other manufacturers adopted it and frozen buttered vegetables became a popular product in this country.

Since 2014, we have been part of KTG Foods SE. We cooperate closely with the deep-freezing facility in Ringleben (Thuringia) to package products of the KTG brand "*Frenzel*" as well as with KTG's own TK-Foodservice, who make deliveries to wholesalers. Several long-term logistics partners transport the goods. However, these are not the only synergy effects resulting from the close cooperation with companies of KTG Foods SE. We can

Mr Schenk closely monitors all production processes.

also rely on experts within in KTG Group when it comes to the supply of energy, a key cost driver for our operation. We have also outsourced our complete accounting function to a holding company of the KTG Group.

In addition to our links within the Group, we maintain very close business relationships with Greenyard Foods, one of the world's biggest manufacturers of frozen food who avail themselves of our storage and packaging services.

Due to our geographical location in the Oderbruch, a traditional and extremely fertile vegetable growing region, we are moreover a much sought-after partner for the storage and packaging of frozen food from eastern European companies.

Our 55 employees make a significant contribution to our success. They come from this region and usually have an agricultural background and many years of experience, which most of them gained here. Their long-standing experience and expertise are key to optimising our operational processes on an ongoing basis. Teamwork and a sense of community are therefore very pronounced at our company. It is not an exaggeration to say that we work in a family atmosphere.

Consequently, our employees are also highly motivated

to constantly search for ways to improve and expand our business. We plan, for example, to increase our product range by producing our own sauces going forward. The required investments are currently being made. We also intend to cut our energy costs through optimisation. This is why we will invest in the installation of a photovoltaic system. The combined heat and power unit which is currently being constructed at our premises is also expected to result in enormous savings.

Up to 25 tons of vegetables per shift are packaged in the modern production hall of the "blue wonder" at Manschnow.

The quality of all products is constantly checked.

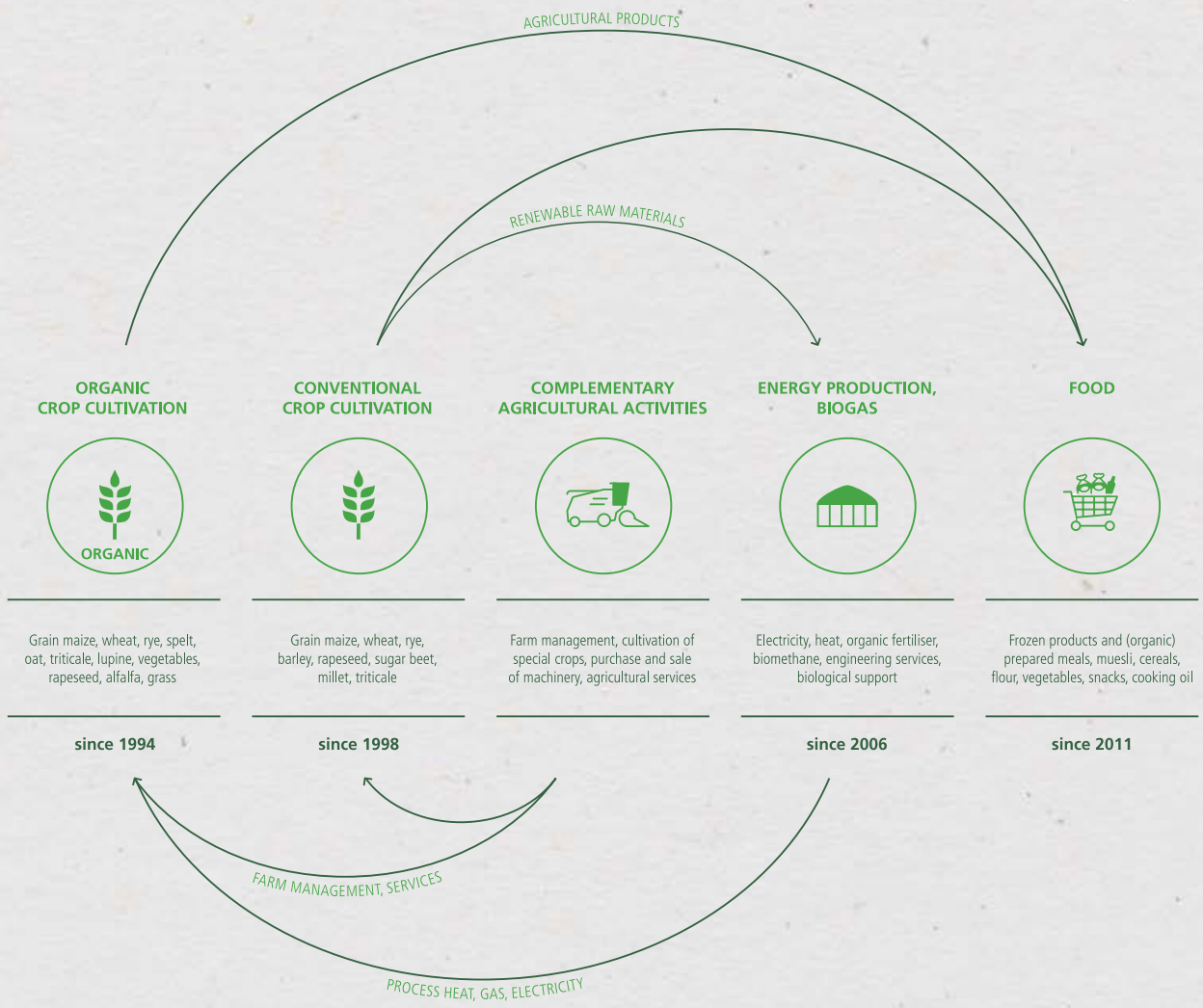

DIE LANDWIRTE

03 Group Management Report

»We made massive investments over the past years – not only in farmland, production facilities and brands but also in people.«

MICHAEL SCHIRRMACHER
MEMBER OF THE MANAGEMENT BOARD

BUSINESS MODEL



Within the integrated business model of KTG Agrar SE, we produce popular non-GMO products as well as clean energy to fulfil today's and tomorrow's consumer requirements."

AT A GLANCE

SALES REVENUES
234.119
EUR thousand

AGRAR
59.938 EUR thousand

ENERGIE
70.855 EUR thousand

NAHRUNG
103.326 EUR thousand

EBITDA
54.543 EUR thousand

EBIT
37.092 EUR thousand

RESULT FROM ORDINARY ACTIVITIES
14.448
EUR thousand

EQUITY CAPITAL
113.422
EUR thousand

EQUITY RATIO
16,5 percent

TOTAL ASSETS
686.038 EUR thousand

GROUP MANAGEMENT REPORT

of KTG Agrar SE

1 General corporate information

1.1 Business model of the Group

KTG Agrar SE is a European Company, which, according to Council Regulation No. 2157/2001 of 8 October 2001, is additionally governed by the German Stock Corporation Act. The management structure is based on the dual system comprising a Management Board and a Supervisory Board.

The corporate structure has remained largely unchanged from the previous year.

The shares of KTG Agrar SE are listed in the Entry Standard of the Regulated Market of the Frankfurt Stock Exchange (Open Market) under WKN A0DN1J.

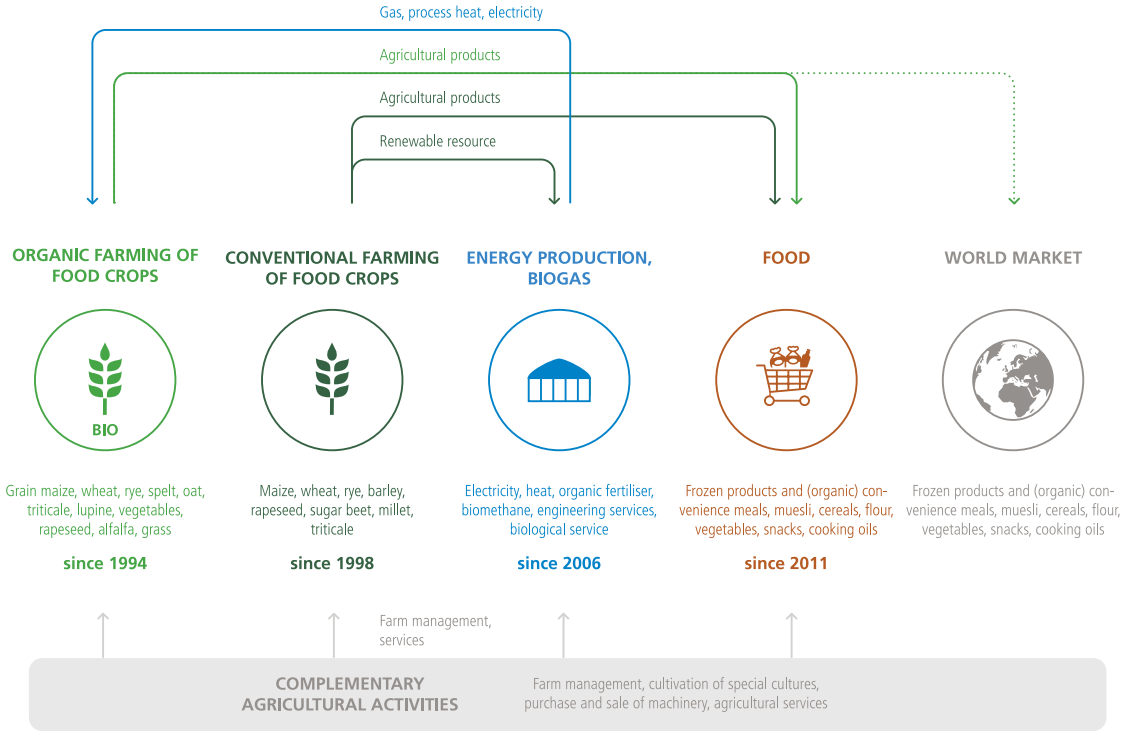
Business activity and production basis

KTG Agrar SE, Hamburg, (hereinafter also referred to as "KTG") serves as a holding company and focuses on the coordination, (partly) the financing as well as the strategic management of the KTG Group. KTG leaves the operating activities to the subsidiaries. The farming segment manages over 45,000 hectares of farmland for the organic and conventional cultivation of food crops in east Germany, Lithuania and Romania. Based on our own estimation, this makes us one of the leading agricultural operations in Europe in terms of the size of the land under cultivation.

Farming is the core business of KTG. Building on this core activity, we have selectively and successively expanded our value chain since 2006, which has resulted in an integrated business model: Farming – Energy – Food – Logistic Services (fresh produce).

Farmland is the most important basis for production for any agricultural company as well as a key success factor. We grow a great variety of over 20 crops and cultures on our farmland. Natural crop rotation is an important element of our strategy. In this context, it is important that the farmland is available to us at an adequate price so that we can manage it responsibly and with circumspection in the long term. KTG Agrar continued to expand its farmland also in 2014, when 13.2% of the land under cultivation was owned by the company. Being a scarce global resource, farmland has significantly gained in value over the past years in east Germany and Lithuania (and worldwide). The prices per hectare in east Germany and Lithuania are still clearly below the Western European level. The increase in land prices means that KTG has established high hidden reserves (land recognised at cost in accordance with HGB accounting rules).

Going forward, the company will focus on expanding its farmland outside Germany. Markets in which we are already active are interesting to us, e.g. Lithuania, Romania and Russia, but also new regions within the EU. We have the necessary agricultural knowledge, state-of-the-art technology for efficient land management, speak the language of the farmers and have access to an international network thanks to our farm management activities. These USPs form the basis of our internationalisation strategy and clearly distinguish us from typical investors or project developers. This gives us access to unique opportunities characterised by high value creation potential and economies of scale.



Business segments

The KTG Group covers many stages of the food production value chain – from the cultivation of organic and conventional agricultural resources to direct distribution to renowned food and fodder processors to in-house processing of frozen products and convenience food.
Part of our products are fed into the environmentally friendly production of energy in our own biogas plants. One the one hand, this allows us to leverage synergies; on the other hand, it reduces our exposure to volatile agricultural commodity prices.
Our business segments:

› Organic farming of food crops

The organic and conventional cultivation of food crops is our core business. The KTG Group started as a pioneer especially in the organic segment.
KTG produces organic grain such as wheat, rye, grain maize and spelt on over 19,000 hectares of farmland. This makes us the largest producer of organic food crops in Europe. KTG operates organic farming in accordance with the strict regulations of the EU Council Regulation on Organic Agriculture. At some farms, we also comply with the more stringent specifications of renowned associations and institutions such as GMP and USDA organic. Regular inspections ensure a constant high quality. As a specialist for large-scale farming of food crops, such as wheat, rye, grain maize and spelt, we produce large volumes with uniform quality. This improves our marketing options in this segment. This segment is benefiting from the trend in healthy foods from regional producers, which has been growing in Germany for some years and has contributed to demand for organic food.
Regionality and trust play an important role for the consumer, which is why we grow our products in Germany and assume responsibility for all stages of the value chain –
»from the field to the plate«.

› Conventional farming of food crops

We use our know-how from organic farming and also produce conventional food crops according to the highest standards of quality. Mainly grains, maize and rapeseed are farmed in regular crop rotations.
KTG identified the potential of non-GMO soy at an early stage and has made major investments in the cultivation of GMO-free soybeans over the past years. The company grows soybeans in Western Europe on an area totalling over 6,500 hectares.

› Energy production/Biogas

As part of our integrated business model, we have operated our own biogas plants for the production of renewab-

le energy since 2006 at a total of meanwhile 18 sites. The generation of environmentally friendly energy ideally complements the cultivation of food crops, as biogas is produced during the fermentation of biomass. Biogas is part of the energy concept of the future and it covers baseload and peak load requirements, can be stored and is carbon-neutral.

With a total electrical output of 54 megawatts (previous year: 40 megawatts) we are currently able to supply almost 500,000 people with energy. This is equivalent to the population of the city of Hanover. The electricity generated is fed into the national grid, while we use part of the heat generated, but also supply companies, public institutions and private households.

Besides renewable resources, we also use grass and straw. In addition, we are making growing use of catch crops such as millet or special grasses, which are sown after the grain harvest in the summer and harvested in November. The use of catch crops ensures that the planting of raw materials for our biogas plants does not conflict with the production of agricultural resources for food production. Moreover, the digestate can be sold as a natural fertiliser and be reapplied to the fields. Besides the sustainable production of food and clean energy, this guarantees stable cash flows and a good margin.

› Food

Following the motto "from the field to the plate", we have made investments in food production since 2011. In doing so, we benefit from our long-established network of food retailers and have been a driving force in the trend towards regional products from the very beginning.

Our food segment meanwhile comprises several companies and brands, namely *Frenzel Tiefkühlkost*, the oil mill in Anklam and Bio-Zentrale. Our factories at the deep-freezing sites in Thuringia and Brandenburg produce potato specialities and convenience meals as well as other food products under the Frenzel*** brand. In 2014 and 2015, the Frenzel frozen food brand was named as a "Top Brand" in the frozen vegetables segment. NOA Naturoel Anklam AG produces vegetable oils from internally pressed rapeseed and non GMO-soy grown on our own fields according to the highest quality standards. These activities are complemented by Bio-Zentrale Naturprodukte GmbH, which distributes agricultural products, mainly organic dry products, to consumers under the *biozentrale*, *BIOKIDS* and Mühlenbach brands.

Integrating the food segment with the farming segment in an economically efficient manner in order to supply products with a unique quality guarantee takes time. We are still in the process of leveraging synergies, utilising capacities and exploiting new potential. This is also reflected in the innovation and internationalisation strategy of the food segment.

Developed and launched in 2013, the "*Die Landwirte*" premium brand markets a wide variety of products directly to food retailers. This brand concept is based on the use of fresh, internally produced high-quality food made from resources grown on our own fields.

KTG Foods SE, which was established in 2014, pools the distribution activities of the individual brands and exploits synergies.

The value chain of the food segment is rounded off by logistic services provided by the Linthe fresh produce facility, which primarily focuses on potatoes, onions and carrots.

› Complementary agricultural activities

The complementary agricultural activities segment mainly serves the purpose of efficiently utilising existing land and resources within the KTG Group. This specifically includes the acquisition and development of agricultural companies, agricultural trade and land management for third parties (farm management), from cultivation planning to the sourcing of raw materials and supplies to the marketing of agricultural products. We also cultivate special crops (berries) in the environs of Berlin as part of our complementary agricultural activities. On a smaller scale, KTG is also active in suckler cow breeding and agricultural trade within this business segment.

1.2 Objectives and strategies

Global megatrends

We believe that demand for agricultural commodities continues to be driven by megatrends, which are likely to lead to sustainable and fundamental changes:

demographic development, climate change, scarce resources, changing consumer habits and energy generation from renewable resources.
According to a forecast by the OECD (Organisation for Economic Cooperation and Development), the world population will grow from 7 billion to over 9 billion people by 2050. Together with the expected increase in the standard of living, these demographic changes will lead to changing lifestyles and eating habits. To feed a growing world population, agricultural land is needed and must be expanded worldwide. As a consequence, the demand for agricultural commodities and (professionally produced) food will increase – as will the demand for meat. We believe that there are limits to these developments. Natural resources are limited, which means that less and less farmland per capita is available throughout the world. Around the globe, urbanisation continues to proceed at the expense of agricultural land, which will ultimately result in competition for scarce farmland. Scientists expect climate change to lead to changing temperatures and precipitation patterns as well as a higher probability of extreme weather events. This will primarily affect Southeastern Europe. Accordingly, modern and sustainable farming in the present and future agriculturally favourable regions is a key element for global supply security and represents an industry of the future. KTG continues to make selective investments in climatically favourable regions in Central and Northern Europe.

Objectives and Group strategy

Four well-matched core business segments make KTG an integrated agricultural corporation. Our Group strategy is geared to growth and risk diversification.
Our vision is to be the champion of innovative agriculture and a leading agricultural company in Western Europe through:

- modern and sustainable agriculture,
- modern and sustainable production of energy as well as
- supplying customers with healthy food specifically for target groups »from the field to the plate«.

Our corporate activity is oriented towards the long term. The business segments of the KTG Group are continuously analysed and optimised for their growth and earnings potential.
The KTG Group already produces grains for over 1,500,000 people and energy for around 500,000 people. Our long-term vision is to significantly increase our part in food production and be able to supply a whole metropolis like Hamburg or Berlin with energy.
This vision is reflected in our internationalisation and innovation strategy:

- to expand and optimise our position as an integrated provider of agricultural products and renewable energies

- to continuously and strategically expand the value chain,
- to grow within the framework of core competences and on high-yield markets and consequently expanding business activities in Europe as well as in selected Asian markets.

To implement our internationalisation strategy, we have begun to selectively and successively develop new markets in Europe for our agricultural activities over the past years: 2005 in Lithuania, 2009 in Romania and Russia. In doing so, we continue to aim for sustainable growth as part of our responsible corporate activity. As we continue to make gradual and selective inroads into new markets, we began, in 2013, to examine if and to what extent the industrial food production activities can be expanded outside Europe. We will initially focus on offering part of our product range in selected markets in China. Germany is China's biggest trading partner in the EU. In 2013, Germany accounted for 45% of EU exports to China. Chinese companies' demand for quality products has encouraged us to expand our markets outside Europe building on our strong brands and products produced to high quality standards under the "made in Germany" quality label and to strengthen our competitiveness beyond our home market.

As listed farmers with an integrated business model "from the field to the plate" we focus our innovation strategy in the food segment on the production of local products with a unique quality guarantee. We invested in the cultivation of non-GMP soy at an early stage. Soybeans are a valuable source of protein for the food and fodder industry and also a profitable crop. A cultivation area totalling 113 million hectares and an output of approx. 184 million tons makes soybeans the world's most important oilseed crop. The cultivation area has grown by 3.9% p.a. over the past 17 years and today accounts for about 6% of total global agricultural area. Most soybeans are produced in Brazil, Argentina and the USA; producing about 30 million tons, the EU is a net importer of soy and soy feed. Most of the soybeans traded in the world market are from genetically modified plants. Especially in the past years, however, demand for GMO-free soy has risen sharply. Meat consumption is on the increase and the first European supermarkets have asked their suppliers to feed animals with GMO-free soy. What is more, China is showing growing interest in non-GMO soy. Accordingly, the prices of GMO-free soy are about 15-20% higher than the price of genetically modified soybeans. This and the trend towards more regional foods suggest that the cultivation of non-GMO soybeans in the EU will become increasingly attractive. We anticipated these developments at an early stage and will continue to grow soy on a long-term basis.

In the context of a strategic partnership, we invested in an integrated business model in Russia in 2013, in which we now hold a loan-financed share of 17.5% (previous year: 17.2%). The agricultural value chain in Russia begins with agricultural production on over 45,000 hectares and extends to the storage of grain and the production of mixed fodder to the fattening of pigs and the distribution of the meat to retail chains and wholesalers. Against the background of the Ukraine/Russia conflict, we believe that this agricultural business model should be viewed differently from investments in Russia by foreign enterprises aimed at the production of goods and services for sale in the world market. For an assessment of the political risks and other potential risks, please refer to paragraph 5.

Competition in Germany's food industry is increasingly dominated by a small group of suppliers operating throughout Germany. As an agricultural producer and niche supplier of selected foodstuffs, we try to bolster our position in this very intense competition through brand-building and agricultural quality in the context of our value chain. As farmers we are firmly rooted in our agricultural regions and use natural resources responsibly and sustainably. Consumers benefit from our carefully grown products and our commitment to organic cultivation and healthy quality. These are our exportable unique sales propositions.

Under the amended Renewable Energy Sources Act (EEG 2014), which came into force on 1 August 2014, the regulatory environment for new biogas plants deteriorated significantly. The KTG Energie Group made optimum use of the window of opportunity prior to the coming into force of the amendment and increased the installed electrical output of its plants to 53 megawatts. Regardless of the deterioration in the regulatory

environment, we will review acquisition opportunities, i.e. the purchase of biogas plants which run far below their installed capacity and benefit from a guaranteed feed-in tariff under the EEG 2012 and whose operators are exposed to the volatilities of the market. We also intend to seize the opportunities arising in the mobile heat transport market.

2 Economic report

2.1 The economic environment

The macroeconomy

At the beginning of 2014, the International Monetary Fund (IMF) projected a global growth rate of 3.7%. Following several adjustments in the course of the year, the IMF most recently downgraded its growth forecast for real GDP by 0.1 percentage point to 3.3%. In 2013, the economy also grew by 3.3%. While expansionary monetary policy and less restrictive fiscal policy led to faster growth in the industrialised countries, the structural obstacles and geopolitical risks resulted in slower economic momentum in Europe and most emerging countries.

The German economy was very volatile in 2014. The up and down was caused primarily by the intensification of the Ukraine conflict and the resulting export risks as well as the volatile developments of the eurozone economies in the wake of the euro financial crisis and poorer sentiment in Germany's manufacturing sector. On the other hand, the local economy was supported by the low interest rates resulting from the ECB's expansionary monetary policy as well as by robust private consumption as a consequence of the stable labour market situation. The IMF projects a growth rate of 1.4% for the German economy for 2014, up from only 0.5% in the previous year.

Sector environment

› Agricultural commodities

The German agricultural sector generated above-average yields in 2014. According to the "Besondere Ernte- und Qualitätsermittlung" (BEE - special harvest and quality determination), the grain harvest – including maize and corn cob mix – will reach a total of about 52 million tons. This exceeds the prior year result (47.75 million tons) by 8.9% (4.3 million tons) and the long-term average (2008–2013: 46.5 million tons) by 5.5 million tons. At 6.5 million hectares, the cultivation area was about the same size as in 2013.

The average grain yield per hectare was 80.5 decitons, up by approx. 10% on the previous year's 73.2 decitons. The long-term average (69.7 decitons per hectare) was exceeded by 15.5%, which confirms the trend of a continuous moderate increase in yields.

Trends in international markets play an important role when it comes to pricing. In 2014, large quantities were again harvested throughout the world. At the same time, demand for agricultural products increased in sync with the growing world population but was nevertheless unable to prevent a moderate decline in grain prices. After a major portion of the harvest was marketed in late summer, prices stabilised again at a profitable level.

› Organic food industry

The organic food sector continued to grow in 2014. According to Bund Ökologische Lebensmittelwirtschaft (BÖLW), organic revenues amounted to EUR 7.91 billion in 2014 (previous year: EUR 7.55 billion). This represents a growth rate of 4.8%, which is lower than the previous year's 7.2%.

Where organic food is concerned, increased sales of dry products as well as rising milk and dairy prices were the main reasons for the higher revenues. Sales of muesli/cereals, bread spreads, fat/oil and meat substitutes rose by 10% each.

Accounting for EUR 4.2 billion (or 53% of the total organic sales revenues), food retail stores remained the most important distribution channel for organic food in 2014. This represents a growth rate of 3.6%.

Milk and meat substitutes are primarily made from soybeans, and this market continued to grow in 2014 according to the BÖLW. The procurement of raw materials is playing an increasingly important role in this context. In 2014, some 11,000 to 12,000 tons were needed for the production of milk and meat substitutes, for which the roughly 2,000 hectares available in Germany are insufficient. As a consequence, the raw materials need to be imported from Eastern Europe, China, the USA or India. Some 7,300 tons of organic soybeans were produced in Romania in 2012. Both consumers and producers of milk and meat substitutes often prefer local products.

The Bund Ökologische Lebensmittelwirtschaft estimates that the land used for organic farming in Germany increased by 28,331 hectares to 1,089,000 hectares in 2014

(previous year: 1,060,669 hectares). This represents an increase by 2.7% on the previous year.

› Biogas

According to the German Biogas Association, biogas plants already covered far more than 4% of Germany's gross electricity consumption in 2014. The 7,944 plants installed throughout Germany generated some 27.55 terawatt hours (TWh) and supplied an average of 7.9 million households with electric energy. The use of biogas has saved as much as 17.6 million tons of carbon in Germany.

Growth in the construction of biogas plants continues to slow down. While 94 new plants were erected in 2014, the German Biogas Association expects only 61 biogas plants to be taken into operation by the end of 2015. An average of 8.0 million households in Germany would then be supplied with electricity. Gross electricity production would rise to 27.9 TWh and carbon savings to 17.8 million tons.

Against the background of the regulatory developments in Germany, KTG Energie made optimum use of the window opportunity for investments in the 2013/14 financial year, increasing its installed electrical output from 41 megawatts to 53 megawatts. All of the new plants taken into operation come under the tariff system of the EEG 2012 act. With an average capacity utilisation of over 93% currently achieved by KTG Energie, the total electricity produced continues to benefit from a guaranteed subsidy and there is additional potential for capacity expansion.

› Frozen food

According to the Deutsche Tiefkühlinstitut e.V., the total German market performed positively in 2014. Average per-capita consumption in Germany again increased moderately by 600 grams from 41.6 kilograms in 2013 to 42.2 kilograms in 2014. Consumption per household picked up as well, rising from 84.5 kilograms in 2013 to 85.2 kilograms in 2014. Sales revenues of the frozen food industry climbed 3.0% from EUR 12.4 billion in 2013 to EUR 12.8 billion. This shows that the frozen food sector, which is one of the five biggest segments of the German food industry, continued its growth also in 2014. The food retail sector reported moderately positive revenue growth of 0.3% to EUR 7.2 billion (previous year: EUR 7.2 billion).

2.2 Overall statement on the business trend

We consider the overall performance of the KTG Group in the financial year 2014 to be extremely satisfactory. We were able to improve (nearly) all key performance indicators. Group equity and the Group equity ratio were up by EUR 24.9 million and 1.3%, respectively, on the previous year. The KTG Group's sales revenues increased by 42% on the previous year to EUR 234 million as projected by us. The Group's gross result rose moderately by approx. 0.8%. At EUR 37 million, earnings before interest and taxes (EBIT) were up by roughly 56% on the previous year (EUR 23.7 million) and slightly below our projections. The EBIT margin (EBIT in relation to total output) of 12.5% was slightly below the profitability target of roughly 14.5% set for the past financial year. The land under cultivation was expanded by 1,750 hectares to a total of 44,350 hectares in the past financial year. Our own farmland was reduced from 10,238 hectares to 5,850 hectares. This is due to the sale of some 4,400 hectares of farmland in Lithuania. The sale generated proceeds of approx. EUR 18.5 million, which were partly offset against loan liabilities of the real estate companies and had a positive effect on the Group result after deduction of the carrying amounts. In addition, biogas production capacity was increased to a rated electrical output of 53 MW in 2014. The addition of Bio-Zentrale to the food segment completed the latter's value chain.

2.3 Business trend

Farmland and farming

Farmland is a significant success factor for an agricultural company. KTG continued to expand its farmland also in 2014. At the end of the year, the company had some 44,350 hectares under cultivation, approx. 4.1% more than in the previous year (approx. 42,600 hectares).

Most of our farmland, i.e. roughly 36,000 hectares (previous year: 34,300 hectares), is located in Germany. In Lithuania, we cultivate about 8,350 hectares (previous year: 8,266 hectares) of land. This adds up to a total of 36,000 hectares, of which approx. 5,850 hectares (previous year: 10,300 hectares) or 13.2%are owned by the company. About 5,400 hectares of the land owned by the company are located in Germany. In Lithuania, some 4,400 hectares were sold in 2014 and leased back under a long-term contract. The transaction amounted to EUR 18.5 million.

Energy

KTG Energie improved all key performance indicators and reached the targets set for the financial year 2013/14. At roughly EUR 71 million, sales revenues clearly exceeded the projected EUR 65 million. At EUR 21 million and EUR 11 million, respectively, the targets set for EBITDA (earnings before interest, taxes, depreciation and amortisation) and EBIT (earnings before interest and taxes) were reached as well.

At 5.6%, the EBT margin exceeded the previous year's 5.2%. Cash flow from investing activities was influenced by investments brought forward in anticipation of the EEG amendment, which came into force on 1 August 2014. Equity capital increased as a result of the EUR 5.9 million capital increase; accordingly, the equity ratio climbed from 9.6% to 10.5%. This means that the business trend in 2013/14 was in line with our forecasts.

In the financial year 2013/14, the acquired biogas companies in Brenz, Perleberg and Groß-Tessin were taken into operation, the biogas plant in Nonnendorf underwent a successful test run and CHP plants were taken into operation in Quesitz, Linthe, Ringleben, Nonnendorf, Seelow and Putlitz. A total of nine plants did not yet run at full capacity in 2013/14, which means that the projected and secured long-term revenue base of roughly EUR 80 million was not reached yet. As of 31 October 2014, the installed electrical output of all plants totalled 53 MW (previous year: 40 MW).

In May 2014, KTG Energie was awarded an investment grade rating of BBB- for the third time. In the difficult banking environment prevailing in the financial year 2014, this rating reflects a very positive assessment of the business model, the established corporate structure and the high process safety in the company.

Food

The food operations were pooled under the umbrella of KTG Foods SE in mid-2014. At the beginning of the financial year, Bio-Zentrale Naturprodukte GmbH ("Bio-Zentrale"), Wittibreut-Ulbering, joined the industrial food production segment with a total of 189 employees (previous year: 274 employees). Bio-Zentrale serves as the umbrella for the *biozentrale*, *BIOKIDS* and Mühlenbach brands. At EUR 46 million (previous year: approx. EUR 40 million), Bio-Zentrale's sales revenues were in line with our expectations. EBITDA, EBIT and EBT exceeded our expectations. The restructuring measures initiated in 2013 supported the positive trend towards the operational turnaround. The product range continued to be optimised in 2014. Price increases on the purchasing side could partly be passed on in spite of the fierce competition and concentration on the customer side.

FZ Foods AG is a subsidiary of KTG Agrar SE and considered a leading supplier of frozen vegetables in Germany. Around 199 employees worked at the production site of the company in Ringleben in Thuringia on an annual average (previous year: approx. 158). Another processing plant with over 12,000 frozen pallet spaces and some 47 employees is rented in Manschnow. This means that FZ Foods AG has sufficient processing and storage capacities to realise the projected growth also in future. The core competencies of FZ Foods AG are potato specialities, pre-cooked and pre-packaged food and manufactured products such as cabbage rolls, hash browns and vegetables in cooking trays for the microwave and the convenience sector. FZ Foods supplies food retailers with a range of around 80 articles of our "Frenzel***" and "*biofarmers*" brands as well as retailers' own brands. In addition, products are distributed to industrial customers and large consumers. Sale-and-lease-back transactions with a material effect on the bottom line took place in the financial year 2014 and involved the premises in Ringleben as well as the Frenzel*** brand. In 2014 and 2015, Frenzel*** was named as a "Top Brand" in the frozen vegetables segment by German trade magazine "Lebensmittelzeitung". Their annual analysis is based on the representative "GfK ConsumerScan" panel, which covers the purchases of 30,000 German households. At the oil mill in the port of Anklam, internally grown resources such as rapeseed and non-GMO soy are processed into high-quality cooking and fodder oil as well as press cake. 15 people (previous year: 15) work at the Anklam location.

2.4 Earnings situation

TABLE 5

Sales revenues, other operating income and total output

In 2014, sales revenues of the KTG Group were up by 42.0% on the previous year to EUR 234.1 million (previous year: EUR 164.9 million), which means that the revenue target of EUR 235.7 million was reached almost in full.

Group sales revenues in the energy segment increased by 42% on the prior year period to EUR 70.9 million (previous year: EUR 50.1 million), which clearly exceeded the

TABLE 5

EARNINGS SITUATION AND KEY FIGURES

'000 Euro

	2014	Percent	2013	Percent	±	Change in percent
Total output (BL)	297,726	100.0	205,332	100.0	92,394	45.0
Operating expenses	– 260,634	– 87.5	– 181,670	– 88.5	– 78,964	– 43.5
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	54,543	18.3	34,298	16.7	20,244	59.0
Earnings before interest and taxes (EBIT)	37,092	12.5	23,662	11.5	13,430	56.8
Earnings before taxes (EBT)	11,774	4.0	3,007	1.5	8,767	291.6
Consolidated net income	6,418	2.2	– 686	– 0.3	– 7,104	– 1,035.6

projections for the financial year 2013/14. This is due to various effects. The change of the financial year to the balance sheet date of 31 October resulted in a 10-month stub financial year in the previous year. By contrast, the past financial year 2013/14 comprised 12 months, which means that the figures are not fully comparable. The KTG Energie Group's increased revenues from the marketing of electricity and biogas in 2013/14 are also attributable to investments brought forward (start-up and expansion of plants) in anticipation of the coming into force of the EEG amendment on 1 August 2014.

The farming segment as a whole reported only moderate growth of 1.3% in 2014 compared to the previous year, but we still met our sales forecast. While revenues in the conventional farming segment declined to EUR 20.1 million (previous year: EUR 34.3 million), e.g. due to the re-allocation of agricultural areas, sales revenues in the organic farming segment rose by EUR 3.3 million to EUR 17.5 million. Revenues from complementary agricultural activities soared by 149% to EUR 19.4 million.

The animal production segment, which does not form part of our core activities and primarily comprises sales of milk and cattle, contributed EUR 2.9 million (previous year: EUR 2.7 million) to total Group revenues.

Revenues in the food segment increased by EUR 47.5 million from EUR 55.8 million to EUR 103.3 million in the financial year, which is slightly below our expectations. Sales revenues are primarily attributable to the business activities of *Frenzel Tiefkühlkost*, the Anklam oil mill and Bio-Zentrale Naturprodukte GmbH, Wittibreut, including its subsidiaries, Mühlenbach Lebensmittel GmbH and MARCHé Faber GmbH, which were initially consolidated with effect from 1 January 2014.

Other operating income was up by EUR 14.8 million on the previous year to EUR 52.6 million and primarily relates to income from the disposal of property, plant and equipment (EUR 23.0 million), EU direct payments (EUR 11.2 million), costs charged in the context of the farm management operations (EUR 5.4 million), rental and lease income (EUR 2.3 million) as well as commissions and compensations (EUR 2.7 million).

Income from the disposal of property, plant and equipment results from the sale of farmland in Lithuania and east Germany as well as the sale-and-lease-back of a property and a trademark right in the food segment.

Total output rose by 45.0% from EUR 205.3 million to EUR 297.7 million in the financial year 2014, i.e. similarly dynamically as sales revenues.

Costs and expenses

The cost of materials increased by 42.6% from EUR 91.4 million to EUR 134.2 million in 2014, which is slightly lower than projected. The increase is primarily attributable to the food segment and the related change in the basis of consolidation. At 56.1%, the cost of materials as a percentage of sales and inventory changes was down by 1.5% on the previous year's 57.6%.

Personnel expenses climbed from EUR 22.2 million to EUR 31.5 million. The Group expects these personnel investments to make a positive contribution to earnings in future. At 13.2%, personnel expenses as a percentage of sales and inventory changes were slightly lower than in the previous year. The increase in personnel expenses is due to regular pay rises, the recruitment of new staff in the food and energy segments as well as increased farm management services provided by the complementary agricultural activities segment.

Ongoing depreciation of the KTG Group climbed from EUR 10.6 million to EUR 17.5 million in the financial year. This is mainly due to the earlier start-up of the new biogas plants.

At EUR 77.2 million, other operating expenses were up by EUR 22.7 million on the previous year in 2014. The main items which contributed to this increase were dis-

tribution and freight out expenses, rents, lease and cost of premises, administrative, leasing and motor vehicle expenditure as well as insurance, taxes and raising of capital. The increased marketing and freight out expenses are mainly attributable to the food segment.

Earnings

Earnings before interest and taxes (EBIT) rose from EUR 23.7 million to EUR 37.1 million. This is equivalent to an EBIT margin (EBIT as a percentage of total output) of 12.5% (previous year: 11.5%). The average headcount climbed from 775 in 2013 to 1,008 in 2014. Consequently the earnings trend reflects the required personnel investments which were partly brought forward as well as the increase in other operating expenses. Earnings before interest and taxes were also influenced by other operating income and the related income from asset disposals, which we consider to be partly related to our business activity.

The financial result deteriorated from EUR -18.1 million (previous year) to EUR -23.0 million. This is attributable to the increase in the bond issues in the farming and energy segments, which serve to finance the company's long-term growth, as well as to an increase in loans raised, primarily to finance the biogas plants as well as net current assets.

The result from ordinary activity climbed from EUR 5.8 million to EUR 14.4 million in 2014.

The extraordinary result in the amount of approx. EUR -2.4 million (previous year: EUR -2.5 million) is due, among other things, to costs for the refinancing of the "Biowertpapier I" (bond in the amount of EUR 50,000 thousand issued in 2010) and the placement costs for the "Biowertpapier III" of KTG Agrar SE as well as costs for the placement of the bond issued by KTG Energie AG. Under HGB accounting standards – in contrast to IRFS accounting – transaction costs are not spread over the term of the financial instruments through profit/loss but are recognised in full in profit/loss.

At EUR 6.4 million, the total Group result is up by EUR 7.1 million on the previous year. It includes approx. EUR 0.2 million in income which is not offset by corresponding expenses due to the different consolidation date of the KTG Energie Group. The consolidated distributable profit increased from EUR 13.1 million to EUR 16.9 million.

2.5 Financial position

Objectives of financial management

The main short to medium-term objectives of financial management are:

- to strengthen equity capital
- to reduce interest expenses
- to deleverage the Group
- to refinance the existing bonds

Our short to medium-term financial management objectives are to reduce our financial liabilities and, hence, to successively cut interest expenses. The achievement of these objectives is related to the repayment of the SME bonds in 2015 and 2017. For this purpose, we intend to release part of the hidden reserves built up over the past years in asset items recognised at cost in the HGB accounts and to use them in conjunction with refinancing measures. We also expect a reduction in investments in net current assets, which will contribute to the attainment of our financial management objectives. For more details of the bond issue, please refer to the information provided in paragraph 4.3.

Financing analysis TABLE 6

Total assets increased by EUR 104.4 million compared to the previous year. As of the balance sheet date on 31 December 2014, KTG's equity capital amounted to EUR 113.4 million (previous year: EUR 88.5 million). The equity ratio stood at 16.5% on the balance sheet date (previous year: 15.2%). KTG Energie AG increased its share capital by EUR 5.9 million in 2014; KTG Agrar SE did not participate in this capital increase. This led to a negative difference as of the balance sheet date, which contributed to the increase in the equity ratio in the financial year.

The Group's liabilities totalled EUR 549.4 million as of 31 December 2014 (previous year: EUR 482.8 million). Non-current liabilities from the bond issue increased

TABLE 6

CAPITAL STRUCTURE

'000 Euro

	2014	Percent	2013	Percent	±	Change in percent
Group equity	101,227	14.7	80,445	13.8	20,782	25.8
Balancing item for minority interests	12,195	1.8	8,076	1.4	4,119	51.0
EQUITY	**113,422**	**16.5**	**88,521**	**15.2**	**24,901**	**28.1**
Provisions	13,850	2.0	6,387	1.1	7,463	116.8
Financial liabilities	481,622	70.2	427,313	73.5	54,309	12.7
Other liabilities	68,117	9.9	55,884	9.6	12,233	21.9
Deferred taxes	9,028	1.3	3,518	0.6	5,510	156.6
PROVISIONS AND LIABILITIES	**572,616**	**83.5**	**493,102**	**84.8**	**79,514**	**16.1**
TOTAL ASSETS	**686,038**	**100.0**	**581,623**	**100.0**	**104,415**	**18.0**

by a total of EUR 39.6 million in 2014 compared to the previous year. This change results from the top-up of the "Biowertpapier II" bond of KTG Agrar SE by EUR 9.5 million in the context of a private placement, from the outplacement of the bond of KTG Energie AG by EUR 7.2 million as well as from the issue of the "Biowertpapier III" bond in the amount of EUR 22.9 million. The proceeds from the placement of further bond amounts on the part of KTG Energie AG served to finance new biogas plant capacity. The funds from the bond issue of KTG Agrar SE were used for investments in property, plant and equipment, financial assets and net current assets in the financial year.

Trade liabilities rose moderately from EUR 32.5 million to EUR 35.7 million in the financial year, while other liabilities climbed from EUR 18.6 million to EUR 28.1 million.

Liabilities to banks were up by EUR 14.7 million on the previous year to EUR 149.2 million as of the balance sheet date. The increase is due, among other things, to short and medium-term project financings in conjunction with the energy segment's investments in biogas plants in 2014 as well as to working capital loans. An amount of EUR 9.4 million of the total relates to the energy segment.

Liquidity position

Cash and cash equivalents increased from EUR 16.6 million to EUR 18.7 million at the end of 2014. Based on the consolidated cash flow statement to DRS 21, the EUR 2.1 million increase is attributable to the following:

- Group result before extraordinary items, depreciation/amortisation and interests (+ EUR 48.6 million)
- Financing of inventories and short to medium-term receivables and liabilities (- EUR 43.8 million)
- Gains from fixed asset divestments (- EUR 22.8 million)
- Net investments in property, plant and equipment and intangible assets (- EUR 12.0 million)
- Proceeds from bonds placed and loans raised (+ EUR 81.2 million)
- Scheduled repayment of financial liabilities (- EUR 27.0 million)
- (Net) interest expenses (- EUR 28.8 million)
- Extraordinary expenses (- EUR 2.5 million)
- Income tax payments (- EUR 1.5 million)
- Dividend payments (- EUR 1.6 million)
- Miscellaneous (+ EUR 12.3 million)

Looking at the overall cash inflows and cash outflows, the increase in cash and cash equivalents during 2014 was covered by the cash inflow, leaving the cash reserve at EUR 18.7 million on 31 December 2014. The credit facilities were largely used due to seasonal factors and with a view to building up inventories for newly signed contracts.

2.6 Net assets TABLE 7

Compared to the previous year, non-current assets increased by EUR 61.8 million in 2014 (previous year: EUR 60.0 million).

KTG invests in sustainable assets such as farmland, agricultural properties and biogas plants. Such assets rose by EUR 32.8 million from EUR 234.5 million to EUR 267.2 million in 2014, of which EUR 19.8 million related to the energy segment. Apart from this, the increase is due to both changes in the basis of consolidation and investments in the farming and food segments (e.g. agricultural machinery, production plants). The land owned by the company declined from approx. 10,300 hectares in 2013 to 5,850 hectares. This is mainly attributable to the sale-and-lease-back of the agricultural sites in Lithuania.

Intangible assets were up by EUR 6.4 million on the previous year to EUR 18.3 million in 2014, primarily due to the acquisition of a trademark right in the food segment.

Financial assets totalled EUR 33.5 million as of the balance sheet date, up from EUR 10.9 million in the previous year. The changes in the financial asset items "shares in associated companies" (- EUR 5.4 million), equity investments (+ EUR 14.7 million) and "loans to companies in which an interest is held" (+ EUR 13.1 million) are essentially due to the consolidation of TKS Union AG with effect from 31 December 2014. Through TKS Union AG, KTG holds a 17.5% interest in the Sojuz Group, the intermediate holding companies of the operating production companies for the pig fattening activities in Russia. TKS Union AG granted loans of EUR 13.1 million to the Sojuz Group to finance the production facilities in Russia.

Current assets in the form of inventories climbed from EUR 56.8 million to EUR 86.5 million, mainly because of a rise in raw materials and supplies by EUR 21.8 million. The increase is due to the fact that the company has built up stocks of organic soy and rapeseed for the Anklam oil mill and of frozen vegetables for the Ringleben plant. The expansion of the land under cultivation by 1,750 hectares to a total of 44,350 hectares in 2014 is one of the reasons for the increase in unfinished products and services by roughly EUR 5.0 million to EUR 36.3 million.

Receivables and other assets totalled EUR 258.0 million as of the balance sheet date, up EUR 11.4 million on the previous year.

At EUR 123.6 million, trade receivables were slightly above the prior year level. Receivables from companies in which an interest is held declined from EUR 34.4 million (previous year) to EUR 30.4 million, of which EUR 15.4 million relates to trade receivables and EUR 14.1 million to loans. Other assets rose from EUR 83.2 million (previous year) to EUR 95.4 million. The loans to related parties included in this item were up by EUR 18.0 million on the previous year. In view of the assets of these companies and their earnings prospects, we believe that the recoverability of these receivables is guaranteed and partly secured.

2.7 Non-financial performance indicators

The expertise of our employees and their identification with the company form the basis for the success and growth of the KTG Group. Highly trained and experienced specialists work for KTG. Efficient land management, smooth operation of the biogas plants and the work in food production represent organisational and logistical challenges, which could not be mastered successfully without a competent team. We therefore make continuous investments in the further development of our team.

In the 2014 financial year, we again actively supported the development of our staff through seminars, workshops and the in-house Academy. In doing so, we aim to provide individualised personal and professional development opportunities. As part of the long-established Group-wide "objectives agreement system", regular employee interviews between superiors and employees are held to assess employees' performance and promote their development and to agree objectives for the coming year.

We are well aware of our responsibility for young and committed people and employed an average of 15 trainees/apprentices in 2014 (previous year: 6) to help them make a career start. It is the goal of our human re-

TABLE 7

ASSET STRUCTURE

'000 Euro

	2014	Percent	2013	Percent	±	Change in percent
Intangible assets	18,310	2.7	11,927	2.1	6,383	53.5
Tangible assets	267,244	39.0	234,474	40.3	32,770	14.0
Financial assets	33,548	4.9	10,931	1.9	22,617	206.9
FIXED ASSETS	**319,102**	**46.5**	**257,332**	**44.2**	**61,770**	**24.0**
Inventory	86,459	12.6	56,799	9.8	29,660	52.2
Financial receivables	93,527	13.6	86,341	14.8	7,186	8.3
Other receivables and assets	167,732	24.4	163,997	28.2	3,735	2.3
CURRENT ASSETS	**363,689**	**50.7**	**320,608**	**53.0**	**43,081**	**13.4**
CASH AND CASH EQUIVALENTS AND SECURITIES	**19,218**	**2.8**	**17,154**	**2.9**	**2,064**	**12.0**
TOTAL ASSETS	**686,038**	**100.0**	**581,623**	**100.0**	**104,415**	**18.0**

sources policy to retain employees in the company for as long as possible in order to benefit from their experience. The satisfaction of our employees is reflected in the low staff turnover rate.
Besides secure jobs in an exciting environment, KTG Group's corporate culture is characterised by flat hierarchies and short decision-making lines. All employees are encouraged to make active and diverse contributions to the company.
Compared to the previous year, the average number of employees, including trainees/apprentices, increased from 775 to 1,008, including 76 employees (previous year: 96) in Lithuania.

3 Post balance sheet events

With economic effect from 1 January 2015, KTG acquired 40% of the limited partner's interests in C. Mackprang jr. GmbH & Co. KG (Mackprang), Hamburg. Mackprang is a traditional trading firm engaging in wholesale as well as import and export of grain, flour, animal fodder and malting barley. In 2014, the company generated sales revenues in excess of EUR 200 million. This investment was made for the purpose of vertical diversification in the context of KTG's value creation strategy in conjunction with the planned expansion.
Apart from the above, no events of special importance to the net assets, financial position and results of operation occurred after the balance sheet date.

4 Outlook

4.1 Anticipated economic developments

The International Monetary Fund (IMF) projects a 3.5% increase in global GDP for 2015, compared to 3.3% growth in the previous year. The IMF has thus downgraded its economic outlook for 2015 by 0.3% from previously 3.8%. For Germany, the IMF projects only 1.3% growth for 2015. The economic trend is heterogeneous in both the industrialised nations and the emerging countries. In China, the second largest economy, economic momentum is expected to slow down, with the IMF anticipating a decline in the growth rate from 7.4% in 2014 to 6.8% in 2015. Due to reduced income from oil exports, the IMF expects the Russian economy to contract by 3% in 2015, having previously projected moderate growth.

4.2 Anticipated development of the KTG Group

KTG Agrar produces agricultural commodities and healthy food and generates environmentally and climate friendly energy in markets characterised by huge potential. Going forward, we will continue to rely on our integrated concept in order to develop additional markets in the context of our internationalisation strategy. Most of this expansion will be achieved through organic growth.

Outlook for the farming segment

We are constantly expanding the land under organic and conventional cultivation in our core regions of east Germany, Lithuania and Romania. In addition, we intend to develop and farm additional agricultural sites in climatically favourable regions in Eastern Europe in the context of our strategic concept.

We continue to project sales revenues of between EUR 70 million and EUR 80 million as well as earnings before interest and taxes in excess of EUR 15 million for the farming segment by 2016/2017.

The cultivation of soy offers huge market potential for the farming segment. Products made from soy range from foods such as tofu and margarine to animal fodder and cosmetics. As the largest producer of non-GMO soy in Western Europe, we currently cultivate an area of over 6,500 hectares. Above and beyond the processing of soy into cooking oils and press cake, we also see huge potential in other areas of soy processing and plan to expand our soy production. As the emerging countries become more and more prosperous, demand for meat is growing in these markets, whereas consumers in the leading industrial countries are increasingly looking for meat substitute products. Meat substitutes made from soy are regarded as very healthy and constitute an important source of protein in a vegan diet. In the discussions about global food problems, meat is increasingly being criticised for the inefficient use it makes of resources, especially proteins. Moreover, according to experts, 18% of global greenhouse gas emissions are attributable to livestock, which confirms that meat production has an extremely negative impact on climate protection. These topics are therefore gaining in political and social importance.

KTG therefore expects demand for soy products to continue to increase, especially in Western Europe, and intends to participate in this growth also in the field of soy processing.

Outlook for the energy segment

Announced on the occasion of the 2012 IPO, the increase in the rated electrical output to over 50 megawatts was reached by KTG Energie as of 31 October 2014. The company thus laid the basis for a long-term revenue base of roughly EUR 80 million from the production of electricity, biomethane and heat. Additional potential is expected to arise from the research project into the production of oil from digestates, the utilisation of residual heat from biogas plants and the separation and drying of digestates. The primary objective is to fully exploit the production capacity of over 53 megawatts in the current financial year in order to reach the future sales revenue target of EUR 80 million. The focus will be on further improving EBIT and on increasingly leveraging cost efficiency synergies.

According to the German Biogas Association, the biogas industry will continue to grow moderately in 2015. The Association expects the number of biogas plants in operation to increase by 156 to 8,005 in 2015 (previous year: 7,944 plants) for an installed electrical output of 4,054 megawatts (previous year: 3,859 MW). New plant construction activity is being slowed down primarily by the EEG amendment, which came into force on 1 August 2014, and the related new regulations. As a result of the 2014 EEG amendment, new construction activity is expected to slow down further to 61 plants in 2015. The Association projects only about 8 megawatts of additional capacity for 2015, compared to close to 136 megawatts in 2014. KTG Energie thus accounts for about one third of the additional capacity installed in Germany in 2014.

The German Biogas Association believes that industry players will increasingly focus on service, on increasing the flexibility of the plants in the electricity market and on developing new business models in the heat and mobility sector. Biogas plant operators are already retrofitting their plants for more flexible operation where the electricity produced is fed into the grid depending on actual demand. Up to July 2014, biogas plants with a combined output of 1,214 MW had registered as flexible power plants with the Federal Network Agency (Bundesnetzagentur). Due to the lack of market incentives for the on-demand supply of electricity, however, only one third of the plants is being operated flexibly, according to the Association. The EEG amendment also made the biomethane market collapse in 2014, as the gas upgrading bonus has been abolished.

Regardless of the above, KTG Energie aims to increase its capacity by over 5 MW by means of additional acquisitions, with the main emphasis on biogas plants operating under the EEG 2012 in the company's regional environment. Acquisitions will only be undertaken where the opportunity/risk profile is at least balanced.
In view of the current market situation characterised and based on declining raw materials prices and guaranteed feed-in tariffs under the amended EEG, we project a positive economic development of the KTG Energie Group until 2035.

Outlook for the food segment

The organic and convenience product markets will continue to grow, as will awareness of healthy eating. KTG's food segment will benefit from these trends. In 2015, the food segment will again aim to expand its customer base and to further develop its product range with the main focus on potato specialities and products made from regionally grown grains. The "*biozentrale*" and "*Die Landwirte*" brands will both make contributions to this expansion. The revenue forecast of EUR 100 million for 2014 was reached and a positive result was generated following the start-up phase of this business segment, which started in 2011. In 2015, the food segment is expected to contribute over EUR 120 million to Group revenues. This represents a 20% increase on the previous year, with the EBIT margin projected to reach roughly 3%.
We expect the frozen food market to grow at low single-digit rates in the coming years and assume that our products will increasingly participate in this growth and we will be able to boost our profitability.
Having conducted extensive research and analysis, we envisage achieving organic growth in industrial food production by stepping up our move into new export markets. China has strong demand for high-quality food, especially food "made in Germany" and meeting the criteria of "healthy" food. It is particularly the fast growing and western oriented prosperous Chinese middle class of over 350 million people which we expect to open up high potential for KTG's branded products. The Chinese economy grew by 7.4% in 2014 and consumption increased by 12% on the previous year. Thanks to the strong demand and the high population density, economies of scale can quickly be achieved in the cities, with the expansion of the business activities additionally supported by an extremely efficient transport network. It will be most important for us to build up business relationships on a solid, trusting long-term basis. In Eastern Europe, KTG can realise considerable synergies through the existing locations and contacts. The home advantage of an agricultural product supply will help to build and increase trust, which is why we believe that the marketing activities will gradually be expanded through the existing distribution channels. As wages in Lithuania pick up, private consumption was up by 4% on the previous year in 2014. Economic growth should reach a record level in 2015. We therefore consider the opportunities for our food segment in Lithuania to be positive. The situation in Russia is a bit more difficult for the food segment due to the current trade embargo. Experts expect the markets to be opened in the second half of 2015, and KTG Foods SE has the broad-based product portfolio to optimally serve these markets.
Although the Benelux countries are characterised by fierce competition, we see considerable sales potential via our existing retail network in the frozen food segment. Thanks to the proximity to the German market, production capacities can be utilised more effectively and logistic synergies be realised.
Local market analyses and talks held with trading partners at trade fairs show that Scandinavia offers good sales opportunities for high-quality organic products such as those supplied by Bio-Zentrale. KTG will review the resulting export opportunities and seize them in the medium term.

4.3 Financing

Long-term investments in farmland and biogas plants are bridge-financed by four medium-term bonds issued by the KTG Group.
The bond issued by KTG Agrar SE in September 2010 (Bio-Wertpapier I – ISIN: DE000A1ELQU9) will mature on 14 September 2015. At this time, an amount of roughly EUR 50 million will have to be repaid to holders of the "Bio-Wertpapier I". In August 2014, KTG issued a EUR 50 million bond (ISIN: DE000A11QGQ1) with a fixed coupon of 7.25% p.a. This bond will mature on 14 October 2019. The bond offer includes an exchange offer to the holders of the bond issued in 2010 as well as the offer to newly subscribe to the bond. Taking into account the exchange ratio, a maximum of EUR 40 million will have to be repaid to holders of the "Bio-Wertpapier I" on 14 September 2015. This repayment can be financed from

funds carried forward, from the anticipated reduction in current financial liabilities, from operating cash flow and/or from the realisation of further hidden reserves. Moreover, against the background of the planned internationalisation strategy, we are in talks with strategic investors who are interested in participating in KTG's next growth phase operationally and financially. According to initial estimates, the financial conditions of such a strategic partnership will probably be positive. Such a strategic partnership would also comprise the refinancing of the bond issued by KTG in June 2011 (Bio-Wertpapier II), which will mature on 5 June 2017. At this time, an amount of roughly EUR 210.0 million will have to be repaid to holders of the "Bio-Wertpapier II". KTG has considered issuing an exchangeable bond also for this bond. Apart from this, we have so far assumed that the repayment of the "Bio-Wertpapier II" will be financed from funds carried forward, from the anticipated repayment of considerable medium-term receivables due from non-consolidated affiliated companies and from companies in which an interest is held, from other assets (financial claims), from operating cash flow and/or from the realisation of further hidden reserves in asset items. We have started talks with potential investors at an early stage also with regard to the realisation of hidden reserves in asset items. Initial sales were made in 2014.

There are risks regarding follow-up financing and the future interest rate level. Based on the anticipated business performance and the existing plans, we continue to believe that the repayment of the bonds is guaranteed; with regard to interest rates, we expect no additional burdens for the company at least in the short term. This assessment is based on our annual revolving financial planning (as at November 2014), which is partly adjusted in the course of the year.

4.4 Summarising overall statement on the outlook

On balance, the Management Board is very satisfied with the development in 2014 and considers the KTG Group to be well positioned for the future in view of the expected growth strategy. This is also confirmed by investors' interest. The initiated optimisation and consolidation strategy of the next two years will be continued.

5 Opportunity and risk report

5.1 Organisation of opportunity and risk management

KTG is a medium-sized agricultural corporation characterised by dynamic growth and operating in a market with high price volatility. To mitigate the market price volatility, KTG Agrar SE has added downstream biogas generation and food production activities to its agricultural value chain. Consequently the output markets for the agricultural products are partly isolated from the trend in world market prices and KTG can make a unique sales proposition which also represents a competitive advantage. This entails both opportunities and risks which are inextricably linked to the company's activity.

Opportunities arise from megatrends such as the demographic development, scarce resources, changing consumer habits and the generation of energy from renewable resources. KTG will aim to optimally exploit these opportunities in a dynamic national and international market environment. As part of our opportunity management activities, we evaluate market developments, regularly analyse our competitive position in the individual segments and adjust our cultivation, product and service portfolio as well as the internationalisation strategy accordingly. The potential opportunities identified by us are considered in the planning process and are regularly evaluated in consultation with the management and checked for feasibility. This also provides information on necessary investments.

Risks cannot be avoided altogether. However, we endeavour to keep these risks and the consequences for the company as low as possible, and therefore maintain a defensive strategy. Thus, we have a risk management system which applies throughout the Group. Our risk management system comprises risk identification, risk assessment, risk control and risk management. It makes sure that all risks are analysed and assessed systematically and uniformly throughout the Group. The focus of the risk management system is on the risk inventory. This defines the individual risks, assigns them to risk areas and assesses them.

As a general rule, the risk management systems of newly acquired companies are adapted to the requirements of the Group-wide regulations to the extent that this is necessary and possible. Financial reporting risks (an-

nual and interim financial statements) and strategic corporate planning risks may result from misrepresentations which may influence the decisions of the recipients. The internal accounting control system, which covers the whole KTG Group, is designed to prevent such risks where possible.
We only expose ourselves to risk if that risk is counterbalanced by corresponding opportunities to generate growth and profit. At present, there are no discernible risks that could have a negative long-term impact on KTG Agrar's net worth, financial and earnings position.

5.2 Individual risks

We have identified the following material risks, which we counteract through a variety of suitable measures:

› As an agricultural company, we are subject to natural risks arising from unstable weather conditions. We confront these by means of regional and product diversification. We protect ourselves against drought by installing irrigation systems at different sites. Where possible and practical, we have insurance protection against weather damage.

› The legal framework conditions such as the EEG and EU compensation payments constitute a significant component of revenue both for agricultural production and for the operation of biogas plants. We employ a small team of experts who monitor relevant developments with great care, thus enabling us to respond rapidly to any changes. The risk is manageable because normally these changes do not take place in the short term. Besides this, long-term regulations, e.g. of the Renewable Energy Sources Act (EEG), also offer advantages for the long-term planning of the company and investments.

› In the context of the Common Agricultural Policy (CAP) of the European Union, payments to the agricultural operations of the member states will change in the coming years. EU Regulation No. 1307/2013 of the European Parliament and the Council of 17 December 2013 defines a framework of fundamental rules for a new direct payment system, presumably starting 2015. Implementation of the new system is the responsibility of the individual member states and must be effected by the national institutions.
The "Direct Payments Implementation Act" was adopted in Germany on 9 July 2014. This Act includes, among other things, regulation authorisations, reporting deadlines and publication rules. The most important rules for agricultural operations relate to the preservation of permanent grassland, the shifting of funds for the promotion of rural development, the basic premium scheme, the greening payments and the payments to young farmers. For the KTG Agrar Group, the basic premium scheme and the greening payments are the key elements of the Act. According to the Direct Payments Implementation Act, the basic premium scheme is to be aligned with a nationwide premium level by 2019, which would complete the regional adjustment of the premiums. This will benefit KTG, as the company operates in the regions with the lowest payment claims. Accordingly, the proposed adjustment of the direct payments in Germany is expected to have no material financial impact on the KTG Agrar Group.
As a result of EU Regulation Nr. 1307/2014, direct payments will also be revised in Lithuania. Here, the situation for the KTG Group differs from the situation in Germany. The premiums in Lithuania are currently at the lower end of the EU-wide range. Direct payments in Lithuania will therefore increase gradually over the coming years. At the bottom line, the adjustment of the direct payments will probably result in higher payment claims for the KTG Group from 2019.

› The essential cost items of KTG are seeds, fuel, pesticides and fertilisers. A sharp rise in individual or all cost items can have a strong influence on profitability. We try to keep these influences as low as possible through centralised management of purchasing processes. The use of fermentation residue from the biogas plants as fertiliser significantly reduces our dependency on market developments in this sector.

› The purchase of substrates for the biogas plants is the main cost item in the energy segment. Market consistent prices are secured under existing contractual arrangements in the long term.

› Research and development projects on feedstock materials, optimised operation of biogas plants and efficient use of the output such as heat and digestates are designed to help identify and exploit potential oppor-

tunities at an early stage. We already make use of mobile heat storage containers into which the waste heat of our CHP plants is fed at the plant site.

› KTG currently operates in Lithuania, Romania and Russia and intends to further expand its international activities in these countries. This entails a number of risks relating to the general political, economic, social, legal and tax conditions in these countries.
By opting for EU member state Lithuania, we have chosen a very stable country for our expansion, which, given the local conditions, offers great opportunities for long-term income and the value preservation of our investments.
The further development in the difficult political situation resulting from the conflict between Ukraine and Russia is very hard to gauge. So far, the Ukraine-Russia conflict has led to the EU imposing sanctions on deliveries to Russia on the one hand and Russia banning imports from the EU and other regions on the other. Up to now, these measures have had no direct or indirect negative effects on the KTG Group, as the company produces exclusively for the domestic Russian market. It is possible, however, that even stricter embargoes between Russia and the EU may impede monetary and asset transfers, e.g. in the form of transfer barriers. There is also a risk that accounts may be blocked and payments not be made or received. This may lead to a devaluation of foreign assets of KTG Agrar SE. The loans extended to the Sojuz Group by its shareholders were changed to euros in 2014. This had an adverse one-time effect on the projected operating result of the Sojuz Group. In future, there will only be an exchange rate risk with regard to transfer payments to the shareholders (e.g. profit distributions). Finally, it cannot be ruled out that the conflict in Eastern Europe spreads to other countries.

› For some of the agricultural businesses acquired in the past, no comprehensive due diligence similar to those performed in other sectors was carried out, given that such due diligence would have been possible only to a limited extent or only with unreasonable effort. It can therefore not be ruled out that unforeseen risks arise from individual transactions.

› Receivables totalling EUR 33.1 million (previous year: EUR 36.9 million) exist towards companies not fully consolidated, associated companies and companies in which an interest is held. In view of the assets of these companies and their earnings prospects, we believe that the recoverability of these receivables is guaranteed and partly secured.

› FZ Foods AG has solid supplier contracts, which help reduce the risks of potential supply bottlenecks. As a result of effective planning, these are spread across different regions of origin and different supplier companies. A widely diversified supplier portfolio and the option of own cultivation within the Group allow suppliers to be replaced as a means of risk diversification and open up further sourcing opportunities.

› The food retail sector is highly competitive and characterised by fierce price competition. FZ Foods AG, NOA Naturoel Anklam AG and Bio-Zentrale Naturprodukte GmbH operate in this challenging market environment. The companies offer customised marketing and distribution concepts tailored to local customer requirements in order to be able to adapt to customer requirements at short notice. The "*Biofarmers*" brand, for instance, also offers organic products.

› FZ Foods AG has ISO 9001 organic certification that offers a sophisticated quality assurance and quality management system to minimise the risk of putting unmarketable products on the market. This also includes regular auditing of suppliers and a closed control chain during the supply and production process. A crisis management system is in place to manage potential crises.

› Regular quality analyses are carried out to assure the quality of the products distributed by Bio-Zentrale Naturprodukte GmbH. This includes an analysis of both finished products and raw materials based on a risk-oriented test plan.

› To secure the product quality, the companies are regularly certified to the current criteria of the IFS (International Food Standard). This also includes an HACCP

audit. In addition, a regular organic certification to Regulation (EC) No. 834/2007 is carried out.

› To hedge against operational risks, KTG has taken out insurance against a variety of risks linked to its business activities. These policies are subject to certain maximum amounts and exclusions of liability. KTG believes that its operational risk exposure is adequately covered. In addition, trade credit insurance is in place for the entire trading operations of C. Mackprang jr. GmbH & Co. KG, in which we hold an interest.

› The KTG Group is essentially financed by bonds and loans. So far, KTG has serviced its debt as contractually agreed and assumes that this will not change in future.

5.3 Summarising statement on the Group's current risk situation

Our strategy is geared to growth and risk diversification. While corporate risks can nevertheless not be avoided entirely, we aim to reduce these risks and their potential consequences for the company to a minimum. This effort is supported by our risk management system and the internal control system (ICS).
The configuration of the internal control system (ICS) for accounting is a result of the organisation of our accounting process. The ICS is based on our generally binding internal guidelines and instructions.

Hamburg, 30 April 2015
KTG Agrar SE

SIEGFRIED HOFREITER
CEO

BENEDIKT FÖRTIG
MEMBER OF THE MANAGEMENT BOARD

ULF HAMMERICH
MEMBER OF THE MANAGEMENT BOARD

MICHAEL SCHIRRMACHER
MEMBER OF THE MANAGEMENT BOARD

BERT WIGGER
MEMBER OF THE MANAGEMENT BOARD

04 Consolidated Financial Statements

"There is a clear trend towards regionality, quality and sustainability not only in Europe but also in emerging countries such as China"

BENEDIKT FÖRTIG
MEMBER OF THE MANAGEMENT BOARD

SALES REVENUES

▬	31.12.2013
▬	31.12.2014

Farming

EUR 59.0 million

EUR 59.9 million

+2 %

Energy

EUR 50.1 million

EUR 70.9 million

+42 %

Food

EUR 55.8 million

EUR 103.3 million

+85 %

Total output

EUR 205.3 million

EUR 297.7 million

+45 %

Despite massively falling market prices for raw material in the primary agricultural production segment, turnover for the Agricultural division increased.

GROUP BALANCE SHEET

as at 31 December 2014

ASSETS in Euro	Notes	31.12.2014	31.12.2013
A. FIXED ASSETS	4.1		
I. Intangible assets		**18,309,754.98**	**11,927,385.29**
Concessions, industrial property rights and similar rights and assets and licenses in such rights and assets		10,808,827.85	3,677,798.13
Goodwill		7,500,927.13	8,259,587.16
II. Tangible assets		**267,243,720.93**	**234,473,782.50**
Property, rights equivalent to real property and buildings, including buildings on third-party properties		68,920,867.99	56,430,108.49
Technical plants and machinery		160,350,334.58	119,938,406.89
Other plants, operational and business equipment		6,341,667.74	6,094,121.77
Permanent crops		279,810.75	190,387.99
Payments in advance and assets under construction		31,351,039.87	51,820,757.36
III. Financial assets		**33,547,676.53**	**10,931,489.63**
Shares in non-consolidated affiliated companies		269,043.50	90,398.50
Shares in affiliated companies		69,200.00	5,504,349.77
Equity holdings		15,443,949.55	693,324.55
Ausleihungen an Unternehmen, mit denen ein Beteiligungsverhältnis besteht		13,147,878.66	0.00
Fixed asset securities		156,475.04	154,600.04
Other loans		4,372,613.33	4,396,523.31
Cooperative shares		5,174.84	6,686.13
Reinsurance entitlements from life insurance		83,341.61	85,607.33
TOTAL FIXED ASSETS		**319,101,152.44**	**257,332,657.42**
B. LIVESTOCK			
TOTAL LIVESTOCK		**995,165.00**	**1,712,426.60**

ASSETS in Euro	Notes	31.12.2014	31.12.2013
C. CURRENT ASSETS			
I. Inventory		**86,459,080.81**	**56,799,332.69**
Raw materials and consumables		40,096,287.18	18,296,048.38
Unfinished products, services		36,339,563.01	31,361,795.03
Finished products and goods, feedstuffs		9,218,712.50	6,175,028.55
Payments in advance		804,518.12	966,460.73
II. Receivables and other assets	4.2	**258,011,009.19**	**246,654,909.29**
Accounts receivable from supplies and services		123,649,056.59	120,433,071.46
Accounts receivable from consolidated affiliated companies		5,722,823.69	6,150,038.74
Accounts receivable from non-consolidated affiliated companies		2,831,665.08	2,460,862.14
Receivables from companies with shareholding		30,387,902.81	34,369,787.70
Other assets		95,419,561.02	83,241,149.25
III. Securities		**514,819.55**	**572,866.46**
IV. Cheques, cash and credit balances at banks	4.3	**18,703,652.03**	**16,581,134.39**
TOTAL CURRENT ASSETS		**363,688,561.58**	**320,608,242.83**
D. PREPAYMENTS AND ACCRUED INCOME	4.4		
TOTAL PREPAYMENTS AND ACCRUED INCOME		**2,240,933.47**	**1,951,288.23**
E. CREDIT DIFFERENCE FROM OFFSETTING			
TOTAL CREDIT DIFFERENCE FROM OFFSETTING		**12,441.00**	**18,391.00**
TOTAL ASSETS		**686,038,253.49**	**581,623,006.08**

LIABILITIES in Euro	Notes	31.12.2014	31.12.2013
A. SHAREHOLDERS' EQUITY	4.5		
I. Subscribed capital		6,243,600.00	6,243,600.00
II. Par value of own shares		– 12,782.00	– 11,782.00
III. Capital reserve		48,215,780.00	48,215,780.00
IV. Revenue reserves		1,292,537.17	1,292,537.17
Statutory reserve		5,000.00	5,000.00
Other retained earnings		1,287,537.17	1,287,537.17
V. Balance of capital consolidation		28,570,391.90	11,576,428.20
VI. Distributable profit/loss		16,916,689.91	13,129,103.87
Profit carried forward		11,741,647.12	14,372,670.93
Consolidated net loss/income for the year		6,417,167.96	– 686,844.51
Shares of other shareholders in net income		– 1,242,125.17	– 556,722.55
VII. Adjustment item for shares of other shareholders		12,195,319.89	8,075,512.96
TOTAL SHAREHOLDERS' EQUITY		113,421,536.87	88,521,180.20
B. SPECIAL ITEM FOR INVESTMENT SUBSIDIES			
TOTAL SPECIAL ITEM FOR INVESTMENT SUBSIDIES		232,164.33	228,902.06
C. PROVISIONS			
I. Provisions for pensions and similar obligations	4.6	127,735.15	111,957.19
II. Provisions for taxes		3,969,383.20	2,103,722.36
III. Other provisions		9,753,228.55	4,171,285.23
TOTAL PROVISIONS		13,850,346.90	6,386,964.78

LIABILITIES in Euro	Notes	31.12.2014	31.12.2013
D. LIABILITIES	4.8		
I. Bonds, of which convertible: 0.00 (2012: 0.00)		332,424,000.00	292,787,000.00
II. Amounts owed to credit institutes		149,197,698.43	134,525,938.75
III. Payments received on account of orders		295,432.88	562,614.18
IV. Trade liabilities		35,730,162.03	32,503,272.30
V. Accounts payable for drawn bills and issue of own bills		1,165,243.42	828,424.38
VI. Accounts payable to consolidated affiliated companies		2,271,858.66	2,836,203.99
VII. Accounts payable to non-consolidated affiliated companies		90,183.91	16,399.67
VIII. Liabilities to shareholders		33,867.02	99,626.79
IX. Accounts payable to companies with shareholding		53,036.80	113,666.79
X. Other liabilities, of which from taxes: 6,039,460.66 (2012: 980,078.52), of which are within the framework of social security: 58,659.76 Euro (2012: 23,095.71)		28,135,750.36	18,552,710.37
TOTAL LIABILITIES		549,397,233.51	482,825,857.22
E. PREPAYMENTS AND ACCRUED INCOME			
TOTAL PREPAYMENTS AND ACCRUED INCOME		109,010.93	141,605.71
F. DEFERRED TAX LIABILITIES	4.10		
TOTAL DEFERRED TAX LIABILITIES		9,027,960.95	3,518,496.11
TOTAL LIABILITIES		686,038,253.49	581,623,006.08

INCOME STATEMENT

for the financial year from 1 January 2014 to 31 December 2014

in Euro	01.01. – 31.12.2014	01.01. – 31.12.2013
Sales revenue	234,119,222.97	164,883,344.05
Changes in inventory of finished and unfinished products and of livestock	5,034,851.24	– 1,492,852.76
Other own work capitalised	5,939,168.59	4,137,508.04
Other operational income, of which from currency conversion: 8,296.74 (2012: 0.00)	52,633,210.73	37,804,274.50
OVERALL PERFORMANCE	**297,726,453.53**	**205,332,273.83**
Costs of raw, auxiliary and working materials and acquired goods	– 128,817,772.22	– 90,677,569.92
Costs of acquired services	– 5,422,629.58	– 3,458,400.98
COST OF MATERIALS	**– 134,240,401.80**	**– 94,135,970,90**
GROSS PROFIT	**163,486,051.73**	**111,196,302.93**
Wages and salaries	– 26,334,053.11	– 18,709,844.67
Social security and pension and benefit expenses, of which for pensions: 92,515.74 (2012: 78,199.45)	– 5,150,009.96	– 3,477,385.88
PERSONAL EXPENSES	**– 31,484,063.07**	**– 22,187,230.55**
Depreciation of intangible assets and tangible assets	– 17,450,473.84	– 10,636,341.01
Other operational costs, of which from currency conversion: 15,736.67 (2012: 6,176.27)	– 77,153,548.28	– 54,458,246.07
OPERATING RESULT	**37,397,966.54**	**23,914,485.30**
Income from equity interests	9,183.08	21,846.53
Income from other securities and loans from financial assets	13,595.43	1,044.17
Other inerest and similar income, of which are from affiliated companies: 445,240.67 (2012: 0.00)	7,105,387.72	5,280,761.97
Write-down of financial assets and fixed asset securities	– 71,346.91	– 819.25
Interest and similar costs, of which are from affiliated companies: 44,661.30 (2012: 0.00)	– 29,310,998.10	– 22,922,771.47
Expenses from interests in affiliated companies	– 696,265.18	– 529,150.23
FINANCIAL RESULT	**– 22,950,433.96**	**– 18,149,088.28**
RESULT FROM ORDINARY ACTIVITIES	**14,447,522.58**	**5,765,397.02**
Extraordinary expenses	– 2,368,066.14	– 2,506,906.20
EXTRAORDINARY RESULT	**– 2,368,066.14**	**– 2,506,906.20**
Taxes on income and profit, of which are deferred taxes: 1,274,382.16 (2012: 496,001.68)	– 5,356,026.31	– 3,692,717.34
Other taxes	– 306,262.17	– 252,617.99
TOTAL TAXES	**– 5,662,288.48**	**– 3,945,335.33**
DISTRIBUTABLE PROFIT/LOSS	**6,417,167.96**	**– 686,844.51**
Retained profit	13,115,239.12	15,621,390.93
Dividend distribution	– 1,373,592.00	– 1,248,720.00
Shares of other shareholders in net income	– 1,242,125.17	– 556,722.55
BALANCE SHEET PROFIT/LOSS	**16,916,689.91**	**13,129,103.87**

CASH FLOW STATEMENT

for the group financial statements as at 31 December 2014

	'000 Euro	31.12.2014
	A. CASHFLOW FROM OPERATING ACTIVITIES	
	Net profit/loss for the period (group net income for the year incl. net income attributable to minority shareholders)	6,417
+ / –	Depreciation of fixed assets and long-term investments	17,450
+ / –	Increase/decrease of provisions	7,463
– / +	Gain/loss from the disposal of fixed assets	– 22,751
– / +	Increase/decrease of inventories, trade account receivables and services including other assets, which are not attributed to investment or financing activities	– 36,070
+ / –	Increase/decrease of trade liabilities and services including other liabilities which are not attributed to investment or financing activities	– 7,677
–	Other income from investments	– 23
+ / –	Other non-cash cost/income	– 767
+ / –	Interest payable/interest earned	22,206
+ / –	Cost/income exceptional items	2,368
+ / –	Income tax expenses/revenue	5,356
–	Income tax payments	– 1,459
=	**CASHFLOW FROM OPERATING ACTIVITIES**	**– 7,486**
	B. CASHFLOW FROM INVESTMENT ACTIVITIES	
–	Payments for investments in intangible assets	– 213
+	Payments from disposal of intangible assets	24,382
–	Payments for investments in tangible assets	– 36,185
+	Interest received	651
=	**CASHFLOW FROM INVESTMENT ACTIVITIES**	**– 11,365**
	C. CASHFLOW FROM FINANCING ACTIVITIES	
+	Income from bond issues	39,637
+	Income from (financial) loans	41,640
–	Payment from redeemed loans	– 26,969
–	Payment from exceptional items	– 2,368
–	Interest paid	– 29,450
–	Dividends paid to parent company shareholders	– 1,374
–	Dividends paid to other shareholders	– 142
=	**CASHFLOW FROM FINANCING ACTIVITIES**	**20,974**
	D. CASH RESERVE AT THE END OF THE PERIOD	
+	Changes in cash and cash equivalent of the cash reserve	2,123
+	Cash reserves at the beginning of the period	16,581
=	**CASH RESERVE AT THE END OF THE PERIOD**	**18,704**

STATEMENT OF FIXED ASSETS

as at 31 December 2014

	ACQUISITION AND PRODUCTION COSTS					
FIXED ASSETS in Euro	01.01.2014	Changes in entities included in consolidation	Additions	Reclassifications/ transfers	Disposals	31.12.2014
A. INTANGIBLE ASSETS						
Concessions, industrial property rights and similar rights and assets and licenses in such rights and assets	4,746,167.43	12,843,694.70	306,686.83	0.00	675,734.73	17,220,814.23
Goodwill	12,916,710.49	66,458.27	257,840.00	0.00	0.00	13,241,008.76
Payments in advance	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL INTANGIBLE ASSETS	**17,662,877.92**	**12,910,152.97**	**564,526.83**	**0.00**	**675,734.73**	**30,461,822.99**
B. TANGIBLE ASSETS						
Property, rights equivalent to real property and buildings, including buildings on third-party properties	67,700,443.44	16,827,628.67	10,495,675.18	5,876,975.97	13,039,516.06	87,861,207.20
Technical plants and machinery	144,836,140.03	3,837,660.88	6,577,411.20	45,855,496.71	1,641,175.13	199,465,533.69
Other plants, operational and business equipment	11,174,745.52	3,104,599.89	1,324,612.33	0.00	270,240.88	15,333,716.86
Permanent crops	281,797.35	0.00	77,422.49	0.00	80.80	359,139.04
Payments in advance and assets under construction	56,968,915.90	230.85	32,804,210.55	–51,732,472.68	1,541,434.45	31,499,450.17
TOTAL TANGIBLE ASSETS	**275,962,042.24**	**23,770,120.29**	**51,279,331.75**	**0.00**	**16,492,447.32**	**334,519,046.96**
C. FINANCIAL ASSETS						
Shares in non-consolidated affiliated companies	90,398.50	0.00	178,645.00	0.00	0.00	269,043.50
Shares in affiliated companies	6,033,500.00	–5,981,000.00	16,700.00	0.00	0.00	69,200.00
Equity holdings	869,972.86	14,752,500.00	600.00	0.00	2,475.00	15,620,597.86
Ausleihungen an Unternehmen, mit denen ein Beteiligungsverhältnis besteht	0.00	13,147,878.66	0.00	0.00	0.00	13,147,878.66
Fixed asset securities	154,600.04	0.00	1,875.00	0.00	0.00	156,475.04
Other loans	4,413,960.62	0.00	14,240.77	0.00	38,114.75	4,390,050.64
Cooperative shares	6,686.13	0.00	0.00	0.00	1,511.29	5,174.84
Reinsurance entitlements from life insurance	85,607.33	0.00	–2,265.72	0.00	0.00	83,341.61
TOTAL FINANCIAL ASSETS	**11,654,725.48**	**21,919,378.66**	**209,759.05**	**0.00**	**42,101.04**	**33,741,762.15**
TOTAL	**305,279,645.64**	**58,599,651.92**	**52,053,617.63**	**0.00**	**17,210,283.09**	**398,722,632.10**

	CUMULATED DEPRECIATION						BOOK VALUE	
	01.01.2014	Changes in entities included in consolidation	Planned depreciation	Appreciation	Disposals	**31.12.2014**	**31.12.2014**	31.12.2013
	1,078,369.30	4,291,555.20	1,161,341.65	0.00	119,252.77	6,411,986.38	10,808,827.85	3,667,798.13
	4,657,123.33	0.00	1,082,958.30	0.00	0.00	5,740,081.63	7,500,927.13	8,259,587.16
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	5,735,492.63	**4,291,555.20**	**2,244,272.95**	**0.00**	**119,252.77**	**12,152,068.01**	**18,309,754.98**	**11,927,385.29**
	11,270,334.95	5,803,995.69	1,867,357.73	0.00	1,349.16	18,940,339.21	68,920,867.99	56,430,108.49
	24,897,733.14	2,734,319.88	12,036,924.19	0.00	553,778.10	39,115,199.11	160,350,334.58	119,938,406.89
	5,080,623.75	2,711,026.61	1,313,748.28	0.00	113,349.52	8,992,049.12	6,341,667.74	6,094,121.77
	91,409.36	0.00	– 12,081.07	0.00	0.00	79,328.29	279,810.75	190,387.99
	148,158.54	0.00	251.76	0.00	0.00	148,410.30	31,351,039.87	51,820,757.36
	41,488,259.74	**11,249,342.18**	**15,206,200.89**	**0.00**	**668,476.78**	**67,275,326.03**	**267,243,720.93**	**234,473,782.50**
	0.00	0.00	0.00	0.00	0.00	0.00	269,043.50	90,398.50
	529,150.23	– 529,150.23	0.00	0.00	0.00	0.00	69,200.00	5,504,349.77
	176,648.31	0.00	0.00	0.00	0.00	176,648.31	15,443,949.55	693,324.55
	0.00	0.00	0.00	0.00	0.00	0.00	13,147,878.66	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	156,475.04	154,600.04
	17,437.31	0.00	0.00	0.00	0.00	17,437.31	4,372,613.33	4,396,523.31
	0.00	0.00	0.00	0.00	0.00	0.00	5,174.84	6,686.13
	0.00	0.00	0.00	0.00	0.00	0.00	83,341.61	85,607.33
	723,235.85	**– 529,150.23**	**0.00**	**0.00**	**0.00**	**194,085.62**	**33,547,676.53**	**10,931,489.63**
	47,946,988.22	**15,011,747.15**	**17,450,473.84**	**0.00**	**787,729.55**	**79,621,479.66**	**319,101,152.44**	**257,332,657.42**

EQUITY STATEMENT

as at 31 December 2014

SHAREHOLDERS' EQUITY '000 Euro	Subscribed capital	Par value of own shares	Capital reserve	Legal reserve
As at 01.01.2013	**5,676**	**– 12**	**40,241**	**5**
Contribution to legal reserve	0	0	0	0
Allocation par value of own shares	0	0	0	0
Offsettung of own shares	0	0	0	0
Contribution to retained earnings	0	0	0	0
Capital increase through new shares	568	0	7,975	0
Dividend distribution	0	0	0	0
Other adjustments	0	0	0	0
Changes in entities included in consolidation	0	0	0	0
Annual surplus	0	0	0	0
AS AT 31.12.2013	**6,244**	**– 12**	**48,216**	**5**
As at 01.01.2014	**6,244**	**– 12**	**48,216**	**5**
Contribution to legal reserve	0	0	0	0
Allocation par value of own shares	0	0	0	0
Offsettung of own shares	0	0	0	0
Contribution to retained earnings	0	0	0	0
Capital increase through new shares	0	0	0	0
Dividend distribution	0	0	0	0
Other adjustments	0	– 1	0	0
Changes in entities included in consolidation	0	0	0	0
Annual surplus	0	0	0	0
AS AT 31.12.2014	**6,244**	**– 13**	**48,216**	**5**

Otherreserves	Balance of capital consolidation	Consolidated equity generated	Shareholders' equity	Minority capital	Group equity
1,288	**13,042**	**15,621**	**75,861**	**9,931**	**85,792**
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	8,543	0	8,543
0	0	–1,249	–1,249	0	–1,249
0	–554	0	–554	–66	–620
0	–912	0	–912	–2,346	–3,258
0	0	–1,243	–1,243	556	–687
1,288	**11,576**	**13,129**	**80,446**	**8,075**	**88,521**
1,288	**11,577**	**13,128**	**80,446**	**8,075**	**88,521**
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	–1,373	–1,373	0	–1,373
0	–1,174	–14	–1,189	2,878	1,689
0	18,168	0	18,168	0	18,168
0	0	5,175	5,175	1,242	6,417
1,288	**28,571**	**16,916**	**101,227**	**12,195**	**113,422**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year from 1 January 2014 to 31 December 2014

1 General information

The consolidated financial statements for the financial year 2014 were prepared according to the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The consolidated income statement is prepared using the aggregate cost method as defined in section 275 (2) HGB in conjunction with section 298 (1) HGB.
The consolidated financial statements are prepared in euros, the functional currency of the parent company. The financial year for the Group and the consolidated companies with the exception of the KTG Energie AG sub-group corresponds to the calendar year.
No interim financial statements as of the Group's reporting date were prepared for the consolidated financial statements. Please refer to the information provided in paragraph 6 of the notes.

2 Consolidation principles and notes

The companies that are consolidated in the Group are listed below.
The consolidation principles applied in the financial statements of the previous year were maintained and are unchanged.
All asset, debt and income statement items of consolidated foreign companies were translated at the exchange rate that has been valid since 6 June 2004 due to parity between the euro and the Lithuanian lita (LTL).
Assets and debts of the consolidated companies taken over into the consolidated financial statements were measured uniformly by applying sections 297 et seq. of the HGB together with sections 252 et seq. of the HGB.
Business combinations occurring on or after 1 January 2010 are accounted for using the revaluation method. The book value method was applied for acquisitions in financial years prior to 31 December 2009.
In as far as shares were acquired after 1 January 2005, initial consolidation was done on the actual acquisition date. As part of the consolidation, the carrying amounts of investments are set off against the equity subject to consolidation. Any remaining difference is recorded as goodwill or, if it arises as a liability, as negative goodwill. Negative goodwill particularly results from special provisions pursuant to section 16 (3) of the DM Balance Sheet Act (DMBilG – Gesetz über die Eröffnungsbilanz in Deutscher Mark und die Kapitalneufestsetzung) and from special provisions pursuant to section 17 (4) of the DMBilG and to section 27 of the DMBilG. At the bottom line, the purchase prices of the shares of various companies were lower than the pro-rated balance sheet equity, resulting in negative goodwill, which is recognised in equity.
As of the balance sheet date, additional negative goodwill of EUR 8.3 million resulted from the capital increase in 2012 and in 2014 of KTG Energie AG, in which KTG Agrar SE did not participate.
This negative goodwill is released over a period of 16 years, beginning on the date of the capital increase (30 June 2012), through other operating income. The period corresponds to the weighted average remaining useful life of the non-monetary assets (here: biogas plants) as defined by the German Accounting Standard (DRSC) No. 4.
The following negative goodwill results from initial consolidation of the following companies: TABLE 8
Goodwill arising within the framework of equity consolidation is depreciated at 7.5% p.a. over a useful economic life of 13 1/3 years using the straight-line method. Goodwill essentially arises from the farming operations. The assumption of the useful economic life is justified as the relevant farming operations have lease contracts with average terms of 12 to 15 years with the option of renewal. These lease contracts represent the goodwill of the companies.

2.1 List of shareholdings

The consolidated financial statements comprise the parent company as well as the following companies:
TABLE 9

TABLE 8

NEGATIVE GOODWILL

m Euro

	Name and registered office of the company	at first consolidation	31.12.2014	Effect on results 2014
1	TKS Union AG, Hamburg	12.7	11.9	0.8
2	Agrarproduktion Falkenhagen eG, Falkenhagen (Mark)	2.5	2.5	0.0
3	Bio-Zentrale Naturprodukte GmbH; Wittibreut/Ulbering, Mühlenbach Lebensmittel GmbH, Wittibreut/Ulbering, MARCHé Faber GmbH, Wittibreut/Ulbering	1.3	0.1	1.2

TABLE 9

LIST OF SHAREHOLDINGS

'000 Euro

	Name and registered office of the company	Share of capital in percent	Equity, 31.12.2014 (before appropriation)	**Annual result for 31.12.2014**
	A. SUBSIDIARIES (FULLY CONSOLIDATED)			
1	**»Zur Spetze« Agrarproduktionsgesellschaft mbH, Flechtingen**	**100.00**	**107**	**20**
2	**Roloff Agrar GmbH, Postlow**	**100.00**	**63**	**8**
3	**Delta Agrar und Handels GmbH, Frankfurt am Main**	**100.00**	**1,855**	**211**
4	**Landwirtschaftliche Produktionsgesellschaft mbH Frehne Zwei, Marienfließ OT Frehne**	**100.00**	**84**	**31**
5	**KTG Agrar UAB, Vilnius, Lithuania (intermediate holding)**	**100.00**	**8,027**	**3,561**
6	UAB VL Investment Vilnius 12, Geluva, Raseiniai Bezirk, Lithuania*	(100.00)	0	– 3
7	UAB KTG Eko Agrar, Raseiniai, Lithuania*	(100.00)	2,160	112
8	UAB Agronita, Raseiniai, Lithuania*	(100.00)	74	1
9	UAB KTG Grudai, Geluva, Raseiniai Bezirk, Lithuania*	(100.00)	277	13
10	UAB Agronuoma, Geluva, Raseiniai Bezirk, Lithuania	100.00	10	7
11	**UAB Agrar Raseiniai, Raseiniai, Lithuania**	**100.00**	**217**	**6**
12	**UAB Agrar Mazeikiai, Mazeikiai, Lithuania**	**100.00**	**157**	**8**
13	**UAB PAE Agrar, Geluva, Raseiniai Bezirk, Lithuania**	**100.00**	**426**	**174**
14	**UAB PAE Agrar, Geluva, Raseiniai Bezirk, Lithuania**	**100.00**	**309**	**13**
15	**norus 26. AG, Berlin (Zwischenholding)**	**100.00**	**26**	**4**
16	UAB Agrar Vidauja, Geluva, Raseiniai Bezirk, Lithuania*	(100.00)	256	20
17	UAB Agrar Ariogala, Geluva, Raseiniai Bezirk, Lithuania*	(100.00)	293	125
18	UAB Agrar Girdziai, Geluva, Raseiniai Bezirk, Lithuania*	(100.00)	316	14
19	UAB Agrar Raudone, Raseinia, Lithuania*	(100.00)	128	40
20	UAB Agrar Venta, Mazeikiai, Lithuania*	(100.00)	77	0
21	UAB Agrar Nerys, Alejai II, Raseiniai Bezirk, Lithuania*	(100.00)	– 28	– 38

'000 Euro		Name and registered office of the company	Share of capital in percent	Equity, 31.12.2014 (before appropriation)	Annual result for 31.12.2014
	22	**LT Holding AG, Berlin (intermediate holding)**	**100.00**	**31**	**2**
	23	UAB Agrar Seda, Mazeikiai Bezirk, Lithuania*	(100.00)	80	0
	24	UAB Agrar Varduva, Geluva, Raseiniai Bezirk, Lithuania*	(100.00)	100	23
	25	UAB Agrar Asva, Mazeikiai, Lithuania*	(100.00)	125	55
	26	UAB Agrar Kviste, Mazeikiai, Lithuania*	(100.00)	135	55
	27	UAB Agrar Luoba, Mazeikiai, Lithuania*	(100.00)	117	8
	28	UAB Agrar Gaja, Mazeikiai, Lithuania*	(100.00)	151	127
	29	**PAE/AVN Agrar GmbH, Putlitz**	**100.00**	**140**	**16**
	30	**Landwirtschaftsbetrieb Ahrendt GmbH, Wittendörp**	**100.00**	**152**	**18**
	31	**Schmilauer Landwirtschafts GmbH, Schmilau**	**100.00**	**120**	**9**
	32	**KTG Bioenergie AG, Hamburg**	**100.00**	**57**	**5**
	33	ROM-Agrar-Union-AG, Hamburg*	(100.00)	801	5
	34	**AK Feldfrucht GmbH, Postlow**	**100.00**	**76**	**11**
	35	**Landgut Deltus AG, Berlin (intermediate holding)**	**100.00**	**89**	**435**
	36	Agrar GmbH Seebeck, Vielitzsee OT Seebeck*	(100.00)	194	83
	37	Agrar GmbH Kohlberg, Trusetal*	(100.00)	12	11
	38	**Agrarproduktion Falkenhagen eG, Falkenhagen (Mark)**	**(84.20)**	**4,333**	**1,634**
	39	**Agrargesellschaft Quesitz mbH, Markranstädt**	**(75.00)**	**1,239**	**544**
	40	**Quesitzer Agrarprodukte GmbH, Markranstädt OT Quesitz***	**(100,00)**	**47**	**0**
	41	**PAE Marktfrucht GmbH Putlitz, Putlitz (direct and indirect ownership interest)**	**(96.53)**	**494**	**– 10**
	42	**PAE Agrarproduktions- und Verwaltungs-AG Putlitz, Putlitz (intermediate holding) (direct and indirect ownership interest)**	**(95.61)**	**4,158**	**1,719**
	43	PAE Sonderkulturen GmbH, Putlitz*	(100.00)	341	2
	44	PAE Weiderind GmbH Putlitz, Putlitz*	(100.00)	253	– 7
	45	PAE-Öko-Landbau GmbH, Putlitz*	(100.00)	1,689	44
	46	Biofarmers Agrar AG, Frankfurt am Main*	(100.00)	48	5
	47	Agrar und Handels GmbH Mühlenbeck, Oranienburg*	(100.00)	732	13
	48	**PAE norus Marktfrucht GmbH, Podelzig (intermediate holding)**	**(100.00)**	**4,444**	**290**
	49	Gut Marxdorf GmbH, Vierlinden*	(100.00)	307	25
	50	Klages + Volmer Gesellschaft für landwirtschaftliche Dienstleistungen und Agrarproduktion GmbH, Vierlinden*	(100.00)	140	24
	51	SIWUK-Agrargesellschaft mbH Sietzingen, Letschin*	(100.00)	118	33
	52	Podelziger Landwirtschafts GmbH, Podelzig*	(100.00)	366	11
	53	WI norus Agrar GmbH, Lübs*	(100.00)	177	61
	54	WI Agrar GmbH, Gommern*	(100.00)	24	5
	55	SI norus Agrar GmbH, Waldsieversdorf*	(100.00)	33	– 3
	56	SF Agrar GmbH, Putlitz*	(100.00)	102	7
	57	Wuthenower Agrargesellschaft mbH, Wuthenow*	(100.00)	24	13
	58	Wuthenower Milchproduktion GmbH, Wuthenow*	(100.00)	463	19

'000 Euro		Name and registered office of the company	Share of capital in percent	Equity, 31.12.2014 (before appropriation)	Annual result for 31.12.2014
	59	**PAE norus Agrar AG, Podelzig**	**100.00**	**579**	**1,263**
	60	PAE Putlitz-Marienfließ Agrar GmbH, Putlitz*	(100.00)	149	9
	61	ATU Herzsprung Ackerbau und Tierzucht GmbH, Heiligengrabe, OT Herzsprung*	(100.00)	1,688	28
	62	Agro Germendorf GmbH, Oranienburg*	(100.00)	175	37
	63	ATU Landbau GmbH, Heiligengrabe, OT Herzsprung*	(100.00)	46	14
	64	Incofarming Agrarprodukte und Service GmbH, Linthe*	(100.00)	238	7
	65	**AGRAR GmbH Landwirtschaftlicher Produktionsbetrieb Altdöbern, Luckaitztal**	**100.00**	**4,764**	**7,595**
	66	AAG Altdöbern Agrargesellschaft mbH, Luckaitztal	(100.00)	47	6
	67	Schöllnitz Agrar GmbH, Luckaitztal	(100.00)	623	222
	68	Öko-Landbau GmbH Altdöbern, Luckaitztal	(100.00)	130	16
	69	**fentus 10. GmbH, Hamburg**	**100.00**	**81**	**2**
	70	UAB Agrar Geluva, Raseiniai, Lithuania*	(100.00)	206	149
	71	UAB Agrar Betygala, Raseiniai, Lithuania*	(100.00)	208	3
	72	UAB Agrar Dubysa, Raseiniai, Lithuania*	(100.00)	169	59
	73	UAB Agrar Pauliai, Raseiniai, Lithuania*	(100.00)	124	– 33
	74	UAB Agrar Mituva, Raseiniai, Lithuania*	(100.00)	148	65
	75	**NGH Agrar GmbH, Niederer Fläming**	**100.00**	**3,869**	**451**
	76	NGH Agrar Nonnendorf GmbH, Niederer Fläming*	(100.00)	496	– 1
	77	NGH Agrar Hohenseefeld GmbH, Niederer Fläming*	(100.00)	350	26
	78	**NGH Agrar Verwaltungs GmbH, Niederer Fläming**	**100.00**	**25**	**0**
	79	**KTG Immobilien GmbH, Hamburg**	**100.00**	**26**	**3**
	80	**Delta Agrar Handels GmbH, Oranienburg**	**100.00**	**575**	**7**
	81	**Delta Agrar GmbH, Linthe**	**100.00**	**– 1,084**	**– 1,100**
	82	**KTG Foods SE, München (intermediate holding)**	**100.00**	**132**	**– 38**
	83	Bio-Zentrale Naturprodukte GmbH, Wittibreut/Ulbering	(100.00)	1,010	214
	84	Mühlenbach Lebensmittel GmbH, Wittibreut/Ulbering	(100.00)	448	0
	85	MARCHé Faber GmH, Wittibreut/Ulbering	(100.00)	836	0
	86	**FZ Foods AG, Ringleben**	**100.00**	**2,102**	**– 467**
	87	**NOA Naturoel Anklam AG, Berlin**	**100.00**	**1,132**	**75**
	88	**KTG Frischedienst GmbH, Linthe**	**100.00**	**63**	**79**
	89	**TKS Union AG, Hamburg**	**100.00**	**11,521**	**1,822**
	90	**Pauliu melioracijos**	**100.00**	**1**	**1**

'000 Euro		Name and registered office of the company	Share of capital in percent	Equity, 31.12.2014 (before appropriation)	Annual result for 31.12.2014
		B. SUBSIDIARIES (NOT CONSOLIDATED) (ENERGY)			
	1	**KTG Energie AG, Hamburg (intermediate holding)**	**62.08**	**25,393**	**– 80**
	2	Biogas Produktion Dersewitz GmbH, Dersewitz*	(100.00)	844	789
	3	Biogas Produktion Putlitz GmbH, Putlitz*	(100.00)	326	271
	4	Biogas Produktion Seelow GmbH, Seelow*	(100.00)	137	– 162
	5	Biogas Produktion Flechtingen GmbH, Flechtingen*	(100.00)	88	63
	6	Biogas Produktion Wuthenow GmbH, Wuthenow*	(100.00)	– 444	– 292
	7	Biogas Produktion PAL GmbH, Putlitz*	(50.00)	185	160
	8	Biogas Produktion Schmilau GmbH, Schmilau*	(100.00)	– 69	– 48
	9	Biogas Produktion Schöllnitz GmbH, Luckaitztal, OT Schöllnitz*	(100.00)	765	740
	10	Biogas Produktion Vehlefanz GmbH, Oberkrämer*	(100.00)	416	394
	11	Biogas Produktion Hornow, Oranienburg*	(100.00)	– 535	– 386
	12	Biogas Produktion Nonnendorf GmbH & Co. KG, Niederer Fläming*	(100.00)	– 59	4
	13	Biogas Produktion Nonnendorf Verwaltungs GmbH, Nonnendorf*	(100.00)	20	– 1
	14	Biogas Produktion Lübs GmbH, Berlin*	(49.00)**	– 407	– 180
	15	Bio-Energiezentrum Ringleben GmbH, Ringleben*	(100.00)	– 29	– 38
	16	Bio-Energiezentrum Kohlberg GmbH, Trusetal*	(100.00)	– 11	– 20
	17	Bio-Energiezentrum Frehne GmbH, Putlitz*	(100.00)	– 3	– 15
	18	Delta Neue Energien GmbH, Putlitz*	(100.00)	18	– 2
	19	KTG Biomethan AG, Hamburg*	(100.00)	– 102	– 156
	20	Biogas Investor GmbH & Co. KG, Hamburg*	(100.00)	622	– 26
	21	Biogas Investor Verwaltungsgesellschaft mbH, Hamburg*	(100.00)	6	– 4

'000 Euro		Name and registered office of the company	Share of capital in percent	Equity, 31.10.2014 (before appropriation)	Annual result 01.11.2013 – 31.10.2014
	22	LAE Landhof Agrar und Energie GmbH, Breydin*	(100.00)	– 200	– 126
	23	Naturgas Quesitz GmbH, Markranstädt OT Quesitz*	(100.00)	1,145	1,120
	24	Biogas Produktion Brenz GmbH, Brenz*	(100.00)	444	200
	25	Biogas Produktion Brenz Zwei GmbH, Brenz*	(100.00)	– 37	– 32
	26	Biogas Produktion Brenz Verwaltungsgesellschaft mbH, Friesoythe*	(100.00)	– 6	– 6
	27	Biogas Produktion Groß Tessin GmbH, Reimershagen*	(100.00)	441	41
	28	Biogas Produktion Perleberg GmbH, Perleberg*	(100.00)	– 47	– 93
	29	Biogas Produktion Perleberg GmbH, Perleberg*	(100.00)	170	164
	30	Biogas Produktion PGT Verwaltungsgesellschaft mbH, Friesoythe*	(100.00)	24	– 2
	31	UAB KTG Energija, Vilnius, Lithuania***	(100.00)	0	– 3
	32	Biomethan Produktion Perleberg GmbH, Berlin	(100.00)	24	– 1
	33	Biomethan Produktion Brenz GmbH, Berlin	(100.00)	24	– 1
	34	Biomethan Produktion Quesitz GmbH, Berlin	(100.00)	24	– 1

'000 Euro		Name and registered office of the company	Share of capital in percent	Equity, 31.12.2014 (before appropriation)	Annual result 01.11.2013 – 31.10.2014
		C. TOCHTERGESELLSCHAFTEN (NICHT KONSOLIDIERT)			
	1	**Milchproduktion Papenbruch GmbH, Herzsprung***	**(100.00)**	**187**	**7**
	2	**Korntec GmbH, Wedemark**	**90.00**	**224**	**124**
	3	**GranoProjekt GmbH, Bremen**	**100.00**	not yet available	not yet available
	4	**GOLD SOJA AG, Frankfurt am Main**	**100.00**	not yet available	not yet available
	5	**areano AG, Frankfurt am Main**	**34.00**	not yet available	not yet available
		C. ASSOZIIERTE UNTERNEHMEN			
	1	**RST-Agrar AG, Neubrandenburg (intermediate holding)**	**50.00**	**201**	**5**
	2	»wadü« Kemnitzer Agrarproduktion und Vermögensverwaltungsgesellschaft mbH, Kemnitz****	(100.00)	827	25
	3	AVK AGRAR AG, Neubrandenburg*	(100.00)	62	– 4
	4	»Zur Spetze« Agrar-Handelsgesellschaft mit beschränkter Haftung, Wegenstedt*	(100.00)	4	2
	5	**KTG International Farming AG, Hamburg**	**50.00**	**20**	**– 13**

* Sub-subsidiaries of KTG Agrar SE; the specification of equity shares in brackets in percent refers to the share of fully consolidated companies of KTG.
** Fully consolidated through Energy, 51 % shares WI norus Agrar GmbH
*** Fully consolidated through Lithuania/figures as at 31 December 2013
**** Data applies to the previous financial year 2013, figures for the financial year 2014 were not yet available.

TABLE 10

LIST OF SHAREHOLDINGS - NEW ACQUISITIONS

'000 Euro

	Name and registered office of the company	Acquisition costs	Goodwill value	Time of first consolidation
1	UAB KTG Energija	3.0	0.0	01.11.2013
2	Biomethan Produktion Perleberg GmbH, Berlin	27.5	2.5	01.11.2013
3	Biomethan Produktion Brenz GmbH, Berlin	27.5	2.5	01.11.2013
4	Biomethan Produktion Quesitz GmbH, Berlin	27.5	2.5	01.11.2013
5	KTG Foods SE, München	187.0	0.0	01.01.2014
6	Bio-Zentrale Naturprodukte GmbH, Wittibreut/Ulbering	6,000.0	0.0	01.01.2014
7	Mühlenbach Lebensmittel GmbH, Wittibreut/Ulbering	*	0.0	01.01.2014
8	MARCHé Faber GmbH, Wittibreut/Ulbering	*	0.0	01.01.2014
9	Agrarproduktion Falkenhagen eG, Falkenhagen (Mark)	2,007.7	0.0	01.07.2014
10	TKS Union AG, Hamburg	5,981 (2013) 5,808 (2014)	0.0	31.12.2014

* acquired subsidiary of Bio-Zentrale Naturprodukte GmbH

The following subsidiaries were included in the consolidated financial statements for the first time in 2014. TABLE 10

Initial consolidation in the financial year of the KTG Energie AG sub-group from 1 November 2013 to 31 October 2014 was performed as of the time of acquisition of UAB KTG Energija, Vilnius, Lithuania, Biomethan Produktion Perleberg GmbH, Berlin, Biomethan Produktion Brenz GmbH, Berlin, and Biomethan Produktion Quesitz GmbH, Berlin, as of 1 November 2013. UAB KTG Energija is a newly established company. The other entities are acquired shelf companies.

KTG Agrar SE acquired the shares in KTG Foods AG, Berlin, in the financial year. The company emerged from a shelf company (AG) and was subsequently merged to a shelf SE.

KTG Foods SE acquired the shares in Bio-Zentrale Naturprodukte GmbH, Wittibreut-Ulbering, including its subsidiaries, Mühlenbach Lebensmittel GmbH, Wittibreut, and MARCHé Faber GmbH, Wittibreut-Ulbering, as operating companies in 2014.

Landgut Deltus AG acquired 16 cooperative shares in Agrargenossenschaft Falkenhagen eG, Falkenhagen (Mark) as an operating cooperative in 2014.

KTG Agrar SE acquired the remaining shares (51%) in TKS Union AG, Hamburg, in the financial year 2014.

A major change in the basis of consolidation of the Lithuanian sub-group was the sale of UAB VL Inverstment Vilnius, Lithuania, and its subsidiaries.

The initially consolidated companies as well as the companies acquired and consolidated in the course of the 2014 financial year have the following accumulated effects on the consolidated financial statements for the period ended 31 December 2014 TABLE 11

Loans, receivables, liabilities and accruals and deferrals among consolidated companies were set off within the framework of debt consolidation. Receivables and payables between the consolidated companies were eliminated in the context of expense and income consolidation.

Interim results are eliminated as a general rule unless they are of minor importance for a fair view of

TABLE 11

EFFECTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

'000 Euro	Group 31.12.2014	Changes from initial consolidation	Group adjusted for initial consolidation
Tangible asset incl. Imm. VG	286,549	19,334	267,215
Financial assets	33,548	28,701	4,847
Stocks	86,459	3,468	82,991
Negativer goodwill	28,570	15,517	13,053
Annual result	6,417	2,211	4,206
Liability provisions	13,850	5,229	8,621
Liabilities	549,397	25,516	523,881
Sales revenue	234,119	49,667	184,452
Other operating income	52,633	3,347	49,286
Materials used	– 134,240	– 26,526	– 107,714
Personnel expenses	– 31,484	– 4,806	– 26,678
Other operating income	– 77,154	– 13,261	– 63,893
Financial results	– 22,950	– 536	– 22,414

the Group's current net worth, financial and earnings position.
Tax accruals and deferrals were undertaken pursuant to section 306 HGB applying the 'temporary concept' in accordance with the provisions of the HGB.
Deferred taxes were constituted both for consolidation measures and for inventory differences in the separate financial statements.

3 Accounting and valuation principles

As a general rule, all companies included in the consolidated financial statements apply uniform accounting and valuation principles. Assets and liabilities shown are carried according to the provisions of commercial law. Acquired intangible assets are carried at cost and, if prone to loss of value, subjected to scheduled amortisation over their anticipated useful lives. Items recognised primarily include claims to agricultural premiums as well as operating, management and accounting software. Up to 2007, acquired claims to premiums were written off over the useful life; since 2008, no systematic amortisation has been performed because of the changed tax assessment.
Tangible assets are recognised at the cost of acquisition or production and are amortised systematically, if subject to depreciation.
The production costs include the individual costs and attributable overheads as required under commercial law.
Acquisition/production costs include interest expenses if they serve to finance new plants with extended construction times or advance payments for such plants. Accordingly, interest expenses in the amount of EUR 948 thousand (previous year: EUR 1,016 thousand) relating to the construction time and trial operation up to completion of the biogas plants erected in the 2014 financial year were capitalised.
Tangible asset items are reduced according to the expected economic lifetime by planned depreciation. Capital assets are depreciated on a straight-line basis. Low-cost

TABLE **12** RECEIVABLES SCHEDULE

'000 Euro (…) prior-year figures	Total as at 31.12.2012	Residual term up to 1 Jahr	Residual term 1 to 5 years	Residual term more than 5 years
Accounts receivable from supplies and services	123,649 (120,433)	123,649 (120,433)	0 (0)	0 (0)
Accounts receivable from consolidated affiliated companies	5,723 (6,150)	5,723 (6,150)	0 (0)	0 (0)
Accounts receivable from non-consolidated affiliated companies	2,831 (2,461)	2,831 (1,542)	0 (919)	0 (0)
Receivables from companies with shareholding	30,388 (34,370)	15,200 (13,280)	15,188 (21,090)	0 (0)
Other assets	95,420 (83,241)	26,312 (30,966)	69,108 (52,105)	0 (170)
TOTAL	**258,011** **(246,655)**	**185,393** **(172,371)**	**71,668** **(74,114)**	**0** **(170)**

assets up to a value of EUR 410 are written off completely in the year of acquisition. Pool write-off from previous years is continued correspondingly.

Own work was capitalised for the construction of new biogas plants and the optimisation of the deep-freeze production plants. This was valued at total cost (direct and overhead costs). The total amount of own work capitalised was EUR 5,939 thousand (previous year: EUR 4,138 thousand).

The shares in affiliated companies and shareholdings shown under financial assets are carried at acquisition cost or at the lower fair value. Interest-bearing loans are carried at nominal value.

Securities of fixed and current assets are valued at acquisition cost or at the lower stock exchange or market price on the balance sheet date.

Livestock is shown in a separate item between fixed and current assets. It is measured using the simplified valuation methods pursuant to section 240 (4) of the HGB (aggregated measurement).

Inventories are valued either at their cost of acquisition or production or at the lower fair value. The production costs include the individual costs and attributable overheads as required under commercial law. Crop inventories forming part of the overall inventories are carried at their production cost.

Receivables and other assets are recognised at nominal value; individual value adjustments amounting to EUR 846 thousand (previous year: EUR 450 thousand) were applied. Non-interest-bearing receivables with a term of more than one year are discounted to their present value at the average interest rate based on the relevant interest rates for the respective maturities of the previous seven financial years. Foreign currency receivables are converted at the exchange rate of the date of booking or at the lower exchange rate on the balance sheet date. According to section 256 a of the HGB, assets in foreign currency with residual terms of up to one year are converted at the average spot exchange rate on the balance sheet date, and in this way, contrary to the former approach, the realisation principle and the acquisition cost principle are not taken into consideration. Unrealised profits from currency conversions were recorded for the first time on the balance sheet date of 31 December 2010.

The separate item "receivables from non-consolidated affiliated companies" chiefly comprises receivables from non-consolidated affiliated companies.
Bank balances and cash in hand are carried at their nominal values.
Lease advances are essentially shown as capitalised accruals and deferrals.
Subscribed capital is recognised at the nominal value.
In the Group balance sheet, negative goodwill from capital consolidation is recognised in equity. It results from the acquisition of investments where the acquisition costs were lower than the pro-rated equity or from capital increases in which KTG Agrar SE did not participate.
A balancing item for minority interests in the amount of the equity capital of minority shareholders was created and recognised in the Group balance sheet.
The special item for investment subsidies was created for investment subsidies that were granted for asset investments. It is dissolved over the expected utilisation period of the subsidised asset.
Since 2010, direct pension liabilities have been measured according to the internationally accepted projected unit credit method. According to this procedure, the amount of pension liabilities is calculated from the entitlement on the balance sheet date, taking into consideration future salary increases. The calculated amount is discounted as a one-off at the average market interest rate for an assumed term of 15 years.
Reinsurance contracts, some of which are pledged to the pension beneficiaries, exist for all pension liabilities. Accordingly, net liabilities and the present value of the reinsurance are netted in the balance sheet for such pledges.
The other provisions cover all discernible risks and contingent liabilities, and have been formed in the amounts necessary to cover said contingencies in our prudent commercial judgement. Long-term provisions are discounted at the average market interest rate of the last seven years for the respective maturities.
Earnings and expenditures resulting from the discounting of provisions are shown separately under the items 'Other interest and similar income' and 'Interest and similar costs'. Liabilities are carried at their settlement amounts. Liabilities in foreign currency are converted at the exchange rate on the booking date or at the higher rate on the balance sheet date. The fixed exchange rate for litas (LTL) is LTL 1 = EUR 3.4528. The litas will be replaced by the euro as of 1 January 2015. Pursuant to section 256 a of the HGB, liabilities in foreign currency with residual terms of up to one year are converted at the average spot exchange rate on the balance sheet date, and, in this way, the imparity principle and the acquisition cost principle are not taken into consideration. Unrealised profits from currency conversions were recorded for the first time on the balance sheet date of 31 December 2010.
Earnings before the balance sheet date are shown as liability accruals and deferrals provided that they represent earnings for a specific period after this date.

4 Notes to the balance sheet

4.1 Fixed assets

The changes in individual asset items are presented in the consolidated statement of changes in fixed assets (annex to the notes to the consolidated financial statements).
In the consolidated statement of changes in fixed assets, the original acquisition and manufacturing costs as well as the accrued write-offs of assets of the parent company and subsidiaries are shown in the column 'Acquisition and production costs' or 'Depreciation'.
Additions and disposals of individual assets to the Group assets resulting from changes in the basis of consolidation are shown in a separate column. For reasons of simplification, historical acquisition and production costs as well as cumulative write-off amounts from consolidation procedures are shown.

4.2 Receivables and other assets

The table below shows a breakdown of receivables by residual terms; figures for the previous year are shown in parentheses: TABLE 12
Receivables from non-consolidated affiliated companies in the amount of EUR 1,951 thousand (previous year: EUR 1,542 thousand) were trade receivables, while an

TABLE 13 OTHER ASSETS

'000 Euro	31.12.2014	31.12.2013
Loans including taxes	79,446	65,251
Tax refund claims	7,333	7,620
Allowances and subsidies	4,046	4,392
Advance payments for share purchases	0	1,988
Disposal of shareholding	1,390	555
Insurance claims	207	0
Other	2,998	3,435
TOTAL	**95,420**	**83,241**

amount of EUR 880 thousand (previous year: EUR 919 thousand) resulted from other assets.
The receivables from affiliated companies comprise trade receivables in the amount of EUR 16,307 thousand (previous year: EUR 13,280 thousand) and receivables relating to other assets in the amount of EUR 14,081 thousand (previous year: EUR 21,090 thousand).
Other assets are composed as follows: TABLE 13

4.3 Credit balances at banks

The cash reserve is composed of credit balances at banks and cheques and cash.

4.4 Accruals and deferrals

The capitalised accruals and deferrals item mainly reflects accrued/deferred lease advance payments.

4.5 Shareholders' equity

The share capital of KTG Agrar SE did not change in the 2014 financial year compared to the balance sheet date of the 2013 financial year. On the balance sheet date of the 2014 financial year, the share capital of KTG Agrar SE amounted to EUR 6,244 thousand. It is divided into 6,243,600 no-par value bearer shares.
KTG Agrar SE acquired 5,000 of its own shares in December 2011 and another 6,782 in March 2012 as well as another 1,000 in October 2014, each with a nominal value of EUR 1.00; the current value is EUR 186 thousand. This corresponds to 0.189% of the share capital. The recognition of own shares is done pursuant to section 272 (1a) of the HGB by deducting the calculated portion of share capital amounting to EUR 13 thousand from subscribed capital. The portion of the acquisition costs which exceeded the imputed value of the share capital (EUR 66 thousand in 2011, EUR 93 thousand in 2012 and EUR 14 thousand in 2014) was set off against profits carried forward.
The surplus proceeds from the initial public offering in 2007 and the capital increase in 2008 amounting to EUR 27,470 thousand as well as the surplus proceeds from the capital increase in 2009 amounting to EUR 5,031 thousand and the surplus proceeds from the capital increase in 2010 amounting to EUR 7,740 thousand are shown in the capital reserve of the company. The surplus proceeds

TABLE 14

CHANGES IN THE DISTRIBUTABLE PROFIT

'000 Euro	31.12.2014	31.12.2013
Profit carried forward on 1 January	13,129	15,621
Withdrawal for own shares	– 14	0
Dividend distribution	– 1,374	– 1,249
Group annual surplus for the financial year	6,417	– 686
Proportion of earnings attributable to minority shareholders	– 1,241	– 557
TOTAL	16,917	13,129

from the capital increase in the amount of EUR 7,974 thousand were allocated to the capital reserve in 2013.
The company's share capital has been conditionally increased by EUR 2,365,000 by issuing up to 2,365,000 no-par value bearer shares (conditional capital I/2009).
The Management Board was authorised, subject to the consent of the Supervisory Board, to increase the company's share capital by up to EUR 43,000.00 by issuing up to 43,000 new no-par value bearer shares against cash or non-cash contributions (authorised capital I/2009) by 11 September 2014. The authorisation expired unused.
The Management Board is authorised, subject to the consent of the Supervisory Board, to increase the company's share capital by up to EUR 2,227,400.00 by issuing up to 2,227,400 new no-par value bearer shares against cash contributions (authorised capital I/2012) by 4 September 2017.
The legal reserve, which remains unchanged at EUR 5 thousand, is recognised in revenue reserves. For the acquisition of own shares, the amount of acquisition costs of own shares in 2011 exceeding the calculated value of share capital was initially accounted with EUR 0.19 against available profit provisions.
The amount in excess of this reduces the balance sheet profit.
The other revenue reserves result from the release through equity of the special reserve item for 6b reserves based on the introduction of the regulations of the BilMoG in 2010 (EUR 23 thousand). In addition, other revenue reserves contain an amount from the initial capitalisation of deferred taxes on losses carried forward (EUR 1,250 thousand). The table below shows the changes in the Group's distributable profit: TABLE 14
The special item for investment subsidies relates to investment subsidies received from funding programs of the Federal State of Brandenburg as well as from Lithuania, which are dissolved according to the write-off procedure of the subsidised assets.
Changes in Group equity are shown in the consolidated statement of changes in equity.

TABLE 15

CALCULATION BASIS

percent

	31.12.2014	31.12.2013
Pension trend	1.50	1.50
Entitlement trend	0.00	0.00
Fluctuation	0.00	0.00
Interest rate (sentence 2 of paragraph 2 of section 253 of the HGB)	4.53	4.88

TABLE 16

AMOUNTS ALLOCATED IN THE BALANCE SHEET

Euro

	31.12.2014	31.12.2013
Present value plan assets	221,103	205,369
Provisions for pension	– 255,428	– 218,189
TOTAL	– 34,325	– 12,820

4.6 Provisions for pensions and similar obligations

Provisions for pension liabilities are created for four employees based on pension commitments for retirement benefits.

The benefits are financed via pledged reinsurance contracts.

The valuation of direct pension provisions is based on the following calculation principles:

TABLE 15

The table below shows the amounts accounted for in the balance sheet for the period ended 31 December 2014:

TABLE 16

The present values of the reinsurance correspond to the actuarial reserve as proven by the insurer and thereby to the acquisition cost.

Balancing was done separately for each individual commitment, resulting in the following balance sheet positions: TABLE 17

The relevant expenditures and income from discounting and from the asset to be allocated are carried in the financial results:

TABLE 18

Other provisions relate to:

TABLE 19

4.7 Derivative financial instruments

KTG Agrar SE held no derivative financial instruments as of the balance sheet date on 31 December 2014.

TABLE

17 AMOUNTS ALLOCATED IN THE BALANCE SHEET

Euro

	31.12.2014	31.12.2013
Credit difference amount from balance sheet	12,441	18,391
Provisions for pension	– 46,766	– 31,211
SALDO	**– 34,325**	**– 12,820**
Pension provisions allocated	46,766	31,211
Pension provisions not allocated	80,969	80,746
TOTAL PROVISION FOR PENSION	**127,735**	**111,957**

TABLE

18 AMOUNTS ALLOCATED IN THE FINANCIAL RESULTS

Euro

	31.12.2014	31.12.2013
Gains on plan assets	8,845	8,715
Interest expenses from discounting	– 14,442	– 13,657
INTEREST INCOME	**– 5,597**	**– 4,942**

TABLE

19 OTHER PROVISIONS

'000 Euro

	31.12.2014	31.12.2013
Other provisions	2,853	1,508
Leave	794	647
Annual financial statement costs	682	487
Professional association fees	184	261
Special wage payments and premiums	395	121
Reimbursement food retail	3,461	130
Lease payments	85	138
Other	1,299	879
TOTAL	**9,753**	**4,171**

TABLE **20** LIABILITIES SCHEDULE

'000 Euro (…) prior-year figures	Total as at 31.12.2014	Residual term up to 1 year	Residual term 1 to 5 years	Residual term more than 5 years
Loans	332,424 (292,787)	40,400 (0)	292,024 (292,787)	0 (0)
Amounts owed to credit institutions	149,198 (134,526)	49,634 (42,464)	44,327 (42,072)	55,237 (49,990)
Payments received on account of orders	295 (563)	295 (563)	0 (0)	0 (0)
Accounts payable from supplies and services	35,730 (32,503)	35,730 (32,503)	0 (0)	0 (0)
Accounts payable for drawn bills and issue of own bills	1,165 (828)	1,165 (828)	0 (0)	0 (0)
Accounts payable to consolidated affiliated companies	2,272 (2,836)	2,272 (2,836)	0 (0)	0 (0)
Accounts payable to non-consolidated affiliated companies	90 (16)	90 (16)	0 (0)	0 (0)
Liabilities to shareholders	34 (100)	34 (100)	0 (0)	0 (0)
Accounts payable to companies with shareholding	53 (114)	53 (114)	0 (0)	0 (0)
Other liabilities	28,136 (18,553)	17,438 (18,553)	10,674 (0)	24 (0)
TOTAL	549.397 **(482.826)**	147.111 **(97.977)**	347.025 **(334.859)**	55.261 **(49.990)**

4.8 Liabilities

The table below shows a breakdown of liabilities by residual terms; figures for the previous year are shown in parentheses: TABLE 20

The following bond liabilities exist:

In September 2010, KTG Agrar SE issued a bond of EUR 50,000 thousand with a fixed annual interest coupon of 6.75%. The bond matures on 14 September 2015. The bond (WKN: DE000A1ELQU9) is traded on the Stuttgart Stock Exchange, in the BondM segment (Biowertpapier I bond). With regard to the bond swap in the amount of EUR 9.6 million by 15 October 2014, please refer to the information provided about the "Biowertpapier III" bond. In June 2011, KTG Agrar SE issued a new bond of EUR 180 million (bond placement EUR 50 million; 1st increase by another EUR 50 million; 2nd increase by another EUR 80 million). This was followed by a private placement of EUR 20 million in 2013 and another private placement of EUR 9.5 million with a fixed annual interest coupon of 7.125%. The bond matures on 5 June 2017. The bond (WKN: DE000A1H3VN9) is traded on the Frankfurt Stock Exchange, in the Entry Standard segment (Biowertpapier II bond).

In August 2014, KTG Agrar SE issued a third bond of EUR 50.0 million with a fixed annual interest coupon of 7.25%. The bond will mature on 15 August 2019 and is traded on the Frankfurt Stock Exchange, in the Entry Standard segment (WKN: DE000A11QGQ1). The bond comprises a voluntary swap offer to holders of the 6.75% bond (2010-2015) to exchange their shares for the 7.25% bond (2014-2019) at a price of 100% of the nominal amount (EUR 1,000 each). This offer has been used in the amount of EUR 9.6 million. Another EUR 22.9 million was additionally subscribed by the balance sheet date (Biowertpapier III).

As of 31 December 2014, the bond had a value of EUR 282,424 thousand. It had not yet been fully placed after the balance sheet date.

4.9 Collateral for liabilities

Liabilities to credit institutions are secured as follows:

Land charges amounting to a total of EUR 54,530 thous-

and for premises and arable land as well as land charges amounting to a total of EUR 97,335 thousand for various biogas and silage properties.
Blanket assignment of all receivables from energy and heat generation contracts, land charges, collateral assignment of the fixed assets of biogas plants, undertaking to form liquidity reserves and the pledging of this credit balance, assignment of rights and claims from general contractor contracts, feedstock supply contracts, maintenance contracts, plant operation contracts and insurance policies.
Cession of the EU area premiums according to the regulations (EC) 1251/1999, 1257/1999, 73/2009, and 1782/2003 of the following companies:

- KTG Agrar SE, Hamburg
- Delta Agrar und Handels GmbH, Frankfurt am Main
- PAE Agrarproduktions- und Verwaltungs-AG Putlitz, Putlitz
- KTG Energie AG, Hamburg
- Biogas Produktion Dersewitz GmbH, Dersewitz
- Landwirtschaftliche Produktionsgesellschaft mbH Frehne Zwei, Putlitz*
- Agrarproduktion Falkenhagen e.G., Falkenhagen
- NGH Agrar Nonnendorf GmbH, Nonnendorf
- NGH Agrar Hohenseefeld GmbH, Hohenseefeld
- Agrargesellschaft Quesitz mbH, Markranstädt*
- Agrar GmbH Landwirtschaftlicher Produktionsbetrieb Altdöbern,* Altdöbern

Assignment of financed grain inventories stored in specific places, including assignment of liabilities arising from their sale, the collateral providers:

- SIWUK-Agrargesellschaft mbH Sietzing, in the amount of the respective claim and Podelziger Landwirtschafts GmbH, Podelzig, in the amount of the respective claim.

Furthermore, a credit balance of KTG Agrar SE of EUR 400 thousand was pledged with Spreewaldbank e. G. to secure a loan from Spreewaldbank e. G.
Fixed liability guarantees of third parties up to EUR 4,100 thousand as well as EUR 740 thousand were established to secure further liabilities of KTG Agrar SE to credit institutions. Joint and several liability held by

- RST Agrar AG, Neubrandenburg
- Landwirtschaftliche Produktionsgesellschaft mbH Frehne Zwei, Putlitz
- PAE Marktfrucht GmbH Putlitz, Putlitz
- Agrar-Handels GmbH Mühlenbeck, Oranienburg
- »Zur Spetze« Agrarproduktionsgesellschaft mbH, Wengstedt
- Podelziger Landwirtschafts GmbH, Podelzig
- KTG Energie AG, Hamburg
- AK Feldfrucht GmbH, Postlow
- PAE norus Agrar GmbH, Podelzig.

TABLE 21

OTHER LIABILITIES

'000 Euro	31.12.2014	31.12.2013
Loans including interest	13,131	9,894
Equipment financing	0	1,496
Taxes	5,120	3,935
Wages, salaries and social security	162	1,101
Share purchases	0	0
Other	9,723	2,127
TOTAL	**28,136**	**18,553**

Various plant and machinery have been transferred as security and various assignments and global assignments have been made.
The liabilities to non-consolidated affiliated companies comprise trade liabilities in the amount of EUR 90 thousand (previous year: EUR 16 thousand) and loan liabilities in the amount of EUR 0 thousand (previous year: EUR 0 thousand).
The liabilities to consolidated affiliated companies comprise trade liabilities in the amount of EUR 5 thousand (previous year: EUR 114 thousand) and loan liabilities in the amount of EUR 48 thousand.
Other liabilities are composed as follows:
TABLE 21

4.10 Deferred taxes

Deferred taxes are accounted for using the balance sheet liability method. According to this method, deferred taxes are calculated as the difference between the commercial valuation of assets and liabilities and their tax-based valuation, insofar as these differences are expected to be reversed in subsequent financial years.
The following table shows the deferred tax assets and liabilities before balancing for individual balance sheet items TABLE 22
Deferred tax assets and liabilities are reported net in the balance sheet in accordance with the respective option.
The valuation was based on the individual company tax rates. These lie between 27% and 30%.

5 Income Statement explanation

5.1 Sales revenue

Sales revenue is generated almost exclusively in Germany and is essentially structured as follows: TABLE 23

TABLE 22

DEFERRED TAX ASSETS AND LIABILITIES

'000 Euro	31.12.2014	31.12.2013
Deferred tay assets		
Tax losses carried forward	2,203	2,655
Provisions	171	127
Trade receivables	182	126
Capitalised accruals and deferrals	18	21
Provisions for pension	13	11
Other liabilities	82	82
TOTAL	2,669	3,022
Deferred tax liabilities		
Technical plant and machinery	2,160	2,237
6b reserves	3,488	1,482
Unfinished products	1,261	1,420
Real estate	2,252	1,181
Buildings	99	107
Trade receivables	0	56
Intangible assets	2,258	32
Equity interest	179	0
Provisions	0	26
TOTAL	11,697	6,541

TABLE 23

BREAKDOWN OF SALES

'000 Euro	31.12.2014	31.12.2013
Conventional crop cultivation	20,079	34,303
Biogas	70,855	50,075
Industrial food production	103,326	55,778
Organic crop cultivation	17,547	14,237
Animal production	2,868	2,680
Complementary agricultural activities	19,444	7,810
TOTAL	234,119	164,883

TABLE 24

OTHER OPERATIONAL INCOME

'000 Euro	31.12.2014	31.12.2013
Income from disposals of property, plant and equiptment	23,000	8,622
Income from disposals of financial assets	47	0
Allowances and subsidies	11,218	10,735
Income from costs passed on	5,423	5,208
Compensation	1,478	930
Comission	1,195	2,244
Lease and rental income	2,340	2,205
Income from reversal of provisions (other periods)	1,765	185
Income from reversal of special items	7	33
Income from advisory activities	0	2,137
Other income	4,690	5,089
Income from other periods	1,470	416
TOTAL	52,633	37,804

5.2 Other operating income

Other operating income is composed as follows:

TABLE 24

5.3 Other operating costs

Other operating costs are composed as follows:

TABLE 25

Write-offs during the 2014 financial year for individual asset items are shown in the Group statement of fixed assets.

5.4 Extraordinary expenditure

Extraordinary expenditure relates mainly to expenditure in connection with the placement of the corporate bonds.

6 Information on the business performance of the KTG Energie AG sub-group after 31 October 2014 up to the reporting date of the consolidated financial statements of KTG Agrar SE (31 December 2014)

The data shown here relates to the internal reporting of the company for the first two months of the 2014/2015 financial year of the sub-group (November to December 2014). The income statement refers to November and December 2014. The comparable figures refer to the audited and published balance sheet of the sub-group for the period ended 31 October 2014 (fiscal year 2013/2014).

TABLE 26

The data for November/December 2014 includes no facts requiring explanation in the meaning of section 299 (3) of the HGB. The change of the financial year of the Energy sub-group to the balance sheet date of 31 October resulted in a 10-month stub financial year in the previous year. By contrast, the past financial year 2013/2014 comprised 12 months, which means that the figures are not fully comparable.

Due to the different balance sheet date of KTG Energie AG, the November/December results of each year are recorded and included only in the following consolidated financial statements of KTG Agrar SE (November/December 2014 of KTG Energie AG in the 2015 consolidated financial statements of KTG Agrar SE). The shift in the result had a positive impact of EUR 81 thousand on the 2014 consolidated result.

As a middleman was involved in the transaction between KTG Agrar SE and KTG Energie AG described in the previous year, the transaction was not concluded directly; no consolidated-related one-time effects resulted from the transaction in 2014.

TABLE

25 OTHER OPERATING COSTS

'000 Euro

	31.12.2014	31.12.2013
Expense of passing on costs	9,050	8,812
Leasing and motor vehicle expenditure	11,414	6,295
Rent, lease and cost of premises	10,679	9,672
Administration, legal and consulting costs	8,631	8,515
Expenditure for diposal of machinery and equipment as well as repairs and maintenance	8,416	5,585
Other marketing expenditures	11,955	2,341
Outgoing freight	7,176	5,702
Insurance, taxes and raising of capital	4,185	1,400
Expenditures from other periods	1,044	631
Asset disposals	296	0
Sale of shares	0	0
Other expenditures	4,308	5,505
TOTAL	77,154	54,458

TABLE

26 INCOME STATEMENT

'000 Euro

	01.11. – 31.12.2013	01.11.2013 – 31.10.2014	01.11. – 31.12.2014
Sales revenues	14,479	70,855	12,193
Inventory changes	– 334	– 420	– 60
Other operating income	195	2,890	416
Cost of materials	– 6,852	– 32,218	– 5,283
Personnel expenses	– 573	– 3,848	– 704
Depreciation/amortisation	– 1,438	– 9,974	– 1,729
Other operating costs	– 4,176	– 15,291	– 2,561
Other	– 978	– 10,137	– 2,029
TOTAL	324	1,857	243

7 Contingent liabilities

7.1 Liabilities from guarantees

7.1.1 There is an unlimited loan default guarantee of KTG Agrar SE, Hamburg, in favour of Biogas-Produktion Putlitz GmbH, Putlitz, up to an amount of EUR 6,400 thousand as well as an unlimited loan default guarantee in favour of Biogas Produktion Dersewitz GmbH, Dersewitz, up to an amount of EUR 4,077 thousand, an unlimited loan default guarantee in favour of Biogas-Produktion Flechtingen GmbH, Flechtingen, amounting to EUR 3,450 thousand and an unlimited loan default guarantee in favour of Biogas-Produktion Seelow GmbH, Seelow, for an amount of EUR 8,302 thousand as well as an unlimited loan default guarantee in favour of Biogas-Produktion Nonnendorf GmbH & Co. KG, up to an amount of EUR 2,500 thousand and of EUR 1,740 thousand. The residual value of these financing operations amounted to EUR 6,811 thousand (Putlitz), EUR 7,226 thousand (Dersewitz), EUR 5,815 thousand (Flechtingen) and EUR 15,189 thousand (Seelow) as at 31 December 2014.

7.1.2 With regard to a long-term property loan granted to PAE Agrar GmbH, Oranienburg, in which Ms Beatrice Ams holds 100% of the shares, by HSH Nordbank AG, for the financing of the construction of a new farmstead with multipurpose hall, office block and a residential house, KTG Agrar SE is liable within the framework of a directly enforceable guarantee of 14 July 2007 in the amount of EUR 1,435 thousand. The residual value of this financing operation amounted to EUR 676 thousand as at 31 December 2014.

7.1.3 For a loan granted to PAE Agrarproduktions- und Verwaltungs AG Putlitz, Putlitz, KTG Agrar SE has assumed a fixed liability guarantee in the amount of EUR 285 thousand. Utilisation on 31 December 2014 amounted to EUR 45 thousand and EUR 16 thousand current account overdraft, totalling EUR 61 thousand.

7.1.4 For loans granted to Gut Marxdorf GmbH, Vierlinden, KTG Agrar SE has assumed fixed liability guarantees in the amounts of EUR 200 thousand and EUR 150 thousand. The values of these loans amounted to EUR 497 thousand as at 31 December 2014.

7.1.5 For loans granted to Agrar GmbH Landwirtschaftlicher Produktionsbetrieb Altdöbern KTG Agrar SE has assumed guarantees in the amount of EUR 500 thousand and EUR 300 thousand. Furthermore, Schöllnitz Agrar GmbH, Schöllnitz, has assumed a directly enforceable guarantee in the amount of EUR 200 thousand in favour of Agrar GmbH Landwirtschaftlicher Produktionsbetrieb Altdöbern. The residual value of these loans amounted to EUR 1,331 thousand as at 31 December 2014.

7.1.6 Furthermore, on 25 November 2009, KTG Agrar SE joined a loan issued by HSH Nordbank AG, Hamburg, in favour of PAE Agrar GmbH, Oranienburg, for co-finan-

cing an extension of a two-storey office building in Oranienburg, amounting to EUR 400 thousand and with a term of twelve years. The residual value of this loan amounted to EUR 676 thousand as at 31 December 2014; with regard to the guarantee issued, please refer to 1.2.

7.1.7 On 23 February 2010, KTG Agrar SE joined a loan issued by HSH Nordbank AG, Hamburg, in favour of PAE Marktfrucht GmbH, Putlitz, for the remaining EUR 67 thousand dated 20 April / 3 May 2002. The residual value amounted to EUR 34 thousand as at 31 December 2014.

7.1.8 KTG Agrar SE has assumed joint liability for a loan to WI norus Agrar GmbH, Lübs, from Commerzbank in the amount of EUR 667.0 thousand. The value as at 31 December 2014 was EUR 522 thousand plus guaranteed credit of EUR 48 thousand.

7.1.9 For a loan of EUR 2,000 thousand granted to Biogas-Produktion Lübs GmbH in 2014, KTG Agrar SE has assumed a directly enforceable guarantee in the amount of EUR 250 thousand. The value amounted to EUR 2,123 thousand as at 31 December 2014.

7.1.10 For a loan of EUR 253 thousand granted to PAE Marktfrucht GmbH by Bankhaus C.L. Seeliger in 2014, KTG Agrar SE has assumed a directly enforceable guarantee in the amount of EUR 253 thousand. The value amounted to EUR 196 thousand as at 31 December 2014; the loan was not fully paid out as of the balance sheet date.

7.1.11 For a loan of EUR 267 thousand granted to PAE-Öko-Landbau GmbH by Bankhaus C.L. Seeliger in 2014, KTG Agrar SE has assumed a directly enforceable guarantee in the amount of EUR 267 thousand. The value amounted to EUR 267 thousand as at 31 December 2014.

7.1.12 For a loan of EUR 54 thousand granted to Milchproduktion Papenbruch GmbH by Bankhaus C.L. Seeliger in 2014, KTG Agrar SE has assumed a directly enforceable guarantee in the amount of EUR 54 thousand. The value amounted to EUR 54 thousand as at 31 December 2014.

7.1.13 For a loan of EUR 98 thousand granted to Wuthenower Agrargesellschaft mbH by Bankhaus C.L. Seeliger in 2014, KTG Agrar SE has assumed a directly enforceable guarantee in the amount of EUR 98 thousand. The value amounted to EUR 98 thousand as at 31 December 2014.

7.1.14 For a loan of EUR 92 thousand granted to Agrar und Handels GmbH Mühlenbeck by Bankhaus C.L. Seeliger in 2014, KTG Agrar SE has assumed a directly enforceable guarantee in the amount of EUR 92 thousand. The value amounted to EUR 92 thousand as at 31 December 2014.

7.1.15 For a hire purchase loan of EUR 92 thousand granted to PAE Agrarproduktions- und Verwaltungs AG by Conlink Leasing GmbH & Co. KG for a photovoltaic system, KTG Agrar SE has assumed a directly enforceable guarantee. The value amounted to EUR 365 thousand as at 31 December 2014.

7.1.16 For a land purchase loan of EUR 725 thousand granted to Agrar GmbH Landwirtschaftlicher Produktionsbetrieb Altdöbern by Deutsche Kreditbank AG, KTG Agrar SE has assumed a directly enforceable guarantee in the amount of EUR 340 thousand. The value amounted to EUR 719 thousand as at 31 December 2014.

7.1.17 For a loan to Schöllnitz Agrar GmbH in the amount of EUR 1,000 thousand, KTG Agrar SE has issued a letter of comfort in the amount of the loan to Umweltbank AG. The value amounted to EUR 1,000 thousand as at 31 December 2014.

7.1.18 For a loan of EUR 725 thousand granted to KTG Frischedienst GmbH Linthe for a photovoltaic system, KTG Agrar SE has issued a letter of comfort in the amount of the loan to Umweltbank AG. The value amounted to EUR725 thousand as at 31 December 2014.

7.2 Liabilities resulting from guarantee agreements

7.2.1 Agrar SE, Hamburg, has undertaken binding obligations to two credit institutions for at least five years that it will assume any losses of KTG Biogas AG, Hamburg, now KTG Energie AG and its subsidiaries, biogas operating companies Biogas-Produktion Putlitz GmbH, Putlitz, Biogas-Produktion Dersewitz GmbH, Dersewitz, Biogas-Produktion Flechtingen GmbH, Flechtingen, and Biogas-Produktion Seelow, Seelow, resulting at the time of preparing their respective financial statements, but by the preparation of the audited accounts on 31 December 2011 or 31 December 2013 or 31 December 2015, to the amount corresponding to its participating interest and to an amount which would preclude any excessive debt burden for the companies concerned. In addition, KTG Agrar SE has promised to make liquidity available to Biogas Produktion Nonnendorf GmbH & Co. KG, Nonnendorf, and NGH Agrar Nonnendorf GmbH, Nonnendorf, if the Nonnendorf biogas plant fails to generate the revenues required to maintain proper business operations and to meet the interest and principal payment obligations
KTG Agrar SE has also assumed joint liability for its subsidiary BiogasProduktion Schöllnitz GmbH together with KTG Energie AG for two bank loans totalling EUR 12,500 thousand for the financing of biogas plants in Schöllnitz. KTG Agrar SE has also granted a joint guarantee for its subsidiary Biogas-Produktion Vehlefanz GmbH together with KTG Energie AG, in the amount of EUR 3,500 thousand limited to a five-year period.

7.2.2 KTG Agrar SE has assumed joint liability to Lithuanian banking institutions and Lithuanian lease-financing institutions in favour of operating material and investment loans for the purchase of land and the financing of machines for subsidiaries in Lithuania with a nominal amount of EUR 3,032 thousand. The subsidiaries concerned were able to fulfil their obligations in full. UAB KTG Agrar therefore rates the risk of utilisation towards Lithuanian creditors for all listed contingent liabilities as improbable.

7.2.3 KTG Agrar SE has issued a letter of comfort for working capital and investment loans in the amount of EUR 3,000 thousand in favour of NOA Naturoel Anklam AG, Anklam. These loans were utilised in the amount of EUR 887 thousand as at 31 December 2014.

7.2.4 KTG Agrar SE has issued a letter of comfort to Sparkasse Prignitz for an investment loan for the reconstruction of the manor house in Putlitz, in the amount of EUR 1,330 thousand. These loans were utilised in the amount of EUR 1,222 thousand as at 31 December 2014.

7.2.5 KTG Agrar SE has declared an assumption of debt for a loan to PAE Marktfrucht GmbH, Putlitz from Commerzbank in the amount of EUR 1,750 thousand. The value as at 31 December 2014 was EUR 1,225 thousand.

7.2.6 KTG Agrar SE has assumed joint liability for a current account cash concentrating of the cash pool leader PAE Marktfrucht GmbH, Putlitz, from Commerzbank in the amount of EUR 3,500 thousand. The value as at 31 December 2014 was EUR 2,947 thousand.

7.2.7 KTG Agrar SE has declared an assumption of debt for a loan to Schöllnitz Agrar GmH, Altdöbern, from Commerzbank in the amount of EUR 857 thousand (dairy cow facility). The value as at 31 December 2014 was EUR 710 thousand.

7.2.8 KTG Agrar SE has issued a letter of comfort to the Sparkasse Prignitz for a loan to PAE Sonderkulturen GmbH in the amount of EUR 200 thousand. The value of the loan as at 31 December 2014 was EUR 173 thousand.

7.2.9 KTG Agrar SE has assumed joined liability for a loan granted by Umweltbank Nürnberg to PAE Öko Landbau GmbH in the amount of EUR 100 thousand. The value of the loan as at 31 December 2014 was EUR 88 thousand.

7.2.10 KTG Agrar SE has issued rental guarantees for the amounts owned at any given time by Agroservice A.M.S AG, Usedom, in respect of two finance leases worth EUR 177 thousand and EUR 304 thousand provided by IKB Leasing GmbH, Hamburg.

7.2.11 KTG Agrar SE has assumed joint and several liability for five hire purchase contracts totalling EUR 1,575 thousand signed by KTG Energie AG with Merca Leasing GmbH & Co. KG, Kronberg.

7.2.12 In conjunction with the financing of agricultural equipment, KTG Agrar SE has assumed guarantees and joint liabilities for hire purchase loans and lease finances of subsidiaries..

7.3 Contingent liabilities arising from the provision of collateral for third-party liabilities

The liability that was still effective in the previous year has expired and no longer exists.

7.4 Other

KTG Agrar SE only takes up contingent liabilities after careful assessment of risk and only in connection with its own business activities or the business activities of affiliated companies. On the basis of a continuous evaluation of the risk situation of accepted contingent liabilities and by taking into account the insights gained up to the time of compilation, KTG Agrar SE currently

TABLE 27

OTHER FINANCIAL LIABILITIES

'000 Euro	Liabilities due in 2015	Liabilities due 2016 to 2019	Liabilities due in 2020 and thereafter
Leasing agreements	9,197	15,150	1,831
Rental contracts	1,395	184	0
Lease contracts	6,291	17,371	28,996
Service contracts	529	392	0

assumes that the obligations underlying the contingent liabilities can be honoured by the relevant principal debtors. KTG Agrar SE therefore rates the risk of utilisation for all listed contingent liabilities as unlikely.

8 Other information

8.1 Executive bodies

The Supervisory Board of the parent company consists of three members.
During the 2014 financial year, the members of the Supervisory Board were:

- Mr Henning von Reden, auditor, Kiel
  Chairman
- Dr. Prof. Julian Voss, university professor, Göttingen
  Vice Chairman
- Ms Beatrice Ams, businesswoman, Hamburg

The members of the Supervisory Board received directors' remuneration amounting to EUR 160 thousand for the performance of their tasks in 2014.
RBB v. Reden, Böttcher, Bühl & Partner received remuneration amounting to EUR 80 thousand for the provision of consultancy services and for other services to the Group companies. The remuneration of the Supervisory Board members relates to the entire KTG Group.

During the 2014 financial year, the Management Board of KTG Agrar SE consisted of:

- Mr Siegfried Hofreiter, agriculturist, Chairman, Oranienburg
- Mr Ulf Hammerich, agriculturist, Chairman, COO, Honigsee
- Mr Bert Wigger, businessman, CIO, Gottesgabe
- Mr Michael Schirrmacher, economist, Gräfeling - since 1 July 2014
- Mr Benedikt Förtig, economist, Oranienburg - since 1 March 2014

8.2 Total remuneration for the Management Board of the parent company

The remuneration for the Management Board amounted to EUR 985 thousand in 2014 (previous year: EUR 720 thousand).

8.3 Advances and loans to members of the Management Board and the Supervisory Board of the parent company

No advances or loans were granted to members of the Management Board or the Supervisory Board.

8.4 Employees

The average number of employees in the Group during the financial year was 1,008, of which 76 in Lithuania (previous year: 775, of which 96 in Lithuania). The KTG Agrar SE Group employed 15 trainees on average during the 2014 financial year (previous year: 6).

8.5 Related party disclosures pursuant to section 314 (1) no. 13 of the HGB

During the 2014 financial year, all transactions with related parties were conducted on an arm's length basis.

8.6 Other financial liabilities

Leasing agreements as of 31 December 2014 result in the following financial liabilities:

TABLE 27

Rental contracts concluded until 31 December 2014 result in the following financial liabilities:

TABLE 27

Lease contracts for agricultural land as at 31 December 2014 result in the following financial liabilities:

TABLE 27

Maintenance contracts as at 31 December 2014 result in the following financial liabilities:

TABLE 27

The lease contracts have terms from 2 to 20 years and, in some instances, they are furnished with extension options in favour of KTG.

A long-term feedstock supply contract signed in 2010 with a total term of 20 years results in financial liabilities amounting to EUR 11,466 thousand as at 31 December 2014.

Purchase commitments totalled EUR 12,415 thousand (previous year: EUR 32,156 thousand). No further purchase obligations of this nature exist.

8.7 Information on off-balance-sheet transactions pursuant to section 314 (1) no. 2 of the HGB

No significant off-balance-sheet transactions pursuant to section 314 (1) no. 2 of the HGB were concluded during the 2014 financial year.

8.8 Information regarding the auditor's fee pursuant to section 314 (1) no. 9 of the HGB

The auditor's fee, included as an expenditure in the consolidated financial statements for the financial year, amounts to EUR 300 thousand (previous year: EUR 290 thousand) and exclusively comprises audit services for the statutory audit of the separate financial statements and the consolidated financial statements.

8.9 Disclosures pursuant to section 160 AktG

KTG Holding GmbH informed us in June 2010 that they own more than one quarter of the shares in our company, but that they no longer hold the majority.

Ms Beatrice Ams also informed us that, as the sole shareholder of KTG Holding GmbH, she indirectly owns more than one quarter of the shares in our company through KTG Holding GmbH, but no longer the majority.

Hamburg, 30 April 2015
KTG Agrar SE

SIEGFRIED HOFREITER
CEO

BENEDIKT FÖRTIG
MEMBER OF THE MANAGEMENT BOARD

ULF HAMMERICH
MEMBER OF THE MANAGEMENT BOARD

MICHAEL SCHIRRMACHER
MEMBER OF THE MANAGEMENT BOARD

BERT WIGGER
MEMBER OF THE MANAGEMENT BOARD

REPRODUCTION OF THE AUDITOR'S REPORT

of MDS MÖHRLE GmbH, Auditing Firm

»We have audited the consolidated financial statements, consisting of the balance sheet, income statement, notes, cash flow statement and equity statement, and the Group management report for the financial year from 1 January to 31 December 2014 prepared by KTG Agrar SE. In accordance with German commercial law, the preparation of the consolidated financial statements and Group management report is the responsibility of the Management Board of the company. It is our task to present an assessment of the consolidated financial statements and the Group management report on the basis of our audit. We have performed our audit of the consolidated financial statements as per section 317 of the HGB, taking into consideration the German principles of proper auditing as specified by the Institute of Public Auditors in Germany (IDW – Institut der Wirtschaftsprüfer in Deutschland e. V.). According to these principles, auditing must be planned and performed such that discrepancies and infringements that have an essential effect on the picture of the assets, liabilities, financial position and profit or loss conveyed by the consolidated financial statements in compliance with the principles of proper accounting and by the Group management report, are recognised with sufficient security. In the establishment of auditing procedures the knowledge of the business activity and of the economic and legal environment of the Group, and the expectations about possible errors are taken into consideration. Within the scope of auditing the efficiency of the internal control system relating to accounting and proof of the data in the consolidated financial statements and in the Group management report are mainly assessed on the basis of sampling. Auditing includes the assessment of the financial statements of companies included in the consolidated financial statements, of the limitation of the basis of consolidation, the applied accounting and consolidation policies, and the essential assessment of the legal representatives, as well as the evaluation of the overall presentation of the consolidated financial statements and of the Group management report. We are of the opinion that this audit provides a sufficiently secure basis for our evaluation.
In our assessment based on the insight gained during the audit, the consolidated financial statements comply with statutory requirements and, in compliance with the principles of proper accounting, provide a fair view of the assets, liabilities, financial position, and earnings situation of the Group. The Group management report is consistent with the consolidated financial statements and generally provides an accurate representation of the Group's situation and accurately depicts the opportunities and risks of the future development.
We submit the above report in compliance with the legal regulations and the principles of proper audit reporting.«

Hamburg, 30 April 2015

MDS MÖHRLE GmbH
Auditing Firm

MDS MÖHRLE GMBH WIRTSCHAFTS-PRÜFUNGS-GESELLSCHAFT

Horstkötter
AUDITOR

Grums
AUDITOR

FINANCIAL CALENDAR

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DATES

Participation in the Small Cap Spring Conference	May 2015
Publication of Annual Report 2014	May 2015
Shareholders' meeting 2015	24 June 2015
Publication of Interim Report 2015	September 2015
Munich Capital Market Conference	December 2015

FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements based on assumptions and estimates on future developments made by the management of KTG Agrar SE. Such statements are subject to risks and uncertainties which the KTG Agrar SE management for the most part cannot influence or accurately assess. Even if management is of the opinion that these assumptions and estimates are accurate, future actual developments and future actual results of KTG Agrar SE may differ significantly from these assumptions and estimates due to a variety of factors. These factors include changes to the overall economic climate and market environment, the statutory and regulatory conditions in Germany and the EU as well as changes in the industry and other unknown risks and uncertainties. KTG Agrar SE assumes no guarantee or liability that future developments and actual results achieved by KTG Agrar SE in the future will conform to the assumptions and estimations made in this annual report. KTG Agrar SE neither intends to nor assumes any separate obligation to update any statement concerning the future to reflect events or developments after the date of this report.

This annual report is also available in German. Both versions are available for downloading at *www.ktg-agrar.de*.

In the event of discrepancies, the German version of the annual report shall take precedence over the English translation.

ANNUAL REPORT 2014

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