2013 ANNUAL REPORT

KTG AGRAR SE

KTG Gruppe

GROUP FIGURES

of KTG Agrar SE (HGB)

in EUR million	31.12.2013	31.12.2012	Absolute change	Relative change in per cent
A. PROFIT SITUATION				
Sales	**164.9**	**110.2**	**54.7**	**49.6**
Organic farming	14.2	10.1	+ 4.1	+ 40.2
Conventional farming	34.3	34.9	– 0.6	– 1.7
Energy production/Biogas*	50.1	32.0	+ 18.1	+ 56.6
Complementary agricultural activities	7.8	12.6	– 4.8	– 38.1
Food	55.8	17.3	+ 38.5	+ 222.5
Animal production	2.7	3.3	– 0.6	– 18.2
Total output	**205.3**	**168.2**	**+ 37.1**	**+ 22.1**
EBITDA	**34.6**	**37.0**	**– 2.4**	**– 6.5**
EBIT	**23.9**	**29.5**	**– 5.6**	**– 18.9**
Result from ordinary activities	**5.8**	**17.1**	**– 11.3**	**– 66.1**
Result for the period	**– 0.7**	**8.4**	**– 9.1**	**–**
B. ASSETS SITUATION				
Total assets	**581.6**	**448.3**	**+ 133.3**	**+ 29.7**
Shareholders' equity	**88.5**	**85.8**	**+ 3.0**	**+ 3.1**
Equity ratio (in per cent)	**15.2**	**19.1**	**–**	**–**
Non-current assets	**257.3**	**197.3**	**+ 60.0**	**+ 30.4**
Current assets	**320.6**	**247.8**	**+ 72.8**	**+ 29.4**
Liabilities	**482.8**	**355.9**	**+ 126.9**	**+ 35.7**

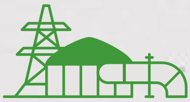
* Figures for 2013 only cover period from 1 January to 31 October due to change of KTG Energie AG's financial year.
The accounting methods applied may result in rounding differences of + / – one unit (EUR, per cent).

SALES BY SEGMENTS

as at 31 December 2013 compared to 31 December 2012

+6 %

FARMING



+57 %*

ENERGY

+223 %

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 | **ULF HAMMERICH** | **BERT WIGGER**
MEMBERS OF THE MANAGEMENT BOARD

OUR BUSINESS SEGMENTS

Healthy soil, healthy yield

Clean energy, clean growth

Grown, processed and marketed by KTG

DEAR SHAREHOLDERS,

Dear employees and dear friends of our company, "regionality" will shape our lives in the coming decades. Hardly ever before have consumers, researchers and industry associations been so unanimous with regard to a trend. While the development of 3D printing in the industrial sector is still in its infancy, agriculture and energy production are further advanced and KTG Agrar is right at the heart of it. We produce healthy food and clean energy for regional consumption in the centre of Europe. The cultivation of organic and conventional agricultural products and local production of energy from biomass represent two strong pillars of our business activity. They have given us the opportunity to build a unique value chain: food production from the field to the plate from a single source. We have therefore made massive investments since 2011 – in human resources, production sites, processes and brands. This phase was concluded successfully in 2013. Starting 2014, we will begin to full exploit the potential of our investments in farmland, biogas plants and food production, to boost our profits, to increase our equity ratio and to reduce our leverage.

From the field to the plate – three years from vision to reality

As an agricultural company with over 20 years' experience in organic and conventional farming and over 35,000 hectares under cultivation, we asked ourselves in 2011: Do we want to compete with agricultural corporations from Eastern Europe or America? Do we want to fully expose ourselves to volatile world market prices? Are we willing to pay any price for farmland? Our answer to all these questions was: No! Instead, we had a vision: to cultivate large areas of farmland in the heart of Europe in order to produce high-quality agricultural products for attractive niches in the food retail sector. After three years, we can say that courage, hard work and passion have helped us turn this vision into reality. 2013 saw sales revenues in the food segment soar by 223 % to EUR 55.8 million – and rising.

KTG Agrar invested at the right time and can today supply the full range of local products – from fresh potatoes to delicious ready-made meals, from muesli to GSM-free soy oil – all made from a single source and covered by a unique quality guarantee. For this purpose, we have made selective acquisitions such as Ölmühle Anklam and also injected new life into Frenzel Tiefkühlkost, a Ringleben-based company rich in tradition. In 2013, we again made significant investments in order to achieve a critical size for the production of food. Following our takeover of "Bio-Zentrale Naturprodukte", we now also put organic products on retailers' shelves. Moreover, our state-of-the-art fresh produce facility in Linthe was completed in autumn 2013, just in time for the 2014 season. Located just outside of Berlin, the new facility packages up to 400 tons of vegetables per day for delivery to central markets, processors – including our own subsidiaries – and food retailers in the region. Above and beyond the established brands of "Frenzel" and "Bio-Zentrale", we have developed an exciting new brand called "Die Landwirte" *(www.dielandwirte.de)*. It clearly stands for our aspiration to offer the best food from regional farmers for regional consumption. Launched in autumn 2013, the new brand has been met with great interest in the market. At the end of the first quarter of 2014, the first products were already available in several thousand branches of the leading German food retailers.

We are firmly convinced that "Die Landwirte" will become a real gem. After all, as many as 92 % of Germany's consumers prefer to buy regional food – this is the re-

“The strategic investments have been made, we will now reap the fruits.”

SIEGFRIED HOFREITER

CEO

“The KTG formula for success: Technology + expertise × passion = success.”

ULF HAMMERICH

MEMBER OF THE MANAGEMENT BOARD

markable result of the representative “Ökobarometer” study conducted on behalf of the Federal Agriculture Ministry, according to which “regionality” is an increasingly important criterion when buying food. Not surprisingly, therefore, farmers are trusted most (54 %) when it comes to the quality of food, according to a study conducted by the “Institut für Demoskopie Allensbach”. By comparison, food retailers score only 21 %.

Investing in real assets – building up hidden reserves

By investing in the Food segment, KTG Agrar has begun to build up hidden reserves such as they already exist in our farming and energy segments. At the end of 2013, the company cultivated 42,200 hectares in east Germany and Lithuania, of which 9,860 are owned by our company – not for speculative purposes but for sustainable cultivation. After all, farmland forms the very basis of our business. Nevertheless, our own farmland is a highly attractive savings deposit, as farmland is one of the world’s most profitable investment opportunities. It is a limited resource as it cannot be increased, and its value will continue to rise, driven by unstoppable population growth and the growing need for energy in the future. Our biogas subsidiary, KTG Energie, is equally valuable. Established in 2007, it has become one of the largest German producers of clean energy which can cover baseload and peak load requirements. Our two thirds interest in KTG Energie represents more than half of KTG Agrar’s market capitalisation. This means that our investments in farmland and biogas alone have allowed us to build up hidden reserves in excess of EUR 100 million.

Investment phase completed – earnings phase has started

In 2013, the focus was on the investments described above – especially in the food segment. This investment phase has been completed. We have tilled the land, now the plants are growing in order to be harvested in the coming years. The financial year 2013 already provided a first impression of the momentum expected in the coming years. As the investments were debt financed, the net result was still slightly negative, at EUR -0.7 million, while the distributable profit amounted to EUR 13.1 million. But sales revenues and earnings before interest and taxes (EBIT) are already showing the way. Group sales revenues increased by 49.6 % to EUR 164.9 million. EBIT amounted to EUR 23.9 million in 2013, compared to only EUR 13.4 million in 2012 (adjusted for extraordinary income of EUR 16.1 million resulting from the IPO of KTG Energie).

2014 will see us consolidate and focus on optimising the investments made. Our operations will continue to grow dynamically without major investments. Group sales

“Some wait for time to change, while others get down to business and act.”

BERT WIGGER
MEMBER OF THE MANAGEMENT BOARD

“From the field to the plate – three years from vision to reality.”

BENEDIKT FÖRTIG
MEMBER OF THE MANAGEMENT BOARD

revenues will pass the EUR 200 million mark and climb to at least EUR 230 million. The food segment will grow to EUR 100 million and achieve a critical size. In the energy segment, a further surge in revenue and earnings is very well plannable thanks to the biogas plants erected in 2013. We have therefore set ourselves a clear goal for 2014: begin to increase the equity ratio and reduce the debt capital as new investments decline and income grows.
To achieve this goal, 775 employees work with great passion for the KTG Group every day. We would like to take this opportunity to thank them for their great commitment. We are very pleased that the entire KTG team now has access to an in-house education centre at the Putlitz branch, which was opened in 2013. The renovated historical manor house aptly reflects KTG‘s commitment to structurally weak regions.
We are convinced of the sustainable success of our strategy and hope that this Annual Report will arouse your interest in the production of healthy food and clean energy as encapsulated in our motto “We farm for life”. Anybody wishing to accompany us on this journey is more than welcome.

Hamburg, April 2014
KTG Agrar SE

SIEGFRIED HOFREITER
CEO

BENEDIKT FÖRTIG **ULF HAMMERICH** **BERT WIGGER**
MEMBERS OF THE MANAGEMENT BOARD

01 The Company

"Our investments have laid the basis for stable growth and future-proof income."

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".

ECONOMIES OF SCALE

Benedikt Förtig has joined the Management Board lately as an additional member, having previously worked as assistant to CEO Siegfried Hofreiter for several years.

BENEDIKT FÖRTIG

MEMBER OF THE MANAGEMENT BOARD

Mr Förtig, by entering the food processing sector and building up own brands for distribution in the food retail sector, KTG has opened up a new business segment. Why did you take this approach?

B. Förtig: In the past years, we have taken a close look at the megatrends and the further development of our business model. Our biogas segment has proven that our integrated business model enables the sustainable and much more effective use of agricultural land. After harvesting crops such as wheat, rye or potatoes, we use the soil for the cultivation of intercrops. This enriches the soil with nitrogen and prevents it from becoming encrusted by rain drops. Our biogas plants effectively process the harvest of our intercrops into electricity, heat and natural gas. The entry into the food sector marks another step in the extension of our value chain. It allows us to process the crops produced and to increase the value added exponentially. Moreover, our "from the field to the plate" concept hits a nerve with consumers and food retailers, who want clean food and a producer they can trust in. This is underlined by the 2011 Panel Service of Germany's Gesellschaft für Konsumforschung. When asked whom they trust when buying food, only 21 % of the consumers mentioned food retailers. 54 % state that they spontaneously trust farmers – which is something we have already noted in selling products of our "Die Landwirte" brand, which was introduced at Anuga, the world's leading food fair, in October.

Could you put into more concrete terms what you mean by "exponential increase"?

B. Förtig: When we harvest wheat and sell it in the commodities market, we get a price of about EUR 200 per ton. If we process our wheat into muesli flakes and muesli mixtures, we generate over EUR 4,000 per ton. This represents an economy of scale of over 1,000 %. Moreover, food processing is very well suited for integration into our concept, as the production of food primarily requires electricity, gas and heat, which we generate in our energy segment. Waste arising during production such as potato peel does not have to be disposed off in a complex process but can be reused within the Group.

COMMODITIES

500 g = 0.10 €

Harvest
From 2008 to 2013, wheat sold for an average producer price of EUR 200 per ton.

What could the food segment achieve in 2013?

B. Förtig: We were able to achieve major successes in 2013 and set the course for the future. Products of our newly developed "Die Landwirte" brand were listed by major retailers already in 2013. Sales of "Frenzel" frozen food products increased notably on the previous year. According to a study by Gesellschaft für Konsum-

VALUE ADDED

END PRODUCT: 1 x PACKAGE

×23

+2,300 %

500 g = 2.30 €

Processing
The investment in food production and processing enables the KTG Group to achieve maximum economies of scale.

Sale
Only 500 g of grain are required to produce 350 g of flakes included in the high-quality products of our "Die Landwirte" brand.

forschung, brand awareness also picked up sharply in 2013. Germany's Lebensmittelzeitung voted "Frenzel" as the "Top Brand 2014" in the fruits and vegetables segment on account of the increased revenues and brand awareness in 2013. Bio-Zentrale developed and launched over 20 new top-selling products in 2013. The results impressively show that we are on the right track.

HIGHLIGHTS IN 2013

Q1

Q2

1st quarter

Takeover of Bio-Zentrale

We started the year 2013 with an important strategic step. By taking over Bio-Zentrale Naturprodukte GmbH, a leading distributor of organic food, we extended our value chain in the organic food segment. The combined expertise of KTG, an experienced producer of organic food, and Bio-Zentrale, a competent long-standing partner to the retail sector, will greatly expand the availability and sales of organic foods, especially of German origin. KTG has been the pioneer of large-scale organic farming and currently manages about 15,000 hectares. Going forward, the company will continue to fully rely on sustainable farming.

Successful placement of new shares

In early February, KTG Agrar AG successfully completed a 10 % capital increase in an accelerated bookbuilding process. The company's gross proceeds from the issue amounted to EUR 8.5 million. Based on the Management Board's resolution and the consent of the company's Supervisory Board, the share capital was increased by EUR 567,600 from EUR 5,676,000 to EUR 6,243,600 against cash contributions. The 567,600 new shares were issued to German and international institutional investors. The issue was lead managed by DZ BANK AG with support from ICF Kursmakler AG. The issue price was EUR 15.05 per share.

2nd quarter

KTG Energie taps additional revenue source

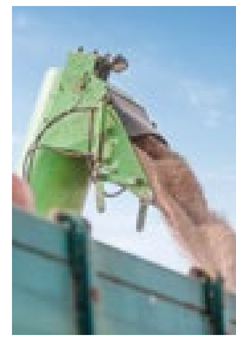
KTG Energie has entered the direct marketing segment. The energy from biogas plants with a capacity of 28.4 megawatts is sold directly via the electricity exchange. For this purpose, the company has signed a partnership agreement with Axpo Deutschland GmbH, a subsidiary of Swiss energy trading firm Axpo Holding AG. Axpo Deutschland sells the electricity generated in KTG Energie's biogas plants on the electricity exchange in accordance with the direct marketing scheme provided for under the German Renewable Energy Sources Act (EEG). This means that the clean electricity is no longer marketed exclusively under the EEG compensation scheme but additionally under the market bonus scheme. Under this scheme, the electricity generated by KTG is now also available for the balancing energy market.

TEMP Award 2013: Award for excellence in corporate governance

KTG Agrar won tempus. GmbH's "TEMP Award" for large corporations. The company won the prize for excellence in corporate governance. The award was handed over by Werner Tiki Küstenmacher, author of the best-selling book "simplify your life", to Bert Wigger, CIO of the KTG Agrar Group, at a ceremony in Neu-Ulm, which was attended by far more than 500 guests.

Q3

Q4



The award is a great honour and acknowledgement for KTG Agrar. We regard clear management structures as an important cornerstone of our growth strategy. "The jury has awarded the prize in recognition of the company-wide objectives system and the installation of an in-house academy," said Jürgen Kurz, Managing Director of tempus. GmbH. The TEMP Award is an initiative by "tempus.", a company which annually presents the award to companies which have taken a significant step forward with the help of structured systems. Besides the KTG Agrar Group, Kern-Haus AG was another winner in the SME category of this year's award.

3rd quarter

Annual General Meeting

At the ordinary Annual General Meeting on 23 August 2013, all items on the agenda were approved by over 99 % of the shareholders of KTG Agrar. The attending shareholders not only released the Management Board and the Supervisory Board from liability for the past fiscal year but also approved the 12 % dividend increase to EUR 0.20 per share. The KTG Management Board proposed further dividend increases for the coming years. The focus of the Annual General Meeting was on the extension of the value chain. To match this focal topic, KTG Agrar presented numerous products from muesli to potato fritters to its shareholders. The Annual General Meeting also approved the conversion into a European Company (Societas Europaea, SE) under the name of "KTG Agrar SE".

4th quarter

Investment in Russian agricultural group together with the Tönnies Group

Since the 2009/2010 agricultural season, KTG has provided farm management services in Russia. In view of the positive experience gained in the past years, KTG Agrar decided to acquire an investment in the Sojuz Group. Since 2006, the group has been active in the fertile Chernozem region some 60 kilometres south of Moscow. It has built up an integrated business model ranging from the cultivation of grain to the production of fodder to the breeding and marketing of pigs for the undersupplied Russian market. This expansion was made after thorough investigation. Over the past years, we have got to know the country and its people and are convinced of the opportunities offered. Russia is one of the world's key markets for agriculture and offers excellent long-term potential. KTG holds a minority stake of 17.2 % through TKS Union. Holding 65.0 %, Tönnies Russland Agrar GmbH is the majority shareholder of the Sojuz Group.

Q4

"Die Landwirte" brand premiered at Anuga fair
During the five-day event, some 6,600 exhibitors and over 150,000 visitors turned Cologne into the capital of the global food industry. One of the great trend themes of this year's event were German and regional specialities. KTG , caters to this trend with its new "Die Landwirte" brand concept : an alliance of 18 agricultural operations of KTG and own factories which jointly market mueslis, frozen food, vegetable oils and fresh produce to the retail sector under the slogan "from the field to the plate". The two other KTG brands also presented their products at their own exhibition booths. Frenzel, the frozen food brand, received one of Anuga's coveted innovation prizes in recognition of its new product innovations. The "Bio-Zentrale" brand exhibited the broad range of the company's organic products, which included numerous new products. The exhibition was an overwhelming success for all three brands. "Frenzel" alone booked additional orders worth in excess of EUR 10 million during the fair.

Fresh produce facility near Berlin: Potatoes for 250,000 people
After an 8-month construction time, production started at the new fresh produce facility in Linthe, Potsdam-Mittelmark in Brandenburg. Located just outside of Berlin, the new facility packages up to 20 tons of vegetables per hour for delivery to central markets, processors and food retailers in the region. Frenzel Tiefkühlkost, a subsidiary of KTG Agrar, processes the high-quality potatoes into potato fritters. Just in time for the end of the harvesting season, we can supply 250,000 people with high-quality regional vegetables. Thanks to our "from the field to the plate" strategy, we offer unparalleled quality assurance.
Situated in a logistically favourable location close to the A9 highway, the 12,000 square metre hall of the fresh produce centre in Linthe houses state-of-the-art sorting and packaging machines. Some 12,000 tons of potatoes can be stored in nine storage rooms. A single digit million euro amount was invested in the new facility.

KTG goes European and remains regional
KTG Agrar cultivates some 40,000 hectares of farmland - about half of it organically – in the heart of Europe and supplies food to 22 countries. Quite fittingly, the former joint stock company adopted the status of a European Company (Societas Europaea, SE) in November 2013, as decided by the Annual General Meeting on 23 August 2013. The proven two-tier administrative structure, with the Management Board serving as a managing body and the Supervisory Board as a supervising body,

Creditreform
Rating Agentur
BBB- (Investment Grade)
Geprüft 11/2013

has been retained. On the occasion of the conversion, the Supervisory Board has been reshuffled and is now composed of Henning von Reden, Chairman, as well as Prof. Dr. Julian Voss and Beatrice Ams. KTG Agrar SE will stay registered in Hamburg. As a European Company, KTG Agrar will continue its sustainable growth strategy and remain rooted in the individual regions. We are a farming business in the heart of Europe offering consumers high-quality regional food products from a single source.

Harvest festivals: Rooted in the regions for almost 20 years

Besides supporting local associations and educational facilities, the KTG Group again celebrated Harvest Festivals at five of its locations in 2013. KTG Agrar welcomed far more than 10,000 guests, among them many lessors, at its sites and introduced them to the company's local activities. Our farms are firmly rooted in East Germany and Lithuania, where they have become integral parts of their local communities.

KTG Agrar again awarded investment grade rating

KTG again received an investment grade rating from Creditreform Rating AG. In the annual update, the company was rated BBB-. The rating confirms KTG Agrar's highly satisfactory creditworthiness and represents an above-average assessment compared to the sector and the economy as a whole. Over the past years, we made massive investments in relevant assets, while retaining our strong creditworthiness. Investments in agriculture, food production and biogas plants need time, but we are now increasingly reaping the fruits of these investments. Today, KTG produces food for some 1.5 million people and green energy for about 350,000 people in the heart of Europe. Since the issue of the first corporate bond in 2010, KTG Agrar has invested over EUR 150 million in its assets and built up considerable hidden reserves. The total arable land increased from 30,000 hectares to more than 40,000 hectares, with the percentage of own farmland rising from 18.7 % to 23.7 % during the same time. In addition, the renewable energy production capacity was increased almost fourfold from 11 megawatts to over 43 megawatts, and KTG Agrar's subsidiary, KTG Energie AG, was taken public. In parallel to the investments in farmland and biogas, KTG Agrar extended its value chain by adding the food production segment.

REPORT FROM THE SUPERVISORY BOARD

of KTG Agrar SE

DEAR SHAREHOLDERS,

In the 2013 financial year, the Supervisory Board fulfilled all the controlling and advisory functions imposed on its members by law, the statutes and the rules of procedure. We continuously supervised the Management Board and assisted and advised it in managing the company. 2013 saw the KTG Group continue its profitable growth with determination. Important milestones were achieved in extending the value chain, as reflected in the takeover of Bio-Zentrale, the launch of the "Die Landwirte" brand and the construction of the fresh produce facility in Linthe. The company will benefit from these investments in the coming years.

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 2013 to 2018, 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. We therefore saw no need to exercise our investigation rights pursuant to section 111 (2) AktG. 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 2013 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 2013 financial year, all of which were attended by all members of the Supervisory Board. 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 the KTG Group. In addition, the following aspects were on the agenda and addressed and discussed with the Management Board:

The Supervisory Board paid special attention to the investments in farmland, the energy segment and the food segment. A close look was taken at the financing of these investments, including the medium and long-term financing 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: from the left: Henning von Reden (Chairman), Beatrice Ams and Prof. Dr. Julian Voss.

Change on the Supervisory Board and conversion of the joint stock company into an SE

At the Annual General Meeting on 23 August 2013, the shareholders resolved that KTG Agrar AG be converted into KTG Agrar SE. In this context, new Supervisory Board members were appointed. Besides Beatrice Ams, who also sat on the previous Supervisory Board, Henning von Reden – as new Chairman – and Prof. Dr. Julian Voss were appointed to the Supervisory Board. We would like to take this opportunity to thank Siegfried Koch and Dr. Klaus Kamlah for their achievements for the KTG Group. The proven two-tier administrative structure, with the Management Board serving as a managing body and the Supervisory Board as a supervising body, has been retained. KTG Agrar SE stays registered in Hamburg. As a European Company, KTG Agrar will continue its sustainable growth strategy and remain rooted in the individual regions, focusing on the cultivation and processing of food “from the field to the plate”.

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

At the Annual General Meeting on 23 August 2013, the shareholders again appointed MDS Möhrle GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, auditors of the separate and the consolidated financial statements for the 2013 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 the KTG Group, the consolidated financial statements and the Group management report 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 (see audit report in the consolidated financial statements for the year ended 31 December 2013).

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 5 May 2014. 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 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 2013 prepared by the Management Board. The financial statements of KTG Agrar SE have thus been approved.

Affiliated company report

The Management Board has prepared a report on the relationships with affiliated companies 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 Board of Management with regard to the actions referred to in the report.
We have also approved the report ourselves. The report lists all 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 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 2013, which is to pay a dividend of EUR 0.22 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 (around 13.8 % of the balance sheet profit) and the profits carried forward (around 86.2 % of the balance sheet profit) 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 and shareholders 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 further development of the company. These investments have laid the basis for dynamic revenue and earnings growth in the coming years.

Hamburg, Mai 2014

Henning v. [signature]

HENNING VON REDEN
CHAIRMAN OF THE SUPERVISORY BOARD

INVESTOR RELATIONS

KTG Agrar SE in the capital market

TABLE A

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 16.61
Annual low	EUR 13.50
Year-end price	EUR 14.83
Number of shares at the end of the year	6,243,600
Stock exchange capital at year-end	EUR 92,592,588
Dividend proposal per share	EUR 0.22

Investment grade rating for KTG in the capital market

KTG Agrar was the first German farming company to go public in 2007. Since 2010, the Group has also used corporate bonds to finance its growth – especially for the acquisition of farmland and the construction of biogas plants. KTG Energie, in which KTG Agrar continues to hold 62.1 %, was successfully taken public in 2012.

KTG again received an investment grade rating from Creditreform Rating AG. In the annual update, the company was rated BBB-. The rating confirms KTG Agrar's highly satisfactory creditworthiness and represents an above-average assessment compared to the sector and the economy as a whole.

The capital market environment in 2013 – a preference for blue chips

Investors clearly focused on blue chips in 2013. The leading indices such as the DAX and the Dow Jones showed a positive performance, with the Entry Standard and the ÖkoDAX performing less well.

While 2012 already was a very good stock market year, Germany's benchmark index again delivered a positive performance and closed the year 23 % higher. At the beginning of the year, the blue chip index moved between 7,600 and 7,900 points and passed its all-time high of the year 2007 in May, when it reached 8,462 points. Supported by the good economic outlook, continued low interest rates in the eurozone and growing employment, the DAX passed the 9,000 points mark in the second half of the year and closed at 9,552 points on 30 December.

Just like the German stock market, the European capital markets and the US market were influenced by central banks' accommodative interest rate policy. The Dow Jones gained 26 %, while the S&P Index closed 30 % higher. The European EuroStoxx 50 also picked up sharply in the course of the year.

While blue chips were in high demand, small cap indices such as the Entry Standard performed much worse. In view of the federal elections and the resulting uncertainty about the future energy policy, the ÖkoDAX for Germany's largest renewables shares was volatile during the reporting period and lost 5 % by the end of the year. The Entry Standard gained only a moderate 4 % in 2013.

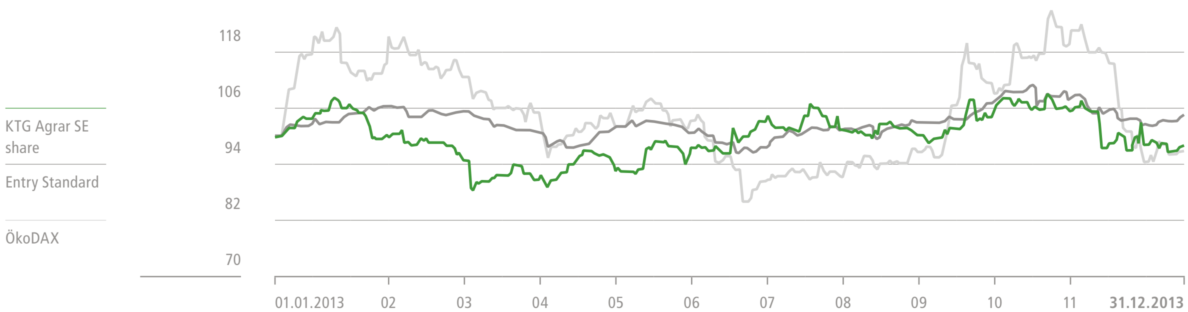
KTG share shows good performance until late November

2013 was a year of volatility for the KTG share, which opened the year at EUR 15.30 and climbed to over EUR 16.50 by the end of January. The share price declined moderately in the following months and hit a low of EUR 13.50 in April. The share picked up at the beginning of

CHART B

KTG AGRAR SE SHARE PRICE DEVELOPMENTS

in per cent



the second half-year and stayed mostly above EUR 15.00. It hit a high of EUR 16.61 in early November. As selling pressure increased before the end of the year, the share closed at EUR 14.83 on 30 December 2013. The unsatisfactory performance in 2013 is essentially attributable to three factors. As described above, small caps generally lacked from investor interest in the year under review. This also applied to commodities shares and, hence, to KTG Agrar, a producer of agricultural commodities. Moreover, the discussions about the future German Renewable Energy Sources Act (EEG) caused uncertainty. Over the past years, KTG Agrar has shown that attractive margins can be generated in phases of high and low harvests and high and low agricultural prices. As an established producer with a broad plant portfolio, KTG Energie will continue to benefit from a very profitable business model and attractive growth opportunities also under a under new EEG. TABLE D

2013 Annual General Meeting

At KTG Agrar's Annual General Meeting on 23 August 2013, all items on the agenda were approved by over 99 % of the shareholders. The attending shareholders not only released the Management Board and the Supervisory Board from liability for the past fiscal year but also approved the 12 % dividend increase to EUR 0.20 per share. The KTG Management Board proposed further dividend increases for the coming years. The focus of the Annual General Meeting was on the extension of the value chain. To match this focal topic, KTG Agrar presented numerous products from muesli to potato fritters to its shareholders. The Annual General Meeting also approved the conversion into a European Company (Societas Europaea, SE) under the name of KTG Agrar SE. The proven two-tier administrative structure, with the Management Board serving as a managing body and the Supervisory Board as a supervising body, will be retained by KTG Agrar SE.

Open and transparent investor relations

An open dialogue and transparent communication form the basis for a trusting relationship with shareholders, institutional investors and analysts. The Group strategy and the developments in the individual business segments were discussed with investors in numerous talks in order to allow the stakeholders to make a realistic assessment of KTG's future development. Our investor relations activities also included comprehensive information on the company's website and regular publications. We also went on a European roadshow to convince investors of the future potential of KTG Agrar. A roadshow was also held in conjunction with the bond issue. In the 2013 financial year, the KTG Agrar share was covered by four research houses.

CHART C

KTG AGRAR SE BOND PRICE DEVELOPMENTS

in per cent

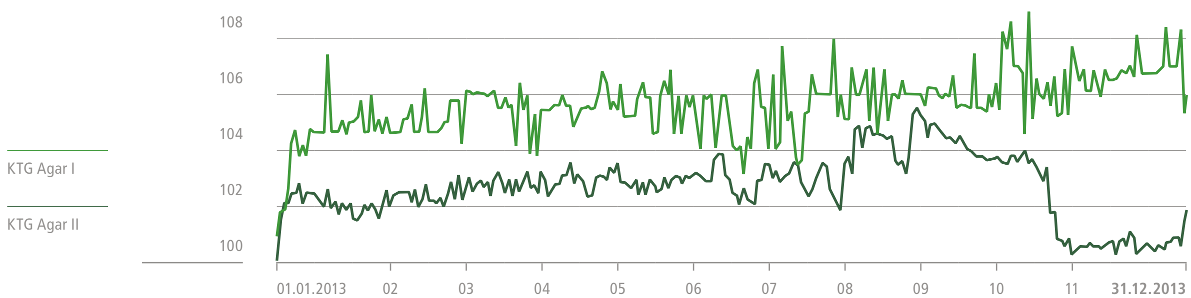


TABLE D

DATA ON THE BONDS

	KTG Agrar I	KTG Agrar II	KTG Energie I
ISIN	DE000A1ELQU9	DE000A1H3VN9	DE000A1ML257
Trading volumes (31 December 2013)	50 EUR million	200 EUR million	42.8 EUR million
Interest rate	6.75 %	7.125 %	7.25 %
Interest payment	15 September (annually)	6 June (annually)	28 September (annually)
Term	until 14 September 2015	until 5 June 2017	until 27 September 2018
Stock market segment	Bondm, Stuttgart Stock Exchange	Entry Standard, Deutsche Börse	Entry Standard, Deutsche Börse
Company rating (31 December 2013)	BBB- (Creditreform)	BBB- (Creditreform)	BBB- (Creditreform)

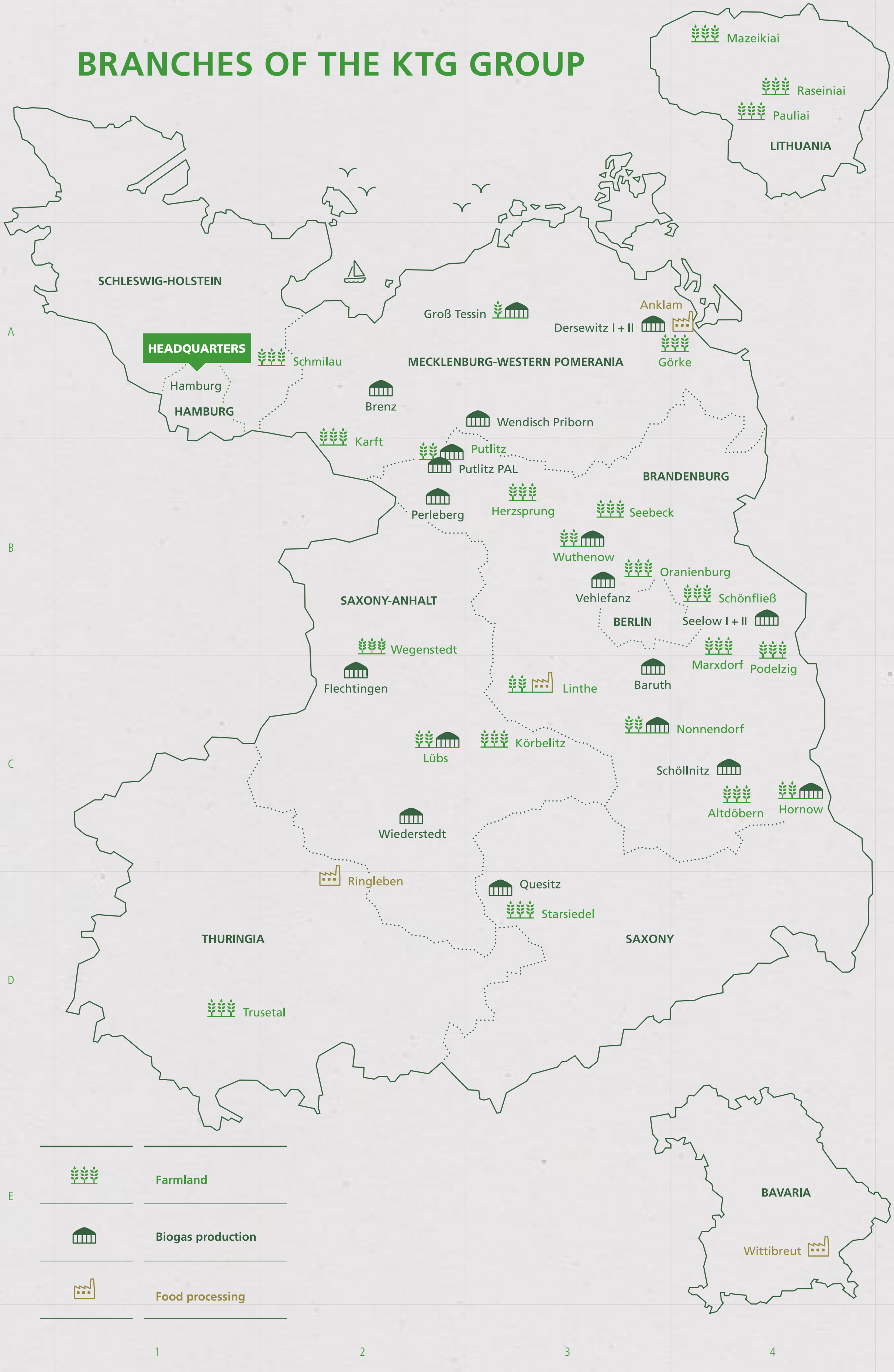
02 Branch Portraits

“Land which has been cultivated by KTG for several years generates continuously growing yields.”

ULF HAMMERICH
MEMBER OF THE MANAGING BOARD

5 of 23
efficient and valuable branches of the KTG Group:

BRANCHES OF THE KTG GROUP



ORANIENBURG

FACTS AND FIGURES

Location	Agricultural operations, workshop and administrative office
Cultivated area	3,931 ha
Produced crops	Rye, wheat, barley, lupines, maize, potatoes, soybeans, rapeseed, sugar beets, raspberries, cherries, blueberries, strawberries, asparagus
Employees	38 (in the agricultural operations)
Special features	› Own workshop and service team › Administrative office › Own regional sale of asparagus and berries

Branch Manager Detlev Kaack knows his land inside out.

Oranienburg

"The Oranienburg Branch cultivates some 3,981 hectares of farmland close to the German capital, Berlin. As the Branch and Regional Manager, I and my team of 38 farmers are responsible for cultivating this land as decentralised units. In our region, we focus on growing rapeseed, grains and potatoes, of which about 60 % is farmed organically."

DETLEV KAACK
BRANCH MANAGER

For me as the Branch Manager, the decentralised structure is a special challenge. On the other hand, I am lucky to benefit from the central services of the KTG Group provided at the administrative office in Oranienburg. We have short routes to decision-makers, operate our own workshop staffed with skilled workers and take advantage of the other benefits offered by the administrative office. In Oranienburg, investments were made not only in administrative buildings but also in agricultural buildings, such as a 600 square metre multi-purpose storage facility, which was erected in 2012/13. Electricity for the entire branch is supplied, among other things, by a roof-mounted solar system with a capacity of almost 200 kWp.

The Oranienburg Branch is instrumental in driving new investments, which is a challenge and motivation at the same time. New technology which is at the development stage is often used on the fields managed by me. This allows me and my team to test the new machines in practice and give feedback to the manufacturers and developers. Oranienburg and the attached workshop are the ideal location for the use of new machines and prototypes for the entire KTG Group. In 2013, Oranienburg was the first company location where turnip leaves were gathered. For this purpose, a special unit was attached to our harvester, which separately gathered the turnip leaves, which are normally chopped. The leaves were then supplied to the nearby biogas plant in Vehlefanz using our own means of transport. Due to the vicinity of the Oranienburg Branch to the biogas plant in Vehlefanz, we provide transport services for the LaTherm heat storage containers to KTG Energie AG. Heat is stored in the mobile containers and transported from Vehlefanz to Oranienburg using a special trailer. In Oranienburg, the special containers are integrated into the heat grid, where it supplies heat for our administrative offices and the attached workshop.

Farmer René Harms has been a member of the Oranienburg team for many years.

The Oranienburg Branch produces some 4,000 tones of conventional and organic rapeseed, among other things, which is directly delivered to our oil mill in Anklam, where it is processed into vegetable oil. The oil is then distributed to food retailers under our "Die Landwirte" brand.

It is good for us to see that the products we make are not only sold to wholesalers and large grain consumers and mills but are also processed directly within our Group. This allows me and colleagues to shop the product we make in the supermarket, even though it is not always available due to high demand.

THE KTG ACADEMY

FACTS AND FIGURES

Location	Further education centre of the KTG Group, Putlitz
Construction of the manor house	1898
Renovation and restoration	2012
Opening of the KTG Academy	2013
Number of seminar participants in 2013	490
Number of seminars offered	70
Employees (full-time)	3

The lovingly restored manor house is a popular and frequently used training facility for KTG Group employees.

The KTG Academy

Julia Krajewski has been with KTG since 2009 and is responsible for human resources development. Thanks to her great commitment, Mrs Krajewski was instrumental in taking further training and qualification in the KTG Group a great deal forward in 2013.

JULIA KRAJEWSKI
HUMAN RESOURCES DEVELOPMENT

2013 saw the opening of the KTG Academy in the historic manor house in Putlitz. It was built in 1898 as the dower residence of the Gans Edle zu Putlitz family. After the expropriation of the family in 1945, the estate became a new home for families. Having been vacant and left to decay for 23 years, it was lovingly restored with an eye for detail in 2012 and now serves as the training centre of the KTG Group.

The Academy

The KTG Group has attached great importance to the qualification of its employees not only since last year. The KTG Academy established in 2013 and the seminars offered to the employees of all Group divisions represent important milestones for professional training and further education. There is a broad range of training courses on offer, e.g. the KTG induction days for new employees, high-level executive trainings, training courses for tractorists or MS Office courses for administrative staff, which allow each of the roughly 775 employees of the KTG Group to engage in further training. After all, our employees are the most important resource of the KTG Group and a guarantee for success. Hiring first-class teachers for our seminars and workshops, we offer our employees excellent preconditions for learning at an exclusive location.

The KTG Academy forms the basis for the continuous, adequate and sustainable optimisation of staff qualification and staff retention, which ensures that we will have optimally trained and qualified skilled labour and secure the market leadership of the KTG Group in the long term.

The historic manor house – a regional gem

Putlitz is located more or less half way between Hamburg and Berlin, which makes it an ideal meeting point for KTG. The historic manor house is situated close to our largest agricultural and biogas locations in Putlitz. After the restoration, the manor house was opened to the public on 25 May 2013. On this Open Day the 400 or so guests were truly amazed as many of them knew the house in a state of decay.

Since that date, the manor house has been used also by external companies for seminars, events and conferences. Several company functions have already been held here this year. The guests very much appreciate the his-

Further training in a pleasant environment

Top coach Johannes M. Hüger trains the KTG staff in the objectives process.

torical yet modern ambiance of the house, the state-of-the-art technical equipment and the excellent service provided by Academy and Seminar Manager Gudrun Franke and her team.

In late 2013, the fireplace room of the manor house was officially approved as the wedding room of the Putlitz-Berge registry office, giving bridal pairs the opportunity to say "I do" in a truly special environment.

I am very glad that we have been able to improve and push ahead human resources development at KTG even further. On the one hand, this has been possible thanks to the great commitment shown by the teachers and lecturers and the support from the Management Board; on the other hand, it is made possible by every single employee who actively takes advantage of the qualification opportunities offered.

HERRENHAUS
PUTLITZ
BILDUNGSZENTRUM

NONNENDORF

FACTS AND FIGURES

Location	Agricultural operations
Cultivated area	1,826 ha
Produced crops	Rye, wheat, potatoes, carrots, parsnips, beetroots, celeries, onions, maize, soybeans
Employees	27
Special features	› Over 570 ha under irrigation › Location of the largest rotary sprinkler in Europe

We operate Europe's largest rotary sprinkler in Nonnendorf. This technology allows us to irrigate the soil and the plant in a particularly careful manner.

The potato harvest requires good soil, the best possible technology and experienced staff.

Nonnendorf

Dirk Warmuth is Manager of the KTG Group's Nonnendorf Branch, with special responsibility for vegetable cultivation.

DIRK WARMUTH
BRANCH MANAGER

The Nonnendorf location in Lower Fläming, south-west of Berlin, is characterised by sandy loam soil and large, contiguous areas of land. Moreover, the natural water resources are ideal for the cultivation of vegetables.

In 2013, we invested a seven-digit amount in irrigation equipment, which allows us to grow vegetable cultures under irrigation on a site of over 700 hectares.

My 12-strong team cultivate potatoes, onions, parsnips, beetroot and celery for the processing facilities of the KTG Group, such as the deep-freezing facility in Ringleben and the fresh produce centre in Linthe, but also for external customers. Most of the vegetables are grown organically.

Over the past years, we have invested in state-of-the-art irrigation equipment in the form of efficient, large-scale rotary sprinklers. They have the advantage of wetting the plants and the soil very carefully thanks to their fine nozzles, which means that the water is used sparingly and can ideally be absorbed by the plants. In the cultivation of vegetables, the use of irrigation technology makes particular sense, as the permanent water supply supports ideal development of the plants. We always keep a close eye on the current weather forecasts to supply the plants with just the right amount of water. But to a certain degree, I also trust my gut feeling, as the weather forecast is not always 100 % accurate. After so many years in farming, you get a good feel for the weather.

In the spring of this year, we used our soil-protecting machines to de-stone the soil. This helps ensure that the sensitive potatoes are not damaged during the harvest, which allows us to store our potatoes for a period of up to eight months in the Linthe storage facility without compromising their quality.

I am pleased to be able to push ahead things at Linthe together with my colleagues – especially against the background of the fact that I worked at KTG's Putlitz branch for seven years, where I was closely involved in vegetable production, and have found an excellent location in Nonnendorf offering very good preconditions for the production of sustainable food "from the field to the plate".

We are currently planning to build a new Branch Manager's residence on the site, which will make me feel even more at home here in Nonnendorf and allow me to reciprocate the friendliness with which I was received by my colleagues and the region.

Dirk Warmuth, Manager of the Nonnendorf Branch.

LINTHE

FACTS AND FIGURES

Location	Processing of fresh vegetables, storage and cultivation area
Storage area	10,000 m² of roofed and insulated hall area
Storage capacity	12,000 t in 6,450 Boxen
Processing capacity	Simultaneous manual sorting by up to four categories; output: 25 t/h
Packaging options	› Clipped bags from 0.5 kg to 1.5 kg › Carry-fresh bags from 1.0 kg to 3.5 kg › Sewn mesh bags from 2.5 kg to 25 kg › Potato/onion boxes › Big bags › Bulk truck loads of 27 t
Employees	20

The former Kampa building was converted and extended into a state-of-the-art fresh produce facility of over 18,000 square metres.

Linthe

Wolfram Rühe-Müller is responsible for the KTG fresh produce service at the Linthe Branch. Besides agricultural production, Linthe also houses a state-of-the art storage and fresh produce processing facility.

WOLFRAM RÜHE-MÜLLER

KTG FRISCHEDIENST

For the past five years, I have been responsible for marketing the cultures produced by the KTG Group, with a focus on organic grains, oil seeds and leguminosae. I have been involved in many things at KTG over the past years, e.g. grain deliveries to Saudi Arabia by ship, train transport of maize from Romania to Austria and Germany or shipments of organic grains from Lithuania to Great Britain and Scandinavia. So far, 90 % of my activity has focused on organic combinable crops.

In winter 2012, our CEO, Siegfried Hofreiter, approached me and asked me to develop a potato storage facility for the KTG Group. At the time, a building on the southern Berlin Ring had already been acquired for this purpose. It had been vacant for five years and had been stripped of all furnishings and fittings. All electrical cables and water pipes, lamps, etc. had been stolen by metal thieves over the years. Birches were growing out of the rain pipes. The administrative building was vacant and had been left to decay.

We quickly set up a team to fill the place with life again. Specialist firms were commissioned to develop a concept for the reconstruction, which started already in April 2013. The building shell was restored, and insulating dividing walls were installed. The individual storage sections were insulated using special foam for the ceilings. And last but not least, substantial investments were made in potato sorting and processing equipment. Today, the Linthe facility cannot only store 12,000 tons of potatoes in over 6,450 specially made wooden boxes but also processes these potatoes.

When the potatoes are delivered, they are already sorted roughly. After they has been stored and matured, they are sorted by size, brushed, washed, polished and dried, colour-sorted with the aid of a computer systems and then packaged in carry-fresh bags, mesh bags or in our proprietary innovative potato box. The latter is marketed through food retailers under the “Die Landwirte” brand. We can also process onions to the same quality standards.

At peak times, we handle up to 20 trucks with an individual carrying capacity of roughly 25 tons per day, which means we receive the products in a quality-preserving way, sort them manually, fill them into wooden boxes and store them in air-conditioned storage rooms.

Wolfram Rühe-Müller has opted for “potato-friendly” storage boxes.

Upon delivery, the potatoes are roughly freed from sand and other impurities.

Thanks to the good infrastructural location of the Linthe Branch, it houses not only a storage and processing facility. Meanwhile, most of the administrative functions of the "Die Landwirte" brand are also located here, which ensures that consumers can find our products in stores and that the best possible delivery rate is achieved in spite of strong demand from food retailers.

I am particularly pleased that the innovative potato box developed by our team was the most photographed item at the Anuga food fair and that we have received inquiries from all parts of the world.

Due to growing demand, we are now developing a special machine for fully automatic filling of the potato box in cooperation with a renowned manufacturer of packaging machines. This will result in considerable economies of scale compared to the present semi-automatic process and will allow us to respond even more quickly to food retailers' demand.

WITTIBREUT/ULBERING

FACTS AND FIGURES

Location	Food processing and storage
Storage area	6,400 m²
Production area	1,800 m²
Pallet spaces	9,600
Units shipped in 2013	3,472,388
Food production	Muesli/muesli bars, seed and grain mixtures
Employees	70

In Wittibreut/Ulbering, the KTG Group operates state-of-the-art storage and food production facilities, e.g. for the production of muesli bars.

Wittibreut/Ulbering

The Wittibreut Branch in Bavaria is a strategically important production and logistic location of the KTG Group. Karl-Georg Ferber joined the Group as head of the food segment in 2013.

KARL-GEORG FERBER
HEAD OF THE FOOD SEGMENT

The KTG Group supplies clean food to the partners of the food retail sector throughout Germany and even beyond. An important KTG branch is located in the Bavarian town of Wittibreut. This location was acquired in the context of the acquisition of Bio-Zentrale Naturprodukte GmbH and has since been expanded consistently, today employing 70 people. Mr Huber, Head of Logistics and Scheduling, has been worked here since 1989. In 2013, he and his team handled over 79,000 pallets on the 50,000+ square metre site. It comprises the "Old Bakehous", which was formerly used for baking bread and other goods. Since the restoration and conversion, it has served as a venue for functions and conferences. Once a year, for instance, it is the meeting point of Bio-Zentrale's Product Range Committee, which consists of sales representatives, employees from marketing, product development and logistics as well as the management. The Committee decides on Bio-Zentrale's broad product range and its future composition.

Production facilities in Wittibreut and Windhag

We also operate a state-of-the-art production facility for muesli and fruit bars in Wittibreut, which allows us to process our produce into delicious muesli and fruit bars. Our seeds and cereals are processed and packaged in Windhag, a small town near in Wittibreut. Besides a small industrial grain and spice mill, we also use a pressure chamber to process the grains. We have deliberately chosen this process to avoid chemical treatment, which is the normal procedure used in the industry. This allows us to produce high-quality artisan products offering good value. For 2014, we have created additional capacities to produce two new muesli and fruit bar concepts for our "Bio-Zentrale" and "Die Landwirte" brands. Thanks to the investments made in 2013, we are able to produce bars in all common cutting widths. Going forward, we will continue to invest in the strategic expansion of the Wittibreut and Windhag facilities. Among the planned investments are new packaging facilities and the integration into the KTG-wide inventory management system.

KTG uses state-of-the-art facilities to produce muesli bars in Wittibreut/Ulbering.

Firmly rooted in the region

We are one of the largest employers in the Wittibreut/Ulbering region. Many employees have worked here for 20 years or more. In my talks with employees, I often hear how happy they are to have joined the KTG family in early 2013. On the one hand, it means futureproof jobs, and on the other hand, it inspires them to actively put the motto "from the field to the plate" into action.

The organic food centre of the KTG Group.

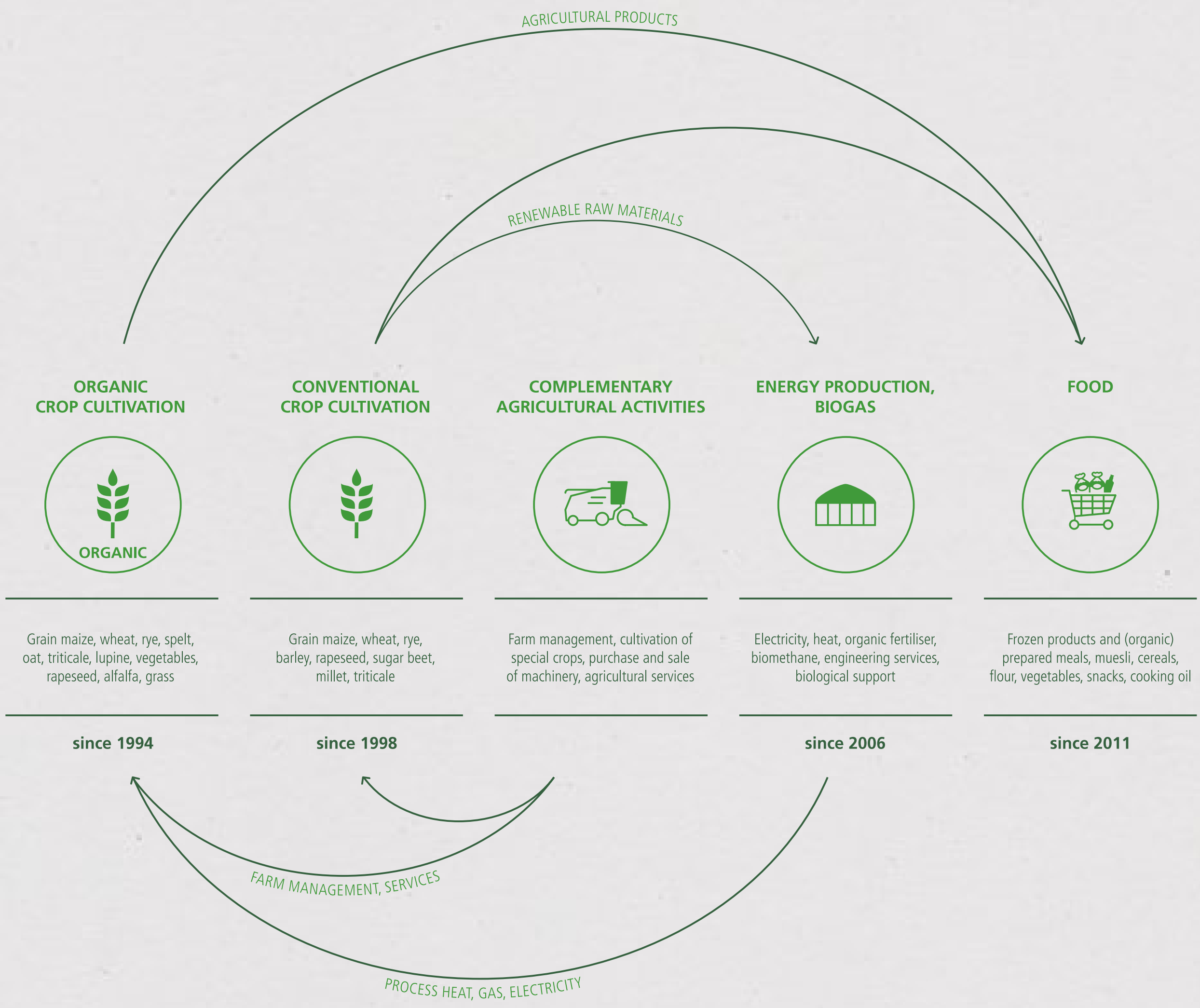
03 Group Management Report

“We made massive investments in farmland, biogas plants and food production to achieve economies of scale.”

BERT WIGGER

MEMBER OF THE MANAGEMENT BOARD

BUSINESS MODEL



KTG aims to continuously boost the share of processed potatoes as well as onions and carrots. Moreover, KTG will notably grow its value added through an increase in internally peeled and packaged products.

AT A GLANCE

SALES REVENUES
164,883
EUR thousand

FARMING
59,030 EUR thousand

ENERGY
50,075 EUR thousand

FOOD
55,778 EUR thousand

EBITDA
34,550 EUR thousand

EBIT
23,914 EUR thousand

RESULT FROM ORDINARY ACTIVITIES
5,765
EUR thousand

EQUITY CAPITAL
88,521
EUR thousand

EQUITY RATIO
15.2 per cent

TOTAL ASSETS
581,623 EUR thousand

GROUP MANAGEMENT REPORT

of KTG Agrar SE

1 Preliminary remarks

KTG Agrar SE is listed in the Entry Standard of the regulated market of the Frankfurt Stock Exchange (open market) under WKN A0DN1J. The company emerged from the conversion of KTG Agrar AG, Hamburg, by ways of a change of legal status pursuant to the conversion plan dated 5 July 2013 and the resolution passed by the Annual General Meeting on 23 August 2013.

2 General corporate information

2.1 Business model of the Group

Business activity and production basis

The KTG Group, whose parent company is KTG Agrar SE, Hamburg (hereinafter also referred to as KTG), cultivates over 42,000 hectares of farmland for organic and conventional farming of food crops in East Germany, Lithuania and Romania, making it one of the leading agricultural operations in Europe.
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. In this context, it is not essential to own farmland but to have long-term access to farmland at an adequate price. The company-owned farmland nevertheless represents about 24 % of the total farmland cultivated by the KTG Group.
The value of farmland, which is a scarce global resource, has increased significantly over the past years in East Germany and Lithuania (and worldwide). Prices per hectare in East Germany and Lithuania are still clearly below the Western European average. For KTG, the increase in land prices represents an anticipated revenue potential far in excess of EUR 100 million.
Going forward, the land under cultivation will grow at a slower pace, with the focus tending to shift 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.
With a view to stabilising the financial situation, we aim to optimise the processes and costs in our five business segments in the context of our financing strategy in the next two years.

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. On the one hand, this allows us to leverage synergies; on the other hand, it reduces our exposure to volatile agricultural commodity prices.

INTEGRATED BUSINESS MODEL

Farmland forms the very basis of our business

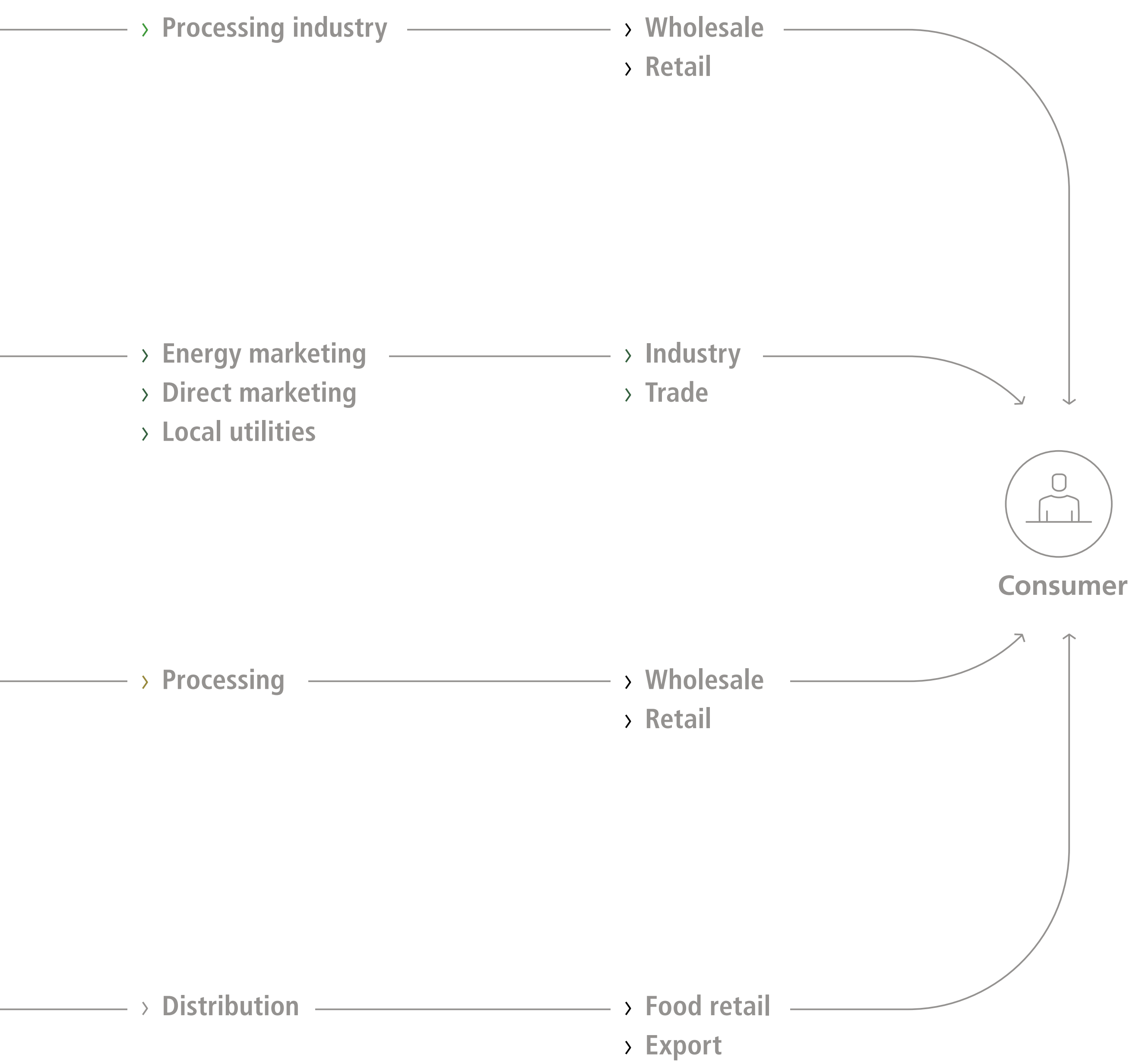
Key resource: farmland as a production factor

Commodities, food crops › Agricultural trade (world market)

Substrate input › Energy production

Fodder › Mixed fodder plant › Milk, egg and meat production

Food › Storage/logistics › Manufacturing of food products


› Processing industry
› Wholesale
› Retail
› Energy marketing
› Direct marketing
› Local utilities
› Industry
› Trade
Consumer
› Processing
› Wholesale
› Retail
› Distribution
› Food retail
› Export

Our business segments:

› Organic farming of food crops

KTG produces organic grain such as wheat, rye, grain maize and spelt on over 17,500 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.

› 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.

› Energy production/Biogas

KTG has been operating its own biogas plants for the production of renewable energy since 2006. Biogas is part of the energy concept of the future. It covers baseload and peak load requirements, can be stored and is carbon-neutral.
With a total output of 40 megawatts (2012: 35 megawatts) we are currently able to supply almost 350,000 people with energy. This is equivalent to the population of the city of Bonn. 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. Thanks to our integrated business model our biogas production operations are highly efficient. The farms of the KTG Group supply us with the raw materials. On top of this, the fermentation residue can be sold as natural fertiliser and reapplied to the fields it was grown on. This guarantees stable cash flows and good margins.
By creating a natural crop rotation, we exclude monoculture. 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.

› 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 comprises Frenzel Tiefkühlkost and the oil mill in Anklam. Frenzel Tiefkühlkost is a leading, forward-looking company in the frozen food sector. Products distributed under the “Frenzel” brand include, among other things, potato specialities and convenience food. NOA Naturoel Anklam AG produces cooking oils according to the highest standards of quality. Around 100,000 tons of oilseeds are processed every year at the port of Anklam. In addition, we target our agricultural products at consumers via brands such as “Bio-Zentrale” and “Die Landwirte”. It will take time to achieve a perfect and economically efficient integration between the food segment and the agricultural activities. We have already made great progress towards this goal.

› Complementary agricultural activities

The complementary agricultural activities business 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). 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.

› Logistic services for fresh produce

KTG intends to extend the value chain in the food segment by adding logistic services especially for fresh produce, with a special focus on potatoes, onions and carrots, i.e. root vegetables. These operations are located in Linthe, next to the A9 motorway in Brandenburg, only about 40 kilometres from the German capital. Some 10 million consumers live within a radius of 150 kilometres from Linthe. The storage capacity for fresh produce currently amounts to approx. 12,000 tons (18,500 tons including other KTG Group locations).

2.2 Objectives and strategies

Global megatrends

Demand for agricultural commodities is driven by megatrends: the growing global population, demographic changes, changing consumer habits and energy production from renewable raw materials. Consequently, demand for agricultural commodities and food is rising constantly. Demand for grains has risen by 85 % since 1980 and is rising by 1.5 % every year. At the same time, the steadily increasing demand for grain and meat is faced with restrictions: natural resources are limited, which means that there is less and less farmland available per head. On the one hand, increasing worldwide urbanisation is occurring at the expense of agricultural land, and on the other hand, this results in increased demand for industrially produced food. Climate change has led to a change in temperatures and rainfall patterns, especially in southern Europe. Within this context, modern and sustainable agriculture is a key element for global security of supply and also constitutes an industry of the future. KTG is making continual and targeted investments in climatically favourable areas in central and northern Europe.

Objectives and Group strategy

The business activities of KTG are divided into five areas, which are closely interlinked within an integrated concept. It is in this way that we increase synergies and improve efficiency. The result: substantial added value for the Group.

It is our vision to be the champion of innovative agriculture and being a leading agricultural company in western Europe through:

- modern and sustainable agriculture,
- modern and sustainable production of energy and
- 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 for their growth and earnings potential.

The KTG Group already produces food for over 1,200,000 people and energy for around 350,000 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 corporate strategy:

- to expand and optimise the position of the integrated provider of agricultural products and renewable energies,
- to invest in business models that are immune to cyclical ups and downs and which are predictable,
- to 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.

To implement these strategies, we have begun to selectively and successively develop new markets in Europe for our agricultural activities over the past years: 2007 in Lithuania, 2009 in Romania and Russia. In doing so, we continue to aim for sustainable growth as part of our responsible corporate activity.

In Romania and Russia, we have gained experience by managing farms for agricultural companies since 2009. These farm management activities have allowed us to

get to know the local conditions without having to make investments. After a good five years, we have now decided to make direct investments in Russia, believing that the agricultural sector in the world's largest territorial state has exceptional potential. In spite of the vast arable land, many products such as meat or butter need to be imported in large quantities.
In the context of a strategic partnership we have invested in an integrated business model in Russia, in which we hold a loan-financed share of approx. 17.2 %: agricultural production of grains and other crops to high-quality mixed fodder, the breeding and fattening of pigs and distribution to retail chains, wholesalers and end consumers in Russia.
For the Russian government, the agricultural industry is one of the key sectors to be subsidised. In July 2012, a new government regulation programme for the markets for agricultural products, commodities and food was adopted for the years from 2013 to 2020. The programme aims to ensure Russia's self-sufficiency in terms of food supply and the country's independence from imports. The local management teams and executives are highly qualified and have comprehensive experience. Planning to combine state-of-the-art technologies with the knowledge and operational expertise of the strategic partners, we envisage good growth potential for local agricultural producers in Russia.
With this investment, we want to help modernise the agricultural sector and increase Russia's self-sufficiency. The core business activity comprises the production of agricultural products and pork within an integrated business model at locations in the Belgorod and Voronezh oblasts south of Moscow in the Chernozem region, which has the most fertile soils in the world. The joint venture has already invested almost EUR 300 million and built new state-of-the-art facilities in order to meet the highest standards and produce high-quality meat. To remain independent of fluctuating fodder prices and availabilities and to guarantee the best fodder quality, the grain produced is directly processed into fodder on the site. KTG Agrar will contribute its 20-year expertise in large-scale farming to these activities. At present, a total of 45,000 hectares of farmland are cultivated, of which about one third is owned by the company; the pig fattening facilities boast an annual output of 650,000 pigs. Up to ten additional pig breeding and fattening facilities are to be erected in the medium term, while the land under cultivation is to be expanded to 60,000 hectares. For the political risk, please refer to the information provided in *paragraph 3.6*.

3 Economic report

3.1 The economic environment

The macroeconomy

According to the International Monetary Fund, growth in the world economy continued to slow down in 2013. Global growth declined from 3.2 % in 2012 to 3.0 % in 2013. The main reasons again were the concern about the stability of the banking sector, the sovereign debt crisis and the uncertain economic outlook, which continued to put a damper on private investments and consumption. According to the IMF, year-on-year growth in the emerging countries (-0.3 %) slowed down more strongly than in the industrialised countries (-0.1 %).
Growth in the US economy declined by -0.9 % from 2.8 % in 2012 to 1.9 % in 2013. In the eurozone, negative growth slowed down moderately to -0.5 % (2012: -0.7 %). The European debt crisis was still not over in 2013. For 2014, the IMF projects a turnaround both for Europe and in general, with global growth expected to increase to 3.6 % and growth in Europe to 1.2 %.

Sector environment

› Agricultural commodities

2013 was a good year for Germany's agricultural sector. According to the "Besondere Ernte- und Qualitätsermittlung" (BEE - special harvest and quality determination), the grain harvest – including maize – will reach a total of about 47.1 million tons, up 2.4 million tons on the prior year result. The long-term average (2007 to 2012:

45.3 million tons) will thus be exceeded by 4 %. Cereals for the production of grain were cultivated on about 6.5 million hectares, which is about the same size as in the previous year.

The average grain yield per hectare was 72.2 decitons, up 3.6 % on the previous year. The long-term average (67.8 decitons per hectare) was exceeded by 6.4 %.

Trends in international markets play an important role when it comes to pricing. The global harvest was relatively high in 2013, but consumption continued to increase at the same time. The supply situation eased, especially for maize, which is the most important coarse grain type in the world. Since late autumn 2012, prices have tended to decline and have meanwhile dropped below the level seen prior to last year's increase. At the end of 2013, high global consumption led to a moderate pick-up in prices.

The organic food sector continued to grow in 2013. According to computations by Agrarmarkt Informations-Gesellschaft (AMI), sales of organic food increased by 7.2 % to EUR 7.55 billion in 2013 (2012: EUR 7.04 billion), thus continuing the long-term growth trend.

The AMI analyses show that potatoes, fruits and vegetables as well as meat products and drinking milk achieved the highest growth in the organic fresh produce segment. Where potatoes, fruits and vegetables are concerned, the AMI states that strong price increases resulting from the unfavourable weather and the resulting scarce supply led to the increase in sales. The food retail sector's share in the distribution channels for organic food remained unchanged at 60.0 % in 2013 and increased from EUR 4.2 billion to EUR 4.5 billion in absolute terms. This represents a growth rate of 6.4 %, which is slightly below average.

According to estimates by the Bund Ökologische Lebensmittelwirtschaft (BÖLW - association of organic food producers), the land under organic cultivation increased by 10,598 hectares to 1,044,953 hectares in 2013 (2012: 1,034,355 hectares). This represents an increase of 1 % on the previous year.

› Biogas

In our opinion, the market opportunities for biogas in Germany remain good in spite of the regulatory cuts imposed by the 2014 German Renewable Energy Sources Act (EEG). The federal government sticks to its expansion targets for the renewable energy; by 2025, 40 % of the electricity requirements are to be covered by renewable energy. To achieve this target, more balancing energy than before will be needed to compensate for more volatile energy sources (wind, sun). Being a renewable energy source which is able to cover baseload requirements, biogas is very well suited for this. According to the German Biogas Association, 200 biogas plants in Germany market their electricity directly and take advantage of the incentives provided by the EEG for direct marketing and flexible electricity feed-in. The KTG Energie Group already markets 30 megawatts directly and intends to exploit the potential of direct marketing even more than to date.

The discussions about a renewed amendment of the Renewable Energy Sources Act (EEG) prompted investors to exercise restraint in building new biogas plants already after the 2012 EEG amendment. The resulting uncertainty was additionally fuelled by proposals to grant compensation only to those new biogas plants which exclusively ferment organic waste.

The draft bill for the 2014 EEG was submitted on 8 April 2014. For the existing biogas plants of the KTG Energie Group, the 2014 EEG guarantees the present compensation granted under the 2004/06 EEG and the 2009 and 2012 EEG for a remaining period of 20 years. Plants taken into operation after 1 August 2014 will be subject to the regulations of the new 2014 EEG. For reasons of legitimate expectation, the draft bill provides for an exception for plants requiring approval. According to the draft bill, electricity generated by plants taken into operation after 31 July 2014 and before 1 January 2015, will receive compensation pursuant to the 2012 EEG "if the plants require approval under the Federal Immission Protection Act ("Bundes-Immissionsschutzgesetz") or require an operating license under another federal law regulation and were approved or licensed before 23 January 2014." All plants of the KTG Energie Group will be taken into operation before 31 July 2014. Moreover, these plants were approved before 22 January 2014. All new CHP plants have technically already been taken into operation, which means that their compensation is guaranteed as well. The KTG Energie Group plans to continue making investments going forward, which will then receive compensation according to the 2014 EEG.

› Fermentation of organic waste

From the very beginning, KTG opted for the use of a high percentage of intercrops and waste and for sustainable heat utilisation. The new EEG draft bill supports this approach and increases the flexibility for the operation of biogas plants. The new compensation structure under the 2014 EEG will give us the possibility to use agricultural waste of the KTG Group, which has been explicitly prohibited so far. Under the 2014 EEG, plants running on waste will benefit from the EEG higher compensation for the first time, i.e. plants "in which biogas is used which has been generated through anaerobic fermentation of biomass with a certain share of separately collected organic waste in the meaning of the Biomass Ordinance. This will open up opportunities for several of the Group's locations. In future, biowaste fermentation plants will benefit from a guaranteed compensation of 15.26 euro cents per kWh up to a rated capacity of 500 kilowatts for a period of 20 years. While the compensation received by a biowaste fermentation plant under the 2014 EEG will be about 20 % to 25 % lower than the compensation received by a renewable resources plant under the old EEGs, the possibility to use waste will allow future biowaste fermentation plants to cut their costs by up to 40 % through the generation of electricity from waste which currently needs to be disposed of at a cost. At the bottom line, this results in imputed earnings potential of 15 % (40 % cost savings ./. 25 % revenue reduction). At present, three locations of the KTG Energie Group with a total capacity of approx. 10 % megawatts would be suitable for the fermentation of organic waste according to the 2014 EEG; this would require certain expansion measures beforehand. We consider this to be an attractive model for the future, which could have a clearly positive impact on the bottom line and which will therefore be analysed.

› Direct marketing

The 2014 EEG continues the approach taken by the 2012 EEG and will also provide incentives for the direct marketing of electricity. Plant operators will remain entitled to the market premium.

› No disadvantage due to abolition of the gas upgrading bonus

Going forward, biomethane plants will no longer receive a gas upgrading bonus. Annex 1 to the 2012 EEG has been deleted without replacement in the draft bill of the 2012 EEG. This will have no effect on our plants.

› No abolition of the clean air bonus

The fact that the clean air bonus will be retained is good news for our electricity-generating CHP plants. In our view, this shows that legislators have understood that an amendment or abolition of the bonus would have constituted a violation of the ex post facto prohibition and would, in our opinion, therefore have been unconstitutional.
According to a forecast by the German Biogas Association of November 2013, some 7,720 biogas plants were on line in 2013 (2012: 7,515), approx. 205 plants more than in 2012. This is equivalent to an estimated installed electrical output of 3,547 megawatts (2012: 3,352 megawatts). Some 6.8 million households were supplied with carbon-friendly energy from biogas in 2013, compared to roughly 6.5 million in 2012.

› Frozen food

According to a study by the German Institute for Frozen Foods (Tiefkühlinstitut e. V. – dti), the frozen food market showed a positive trend. Average per-capital consumption in Germany increased moderately by 600 grams from 41.0 kilograms in 2012 to 41.6 kilograms in 2013. Consumption per household picked up as well,

rising from 83.6 kilograms in 2012 to 84.5 kilograms in 2013. Sales revenues of the frozen food industry climbed 3.3 % from EUR 12.4 billion in 2012 to EUR 12.4 billion. By comparison, revenues in the German food industry as a whole increased by only 2.1 %.
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 2013.

3.2 Overall statement on the business trend

Compared to the previous year, sales revenues of the KTG Group increased by 49.6 % to EUR 164.9 million in 2013, which was almost in line with our expectations. The Group's gross result therefore rose by approx. 7.1 %. At EUR 23.9 million, earnings before interest and taxes (EBIT) were down by 18.8 % on the previous year's EUR 29.5 million. The EBIT margin (EBIT in relation to total output) of 11.6 % was slightly below the profitability target of 13.2 % set for the past fiscal year. The fact that EBIT fell short of our expectations is due, among other things, to the intensification of the strategic objectives in the business segment and is mainly attributable to preproduction costs in the food segment, most of which are one-time costs. Moreover, the land under cultivation was expanded by 3,800 hectares (including 800 hectares own land) and the biogas capacity increased to 40 megawatts in the past fiscal year.

3.3 Business trend

Farmland and agriculture

Farmland is a significant success factor for an agricultural company. We grow a great variety of over 20 crops and cultures on our farmland. Natural crop rotation is an important element of our strategy. KTG Agrar continued to expand its farmland also in 2013. At the end of the year, the company cultivated some 42,600 hectares, approx. 9.8 % more than in the previous year (2012: 38,800).
Most of our farmland, i.e. roughly 34,300 hectares, is located in Germany. In Lithuania, we cultivate about 8,300 hectares of land. This adds up to a total of 42,600 hectares, of which approx. 10,300 hectares (2012: 9,500 hectares) or 24 % (2012: 24 %) are owned by the company. The remaining land is leased under long-term contracts.

Energy

Going forward, the KTG Energie Group will publish its financial statements two months earlier than before. Due to the conversion of KTG Agrar AG into a European Company (SE), the company must hold its Annual General Meeting by 30 June of each year. To match the timing of the financial statements of both groups, the financial year of KTG Energie AG has been changed and a stub financial year was introduced for the period from 1 January 2013 to 31 October 2013.
In the first year following the 2012 IPO, the KTG Energie Group reported a successful performance for the 2013 stub financial year, especially with regard to Group sales revenues and earnings.
In the 2013 stub financial year, the biogas upgrading plants in Dersewitz and Seelow were expanded and a new biogas plant was acquired and expanded in Quesitz. In addition, further biogas sites were acquired and completed in 2013. Thanks to the successful plant start-ups and acquisitions, we were able to further expand our production capacity. As of 31 October 2013, the KTG Energie Group had plants with a total capacity of 40 megawatts on line (2012: 35 megawatts). The 17 % increase in the production capacity had a positive impact on Group sales revenues of EUR 50.9 million (2012: EUR 31.6 million) and Group earnings before interest and taxes of EUR 8 million (2012: EUR 6 million). Further plants are under construction or at the planning stage.

Food

FZ Foods AG is a subsidiary of KTG Agrar SE and considered a leading supplier of frozen vegetables in Germany. Around 158 employees worked at the production site of the company in Ringleben in Thuringia on an annual average (2012: approx. 130). The core competencies of FZ Foods AG are potato specialities, precooked 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.
2013 saw FZ Foods AG make massive investments in plants and technical equipment. Among other things, a new buffer facility with increased production capacity was commissioned, which allowed the company to win new customers in the food retail sector. Moreover, a new inventory management system for Group-wide use was taken into operation.
In the context of the adoption of the new inventory management system, the internal processes and workflows were analysed and optimised.
According to a study conducted by the IMK Institut für angewandte Marketing- und Kommunikationsforschung GmbH (West-Ost Brand Study 2013), awareness of the Frenzel brand in Germany increased by approx. 20 % compared to the previous year.

3.4 Earnings situation

Sales revenues, other operating income and total output

Sales revenues were up by EUR 54.7 million or approx. 49.6 % to EUR 164.9 million on the previous year's EUR 110.2 million. This means that sales growth remained slightly below our projections for the financial year 2013.
Group sales revenues in the energy segment increased by 45 % on the prior year period to EUR 51 million (1 January to 31 October 2012: EUR 23 million). Growth was primarily driven by biogas directly fed into the grid (EUR 15 million, +224 %) and electricity sales (EUR 27 million, +45 %). This is primarily attributable to the successful start-up, expansion and acquisition of biogas plants.
The farming segment as a whole continued to grow. While sales revenues in the conventional farming segment stagnated at EUR 34.3 million (2012: EUR 34.9 million), sales in the organic farming segment increased by 40.6 % from EUR 10.2 million to EUR 14.2 million.
Sales revenues in the food segment soared from EUR 17.3 million by EUR 38.5 million or 222.5 % to EUR 55.8 million in the financial year. The increase is attributable to the business activities of Frenzel Tiefkühlkost and the oil mill in Anklam and was in line with our projections for 2013.
The animal production segment, which is not one of our core business segments and primarily includes the sale of milk and cattle, contributed EUR 2.7 million (2012: EUR 3,3 million) to Group sales. Revenues from complementary agricultural activities came in below the prior year level (2012: EUR 12.6 million) at EUR 7.8 million.
Other operating income was down by EUR 5.9 million on the previous year to EUR 37.8 million and mainly comprised EU direct payments, costs charged in the context of farm management, income from asset disposals, commissions as well as rental and lease income as well as other income.
Total output climbed from EUR 168.2 million by 22.1 % to EUR 205.3 million in the 2013 financial year, thus showing similarly dynamic growth as sales revenues.

Costs and expenses

At 57.6 %, the cost of materials as a percentage of sales and inventory changes was slightly above the prior year level of 53.8 %. The increase is primarily attributable to the food segment and mainly results from the strategic change in the customer structure.
Personnel expenses climbed from EUR 17.7 million to EUR 22.2 million. The Group expects these personnel investments to make a positive earnings contribution going forward.
Personnel expenses as a percentage of sales and inventory changes declined from 14.8 % to 13.6 %. The increase in absolute personnel expenses is attributable to regular pay rises and to the recruitment of additional staff in the food and energy segments as well as to the internationalisation strategy.
Ongoing depreciation of the KTG Group climbed from EUR 7.5 million to EUR 10.6 million in the financial year. This is mainly due to the start-up of the new biogas plants.
At EUR 54.5 million, other operating expenses were up by EUR 5.3 million on the previous year in 2013. The

main items which contributed to this increase were rents, leases and the cost of premises, administrative, legal and consulting expenses as well as marketing expenses in the food segment.

Earnings

KTG was unable to increase its operating profit in the financial year 2013 for growth reasons. Earnings before interest, taxes, depreciation, amortisation and extraordinary results (EBITDA) declined by 6.5 % from EUR 37.0 million in 2012 to EUR 34.6 million.

Earnings before interest and taxes (EBIT) dropped from EUR 29.5 million to EUR 23.9 million. This is equivalent to an EBIT margin (EBIT as a percentage of total output) of 11.6 % (2012 17.5 %). The average headcount climbed from 591 in 2012 to 775 in 2013. This means that the decline is essentially attributable to necessary human resources investments, part of which were brought forward, as well as to the increase in other operating expenses.

The financial result deteriorated from EUR -12.3 million (2012) to EUR -18.1 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 declined from EUR 17.1 million to EUR 5.8 million in 2013.

The extraordinary result of approx. EUR -2.5 million (2012: EUR -7.7 million) is attributable to placement costs for the "Biowertpapier II" bond issued by KTG Agrar SE. 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 -0.7 million, the total Group result is down by EUR 9.1 million on the previous year. It includes approx. EUR 3.0 million in income which is not offset by corresponding expenses due to the different consolidation date of the KTG Energie Group. Of this amount, EUR 2.3 million will be offset over a period of 5 to 6 years. The November/December 2013 result of KTG Energie AG (EUR 323 thousand) is not part of the consolidation, either. The distributable profit declined from EUR 15.6 million to EUR 12.8 million.

3.5 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

Our short to medium-term financial management objectives are to reduce our financial liabilities and, hence, to successively cut interest expenses. 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 in asset items over the past years and to use them in conjunction with refinancing measures. We also expect a shift of previous investments in fixed assets to 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 under *Liquidity position*.

Financing analysis

Total assets were up by EUR 133.3 million on the previous year. As of the balance sheet date, KTG's equity capital amounted to EUR 88.5 million (2012: EUR 85.8 million), while the equity ratio stood at 15.2 % (2012: 19.1 %). KTG Agrar SE decided and implemented a capital increase against cash contributions from the authorised capital 1/2009 and 1/2012 on 5/6 February 2013 in order to reinforce the equity ratio. 567,600 new shares were issued in total. The issue price for all new shares is EUR 8.5 million.

The Group's liabilities totalled EUR 482.8 million as of the balance sheet date on 31 December 2013 (2012: EUR 355.9 million). Non-current liabilities from the bond issue rose by a total of EUR 52.0 million in 2013 compared to the previous year. This is attributable to the EUR 42.2

million increase in KTG Agrar SE's "Biowertpapier II" bond and to the EUR 9.8 million increase in KTG Energie AG's bond in the stub financial year. The proceeds from the placement of further bond issues by KTG Agrar AG served to finance the new biogas capacities. The proceeds from the bond placement by KTG Agrar SE were used for investments in property, plant and equipment and financial assets as well as in net current assets in the financial year. In January 2014, KTG Agrar SE increased the amount of the "Biowertpapier II" bond by approx. EUR 1.1 million, while KTG Energie AG increased the SME bond by approx. EUR 1.2 million between mid-January and late February.

Liabilities to banks were up by EUR 52.1 million on the previous year as of the balance sheet date. Of this amount, EUR 27.6 million relates to the refinancing and the acquisition of new biogas production capacities.

Trade liabilities climbed from EUR 15.1 million to EUR 32.5 million, while other liabilities rose from EUR 17.1 million to EUR 18.6 million.

Liquidity position

Cash and cash equivalents dropped from EUR 62.1 million to EUR 16.6 million at the end of 2013. Based on the *consolidated cash flow statement*, the EUR 45.6 million decline is attributable to the following:

- Group result before extraordinary items and depreciation/amortisation (+ EUR 12.4 million)
- Financing of inventories and short to medium-term receivables and liabilities (- EUR 94.8 million)
- Gains from fixed asset divestments (- EUR 8.2 million)
- Net investments in property, plant and equipment and intangible assets (- EUR 38.5 million)
- Net investments in financial assets (- EUR 9.8 million)
- Equity increase (+ EUR 7.3 million)
- Proceeds from bonds placed and loans raised (+ EUR 101.5 million)
- Scheduled repayment of financial liabilities (- EUR 13.0 million)
- Extraordinary expenses (- EUR 2.5 million)
- Miscellaneous (+ EUR 0,3 million)

Looking at the overall cash inflows and cash outflows, the reduction in cash and cash equivalents during 2013 was covered from the cash reserve carried forward, leaving the cash reserve at EUR 16.6 million on 31 December 2013.

3.6 Net assets

The cultivation of agricultural land and the operation of biogas plants are lucrative and sustainable, as clearly demonstrated by the development of KTG Agrar since its initial public offering in 2007. The investments for establishing new biogas plants as well as the acquisition of agricultural machinery and farmland form the basis of this development. In 2013, the company invested EUR 76.6 million in fixed assets including financial assets (2012: EUR 66.0 million). Total fixed assets increased by EUR 60.0 million compared to the previous year.

KTG invests in sustainable assets such as farmland, agricultural real estate and in biogas plants. As a result of these investments, property, plant and equipment increased by EUR 55.8 million from 178.7 million in 2012 to EUR 234.6 million in 2013. The farmland expansion led to a EUR 3.6 million increase in land and buildings to EUR 56.4 million. At the end of 2013, KTG owned about 10,300 hectares of land, 800 hectares more than in the previous year. This land is recognised at cost. Prices of farmland, which is a non-renewable key resource for global agricultural production, continued to rise in 2013 and have led to considerable hidden reserves. Plant and machinery increased by EUR 64.5 million to EUR 119.9 EUR million. This increase mainly reflects investments in the biogas segment, modern agricultural technology and the food segment. Advance payments made and work in progress declined by EUR 13.8 million compared

to the previous year. Other property, plant and equipment went up by EUR 1.3 million at the bottom line. Financial assets amounted to EUR 10.9 million as of the balance sheet date, compared to EUR 6.4 million in the previous year.
Current assets in the form of inventories rose moderately from EUR 52.8 million to EUR 56.8 million. This is mainly attributable to the EUR 1.7 million increase in finished goods, merchandise and fodder and the EUR 0.9 million rise in raw materials and supplies. At EUR 31.4 million, unfinished finished products and unfinished services were more or less on a par with the previous year's EUR 30.7 million.
Receivables and other assets totalled EUR 246.7 million as of the balance sheet date, up EUR 113.8 million on the previous year.
Trade receivables increased by EUR 54.3 net to EUR 120.4 million. Receivables from companies in which an interest is held climbed from EUR 24.0 million (2012) to EUR 34.4 million, of which EUR 13.3 million relates to trade receivables and EUR 21.1 million to loans. Other assets rose from EUR 40.9 million (2012) to EUR 83.2 million. The loans to related parties included in this item were up by EUR 40.7 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.

3.7 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 2013 financial year, we again actively supported the development of our staff in the context of our human resources policy (e.g. seminars, workshops, 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 6 trainees/apprentices in 2013 (2012: 6) to help them make a career start.
It is the goal of our human resources 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 591 to 775, including 96 employees (2012: 104) in Lithuania.

4 Post balance sheet events

No events having a material impact on the net assets, financial and earnings position occurred after the balance sheet date.

5 Outlook

5.1 Anticipated economic developments

According to the International Monetary Fund's (IMF) forecast for the calendar year 2014, the world economy will grow by 3.6 % (2012: 3.0 %). Growth will primarily be driven by the industrialised countries. Based on the IMF forecast, the US economy will grow by 2.8 % in 2014 (2012: 1.9 %). After two years of recession, a growth rate of 1.4 % is projected for the eurozone for 2014 (2012: -0.5 %). The German economy is expected to grow by 1.7 %, compared to 0.5 % in 2013. In spite of the good overall outlook, the IMF does not believe that the risk of new crises is over.

In the past years, below-average harvests contrasted with very stable demand for agricultural commodities. Accordingly, global inventories are at a low level. The megatrends of population growth, growing prosperity in emerging countries, urbanisation and healthy eating remain intact. As a result, demand for agricultural commodities will remain on the increase.

5.2 Anticipated development of the KTG Group

Outlook for the farming segment

The production of healthy food and the generation of environmentally friendly energy means that KTG Agrar operates in markets with great potential. Going forward, we will continue to rely on our integrated concept in order to make inroads into additional markets. The basis for this has been laid. The farmland under organic and conventional cultivation in our core regions of East Germany and Lithuania will be expanded continuously.

Our 2016/2017 projection envisages sales revenues between EUR 70 million and EUR 80 million as well as earnings before interest and taxes in excess of EUR 15 million.

Outlook for the energy segment

According to the German Biogas Association, the biogas industry will continue to grow moderately in 2014. The Association projects the number of biogas plants to increase by 180 to 7,900 plants, which would be equivalent to an installed electrical output of 3,750 megawatts. KTG Energie continues to see potential for the production of renewable energy. The target for 2013/2014 is to increase the production capacity to 50 megawatts. The strategic focus for expanding the capacity will be on plants under construction as well as on acquisition projects. The segment is expected to generate sales revenues in excess of EUR 60 million in 2014, with earnings before interest and taxes expected to rise sharply.

Since 1 March 2013, our clean energy from biogas plants with a capacity of 28.4 megawatts has been marketed directly via the electricity exchange according to the direct marketing scheme of the Renewable Energy Sources Act. For this purpose, a partnership with Axpo Deutschland GmbH, a subsidiary of Swiss energy trading company Axpo Holding AG, has been agreed. The direct marketing of electricity will open up additional revenue potential.

Outlook for the food segment

The organic and convenience product market will continue to grow, as will awareness of healthy eating. KTG's food segment will benefit from these trends. For 2014, we aim to expand our customer base as well as our product range, focusing on potato specialities and products from regionally produced grain. The "Bio-Zentrale" and "Die Landwirte" brands will both make contributions to this expansion. The food segment is expected to contribute some EUR 100 million to total Group revenues and generate a positive result in 2014.

5.3 Financing

Long-term investments in farmland and biogas plants are bridge-financed by three medium-term bonds issued by the KTG Group. Compared to the short-term bank loans which are alternatively available, this medium-term financing offers greater flexibility and planning certainty. KTG has deliberately chosen this approach in order to take advantage of the favourable market environment and to quickly expand the biogas capacity, the land under cultivation and the portfolio of own farmland and to build up the food segment.

Being a scarce global resource, farmland has significantly gained in value over the past years in east Germany and Lithuania (and worldwide). At EUR 20,000 and EUR 5,000 per hectare, respectively, land prices in east Germany and Lithuania are still clearly below the Western European level (EUR 50,000 to EUR 80,000). In the separate and consolidated financial statements of KTG, farmland is recognised at cost. For KTG, the increase in land prices means that potential revenues in excess of EUR 100 million – or over EUR 16 per share – are possible. We are already planning to refinance the SME bonds and intend to release (part of) the hidden reserves built up in the past and to use them as part of our financing strategy. The leaseback of land sold planned in this context has already been considered in our financial plans. Talks with potential investors have shown that there is serious interest in the acquisition of farmland.

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 2013), which is partly adjusted in the course of the year.

5.4 Summarising overall statement on the outlooke

The Management Board is of the opinion that, based on the present investment and growth strategy, the KTG Group is well positioned for a positive future development with regard to financing, sales revenues and EBIT. This will also be supported by the optimisation and consolidation of the next two years.

6 Opportunity and risk report

KTG Agrar is a dynamically growing company and operates in a market with high price volatility. This results in both opportunities and risks, which are inseparably linked to the entrepreneurial activities. Opportunities are offered by megatrends such as the increasing world population, changes in eating habits and the changes in energy policies. KTG endeavours to make optimal use of the resulting opportunities, both nationally and internationally, within a dynamic market environment. 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. This 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.

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.

However, 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 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 German government adopted the "Direct Payments Implementation Act" by way of a cabinet decision on 26 February 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 payment 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. In 2014, the payment claims will initially be reduced by approx. EUR 0.7 million (approx. EUR 15 per hectare) compared to 2013. From 2015, the payment claims are expected to increase again, which means that the expected EUR 0.7 million cut in 2014 would be reduced to approx. EUR 0.1 million by 2019. 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. 1307/2013, 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. We project an increase of EUR 79 per hectare compared to 2013. Moreover, the KTG Group will benefit from a special premium of EUR 225 million for the land under organic cultivation. Including this special premium, the amount of the direct payments in Lithuania will initially decline only by a moderate EUR 0.2 million in 2014 compared to 2013 and grow by a total of EUR 0.7 million by 2019. 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 fertiliser. 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 opportunities at an early stage. We already make us of mobile heat storage containers into which the waste heat of our CHP plants is fed at the plant site.

› As a result of activities outside of Germany, we are subjected de jure and de facto to the conditions of the respective country. 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. As we have provided farm management services in Romania and western Russia for several years, we are building up expertise and identifying risks and opportunities also in these countries. The experiences gained make a valuable contribution to our investment decisions in these countries. After many years of market consolidation, KTG seized the opportunity, in 2013, to participate in a strategic joint venture in Russia. The group of companies in which we have invested operates an integrated business model: from the cultivation of grain to fodder production to the breeding and marketing of pigs for the undersupplied Russian market. Under this business model, there is no dependence on imports or exports. For the Russian

government, the agricultural industry is one of the key sectors to be subsidised. A new government regulation programme for the markets for agricultural products, commodities and food for the years from 2013 to 2020 was therefore adopted in July 2012. The programme aims to ensure Russia's self-sufficiency in terms of food supply and the country's independence from imports. Insofar, we expect no sanctions to be imposed by the Russian government in the context of the conflict between Russia and Ukraine which would have an adverse impact on the investments made to date or the business model.
Due to the sanctions expected to be imposed against Russia by the EU and the USA and the adverse effects on investments and the operations of companies operating in Russia which were anticipated as a result of these sanctions, the price of our share was influenced in the first quarter to an extent that was not understandable based on the previously published positive outlook until 2017. The effects of further sanctions cannot be fully assessed at this stage. We hope that the conflict will be resolved shortly so that the situation can return to normal.

› For some of the agricultural businesses acquired in the past, no comprehensive due diligence similar to those performed in other sectors was carried out. It can therefore not be ruled out that unforeseen risks arise from individual transactions.

› Receivables totalling EUR 43.0 million (2012: EUR 25.9 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 contacts, 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 and NOA Naturoel Anklam AG 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.

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 2014
KTG Agrar SE

SIEGFRIED HOFREITER
CEO

ULF HAMMERICH **BERT WIGGER**
MEMBERS OF THE MANAGEMENT BOARD


KTG
Gruppe

04 Consolidated Financial Statements

"Agriculture is an investment in life itself."

BENEDIKT FÖRTIG

MEMBER OF THE MANAGEMENT BOARD

SALES REVENUES

31.12.2012

31.12.2013

* Figures for 2013 only cover period from 1 January to 31 October due to change of KTG Energie AG's financial year.

Farming

EUR 48.4 million

EUR 51.2 million

+6 %

Energy*

EUR 32.0 million

EUR 50.1 million

+57 %

Food

EUR 17.3 million

EUR 55.8 million

+223 %

Total output

EUR 168.2 million

EUR 205.3 million

+22 %

In 2013 we made massive investments in food production. Going forward, we will benefit from the resulting economies of scale.

GROUP BALANCE SHEET

as at 31 December 2013

ASSETS in EUR	Notes	31.12.2013	31.12.2012
A. FIXED ASSETS	4.1		
I. Intangible assets		**11,927,385.29**	**12,154,950.21**
Concessions, industrial property rights and similar rights and assets and licenses in such rights and assets		3,677,798.13	2,805,890.02
Goodwill		8,259,587.16	9,276,630.19
Payments in advance		0.00	72,430.00
II. Tangible assets		**234,473,782.50**	**178,742,940.65**
Property, rights equivalent to real property and buildings, including buildings on third-party properties		56,430,108.49	52,792,390.40
Technical plants and machinery		119,938,406.89	55,471,382.51
Other plants, operational and business equipment		6,094,121.77	4,709,963.23
Permanent crops		190,387.99	208,862.50
Payments in advance and assets under construction		51,820,757.36	65,560,342.01
III. Financial assets		**10,931,489.63**	**6,355,929.09**
Shares in non-consolidated affiliated companies		90,398.50	90,398.50
Shares in affiliated companies		5,504,349.77	182,438.94
Equity holdings		693,324.55	1,292,824.55
Fixed asset securities		154,600.04	211,181.54
Other loans		4,396,523.31	4,440,041.63
Cooperative shares		6,686.13	51,174.84
Reinsurance entitlements from life insurance		85,607.33	87,869.09
TOTAL FIXED ASSETS		**257,332,657.42**	**197,253,819.95**
B. LIVESTOCK			
TOTAL LIVESTOCK		**1,712,426.60**	**1,568,377.25**

ASSETS in EUR	Notes	31.12.2013	31.12.2012
C. CURRENT ASSETS			
I. Inventory		**56,799,332.69**	**52,815,250.44**
Raw materials and consumables		18,296,048.38	17,424,796.94
Unfinished products, services		31,361,795.03	30,674,471.72
Finished products and goods, feedstuffs		6,175,028.55	4,499,869.28
Payments in advance		966,460.73	216,112.50
II. Receivables and other assets	4.2	**246,654,909.29**	**132,852,807.82**
Accounts receivable from supplies and services		120,433,071.46	66,071,356.28
Accounts receivable from consolidated affiliated companies		6,150,038.74	0.00
Accounts receivable from non-consolidated affiliated companies		2,460,862.14	1,875,643.51
Receivables from companies with shareholding		34,369,787.70	24,040,126.36
Other assets		83,241,149.25	40,865,681.67
III. Securities		**572,866.46**	**0.00**
IV. Cheques, cash and credit balances at banks	4.3	**16,581,134.39**	**62,108,847.95**
TOTAL CURRENT ASSETS		**320,608,242.83**	**247,776,906.21**
D. PREPAYMENTS AND ACCRUED INCOME	4.4		
TOTAL PREPAYMENTS AND ACCRUED INCOME		**1,951,288.23**	**1,723,935.75**
E. CREDIT DIFFERENCE FROM OFFSETTING			
TOTAL CREDIT DIFFERENCE FROM OFFSETTING		**18,391.00**	**21,421.05**
TOTAL ASSETS		**581,623,006.08**	**448,344,460.21**

LIABILITIES in EUR	Notes	31.12.2013	31.12.2012
A. SHAREHOLDERS' EQUITY	4.5		
I. Subscribed capital		**6,243,600.00**	**5,676,000.00**
II. Par value of own shares		**– 11,782.00**	**– 11,782.00**
III. Capital reserve		**48,215,780.00**	**40,241,000.00**
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		**11,576,428.20**	**13,041,645.30**
VI. Distributable profit/loss		**13,129,103.87**	**15,621,390.93**
Profit carried forward		14,372,670.93	6,870,188.82
Consolidated net loss/income for the year		– 686,844.51	8,387,678.65
Shares of other shareholders in net income		– 556,722.55	363,523.46
VII. Adjustment item for shares of other shareholders		**8,075,512.96**	**9,931,100.22**
TOTAL SHAREHOLDERS' EQUITY		**88,521,180.20**	**85,791,891.62**
B. SPECIAL ITEM FOR INVESTMENT SUBSIDIES			
TOTAL SPECIAL ITEM FOR INVESTMENT SUBSIDIES		**228,902.06**	**150,721.69**
C. PROVISIONS			
I. Provisions for pensions and similar obligations	4.6	**111,957.19**	**102,566.99**
II. Provisions for taxes		**2,103,722.36**	**1,778,052.88**
III. Other provisions		**4,171,285.23**	**4,187,962.71**
TOTAL PROVISIONS		**6,386,964.78**	**6,068,582.58**

LIABILITIES in EUR	Notes	31.12.2013	31.12.2012
D. LIABILITIES	4.8		
I. Bonds, of which convertible: 0.00 (2012: 0.00)		292,787,000.00	240,827,000.00
II. Amounts owed to credit institutes		134,525,938.75	82,433,744.33
III. Payments received on account of orders		562,614.18	256,823.67
IV. Trade liabilities		32,503,272.30	15,057,682.79
V. Accounts payable for drawn bills and issue of own bills		828,424.38	153,821.60
VI. Accounts payable to consolidated affiliated companies		2,836,203.99	0.00
VII. Accounts payable to non-consolidated affiliated companies		16,399.67	11,500.00
VIII. Liabilities to shareholders		99,626.79	0.00
IX. Accounts payable to companies with shareholding		113,666.79	167,451.16
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)		18,552,710.37	17,073,109.66
TOTAL LIABILITIES		482,825,857.22	355,981,133.21
E. PREPAYMENTS AND ACCRUED INCOME			
TOTAL PREPAYMENTS AND ACCRUED INCOME		141,605.71	168,274.43
F. DEFERRED TAX LIABILITIES	4.9		
TOTAL DEFERRED TAX LIABILITIES		3,518,496.11	183,856.68
TOTAL LIABILTIES		581,623,006.08	448,344,460.21

INCOME STATEMENT

for the financial year from 1 January 2013 to 31 December 2013

in EUR	01.01. – 31.12.2013	01.01. – 31.12.2012
Sales revenue	164,883,344.05	110,236,497.16
Changes in inventory of finished and unfinished products and of livestock	– 1,492,852.76	9,174,968.56
Other own work capitalised	4,137,508.04	5,061,707.10
Other operational income, of which from currency conversion: 8,296.74 (2012: 0.00)	37,804,274.50	43,697,394.32
OVERALL PERFORMANCE	**205,332,273.83**	**168,170,567.14**
Costs of raw, auxiliary and working materials and acquired goods	– 90,677,569.92	– 59,811,557.52
Costs of acquired services	– 3,458,400.98	– 4,517,195.93
COST OF MATERIALS	**– 94,135,970.90**	**– 64,328,753.45**
GROSS PROFIT	**111,196,302.93**	**103,841,813.69**
Wages and salaries	– 18,709,844.67	– 14,929,783.44
Social security and pension and benefit expenses, of which for pensions: 92,515.74 (2012: 78,199.45)	– 3,477,385.88	– 2,765,138.82
PERSONAL EXPENSES	**– 22,187,230.55**	**– 17,694,922.26**
Depreciation of intangible assets and tangible assets	– 10,636,341.01	– 7,525,882.66
Other operational costs, of which from currency conversion: 15,736.67 (2012: 6,176.27)	– 54,458,246.07	– 49,154,322.61
OPERATING RESULT	**23,914,485.30**	**29,466,686.16**
Income from equity interests	21,846.53	9,952.23
Income from other securities and loans from financial assets	1,044.17	10,112.24
Other inerest and similar income, of which are from affiliated companies: 445,240.67 (2012: 0.00)	5,280,761.97	5,346,087.70
Write-down of financial assets and fixed asset securities	– 819.25	0.00
Interest and similar costs, of which are from affiliated companies: 44,661.30 (2012: 0.00)	– 22,922,771.47	– 17,697,529.97
Expenses from interests in affiliated companies	– 529,150.23	0.00
FINANCIAL RESULT	**– 18,149,088.28**	**– 12,331,377.80**
RESULT FROM ORDINARY ACTIVITIES	**5,765,397.02**	**17,135,308.36**
Extraordinary expenses	– 2,506,906.20	– 7,661,017.13
EXTRAORDINARY RESULT	**– 2,506,906.20**	**– 7,661,017.13**
Taxes on income and profit, of which are deferred taxes: 1,274,382.16 (2012: 496,001.68)	– 3,692,717.34	– 919,416.83
Other taxes	– 252,617.99	– 167,195.75
DISTRIBUTABLE PROFIT/LOSS	**– 686,844.51**	**8,387,678.65**
Retained profit	15,621,390.93	7,985,086.82
Withdrawal for own shares	0.00	– 93,218.00
Dividend distribution	– 1,248,720.00	– 1,021,680.00
Shares of other shareholders in net income	– 556,722.55	363,523.46
KONZERNBILANZGEWINN-/-VERLUST	**13,129,103.87**	**15,621,390.93**

CASH FLOW STATEMENT

for the group financial statements as at 31 December 2013

	in EUR thousand	31.12.2013	31.12.2012
	A. CASHFLOW FROM OPERATING ACTIVITIES		
	Consolidated net profit before extraordinary items	1,820	16,049
+	Depreciation of intangible assets and tangible assets	10,636	7,526
–/+	Appreciation of fixed assets	–2	0
+	Increase of provisions	501	1,990
–	Non-cash costs and income	–42	–7
+	Non-cash changes in equity	0	0
–	Loss resulting from disposal of non-current and financial assets	–8,171	–16,278
–/+	Changes in other assets not assignable to investment/financing activity	–115,754	17,268
+/–	Changes in other liabilities not assignable to investment/financing activity	20,485	–18,972
=	**CASHFLOW FROM OPERATING ACTIVITIES**	–90,527	**7,576**
	B. CASHFLOW FROM INVESTMENT ACTIVITIES		
+	Inflow from disposals of fixed assets	1,646	970
–	Payments for investments in fixed assets	–47,354	–60,320
+	Income from disposal of intangible assets	8,344	1
–	Payments for investments in intangible assets	–1,130	–6,199
+/–	Payments for the acquisition of consolidated companies	5,416	–3,908
–	Income from the sale of consolidated companies	–96	0
+	Inflow from disposal of financial asset items	3,070	17,515
–	Payments for investments in financial assets	–7,385	–4,362
=	**CASHFLOW FROM INVESTMENT ACTIVITIES**	–48,321	–56,303
	C. CASHFLOW FROM FINANCING ACTIVITIES		
+	Inflow from equity injections	8,542	0
–	Payments for the purchase of own shares	0	–100
–	Payments from extraordinary items	–2,507	–7,661
+	Income from the issuance of bonds and loans	101,547	134,721
–	Payments for planned amortisation of bank credits	–13,013	–25,807
–	Payment of dividends to shareholders according to changes in equity	–1,249	–1,022
=	**CASHFLOW FROM FINANCING ACTIVITIES**	**93,320**	**100,131**
	D. CASH RESERVE AT THE END OF THE PERIOD		
–/+	Changes in cash and cash equivalent of the cash reserve (Total A./B./C.)	–45,528	51,403
+	Changes of the cash reserve based on scope of consolidation	0	0
+	Cash reserve at the start of the period	62,109	10,706
=	**CASH RESERVE AT THE END OF THE PERIOD**	**16,581**	**62,109**

STATEMENT OF FIXED ASSETS

as at 31 December 2013

	ACQUISITION AND PRODUCTION COSTS					
FIXED ASSETS in EUR	01.01.2013	Changes in entities included in consolidation	Additions	Reclassifications/ transfers	Disposals	31.12.2013
A. INTANGIBLE ASSETS						
Concessions, industrial property rights and similar rights and assets and licenses in such rights and assets	3,641,022.84	41,067.46	650,678.91	438,997.41	25,599.19	4,746,167.43
Goodwill	12,775,256.48	– 3,744.46	147,225.30	0.00	2,026.83	12,916,710.49
Payments in advance	72,430.00	0.00	366,567.41	– 438,997.41	0.00	0.00
TOTAL INTANGIBLE ASSETS	**16,488,709.32**	**37,323.00**	**1,164,471.62**	**0.00**	**27,626.02**	**17,662,877.92**
B. TANGIBLE ASSETS						
Property, rights equivalent to real property and buildings, including buildings on third-party properties	62,681,722.63	500,211.45	6,754,971.67	623,418.61	2,859,880.92	67,700,443.44
Technical plants and machinery	73,430,471.07	11,864,576.40	12,263,084.49	47,943,915.01	665,906.94	144,836,140.03
Other plants, operational and business equipment	8,920,277.83	956,244.17	1,655,036.16	9,848.40	366,661.04	11,174,745.52
Permanent crops	281,797.35	0.00	0.00	0.00	0.00	281,797.35
Payments in advance and assets under construction	65,560,342.01	6,370,038.57	28,733,214.90	– 48,577,182.02	117,497.56	51,968,915.90
TOTAL TANGIBLE ASSETS	**210,874,610.89**	**19,691,070.59**	**49,406,307.22**	**0.00**	**4,009,946.46**	**275,962,042.24**
C. FINANCIAL ASSETS						
Shares in non-consolidated affiliated companies	90,398.50	0.00	0.00	0.00	0.00	90,398.50
Shares in affiliated companies	182,438.94	0.00	5,981,000.00	0.00	129,938.94	6,033,500.00
Equity holdings	1,469,472.86	0.00	475,500.00	0.00	1,075,000.00	869,972.86
Fixed asset securities	211,181.54	– 56,581.50	0.00	0.00	0.00	154,600.04
Other loans	4,457,478.94	– 18,998.62	– 24,519.70	0.00	0.00	4,413,960.62
Cooperative shares	51,174.84	– 46,000.00	1,511.29	0.00	0.00	6,686.13
Reinsurance entitlements from life insurance	87,869.09	0.00	– 2,261.76	0.00	0.00	85,607.33
TOTAL FINANCIAL ASSETS	**6,550,014.71**	– 121,580.12	**6,431,229.83**	**0.00**	**1,204,938.94**	**11,654,725.48**
TOTAL	**233,913,334.92**	**19,606,813.47**	**57,002,008.67**	**0.00**	**5,242,511.42**	**305,279,645.64**

CUMULATED DEPRECIATION						BOOK VALUE	
01.01.2013	Changes in entities included in consolidation	Planned depreciation	Appreciation	Disposals	**31.12.2013**	**31.12.2013**	31.12.2012
835,132.82	3,112.40	240,234.34	1,588.07	1,698.33	1,078,369.30	3,667,798.13	2,805,890.02
3,498,626.29	0.00	1,160,523.87	0.00	2,026.83	4,657,123.33	8,259,587.16	9,276,630.19
0.00	0.00	0.00	0.00	0.00	0.00	0.00	72,430.00
4,333,759.11	**3,112.40**	**1,400,758.21**	**1,588.07**	**3,725.16**	**5,735,492.63**	**11,927,385.29**	**12,154,950.21**
9,889,332.23	– 18,242.24	1,399,420.92	0.00	175.96	11,270,334.95	56,430,108.49	52,792,390.40
17,959,088.56	551,392.06	6,785,822.06	0.00	398,569.54	24,897,733.14	119,938,406.89	55,471,382.51
4,210,314.60	79,493.15	1,031,865.31	0.00	241,049.31	5,080,623.75	6,094,121.77	4,709,963.23
72,934.85	0.00	18,474.51	0.00	0.00	91,409.36	190,387.99	208,862.50
0.00	148,158.54	0.00	0.00		148,158.54	51,820,757.36	65,560,342.01
32,131,670.24	**760,801.51**	**9,235,582.80**	**0.00**	**639,794.81**	**41,488,259.74**	**234,473,782.50**	**178,742,940.65**
0.00	0.00	0.00	0.00	0.00	0.00	90,398.50	90,398.50
0.00	0.00	529,150.23	0.00	0.00	529,150.23	5,504,349.77	182,438.94
176,648.31	0.00	0.00	0.00	0.00	176,648.31	693,324.55	1,292,824.55
0.00	0.00	0.00	0.00	0.00	0.00	154,600.04	211,181.54
17,437.31	0.00	0.00	0.00	0.00	17,437.31	4,396,523.31	4,440,041.63
0.00	0.00	0.00	0.00	0.00	0.00	6,686.13	51,174.84
0.00	0.00	0.00	0.00	0.00	0.00	85,607.33	87,869.09
194,085.62	**0.00**	**529,150.23**	**0.00**	**0.00**	**723,235.85**	**10,931,489.63**	**6,355,929.09**
36,659,514.97	**763,913.91**	**11,165,491.24**	**1,588.07**	**643,519.97**	**47,946,988.22**	**257,332,657.42**	**197,253,819.95**

EQUITY STATEMENT

as at 31 December 2013

SHAREHOLDERS' EQUITY in EUR thousand	Subscribed capital	Par value of own shares	Capital reserve	Legal reserve
As at 01.01.2012	**5,676**	**– 5**	**40,241**	**5**
Contribution to legal reserve	0	0	0	0
Allocation par value of own shares	0	– 7	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	0	0	0
Changes in entities included in consolidation	0	0	0	0
Annual surplus	0	0	0	0
AS AT 31.12.2012	**5,676**	**–12**	**40,241**	**5**
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**

	Otherreserves	Balance of capital consolidation	Consolidated equity generated	Shareholders' equity	Minority capital	Group equity
	1,288	**5,302**	**7,985**	**60,492**	**3,836**	**64,328**
	0	0	0	0	0	0
	0	0	0	– 7	0	– 7
	0	0	– 93	– 93	0	– 93
	0	0	0	0	0	0
	0	0	0	0	0	0
	0	0	– 1,022	– 1,022	0	– 1,022
	0	7,740	0	7,740	0	7,740
	0	0	0	0	6,458	6,458
	0	0	8,751	8,751	– 363	8,388
	1,288	**13,042**	**15,621**	**75,861**	**9,931**	**85,792**
	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

CONSOLIDATED FINANCIAL STATEMENTS

for the financial year from 1 January 2013 to 31 December 2013

1 General information

The consolidated financial statements for the financial year 2013 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 sub-group KTG Energie AG corresponds to the calendar year.
Based on a resolution passed by the Annual General Meeting on 18 October 2013, the financial year of KTG Energie AG was changed to a business year which deviates from the calendar year. The financial year now ends on 31 October of a year. Accordingly, the company had a stub financial year of ten months from 1 January 2013 to 31 October 2013. Based on shareholder resolutions from October 2013, the financial years of all subsidiaries of the energy group were changed accordingly. We expressly point out that the 10-month stub financial year formed the basis for inclusion in the consolidated financial statements.
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 6.8 million resulted from the previous year's capital increase 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.
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 E

TABLE E

LIST OF SHAREHOLDINGS

in EUR thousand

	Name and registered office of the company	Share of capital in per cent	Equity, 31.12.2013 (before appropriation)	Annual result for 31.12.2013
	A. SUBSIDIARIES (FULLY CONSOLIDATED)			
1	**"Zur Spetze" Agrarproduktionsgesellschaft mbH, Flechtingen**	**100.00**	**87**	**5**
2	**Roloff Agrar GmbH, Postlow**	**100.00**	**55**	**28**
3	**Delta Agrar und Handels GmbH, Frankfurt am Main**	**100.00**	**1,795**	**61**
4	**Landwirtschaftliche Produktionsgesellschaft mbH Frehne Zwei, Marienfließ, OT Frehne**	**100.00**	**53**	**67**
5	**KTG Agrar UAB, Vilnius, Lithuania (intermediate holding)**	**100.00**	**4,453**	**1,349**
6	UAB VL Investment Vilnius, Vilnius, Lithuania*	(100.00)	– 1	– 4
7	UAB VL Investment Vilnius 1, Vilnius, Lithuania*	(100.00)	4	1
8	UAB VL Investment Vilnius 2, Vilnius, Lithuania*	(100.00)	4	1
9	UAB VL Investment Vilnius 3, Vilnius, Lithuania*	(100.00)	4	1
10	UAB VL Investment Vilnius 4, Vilnius, Lithuania*	(100.00)	3	0
11	UAB VL Investment Vilnius 5, Vilnius, Lithuania*	(100.00)	4	1
12	UAB VL Investment Vilnius 6, Vilnius, Lithuania*	(100.00)	4	1
13	UAB VL Investment Vilnius 7, Vilnius, Lithuania*	(100.00)	4	1
14	UAB VL Investment Vilnius 8, Vilnius, Lithuania*	(100.00)	4	1
15	UAB VL Investment Vilnius 9, Vilnius, Lithuania*	(100.00)	4	1
16	UAB VL Investment Vilnius 10, Vilnius, Lithuania*	(100.00)	4	1
17	UAB VL Investment Vilnius 11, Vilnius, Lithuania*	(100.00)	3	0
18	UAB VL Investment Vilnius 12, Vilnius, Lithuania*	(100.00)	3	0
19	UAB KTG Eko Agrar, Raseiniai, Lithuania*	(100.00)	2,047	763
20	UAB Agronita, Vilnius, Lithuania*	(100.00)	74	11
21	UAB KTG Grudai, Geluva, Lithuania*	(100.00)	263	4
22	**UAB Agrar Raseiniai, Raseiniai, Lithuania**	**100.00**	**211**	**56**
23	**UAB Agrar Mazeikiai, Mazeikiai, Lithuania**	**100.00**	**149**	**62**
24	**UAB PAE Agrar, Raseiniai, Lithuania**	**100.00**	**251**	**9**
25	**UAB Delta Agrar, Kelme, Lithuania**	**100,00**	**295**	**83**
26	**norus 26. AG, Berlin (Zwischenholding)**	**100,00**	**22**	**2**
27	UAB Agrar Vidauja, Jurbarkas, Lithuania*	(100.00)	237	9
28	UAB Agrar Ariogala, Raseiniai, Lithuania*	(100.00)	168	99
29	UAB Agrar Girdziai, Girdziai, Lithuania*	(100.00)	301	72
30	UAB Agrar Raudone, Raseiniai, Lithuania*	(100.00)	88	38
31	UAB Agrar Venta, Mazeikiai, Lithuania*	(100.00)	77	46
32	UAB Agrar Nerys, Raseiniai, Lithuania*	(100.00)	10	– 36

in EUR thousand		Name and registered office of the company	Share of capital in per cent	Equity, 31.12.2013 (before appropriation)	Annual result for 31.12.2013
	33	**LT Holding AG, Berlin (intermediate holding)**	**100.00**	**28**	**11**
	34	UAB Agrar Seda, Mazeikiai, Lithuania*	(100.00)	79	22
	35	UAB Agrar Varduva, Mazeikiai, Lithuania*	(100.00)	77	40
	36	UAB Agrar Asva, Mazeikiai, Lithuania*	(100.00)	70	8
	37	UAB Agrar Kviste, Mazeikiai, Lithuania*	(100.00)	79	22
	38	UAB Agrar Luoba, Mazeikiai, Lithuania*	(100.00)	108	57
	39	UAB Agrar Gaja, Mazeikiai, Lithuania*	(100.00)	24	– 2
	40	**PAE/AVN Agrar GmbH, Putlitz**	**100.00**	**124**	**11**
	41	**Landwirtschaftsbetrieb Ahrendt GmbH, Wittendörp**	**100.00**	**134**	**19**
	42	**FZ Foods AG, Ringleben**	**100.00**	**2,570**	**– 1,284**
	43	**Schmilauer Landwirtschafts GmbH, Schmilau**	**100.00**	**111**	**17**
	44	**KTG Bioenergie AG, Hamburg**	**100.00**	**52**	**2**
	45	ROM-Agrar-Union-AG, Hamburg*	(100.00)	796	18
	46	**AK Feldfrucht GmbH, Postlow**	**100.00**	**65**	**42**
	47	**Landgut Deltus AG, Berlin (intermediate holding)**	**100.00**	**83**	**6,163**
	48	Agrar GmbH Seebeck, Vielitzsee OT Seebeck*	(100.00)	541	6,524
	49	Agrar GmbH Kohlberg, Trusetal*	(100.00)	1	11
	50	**Agrargesellschaft Quesitz mbH, Markranstädt**	**75.00**	**1,827**	**75**
	51	Quesitzer Agrarprodukte GmbH, Markranstädt*	(100.00)	47	0
	52	**PAE Marktfrucht GmbH Putlitz, Putlitz (Beteiligungsquote direkt und indirekt)**	**96.53**	**504**	**44**
	53	**PAE Agrarproduktions- und Verwaltungs-AG Putlitz, Putlitz (intermediate holding) (amount of holding, direct and indirect)**	**95.57**	**4,039**	**477**
	54	PAE Sonderkulturen GmbH, Putlitz*	(100.00)	338	7
	55	PAE Weiderind GmbH Putlitz, Putlitz*	(100.00)	260	22
	56	PAE-Öko-Landbau GmbH, Putlitz*	(100.00)	1,645	612
	57	Biofarmers Agrar AG, Frankfurt am Main*	(100.00)	43	– 5
	58	Agrar und Handels GmbH Mühlenbeck, Oranienburg*	(100.00)	720	40
	59	**PAE norus Marktfrucht GmbH, Podelzig (intermediate holding)**	**100.00**	**4,915**	**118**
	60	Gut Marxdorf GmbH, Vierlinden*	(100.00)	382	60
	61	Klages + Volmer Gesellschaft für landwirtschaftliche Dienstleistungen und Agrarproduktion GmbH, Vierlinden*	(100.00)	216	53
	62	SIWUK-Agrargesellschaft mbH Sietzingen, Letschin*	(100.00)	166	43
	63	Podelziger Landwirtschafts GmbH, Podelzig*	(100.00)	355	35
	64	WI norus Agrar GmbH, Lübs*	(100.00)	116	34
	65	WI Agrar GmbH, Gommern*	(100.00)	20	– 9
	66	SI norus Agrar GmbH, Waldsieversdorf*	(100.00)	36	15
	67	SF Agrar GmbH, Putlitz*	(100.00)	94	44
	68	Wuthenower Agrargesellschaft mbH, Wuthenow*	(100.00)	11	8
	69	Wuthenower Milchproduktion GmbH, Wuthenow*	(100.00)	444	8

in EUR thousand	Name and registered office of the company	Share of capital in per cent	Equity, 31.12.2013 (before appropriation)	**Annual result for 31.12.2013**
70	**PAE norus Agrar AG, Podelzig**	**100.00**	**565**	**648**
71	PAE Putlitz-Marienfließ Agrar GmbH, Putlitz*	(100.00)	140	34
72	ATU Herzsprung Ackerbau und Tierzucht GmbH, Heiligengrabe, OT Herzsprung*	(100.00)	2,510	54
73	Agro Germendorf GmbH, Oranienburg*	(100.00)	138	13
74	ATU Landbau GmbH, Heiligengrabe, OT Herzsprung*	(100.00)	231	14
75	Incofarming Agrarprodukte und Service GmbH, Linthe*	(100.00)	431	37
76	**Agrar GmbH Landwirtschaftlicher Produktionsbetrieb Altdöbern, Altdöbern**	**100.00**	**3,669**	**22**
77	AAG Altdöbern Agrar GmbH, Luckaitztal, OT Schöllnitz*	(100.00)	41	4
78	Schöllnitz Agrar GmbH, Luckaitztal, OT Schöllnitz*	(100.00)	401	4
79	Öko-Landbau GmbH Altdöbern, Altdöbern*	(100.00)	114	10
80	**fentus 10. GmbH, Hamburg**	**100.00**	**79**	**– 2**
81	UAB Agrar Geluva, Raseiniai, Litauen*	(100.00)	57	29
82	UAB Agrar Betygala, Raseiniai, Litauen*	(100.00)	206	– 1
83	UAB Agrar Dubysa, Raseiniai, Litauen*	(100.00)	109	55
84	UAB Agrar Pauliai, Raseiniai, Litauen*	(100.00)	99	49
85	UAB Agrar Mituva, Raseiniai, Litauen*	(100.00)	82	24
86	**NGH Agrar GmbH, Niederer Fläming**	**100.00**	**3,868**	**9**
87	NGH Agrar Nonnendorf GmbH, Niederer Fläming*	(100.00)	497	0
88	NGH Agrar Hohenseefeld GmbH, Niederer Fläming*	(100.00)	774	75
89	**NGH Agrar Verwaltungs GmbH, Niederer Fläming**	**100.00**	**25**	**0**
90	**KTG Immobilien GmbH, Hamburg**	**100.00**	**23**	**– 1**
91	**Delta Agrar Handels GmbH, Oranienburg**	**100.00**	**568**	**10**
92	**Delta Agrar GmbH, Oranienburg**	**100.00**	**15**	**– 11**
93	**NOA Naturoel Anklam AG, Anklam**	**100.00**	**750**	**– 219**
94	**KTG Frischedienst GmbH, Linthe**	**100.00**	**0**	**– 40**

in EUR thousand		Name and registered office of the company	Share of capital in per cent	Equity, 31.12.2013 (before appropriation)	**Annual result for 01.01. – 31.10.2013**
		B. SUBSIDIARIES (NOT CONSOLIDATED) (ENERGY)			
	1	**KTG Energie AG, Hamburg (intermediate holding)**	**62.08**	**18,529**	**5,042**
	2	Biogas Produktion Dersewitz GmbH, Dersewitz*	(100.00)	227	– 418
	3	Biogas Produktion Putlitz GmbH, Putlitz*	(100.00)	507	– 139
	4	Biogas Produktion Seelow GmbH, Seelow*	(100.00)	316	89
	5	Biogas Produktion Flechtingen GmbH, Flechtingen*	(100.00)	632	83
	6	Biogas Produktion Wuthenow GmbH, Wuthenow*	(100.00)	– 152	– 241
	7	Biogas Produktion PAL GmbH, Putlitz*	(50.00)	310	147
	8	Biogas Produktion Schmilau GmbH, Schmilau*	(100.00)	– 21	– 11
	9	Biogas Produktion Schöllnitz GmbH, Luckaitztal, OT Schöllnitz*	(100.00)	800	803
	10	Biogas Produktion Vehlefanz GmbH, Oberkrämer*	(100.00)	598	576
	11	Biogas Produktion Hornow, Oranienburg*	(100.00)	– 150	– 601
	12	Biogas Produktion Nonnendorf GmbH & Co, KG, Nonnendorf*	(100.00)	– 63	– 146
	13	Biogas Produktion Nonnendorf Verwaltungs GmbH, Nonnendorf*	(100.00)	22	– 2
	14	Biogas Produktion Lübs GmbH, Berlin*	(49.00)**	– 226	– 276
	15	Bio-Energiezentrum Ringleben GmbH, Ringleben*	(100.00)	8	– 13
	16	Bio-Energiezentrum Kohlberg GmbH, Trusetal*	(100.00)	8	– 13
	17	Bio-Energiezentrum Frehne GmbH, Putlitz*	(100.00)	12	– 10
	18	Delta Neue Energien GmbH, Putlitz*	(100.00)	20	– 2
	19	KTG Biomethan AG, Hamburg*	(100.00)	126	13
	20	Biogas Investor GmbH & Co. KG, Hamburg*	(100.00)	648	– 22
	21	Biogas Investor Verwaltungsgesellschaft mbH, Hamburg*	(100.00)	10	– 3
	22	LAE Landhof Agrar und Energie GmbH, Breydin*	(100.00)	– 73	– 135
	23	Naturgas Quesitz GmbH, Markranstädt*	(100.00)	407	400
	24	Biogas Produktion Brenz Eins GmbH & Co. KG, Brenz*	(100.00)	245	– 150
	25	Biogas Produktion Brenz Zwei GmbH & Co. KG, Brenz*	(100.00)	– 5	– 1
	26	Biogas Produktion Brenz Verwaltungsgesellschaft mbH, Friesoythe*	(100.00)	– 1	– 42
	27	Biogas Produktion Groß Tessin GmbH & Co. KG, Reimershagen*	(100.00)	439	39
	28	Biogas Produktion Perleberg Eins GmbH & Co. KG, Perleberg*	(100.00)	46	– 61
	29	Biogas Produktion Perleberg Zwei GmbH & Co. KG, Perleberg*	(100.00)	6	38
	30	Biogas Produktion PGT Verwaltungsgesellschaft mbH, Friesoythe*	(100.00)	27	– 3
	31	UAB KTG Energija, Vilnius, Lithuania***	(100.00)	3	0

in EUR thousand		Name and registered office of the company	Share of capital in per cent	Equity, 31.12.2013 (before appropriation)	**Annual result for 31.12.2013**
		C. SUBSIDIARIES (NOT CONSOLIDATED)			
	1	**Milchproduktion Papenbruch GmbH, Herzsprung***	**(100.00)**	**180**	**29**
		C. ASSOZIIERTE UNTERNEHMEN			
	1	**RST-Agrar AG, Neubrandenburg (intermediate holding)**	**50.00**	**186**	**0**
	2	"wadü" Kemnitzer Agrarproduktion und Vermögensverwaltungsgesellschaft mbH, Kemnitz*	(100.00)	827	25
	3	AVK Agrar AG, Neubrandenburg*	(100.00)	67	– 6
	4	Körbelitzer Agro GbR, Körbelitz*	(86.00)	– 430	17
	5	"Zur Spetze" Agrar-Handels GmbH, Wegenstedt	(100.00)	5	– 10
	6	**KTG International Farming AG, Hamburg**	**50.00**	**17**	**– 33**
	7	**TKS Union AG, Hamburg**	**49.00**	**11,120**	**– 1,080**

* Sub-subsidiaries of KTG Agrar SE; the specification of equity shares in brackets in per cent 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

TABLE F

LIST OF SHAREHOLDINGS - NEW ACQUISITIONS

in EUR thousand	Name and registered office of the company	Acquisition costs	Goodwill value	Time of first consolidation
1	KTG Frischedienst GmbH, Linthe	27.5	2.5	01.01.2013
2	Agrargesellschaft Quesitz mbH	1,260.0	0.0	01.01.2013
3	Quesitzer Agrarprodukte GmbH	0.0	0.0	01.01.2013
4	Biogas Produktion Brenz Eins GmbH & Co. KG	346.5	0.0	01.07.2013
5	Biogas Produktion Groß Tessin GmbH & Co. KG	404.8	0.0	01.07.2013
6	Biogas Produktion Perleberg Zwei GmbH & Co. KG	390.5	0.0	01.07.2013
7	Biogas Produktion Perleberg Eins GmbH & Co. KG	66.0	0.0	01.07.2013
8	Biogas Produktion Brenz Zwei GmbH & Co. KG	66.0	0.0	01.07.2013
9	Biogas Produktion PGT Verwaltungsgesellschaft mbH	27.5	14.0	01.07.2013
10	Biogas Produktion Brenz Eins Verwaltungsgesellschaft mbH	27.5	14.0	01.07.2013
11	Naturgas Quesitz GmbH	4,435.0	0.0	01.01.2013
12	UAB VL Investment Vilnius	2.9	0.0	31.10.2013
13	UAB VL Investment Vilnius 1	2.9	0.0	12.12.2013
14	UAB VL Investment Vilnius 2	2.9	0.0	12.12.2013
15	UAB VL Investment Vilnius 3	2.9	0.0	12.12.2013
16	UAB VL Investment Vilnius 4	2.9	0.0	12.12.2013
17	UAB VL Investment Vilnius 5	2.9	0.0	12.12.2013
18	UAB VL Investment Vilnius 6	2.9	0.0	12.12.2013
19	UAB VL Investment Vilnius 7	2.9	0.0	12.12.2013
20	UAB VL Investment Vilnius 8	2.9	0.0	12.12.2013
21	UAB VL Investment Vilnius 9	2.9	0.0	12.12.2013
22	UAB VL Investment Vilnius 10	2.9	0.0	12.12.2013
23	UAB VL Investment Vilnius 11	2.9	0.0	12.12.2013
24	UAB VL Investment Vilnius 12	2.9	0.0	12.12.2013

The above subsidiaries are included in the consolidated financial statements for the first time in 2013. TABLE F

In the 2013 financial year, KTG Agrar SE acquired the shares in KTG Frischedienst GmbH, Linthe, which emerged from a shelf company.

In the 2013 financial year, KTG Agrar SE sold the shares in Geo Agrar AG, Schwedt/Oder and thus, indirectly, the shares in Agrargesellschaft Quesitz mbH, in Agrargesellschaft Altjeßnitz mbH and in Quesitzer Agrarprodukte GmbH. At the same time, KTG Agrar SE directly acquired the shares in Agrargesellschaft Quesitz mbH and indirectly in Quesitzer Agrarprodukte GmbH. The purpose of these sales and acquisitions was to exchange plots of land of in order to create efficiently farmable fields.

In the stub financial year from 1 January 2013 to 31 October 2013, KTG Energie AG acquired the following operating companies: Naturgas Quesitz GmbH, Biogas Produktion Brenz Eins GmbH & Co. KG, Biogas Produktion Brenz Zwei GmbH & Co. KG, Biogas Produktion Brenz Verwaltungsgesellschaft mbH, Biogas Produktion Perle-

TABLE G

in EUR thousand

EFFECTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

Tangible assets	31,721
Inventory	1,069
Annual result	166
Liabilities	34,434
Sales revenue	7,031
Other operational imcome	530
Cost of materials	3,569

berg Eins GmbH & Co. KG, Biogas Produktion Perleberg Zwei GmbH & Co. KG, Biogas Produktion Groß-Tessin GmbH & Co. KG and Biogas Produktion PGT Verwaltungsgesellschaft.
KTG Agrar UAB acquired the shares in the newly established UAB VL Investment Vilnius, Vilnius, Lithuania, in the 2013 financial year. The latter company acquired the shares in the following newly established companies in the 2013 financial year:

- UAB VL Investment Vilnius 1, Vilnius, Lithuania
- UAB VL Investment Vilnius 2, Vilnius, Lithuania
- UAB VL Investment Vilnius 3, Vilnius, Lithuania
- UAB VL Investment Vilnius 4, Vilnius, Lithuania
- UAB VL Investment Vilnius 5, Vilnius, Lithuania
- UAB VL Investment Vilnius 6, Vilnius, Lithuania
- UAB VL Investment Vilnius 7, Vilnius, Lithuania
- UAB VL Investment Vilnius 8, Vilnius, Lithuania
- UAB VL Investment Vilnius 9, Vilnius, Lithuania
- UAB VL Investment Vilnius 10, Vilnius, Lithuania
- UAB VL Investment Vilnius 11, Vilnius, Lithuania
- UAB VL Investment Vilnius 12, Vilnius, Lithuania

The initially consolidated companies as well as the companies acquired and consolidated in the course of the 2013 financial year have the following accumulated effects on the consolidated financial statements for the period ended 31 December 2013. TABLE G
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 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 1,016 thousand (2012: EUR 2,060 thousand) relating to the construction time and trial operation up to completion of the biogas plants erected in the 2013 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 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 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 4,138 thousand (2012: EUR 5,062 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. This is valued either at acquisition or production cost or at the lower fair value. The production costs include the individual costs and attributable overheads as required under commercial law.

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 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.

TABLE **H** RECEIVABLES SCHEDULE

in EUR thousand (…) prior-year figures	Total as at 31.12.2013	Residual term up to 1 Jahr	Residual term 1 to 5 years	Residual term more than 5 years
Accounts receivable from supplies and services	120,433 (66,071)	120,433 (66,071)	0 (0)	0 (0)
Accounts receivable from consolidated affiliated companies	6,150 (0)	6,150 (0)	0 (0)	0 (0)
Accounts receivable from non-consolidated affiliated companies	2,461 (1,876)	1,542 (1,268)	919 (608)	0 (0)
Receivables from companies with shareholding	34,370 (24,040)	13,280 (13,790)	21,090 (10,250)	0 (0)
Other assets	83,241 (40,866)	30,966 (23,223)	52,105 (17,643)	170 (0)
TOTAL	**246,655** **(132,853)**	**172,371** **(104,352)**	**74,114** **(28,501)**	**170** **(0)**

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 0.28962. 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 above shows a breakdown of receivables by residual terms; figures for the previous year are shown in parentheses: TABLE H
Receivables from non-consolidated affiliated companies in the amount of EUR 1,542 thousand (2012: EUR 1,238

TABLE I

OTHER ASSETS

in EUR thousand

	31.12.2013	31.12.2012
Loans including taxes	65,251	24,623
Tax refund claims	7,620	5,621
Allowances and subsidies	4,392	3,052
Advance payments for share purchases	1,988	1,988
Receivables from the sale of real estate	0	1,510
Disposal of shareholding	555	674
Insurance claims	0	388
Other	3,435	3,010
TOTAL	83,241	40,866

thousand) were trade receivables, while an amount of EUR 919 thousand (2012: EUR 638 thousand) resulted from other assets.
Receivables from consolidated affiliated companies comprise loan receivables (EUR 816 thousand) as well as trade receivables (EUR 5,334 thousand). These are measured on a gross basis because of the time difference between the financial year of the KTG Agrar SE Group and the consolidated KTG Energie AG sub-group, which prepares its own balance sheet (31 October 2013).
The receivables from affiliated companies comprise trade receivables in the amount of EUR 13,280 thousand (2012: EUR 12,233 thousand) and receivables relating to other assets in the amount of EUR 21,090 thousand (2012: EUR 11,807 thousand).
Other assets are composed as above: TABLE I

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 changed in the 2013 financial year compared to the balance sheet date of the 2012 financial year. On the balance sheet date of the 2013 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. The increase on the previous year (EUR 567.6 thousand) is the result of a capital increase at KTG Agrar SE, which was entered in the Commercial Register on 7 February 2013.
In December 2011, KTG Agrar SE acquired 5,000 of its own shares and another 6,782 in March 2012, each with a nominal value of EUR 1.00; the current value is EUR 171 thousand. This corresponds to 0.189 % of the share capital. The recognition of own shares is done pursuant to section 272 (1) of the HGB by deducting the calculated portion of share capital amounting to EUR 12 thousand from subscribed capital. The amount of acquisition costs, totalling EUR 159 thousand, exceeding the calculated value of share capital 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 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).

TABLE J

CHANGES IN THE DISTRIBUTABLE PROFIT

in EUR thousand

	31.12.2013	31.12.2012
Profit carried forward on 1 January	15,621	7,985
Withdrawal for own shares	0	– 93
Dividend distribution	– 1,249	– 1,022
Group annual surplus for the financial year	– 686	8,388
Proportion of earnings attributable to minority shareholders	– 557	363
TOTAL	**13,129**	**15,621**

TABLE K

CALCULATION BASIS

in per cent

	31.12.2013	31.12.2012
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)	4.88	5.04

The Management Board is 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 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 J
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.

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 K

TABLE L

AMOUNTS ALLOCATED IN THE BALANCE SHEET

in EUR

	31.12.2013	31.12.2012
Present value plan assets	205,369	222,875
Provisions for pension	– 218,189	– 222,244
TOTAL	– 12,820	631

TABLE M

AMOUNTS ALLOCATED IN THE BALANCE SHEET

in EUR

	31.12.2013	31.12.2012
Credit difference amount from balance sheet	18,391	21,421
Provisions for pension	– 31,211	– 20,790
TOTAL	– 12,820	631
Pension provisions allocated	31,211	20,790
Pension provisions not allocated	80,746	81,777
TOTAL PROVISION FOR PENSION	111,957	102,567

TABLE N

AMOUNTS ALLOCATED IN THE FINANCIAL RESULTS

in EUR

	31.12.2013	31.12.2012
Gains on plan assets	8,715	8,316
Interest expenses from discounting	– 13,657	– 10,341
INTEREST INCOME	– 4,942	– 2,025

TABLE O

OTHER PROVISIONS

in EUR thousand

	31.12.2013	31.12.2012
Other provisions	1,508	1,974
Leave	647	573
Annual financial statement costs	487	404
Professional association fees	261	231
Special wage payments and premiums	121	146
Reimbursement food retail	130	57
Lease payments	138	3
Other	879	800
TOTAL	4,171	4,188

TABLE P **LIABILITIES SCHEDULE**

in EUR thousand (…) prior-year figures	Total as at 31.12.2013	Residual term up to 1 year	Residual term 1 to 5 years	Residual term more than 5 years
Loans	292,787 (240,827)	0 (0)	292,787 (207,825)	0 (33,002)
Amounts owed to credit institutions	134,526 (82,434)	42,464 (14,692)	42,072 (25,647)	49,990 (42,095)
Payments received on account of orders	563 (257)	563 (257)	0 (0)	0 (0)
Accounts payable from supplies and services	32,503 (15,058)	32,503 (15,058)	0 (0)	0 (0)
Accounts payable for drawn bills and issue of own bills	828 (154)	828 (154)	0 (0)	0 (0)
Accounts payable to consolidated affiliated companies	2,836 (0)	2,836 (0)	0 (0)	0 (0)
Accounts payable to non-consolidated affiliated companies	16 (11)	16 (11)	0 (0)	0 (0)
Liabilities to shareholders	100 (0)	100 (0)	0 (0)	0 (0)
Accounts payable to companies with shareholding	114 (167)	114 (167)	0 (0)	0 (0)
Other liabilities	18,553 (17,073)	18,553 (14,005)	0 (3,043)	0 (25)
TOTAL	**482,826 (355,981)**	**97,977 (44,344)**	**334,859 (236,515)**	**49,990 (75,122)**

The table below shows the amounts accounted for in the balance sheet for the period ended 31 December 2013: TABLE L
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 M
The relevant expenditures and income from discounting and from the asset to be allocated are carried in the financial results: TABLE N
Other provisions relate to: TABLE O

4.7 Derivative financial instruments

In 2009, KTG Agrar SE concluded interest-rate-hedges in the form of interest rate cap agreements with Bremer Landesbank and KBC Bank Deutschland AG ending on 28 February 2014 and 23 March 2014 with one forward year. By making a one-off payment at the beginning of the term, KTG Agrar AG obtains a payment claim for compensatory amounts if the three-month Euribor rises above the agreed base interest rate on specific key dates. Except for the one-off premium that was paid in 2009, no further payment obligations arise for KTG Agrar SE from these transactions.

4.8 Liabilities

The table below shows a breakdown of liabilities by residual terms; figures for the previous year are shown in parentheses TABLE P
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: A1ELQU) is traded on the Stuttgart Stock Exchange, in the BondM segment.
In June 2011, KTG Agrar SE issued a new bond of 180 EUR million (bond placement EUR 50 million; 1st increase another EUR 50 million; 2nd increase another

EUR 80 million). In addition, there was a private placement of EUR 20 million with a fixed annual interest coupon of 7.125 % in 2013. The bond matures on 5 June 2017. The bond (WKN: DE000A1H3VN9) is traded on the Frankfurt Stock Exchange, in the Entry Standard segment.

As at 31 December 2013, the bond of KTG Agrar SE was placed in the amount of EUR 250,025 thousand. The bond was fully placed after the balance sheet date.

In August 2012, the 62 % subsidiary of KTG Agrar SE, KTG Energie AG, issued a bond of EUR 50 million with a fixed annual interest coupon of 7.25 %. The bond matures on 27 September 2018. The bond (WKN: DE000A1ML257) is traded on the Frankfurt Stock Exchange, in the Entry Standard segment. As at 31 December 2013, this bond was issued in the amount of EUR 42,762 thousand.

As at the end of 2013, **liabilities to credit institutions** were secured as follows: Land charges amounting to a total of EUR 34,113 thousand for premises and arable land as well as land charges amounting to a total of EUR 78,818 thousand for 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 rights and claims from an endowment policy.

Cession of the **EU area premiums** according to the regulations (EC) 1251/1999, 1257/1999, 73/2009, and 1782/2003 of the following companies:

- Podelziger Landwirtschafts GmbH, Podelzig
- AK Feldfrucht GmbH, Postlow
- KTG Energie AG, Hamburg
- PAE norus Agrar GmbH, Podelzig
- PAE-Öko-Landbau GmbH, Putlitz*
- PAE Agrar GmbH, Frankfurt am Main
- Agrargesellschaft Quesitz mbH, Markranstädt*
- Agrargesellschaft Altjeßnitz GmbH, Raguhn
- T.P. Agrar GmbH, Postlow
- "Zur Spetze" Agrarproduktionsgesellschaft mbH, Flechtingen*
- Agrar- und Handels GmbH Mühlenbeck, Oranienburg*
- Landwirtschaftliche Produktionsgesellschaft mbH Frehne Zwei, Marienfließ, OT Frehne*
- AK Agrarproduktions GmbH, Görke
- Agrar GmbH Landwirtschaftlicher Produktionsbetrieb Altdöbern, Altdöbern*
- Agrar GmbH Kohlberg, Trusetal
- Gut Marxdorf GmbH, Vierlinden
- ATU Herzsprung Ackerbau und Tierzucht GmbH, Heilgengrabe, OT Herzsprung
- Agrar GmbH Seebeck, Vielitzsee, OT Seebeck
- Agro GmbH Germendorf
- ATU Öko-Landbau GmbH
- Incofarming Agrarprodukt und Service GmbH, Linthe
- SIWUK Agrargesellschaft mbH Sietzing
- Roloff Agrar GmbH
- Wuthenower Agrargesellschaft mbH
- Wuthenower Milchproduktions GmbH Wuthenow
- PAE Putlitz Marienfließ Agrar GmbH

TABLE Q

OTHER LIABILITIES

in EUR thousand

	31.12.2013	31.12.2012
Loans including interest	9,894	9,952
Equipment financing	1,496	2,208
Taxes	3,935	2,169
Wages, salaries and social security	1,101	782
Share purchases	0	450
Other	2,127	1,512
TOTAL	**18,553**	**17,073**

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 Höhe der jeweiligen Forderung
- Podelziger Landwirtschafts GmbH, Podelzig, in Höhe der jeweiligen Forderung

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 1,000 thousand and 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, Marienfließ, OT Frehne
- PAE Marktfrucht GmbH Putlitz, Putlitz
- Agrar und Handels GmbH Mühlenbeck, Oranienburg
- "Zur Spetze" Agrarproduktionsgesellschaft mbH, Flechtingen
- Podelziger Landwirtschafts GmbH, Podelzig
- KTG Energie AG, Hamburg
- Delta Agrar und Handels GmbH, Frankfurt am Main
- AK Feldfrucht GmbH, Postlow
- PAE norus Agrar GmbH, Podelzig

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 16 thousand (2012: EUR 11 thousand) and loan liabilities in the amount of EUR 0 thousand (2012: EUR 0 thousand).
The **liabilities to consolidated affiliated companies** (EUR 2,836 thousand) exclusively comprise trade liabilities. This is attributable to the time difference between the financial year of the KTG Agrar SE Group and the consolidated KTG Energie AG sub-group, which prepares its own balance sheet (31 October 2013).
The **liabilities to companies in which an interest is held** are trade liabilities and amount to EUR 114 thousand (2012: EUR 167 thousand).
Other liabilities are composed as follows: TABLE Q

4.9 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

TABLE **R**

in EUR thousand

DEFERRED TAX ASSETS AND LIABILITIES

	31.12.2013	31.12.2012
Deferred tay assets		
Tax losses carried forward	2,655	2,800
Provisions	127	155
Trade receivables	126	0
Capitalised accruals and deferrals	21	0
Provisions for pension	11	11
Other liabilities	82	0
TOTAL	3,022	2,966
Deferred tax liabilities		
Technical plant and machinery	2,237	0
6b reserves	1,482	0
Unfinished products	1,420	1,230
Real estate	1,181	1,868
Buildings	107	0
Trade receivables	56	0
Intangible assets	32	0
Provisions	26	52
TOTAL	6,541	3,150

TABLE **S**

in EUR thousand

BREAKDOWN OF SALES

	31.12.2013	31.12.2012
Conventional crop cultivation	34,303	34,880
Biogas	50,075	32,014
Industrial food production	55,778	17,304
Organic crop cultivation	14,237	10,152
Animal production	2,680	3,321
Complementary agricultural activities	7,810	12,565
TOTAL	164,883	110,236

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 R
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 15.000 % and 28.000 %.

5 Notes to the income statement

5.1 Sales revenue

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

5.2 Other operating income

Other operating income is composed as follows: TABLE T

TABLE T

OTHER OPERATIONAL INCOME

in EUR thousand

	31.12.2013	31.12.2012
Income from disposals of property, plant and equiptment	8,622	305
Income from disposals of financial assets	0	16,232
Allowances and subsidies	10,735	10,732
Income from costs passed on	5,208	8,627
Compensation	930	2,057
Comission	2,244	1,652
Lease and rental income	2,205	371
Income from reversal of provisions (other periods)	185	67
Income from reversal of special items	33	7
Income from advisory activities	2,137	0
Other income	5,089	2,993
Income from other periods	416	654
TOTAL	37,804	43,697

TABLE U

OTHER OPERATING COSTS

in EUR thousand

	31.12.2013	31.12.2012
Expense of passing on costs	8,812	8,732
Leasing and motor vehicle expenditure	6,295	7,384
Rent, lease and cost of premises	9,672	6,974
Administration, legal and consulting costs	8,515	5,884
Expenditure for diposal of machinery and equipment as well as repairs and maintenance	5,585	5,789
Other marketing expenditures	8,043	5,385
Insurance, taxes and raising of capital	1,400	2,406
Expenditures from other periods	631	348
Asset disposals	0	265
Sale of shares	0	1
Other expenditures	5,505	5,986
TOTAL	54,458	49,154

5.3 Other operating costs

Other operating costs are composed as follows: TABLE U
Write-offs during the 2013 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 2013 up to the reporting date of the consolidated financial statements of KTG Agrar SE (31 December 2013)

The data shown here relates to the internal reporting of the company for the first two months of the 2013/2014 financial year of the sub-group (November to December 2013).

TABLE V

INCOME STATEMENT

in EUR thousand

	01.11. – 31.12.2013	01.01. – 31.10.2013
Sales revenues	14,479	50,925
Inventory changes	– 334	575
Other operating income	195	2,554
Cost of materials	– 6,852	– 27,430
Personnel expenses	– 573	– 2,748
Depreciation/amortisation	– 1,438	– 5,233
Other operating costs	– 4,176	– 10,909
Other	– 977	– 6,408
TOTAL	**324**	**1,326**

The income statement refers to November and December 2013. The comparable figures refer to the audited and published balance sheet of the sub-group for the period ended 31 October 2013. TABLE V
The data for November/December 2013 includes no facts requiring explanation in the meaning of section 299 (3) of the HGB.
Due to the 10-month stub financial year, the consolidated result of KTG Agrar SE for the period ended 31 December 2013 (EUR -0.7 million) includes income in the amount of EUR 3.0 million which is not offset by corresponding expenses for reasons of consolidation. This would be eliminated through profit/loss on consolidation and result in a lower consolidated result. EUR 2.3 million of this effect will be offset over the next 5 to 6 years.

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 4,000 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. The residual value of these financing operations amounted to EUR 8,009 thousand (Putlitz), EUR 7,676 thousand (Dersewitz), EUR 7,289 thousand (Flechtingen) and EUR 14,478 thousand (Seelow) as at 31 December 2013.

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 826 thousand as at 31 December 2013.

7.1.3 For a loan granted to PAE Agrarproduktions- und Verwaltungs AG Putlitz, Putlitz, KTG Agrar SE has assumed fixed liability guarantee in the amount of EUR 285 thousand. Utilisation on 31 December 2013 amounted to EUR 105.0 thousand and EUR 14.1 thousand current account overdraft, totalling EUR 119 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 776.9 thousand as at 31 December 2013 (2012: EUR 273.0 thousand).

7.1.5 For a loan granted to Agrar GmbH Landwirtschaftlicher Produktionsbetrieb Altdöbern KTG Agrar SE has assumed a guarantee in the amount of EUR 500 thousand. The residual value of this loan amounted to EUR 647.3 thousand as at 31 December 2013.

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-financing 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 258.3 thousand as at 31 December 2013.

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, amounting to EUR 695 thousand dated 11/15 July 2002 as well as a loan for the remaining EUR 67 thousand dated 20 April / 3 May 2002. The residual values remained unchanged at EUR 695 thousand and EUR 41 thousand as at 31 December 2013.

7.1.8 Also on 23 February 2010, KTG Agrar SE joined a loan issued by HSH Nordbank AG in favour of PAE Agrarproduktions und Verwaltungs AG Putlitz amounting to EUR 43.7 thousand dated 31 March to 4 April 2005 as well as a loan amounting to EUR 83.3 thousand dated 25 to 27 September 2006.

7.1.9 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 2013 was EUR 500.0 thousand plus guaranteed credit of EUR 48.3 thousand.

7.2 Liabilities resulting from guarantee agreements

7.2.1 KTG 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-Produktion Putlitz GmbH, Biogas-Produktion Dersewitz GmbH, Biogas-Produktion Flechtingen GmbH, and Biogas-Produktion 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.
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 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 7,853 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 to Sparkasse Prignitz in favour of 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 1,265 thousand as at 31 December 2013.

7.2.4 KTG Agrar SE has declared an assumption of debt for a loan to PAE Marktfrucht GmbH from Commerzbank in the amount of EUR 1,750 thousand. The value as at 31 December 2013 was EUR 1,400 thousand.

7.2.5 KTG Agrar SE has assumed liability for a loan to PAE Marktfrucht GmbH from Commerzbank in the amount of EUR 72 thousand. The value as at 31 December 2013 was EUR 40.6 thousand.

7.2.6 KTG Agrar SE has declared an assumption of debt for a loan to Schöllnitz Agrar GmbH in the amount of EUR 857 thousand. The value as at 31 December 2013 was EUR 808 thousand.

7.2.7 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 2013 was EUR 183.9 thousand.

7.2.8 KTG Agrar SE has assumed 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 2013 was EUR 94.6 thousand.

7.3 Contingent liabilities arising from provision of collaterals for third-party liabilities

Furthermore, KTG Agrar SE has provided a fixed-term deposit amounting to EUR 700 thousand as security for a bank loan granted to Ms Beatrice Ams.

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 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 improbable.

8 Other information

8.1 Executive bodies

The **Supervisory Board of the parent company** consists of three members.
During the 2013 financial year, the members of the Supervisory Board were:

- Mr Henning von Reden, auditor, Kiel
  Chairman – since 23 August 2013
- Mr Siegfried Koch, banker,
  Managing Director of Finanzdienste am Kaiserdom GmbH, Königslutter
  Chairman – until 23 August 2013
- Dr. Prof. Julian Voss, university professor, Göttingen
  Vice Chairman – since 23 August 2013
- Dr. Klaus Kamlah,
  Partner of the law firm Esche, Schümann, Commichau, Hamburg
  Vice Chairman – until 23 August 2013
- Ms Beatrice Ams, businesswoman, Hamburg

The members of the Supervisory Board received directors' remuneration amounting to EUR 141 thousand for the performance of their tasks in 2013.
Finanzdienste am Kaiserdom GmbH, of which Mr Koch holds 100 % of the shares, received remuneration amounting to EUR 139 thousand for the provision of consultancy services and for other services to the Group companies. The law firm Esche, Schümann, Commichau (Dr. Klaus Kamlah) received remuneration amounting to EUR 84 thousand; the law firm RBB von Reden, Böttcher Büchl & Partner received remuneration amounting to EUR 30 thousand. The remuneration of the Supervisory Board members relates to the entire KTG Group.
Dr Kamlah is also Chairman of the Supervisory Board of Sysback AG, Hamburg, while the other members of the Supervisory Board do not have other comparable functions.
During the 2013 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
- Dr. Thomas R.G. Berger, lawyer, CAO, CKO,
  Munich – until 30 September 2013

8.2 Total remuneration for the Management Board of the parent company

The remuneration for the Management Board amounted to EUR 767 thousand in 2013 (2012: EUR 767 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 775, of which 96 in Lithuania (2012: 591, of which 104 in Lithuania). The KTG Agrar SE Group employed six trainees on average during the 2013 financial year (2012: 6).

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

During the 2013 financial year, all transactions with related parties were conducted on an arm's length basis.

TABLE **W**

OTHER FINANCIAL LIABILITIES

in EUR thousand

	Liabilities due in 2014	Liabilities due 2015 to 2018	Liabilities due in 2019 and thereafter
Leasing agreements	8,032	15,333	2,151
Rental contracts	145	268	0
Lease contracts	3,788	8,261	12,322

8.6 Other financial liabilities

Leasing agreements as of 31 December 2013 result in the following financial liabilities: TABLE W
Rental contracts concluded until 31 December 2013 result in the following financial liabilities: TABLE W
Lease contracts for agricultural land as at 31 December 2013 result in the following financial liabilities: TABLE W
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 12,194 thousand as at 31 December 2013.
Purchase commitments totalled EUR 32,156 thousand (2012: EUR 43,002 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 2013 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 290 thousand (2012: EUR 265 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 2014
KTG Agrar SE

S. Hofreiter | Ulf Hammerich | Bert Wigger

SIEGFRIED HOFREITER
CEO

ULF HAMMERICH
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 2013 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.

Our audit has not led to any reservations. 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 2014

MDS MÖHRLE GmbH
AUDITING FIRM

Horstkötter — **AUDITOR**
Grums — **AUDITOR**

ABOUT US/FINANCIAL CALENDER

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DATES

Frankfurt Prior Captial Market Conference	11 May 2014
Munich Captial Market Conference	21 May 2014
Bond II: annual interest payment	6 June 2014
2014 Shareholders' meeting KTG Agrar SE	20 June 2014
Publication of Interim Report 2014	September 2014
DVFA Small Cap Conference	1 September 2014
Bond I: annual interest payment	15 September 2014
Publication of company rating	20 November 2014
Munich Captial Market Conference	December 2014

CONCEPT AND DESIGN

Sherpa Design, Hamburg
KTG Agrar SE

PICTURE CREDITS

KTG Agrar SE, Redpinata, Ulrich Hartmann, Nina Lüth, iStockphoto, Fotolia

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.

2013 ANNUAL REPORT

KTG Agrar SE
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