CLAAS

New Horizons

2013 Annual Report

CLAAS Group Overview

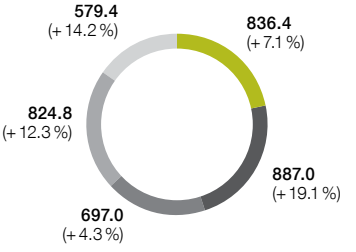
Financial Indicators (IFRS)

in € million	2013	2012	Change in %
Financial Performance			
Net sales	3,824.6	3,435.6	11.3
EBITDA	412.8	426.1	-3.1
EBIT	327.0	347.6	-5.9
Income before taxes	295.3	315.6	-6.4
Net income	212.3	232.7	-8.8
Research and development costs*	198.0	181.2	9.2
Free cash flow	82.1	-84.2	-
Financial Position			
Equity	1,251.1	1,094.8	14.3
Capital expenditure	172.4	163.1	5.7
Total assets	2,904.2	2,620.4	10.8
Employees			
Employees as at the balance sheet date	9,697	9,077	6.8
Personnel expenses	594.0	548.1	8.4

* Before capitalized and amortized development costs.

Sales by Region

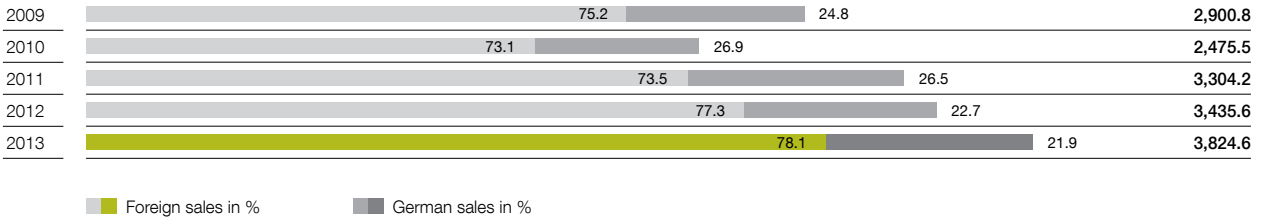
in € million / in % compared to prior year



- Germany
- France
- Rest of Western Europe
- Central and Eastern Europe
- Other countries

Sales per Year

in € million



Global agriculture in numbers

New Horizons

Financial success is the result of a perfect balance, where tradition and progress are in absolute harmony. This is based on the ability to pinpoint, seize, and take advantage of opportunities over the long term. In its 100-year history, CLAAS has often been the first to make a move and act just at the right time, making it a pioneer in agricultural technology. There were many such stories to tell at the events held in honor of the 100th anniversary of CLAAS last year, stories of professionalism, experience, and innovation that have influenced and driven forward agricultural technology time and time again.

We are going to take another look at the highlights of the anniversary year, but also focus on challenges on the road ahead. After all, CLAAS will continue to grow. The potential is there, especially in countries where efficient agricultural technology has yet to make a breakthrough. Capacity expansion at the production site in the Russian city of Krasnodar is just one of the topics covered in depth in this report. Another way of continuing the CLAAS story of success is expansion in the U.S., activities that we will also be reporting on here.

Opportunities also arise through innovations that unlock new sales markets. In 2013, a whole host of new generations of machinery were unveiled – all of which are an absolute testament to our technical superiority. This machinery is the product of expertise, knowledge, and the desire to bring about change. After all, change is the only way to move forward, stay one step ahead of the market, and overcome challenges both of the past and of the future. The challenges faced can be found on the world map in this report. For the first time, the most important parameters in global agriculture and agricultural technology have been summarized from geological, ecological, and economic perspectives.

One of the main reasons a family business like CLAAS is successful is because its decision-makers have always seen major challenges as opportunities and used them as motivation. Fiscal year 2013 was once again a story of impressive progress in terms of sales, income, and other important factors that serve as a benchmark for company development. Success is seldom a coincidence. Rather, it is the fruit of a strong, pioneering strategy implemented with courage and an appropriate amount of risk. This strategy is a permanent fixture of the history of CLAAS – as a business and as a family.

Content

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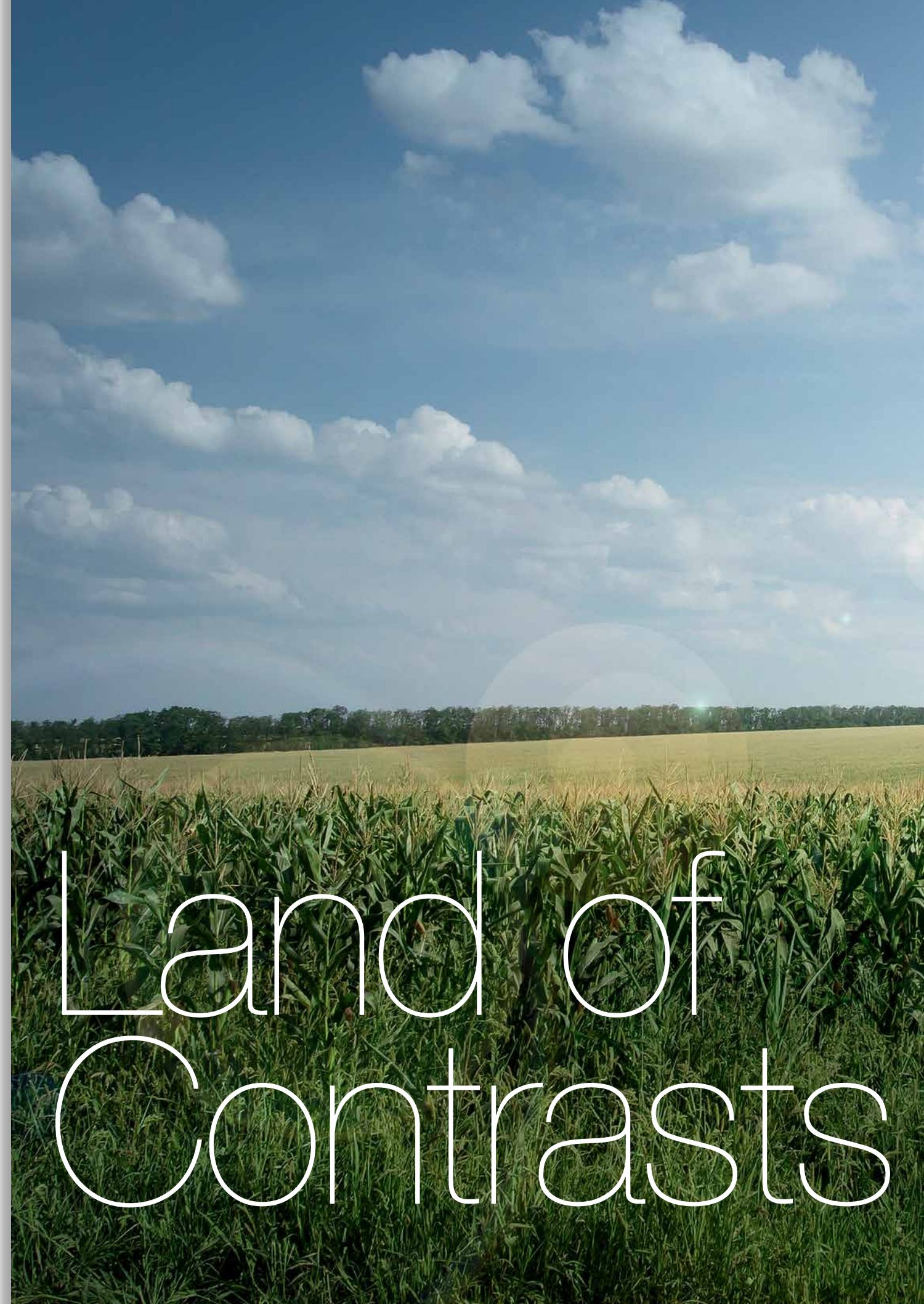
Endless Possibilities

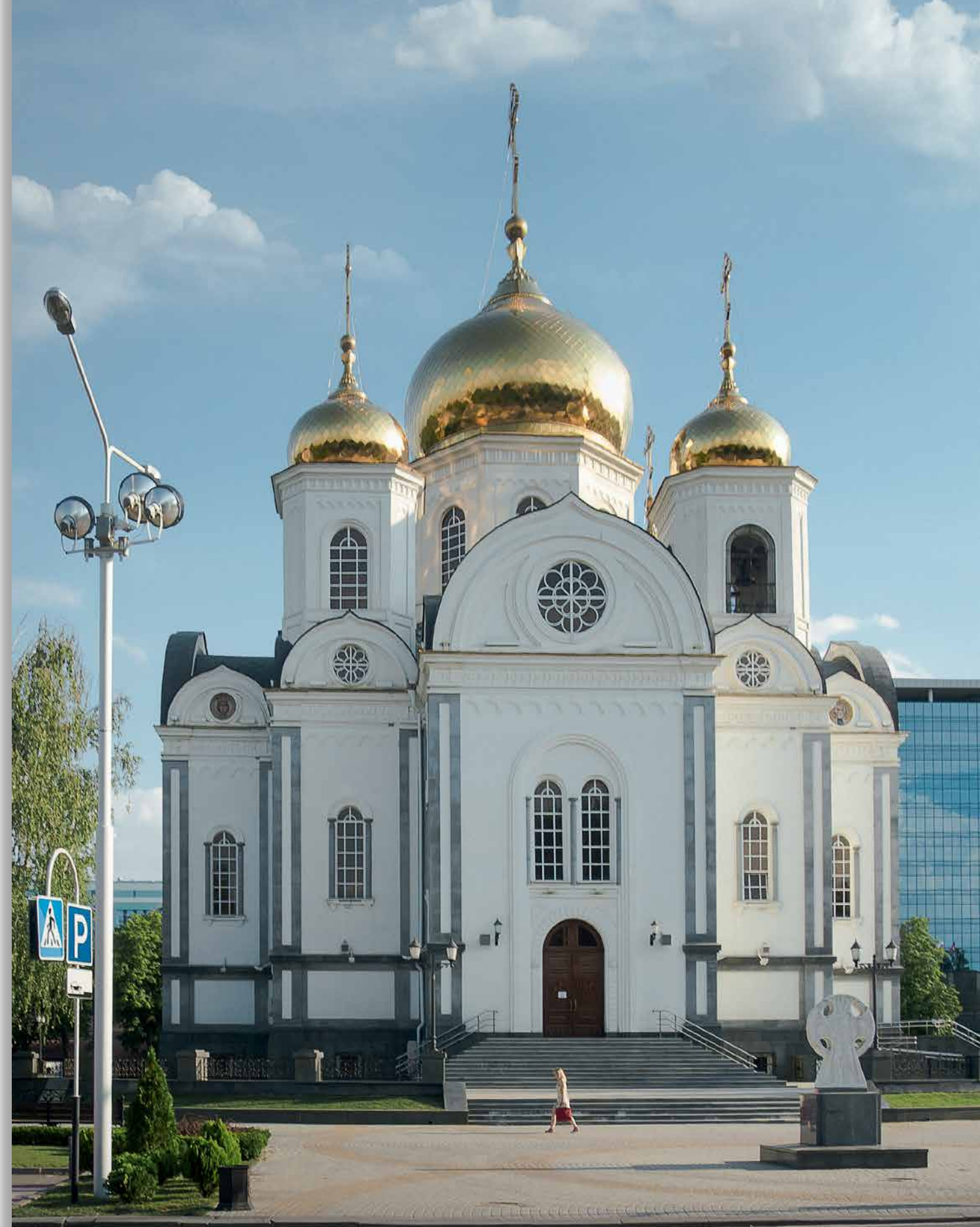
Agriculture in the U.S. is bigger than European agriculture in almost every regard. That being said, “farming business” often also means “family business” – as our report from the U.S. Midwest shows. **Page 20**



Land of Contrasts

CLAAS is expanding its production activities in Russia. Over two-thirds of the world's agricultural land is situated in Russia where huge farming operations are to be found, particularly in the fertile Chernozem, or black earth, lands around the Krasnodar region.

Text by Dirk Böttcher



St. George's Church, one of the many highlights of sunny Krasnodar. The city is considered one of the most important industrial hubs in the northern part of the Caucasus. Fresh, locally harvested produce still shapes the city's culture.

8%

of Russian workers are employed in the agricultural industry.

Kirill Krattli's negotiations on his next combine harvesters often take him to the skyscrapers of Moscow's business district. Krattli is the Managing Director of agricultural machine trading company Mirtech, one of four exclusive CLAAS sales partners in Russia, and often travels over a thousand kilometers from his office in Krasnodar to the Russian capital. His meetings in Moscow aren't with farmers, they're with attorneys, investors, and business representatives who manage the cultivation of huge tracts of agricultural land measuring hundreds of thousands of hectares. Krattli speaks of "mega-farms," most of which are located in the fertile Chernozem areas around Krasnodar. Negotiations with these investors aren't about the usual five or ten combines, rather deliveries of 50 or more. Decisions are made using the hard-nosed logic of the financial market: "It's about weighing up procurement costs, depreciation effects, and tax models," says Krattli. Five percent of Krattli's customers are owners of these mega-farms, but they account for 30 percent of Mirtech's sales.

Black earth (also known as Chernozem) is one of the most fertile soil types in the world. It takes its name from its layer of black humus. The famous soil type can be found in the steppe between the Black Sea and the Caucasus region and is between 3,000 and 7,000 years old. Chernozem is formed from tephra, calcium-rich fragmental material produced by a volcanic eruption, on which decomposing, grass-rich vegetation allows thick layers of humus to grow over time with the help of soil-dwelling organisms. According to new theories, it gets its black color from burned material that was never fully destroyed. Was this soil type created by man? The black earth region around Krasnodar is certainly the work of millennia. Nowadays, around 3 percent of Russia's arable land is found in its legendary breadbasket, which is responsible for over 12 percent of national crop harvests and 80 percent of national rice harvests.

Feet on the Ground

In more rural surroundings, in a village whose name translates as "south-north," business is still done on terra firma. It's the third week of July, and the combines from Rodnik (translated as "the source"), the local farm, are returning from the harvest.

Yuri Aleksandrovich Zinkovskyi, Rodnik's general director, invites us into the farm's common room for what he calls "a little snack." In reality, the table is heaving with Russian delicacies, as is the custom in Russia. The spread includes Russian kale soup and other local treats: "Everything is harvested here," says Zinkovskyi full of pride. The well-built man chats away like there's no tomorrow, explaining that "yields were good this year, but not as good as we had hoped." Extreme drought and heat proved to be the farmers' worst enemies.

Once a "kolkhoz," or collective farm, Rodnik became an incorporated company in 1992. The owner also owns an slaughterhouse close by. The arable land

"We cannot help our customers with the weather, or how to sell their harvests – but what we can do is make sure our machines don't cause them any headaches."

Kirill Krattli, Managing Director of Mirtech

Ready for the long journey – CLAAS supplies combines to all over the region from the assembly plant in Krasnodar. Destinations often include places thousands of kilometers away or across the border into countries such as Kazakhstan. Kirill Krattli (above) is the Managing Director of Mirtech, the local CLAAS sales partner. He has put together an extensive range of services for CLAAS agricultural machinery customers.

"After all the crises we have seen in the past, Russians tend to concentrate on the here and now. Who knows what will happen tomorrow."

Michael Ritter, Sales Manager CLAAS Russia

is leased by residents in nearby villages. Of the farm's original workforce of 390, only 190 remain; most have never worked anywhere else in their lives. With some 8,000 hectares of agricultural land, Rodnik would be a giant operation in Western Europe – in Russia, it's among the smaller farms.

There is a huge need for modernization. "We want to increase productivity, but to do that we first have to become more profitable in order to have the money to invest in new technology," says Zinkovskyi. This year Zinkovskyi signed an agreement for the farm's first investment in foreign technology. "We now have three CLAAS combines and they manage more than five of our old Russian machines could."

Ambitious Targets

In between the financial clout of the investors and the efforts of smaller farms to modernize their operations, there is a market with huge potential for expansion. Jan-Hendrik Mohr, responsible for sales on the CLAAS Group Executive Board, sees Russia as the "epicenter of Eastern European business." By 2020, sales are set to be increased there by a substantial margin.

Mohr has been tracking development in Russia for more than a decade now. He is still humbled by the hospitality offered in Russia. At the moment, Mohr is observing increasing demand from Russian farmers for foreign engineering and agricultural methods. In line with the long-term growth strategy, CLAAS is to expand its product range to cater to the Russian market. "We are on very solid footing when it comes to foragers and combines," says Mohr. "In the future we will also start marketing our tractors. Development in this segment has only really just got going."

German Quality in Russian Production

The CLAAS sales company is based in Moscow, where it controls all Russian sales activities. However, the nerve center of Russian business at CLAAS is the production and assembly plant in Krasnodar. The factory in the city of Krasnodar, capital of the region of the same name and with a population of 800,000, was opened in 2003. The up-and-coming city near the Black Sea is more pleasant than the urban centers of Moscow or St. Petersburg and is seen as a cultural melting pot combining Caucasian, Cossack, and Russian influences.

At the plant, 200 employees assemble combines and tractors. Now another production building is also being built, with CLAAS investing over € 100 million. A decade ago the focus was on convincing the Russian market that assembly according to German quality standards was worthwhile, but now efforts are focused on increasing unit numbers and further production localization. "This increases our profitability and establishes us as a Russian manufacturer," explains Dr. Ralf Bendisch, General Director of CLAAS Russia.

Bendisch, who has a PhD in mechanical engineering, is an eloquent business manager fluent in both German and Russian. He studied in Kiev, has lived and worked in the region for decades, and is seen as an expert on Russian business. Bendisch is on the German-Russian Chamber of Foreign Trade's management board and is also a German honorary consul. He manages the CLAAS factory in Krasnodar together with sales manager Michael Ritter, also an expert on Russian business, who previously worked in the country for the automotive manufacturer Volkswagen.

The Russian Market at a Glance

GEOGRAPHY

POPULATION

142.7 million inhabitants

10.9 million employed in agriculture

AGRICULTURAL LAND

50 m ha
suitable for crop cultivation are not used

72 m ha
are currently used for crop cultivation

FARMS

185,516
active farms (> 1 hectares)

80 %
of which are cropping farms

AGRICULTURAL PRODUCTION

Total harvest of the most important agricultural products (three-year average 2010–2012)

58 million tons
of cereals
(wheat + barley)

38 million tons
of sugar beet

28 million tons
of potatoes

8 million tons
of sunflower seeds

Source: VDMA / FAO, 2011–2013

"Our production is still too expensive."

Sergei Garkuscha, Minister for Agriculture in the region of Krasnodar, describes his ambitious targets moving forward.

Sergei Garkuscha is, in his own words, a "farming fan." He loves to talk about crops, about the process of cultivation. For 37 years Garkuscha worked on a farm; now he's a minister. He's just finished his 9 a.m. conference with his employees, and asks us to take a seat for our interview. He begins by citing some impressive agricultural statistics that cover everything, even egg production per capita in Krasnodar (346, in case you wondered).

Are you satisfied with this year's harvest? Yes, all in all we were able to increase yields by 10 percent, in spite of the low amount of rain. We set a new record in our rice harvest.

What are the reasons for this? The standard of technology at farms is improving. Given the climate here, our harvests have to be quick and must preserve the soil, otherwise we will destroy the ground in the dry conditions.

Is the government supporting modernization? We subsidize regional agriculture by around € 175 million per year, € 95 million of which comes from Moscow.

What's the best way to use these funds? We must monitor the areas where we are not reaching international levels and invest the money in areas where conditions are perfect. State subsidization should only support the things that work here best of all.

Is Russian agriculture competitive on the international stage? No, that's been clear to see since we became part of the WTO. Our production is too expensive. However, we are on course to reduce production costs per kilo for crops compared to 2011 from 8 cents to 5 cents.

Do you agree that Russia's responsibilities in agriculture go beyond its national borders? Of course. Almost two-thirds of the world's agricultural land is in Russia. Russia will be the key to the world's future food supply. Our resources are by no means exhausted.

How can this be done? We must drive forward modernization. We have more than € 100 million available to us, allowing us to subsidize up to 15 percent of investments into agricultural machines, for example. Incidentally, the subsidies aren't dependent on the machines being Russian or from elsewhere, which is an important step forward.

But won't that further weaken Russian industry? We'll see – in my opinion we cannot produce on a level with the global market. We must focus on the best possible technology, regardless of who produced it or where. Otherwise we'll just be playing catch-up.

How are exports doing? We export up to 7 million tons of crops, not that this figure pleases me.

Why not? I would prefer it if we didn't export our commodities and instead built up our own food industry and exported processed products with greater added value. This would mean more money and more jobs would remain in Russia.

Do you see any further potential? We are currently planning to restructure our agricultural industry toward organic production.

The production site in Krasnodar is to develop into a local competence center for agricultural technology. Recently, the 10,000th TUCANO was sold to an Eastern European customer. Built in Harsewinkel, the combines are sent to Russia in component form before being assembled on site.

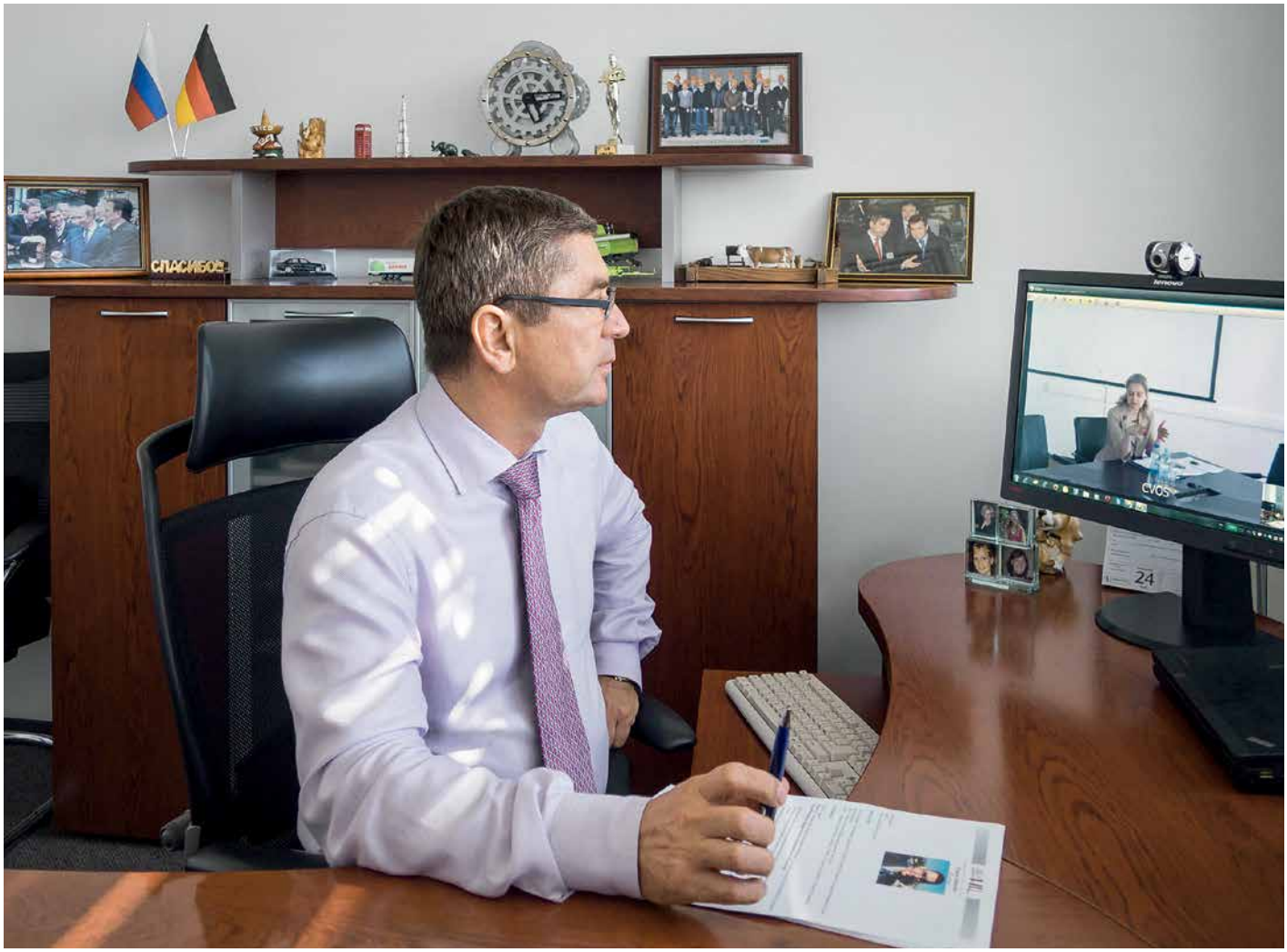
In Russia for Russia

CLAAS Russia sees itself as a Russian company, not as a branch of a German company. The company is bound by CLAAS values and embraces the culture of the family company. This put CLAAS Russia on the list of top 100 employers almost immediately. The company offers its employees social benefits and provides a shuttle service to bring employees to the factory and take them back home again. CLAAS is particularly attractive for graduates of technical vocational training, as it offers them a chance to work with pioneering technologies. Applications to join CLAAS Russia now come from all over the country; due to the enormous distances in Russia, job interviews via video conference have long since become the norm.

The size of the company's customs department is still a thorn in Ralf Bendisch's side. As a foreign manufacturer, imports and exports are a veritable obstacle course of bureaucracy. Policymakers in Russia always saw themselves as representatives of the interests of domestic industry and levied substantial import duties. These duties were officially revoked when Russia joined the World Trade Organization (WTO), but were swiftly replaced by new duties and fees. Russian manufacturers account for around half of total market share and do their utmost to ensure that things stay that way. Bendisch is a fierce proponent of equal treatment for all stakeholders in the market. His hopes rest on the creation of a free market: "I would like to see the day when any farmer in Russia is free to decide what technology is best for him."

One aspect of Russia that sales manager Michael Ritter can't fail to ignore is the lack of confidence in the future: "After all the crises we have seen in the past, Russians tend to concentrate on the here and now. Who knows what will happen tomorrow." Confidence in sustainable strategies and planning over long-term time frames has been slow to arrive in Russia, but these areas remain guiding principles for CLAAS in the country.

The extensive partnership with the agricultural university in Krasnodar, which trains 20,000 students to become engineers, economists, and attorneys with an agricultural background, is just one example of this. Ralf Bendisch lectures at the university. In practical research projects, students are



Job interviews via video conference are just part of the job for Ralf Bendisch (above). The CLAAS factory in Krasnodar is considered an attractive workplace throughout Russia. On site, brand-new combine cutterbars await delivery.

"By increasing sales quantities, we will become even more profitable and establish ourselves as a Russian manufacturer."

Dr. Ralf Bendisch, General Director of CLAAS Russia

given the chance to work and experiment with a whole manner of CLAAS products, from foragers to combines, and CLAAS has set up a number of computer workstations for the students.

The university's rector, Alexander Ivanovitch Trubilin, is grateful for the support from CLAAS: "The Russian government traditionally only supports teaching at the university, so we must look elsewhere for research funding." CLAAS helps students carry out research projects with the new technology. In return, CLAAS benefits from access to a pool of highly qualified potential future employees. "What's more, these students may also become important decision-makers at companies and public authorities that are relevant to us," says Bendisch.

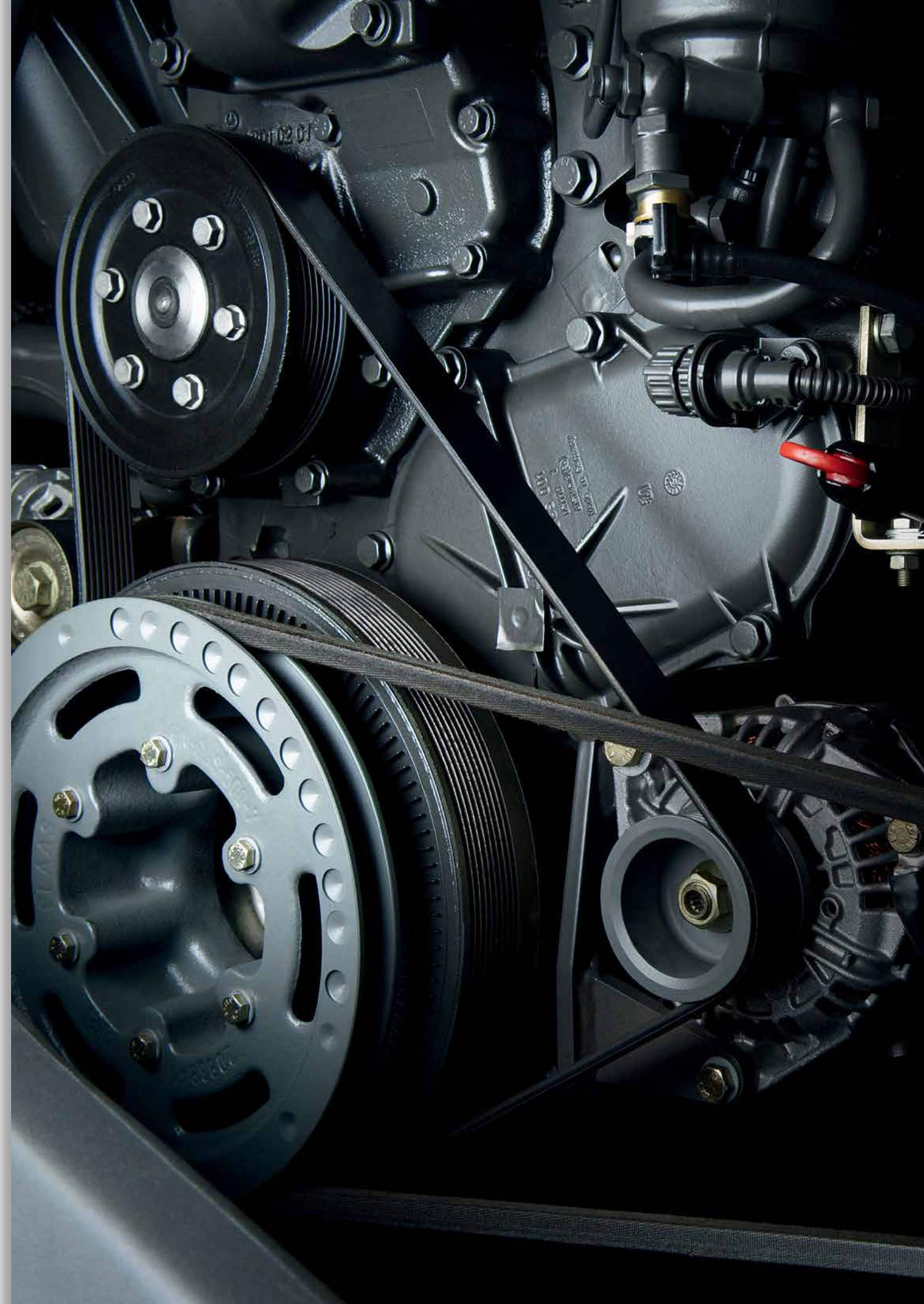
80 %

of all farms in Russia are cropping farms.

Visionaries Need Time

People like Kirill Krattli are also committed to the future of the Russian agricultural market. He is one of the many young specialists in the country who studied at elite British or American universities and then returned to their homeland packed with expertise. "After my degree abroad, I wanted to do everything differently back home," he recalls. "However, I quickly learned to be patient," he adds with a smile.

At the moment, service is Krattli's current area of focus. The exclusive CLAAS sales partner has recently opened a new service center. Another 15 are planned in the Krasnodar region alone. "We can work on two combines and 16 tractors at any one time in this mini factory," he explains. These service centers are connected to a whole network of smaller workshops equipped with repair equipment and a stock of replacement parts where farmers can come to repair their machines themselves, true to Russian traditions. "We have understood that our customers have a wide range of different problems," says Krattli. "We cannot help them with the weather, or how to sell their harvests – but what we can do is guarantee that, with us on board, our machines don't cause them any headaches."



Technology for Tomorrow

They develop the most advanced agricultural machinery that the world has to offer. Four senior engineers at CLAAS talk about how they are putting combines, forage harvesters, balers, and tractors on the right track for the future. They are all aware that developing tomorrow's agricultural technology requires rigorous testing in practice above all.

Text by Horst Biere

Dr. Thomas Barrelmeyer:

"Eyes on the fleet"

"Developing combines that achieve consistently high performance even under difficult harvesting conditions is a fascinating task." Coming from Westphalia, Dr. Thomas Barrelmeyer, who grew up on a farm, tends not to overelaborate. However, the LEXION 600 and 700 series are primed to withstand the toughest demands placed on them by senior engineers all over the world. The fact that a LEXION set a world record for harvesting is the best proof of this. The more important point, however, is the ability to ensure trouble-free harvesting at high work rates so that the customer can achieve corresponding yields. Dr. Barrelmeyer stresses the technical details that were developed with the CLAAS team: multifunction control lever in the cab, constant hydraulic pressure system, optimized threshing and cutting unit, CEMOS driver assistance and automation system. Dr. Barrelmeyer, who has a PhD in mechanical engineering, emphasizes that development is not just focused on the harvesting machine itself. "We need to make improvements along the whole harvesting chain. In other words, all the harvesting machines must be able to withstand continuous, intense usage on a daily basis."

This is why Dr. Barrelmeyer attaches great importance to actually seeing the whole machine fleet "in use outdoors." However, when he wants to arouse interest in the harvesting of the future among students and young engineers, he talks about optimization of the process chain or machine-to-machine communication. And about the importance of planning ahead so that weather conditions, a constant element of uncertainty, only have a minor impact on efficiency.

Model: LEXION 780
Output: 405 kW (551 hp)
Grain tank capacity: 12,500 liters
Facts: New CEMOS driver assistance and automation system with a camera for monitoring grain quality, TERRA TRAC soil-protecting crawler track, speed of up to 30 km/h, comfort control camera.

Philippe Gonzalez:

"The future is green"

"Tractor buyers today have to think more and more in business terms," says Philippe Gonzalez. "For us, this means that we are able to provide buyers the right answers to questions about productivity and costs." As a mechanical engineer at CLAAS Tractor in Vélizy, France, Gonzalez is not just responsible for ensuring that the new AXION 850, crowned "Tractor of the Year" by an international jury in November 2013, is a technically superior product – he also helps develops the 4-cylinder and 6-cylinder tractor series.

His approach is across-the-board, which is why he especially has his eye on CLAAS tractors from the point of view of continuous, rigorous operation. The tractor has to be a profitable investment for the customer, even when used in the toughest conditions. This also means providing the driver with a comfortable working environment and a low level of operator fatigue. Philippe Gonzalez learned about tractor technology at his father's vineyard in the southern French town of Narbonne. "At first, we had a Renault D60," the engineer remembers, having joined CLAAS at exactly the same time the company took over the Renault tractor business in 2003. The tractors were, and are still being, continuously improved – in terms of cabin comfort, energy efficiency, and environmental compatibility. The AXION 850 is the first tractor to comply with the new emission standards (Stage IV). What will come next? "Lower fuel consumption and greater energy efficiency are the goals." It is highly likely that the future will see a hybrid of the diesel engine with other intelligent energy systems, such as electricity.

Model: The new AXION 850
Output: 195 kW/264 hp
Engine: 6.7 liters
Facts: Powerful HEXASHIFT transmission, simple operation with the CMOTION multifunction lever, new 4-pillar cab design for greater visibility of rear attachments

Ulrich Hesselmann:

"Taming the engine"

"The trick is to tame the engine's power – and we mean that literally." Ulrich Hesselmann, Head of Development Square Balers in Metz, speaks of the immense power that is required to make extremely compact bales with a QUADRANT baler. The legendary knotter, which was the first product that August Claas was awarded a patent for back in 1923, is still basically the heart of every baler. Nowadays, however, the simple knotters that bind the compressed rectangular material are much bigger. "We developed the so-called 'loop knotter,'" the development engineer explains. These knots are the strongest and enable maximum throughput and a high baling density.

"This allows 60 to 70 tons of ready-to-transport material to be compressed, bound, and deposited per hour," says Ulrich Hesselmann, who has been fascinated by balers since his early youth. "I grew up near Münster and was allowed to help out on a friend's farm where they used the CLAAS Markant. That got me infected," he says, grinning. His career path was set at an early age.

Hesselmann holds the company's earlier technological developments in high esteem. "You have to take your hat off to August Claas and his engineers," says the current Head of Development Square Balers. "In those days, after all, the modern digital technologies that are now crucial for developing knotting systems were a long way from being available."

Model: QUADRANT 3400
Bale size: 1.20 x 1.00 m / 0.5 to 3.00 m variable bale length
Pick-up width: 2.35 m
Dimensions: Height: 2.99 m, width: 3.39 m, weight: 12,860 kg (tandem axle model)
Facts: Camera system at the rear, can be operated via the Communicator (both optional)

Karl-Josef Kleingräber:

"Efficiency is paramount"

"We regard efficiency as the paramount goal," says Karl-Josef Kleingräber. He is responsible for developing the JAGUAR forage harvester, which is the world's best-selling of its kind. After all, its owners earn their money with the machine. "A CLAAS forage harvester is a premium product that someone will invest in to improve their economic situation," says Kleingräber. A 650 kW (884 hp) engine purrs under the hood of the JAGUAR 980. However, instead of clinging to pure horsepower ideology, the CLAAS development engineers prefer to bank on intelligent use of chopping power.

In the future, chopping output will need to be much higher than today. "In order to be able to produce feed for dairy farms and beef production, a forage harvester used to be in operation between 300 and 400 hours a year," says the engineer, who learned about agricultural engineering from the bottom up. "Today, we are way over that mark." At his parents' contracting firm in the Münsterland region, CLAAS chopping technology was used exclusively for forage harvesting and therefore in milk and meat production. Today, however, chopped material harvested by the JAGUAR is increasingly being used for energy production. "By automatically reducing the engine's power output, farmers can easily save 100 to 150 liters of diesel fuel," the expert remarks, "every single day!"

When Karl-Josef Kleingräber explains what efficient chopping systems mean for the user to his oldest son, who is a researcher at a department of agricultural engineering, he refers to the ongoing practice tests: "We can only see whether all the components interact correctly and efficiently when we actually take a closer look at a contractor's harvesting operations."

Model: The new JAGUAR 850
Engine: 6-cylinder Mercedes
Output: 335 kW (455 hp)
Facts: Dynamic Power (automatic adjustment of engine output), Dynamic Cooling (fuel-saving cooling system), Auto Fill (automatic filling technology), low maintenance

Endless Possibilities

Farming is a simple concept. Press a seed into the ground, and a few months later, food vaults from the dirt. But for many farmers, it's difficult to keep a seat at the big table. CLAAS is perfectly positioned to help North American farmers keep their seats. A visit to the U.S., the world's largest producer of maize and soybeans.

Text by CLAAS of America

"North American farmers are using state-of-the-art technology more than ever before to drive their profits."

Leif Magnusson, Managing Director CLAAS of America

It's 8:00 a.m. on Tuesday morning at the downtown café in Glenwood, Minnesota. A group of semi-retired farmers sits around the large center table, chatting about the latest news. The café owner serves them, as she's done nearly every morning since she was a teenager. The farmers sip coffee, tell stories, and catch up on the local news. "Nice game Friday," says one, referring to the local high-school football team. "Ja, you bet," answers another, acknowledging an article in the community newspaper he's reading. His accent, like many who live here, is distinctive to this part of the country. Though it has been some 130 years since German and Scandinavian immigrants settled the area, the Northern European heritage can still be heard in the tone of the residents' voices today.

Glenwood is a small town in the U.S. Midwest with a population of 2,500, just over a two-hour drive from the Twin Cities (Minneapolis and St. Paul). The land surrounding this community varies from sandy, hilly terrain to a rich fertile loam. Soybeans and maize dominate the area fields, but there is diversity to the agriculture here as well. Plots of edible beans, sweet corn, sugar beets, alfalfa, wheat, and small grains dot the countryside. There's also pastureland with herds of grazing cattle, and good-sized dairies aren't uncommon.

The Fourth Generation

Most of the men in the café are third- or fourth-generation farmers and have spent their entire lives in Glenwood. They were born into the family business, so farming is in their blood. Inevitably the conversation in the café turns to the weather – and local crops. Harvest is some six to eight weeks away, and the next couple weeks will determine whether 2013 is a success or failure.

The scene in this small café is one that has been repeated across the Midwestern U.S. every morning for decades. But time hasn't stood still. As the topic of conversation turns to the next days' weather forecast, one elderly gentleman pulls out a smartphone and shows the forecast to the group.

The farmers picked up where their fathers left off. They are a conservative bunch, and they've survived difficult times in agriculture over the years because of this fact. They don't like to borrow money, and they stick to what they know works for their farm – whether that's the brand of seed they buy or the type of tractor they operate. They earn themselves a good living.

An impressive 96 percent of U.S. farms are still family owned and operated. Farm profits in 2013 are forecast to be double what they were in 2009; full-time farming operations have added land; and farmland values have risen significantly.

The U.S. has 160 million hectares of cropland, and it is the world's largest producer of maize and soybeans. In August, the Foreign Agriculture Service (FAS) projected that in 2013, 36 million hectares will be devoted to maize (corn) in the U.S. (20 percent of world total), producing 350 million metric tons (37 percent of world total). It also projects 31 million hectares will yield soybeans (28 percent of world total), producing 32 percent of the world total (89 million metric tons).

New Paths through Technology

Today, however, as the average U.S. farmer hits 57 years of age, the sons and grandsons are shouldering the bulk of the load on the farm. While they benefit from what the older

Drawing on plentiful resources: American agriculture is used to wide open spaces. That is why farmers in the Midwest have traditionally planted their crops in circular patterns – a practice that would be seen in Europe as wasteful.

Leif Magnusson, Managing Director CLAAS of America, appreciates the fact that American farmers love technology. Thanks to this, CLAAS forage harvesters and American trailers make a perfect team.

generation built, these aren't their grandfathers' farms. Today's generation of farmers think bigger. More than 70 percent of cropland in the U.S. is operated by less than 12 percent of the farms, thanks in no small part to the influence of technology.

About an hour south of Glenwood, the manager at a farm cooperative tells how younger farmers approach their trade differently than their fathers. They have a hunger for new technology that helps them do more with less. They use the Internet to compare brands and prices, and they communicate with others in North America and internationally to gather new ideas.

For the farm co-op, this means the sale is no longer automatic. For the local machinery dealer, it means his customers no longer buy his brand of combine, just because "that's the way it has always been." For the farm equipment manufacturer it means innovation is critical to survival.

"These young, open-minded North American farmers aren't as willing to accept the status quo," recounts Leif Magnusson, Managing Director CLAAS of America. "They are open to brands other than what their fathers used, provided quality and efficiency standards are met."

Our Technology Drives Their Growth

To remain profitable, today's U.S. farmer has to be a scientist. A CEO. A marketing manager. Just as farms get bigger and more complex, farming itself gets bigger and more complex. From contemptuous weather patterns to vigorous new strains of disease, every day is a different set of problems to solve.

"Unlike their forefathers, the new generation of North American farmers now uses technology on all fronts to drive profits, and the technology employed in CLAAS of America machines allows farmers to do more in less time," says Magnusson. Given the limited number of days for planting and harvesting, this is essential in the farmers' quest for growth.

Efficiency: The Key to Success

Technologies under the umbrella of CLAAS Efficient Agriculture Systems (EASY), like CLAAS Electronic Machine Optimization System (CEMOS), help optimize the performance of CLAAS equipment – and make it a valid option for the next generation of farmers. "CLAAS Telematics enables the operator or farm manager to capture harvesting data from the combine to be accessed in real time or after the fact to make sound decisions based on the information transfer from the equipment to the office," explains Leif Magnusson. "Guidance and yield mapping solutions offered by CLAAS keep equipment on line for harvest and plan for the following year with the yield data results." Working without this technology is like throwing seeds into the air to determine wind direction.

CLAAS of America Milestones

1979 – CLAAS of America is formed in Columbus, Indiana.

1997 – CLAAS and Caterpillar form joint venture to manufacture and retail combines.

1998 – The LEXION combine is introduced to producers in North America.

2001 – Omaha, Nebraska facility is constructed to produce the LEXION combine range sold through Cat dealers.

2002 – Caterpillar backs out of manufacturing agricultural products and CLAAS purchases 50 percent share from joint venture to manufacture LEXION combines.

2003 – CLAAS North American headquarters are relocated from Columbus, Indiana to Omaha, Nebraska.

2006 – Columbus, Indiana parts facility undergoes a major expansion

2008 – CLAAS Financial Services is launched in the United States.

2013 – A new CLAAS Parts Logistics Center and CLAAS Academy is opened in Regina, Saskatchewan to better service the Canadian market.

Driven by Passion

The key to the 100-year story is the global family of CLAAS customers. Four film portraits:

USA

Two brothers manage the Stewart Farms Partnership in Yorkville/Illinois in the heart of the Midwest. Their CLAAS machinery is on the go 24 hours a day.

China

Farmer Yang Xinyuan is deputy mayor in the Hohhot district, capital of the Inner Mongolia Autonomous Region in China, but is also a pioneer: He imported the first CLAAS JAGUAR to China.

France

Together with his sons, nephews, and grandsons, straw specialist Bertrand Garnier manages 750 hectares of land and produces 950,000 liters of milk per year in the Côte d'Or department in Burgundy.

Germany

Willy Schmeh owns a farm with 100 cows and a biogas plant in Horgenzell near Lake Constance. A modern farmer with top-class management expertise.

For more personal stories, please visit http://100.claas.com

100 Years of CLAAS

Passion for agricultural technology has been the key factor in a century of CLAAS history. It is also a permanent fixture at all celebrations and events, from the harvesting competition to the global family day. Let's take a look back at some of the highlights of the CLAAS anniversary year.

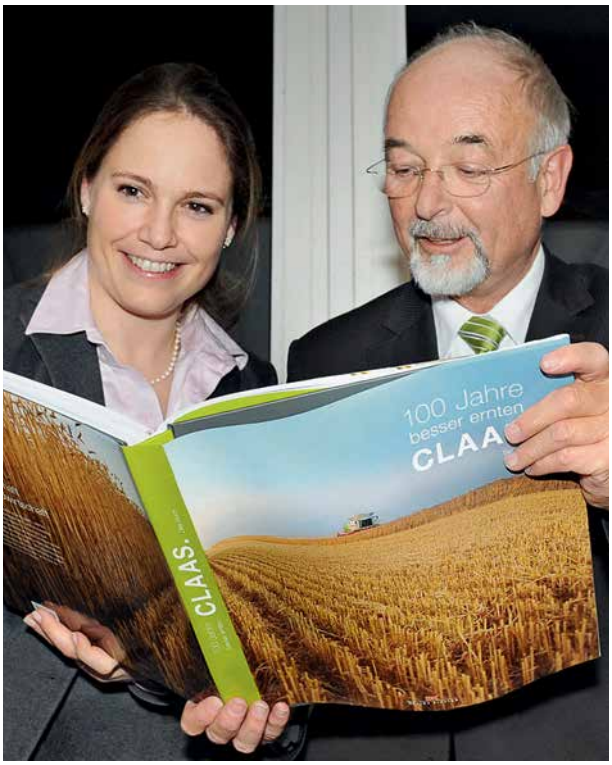
Milestones, Magic Moments, and the People behind Them

One hundred years of CLAAS – an unrivalled success story. A century of history serves up countless examples of how CLAAS has spearheaded development in international agriculture. In 2013, the company's jubilee year, many people celebrated the key milestones of the CLAAS era and experienced magic moments at a range of exciting events and entertaining shows.

Text by Horst Biere

Starting Young… For the little ones, the chance to drive a tractor was the biggest highlight of the family event in Harsewinkel.

A Textbook Example



Over 400 pages, the “100 Years of Harvesting Excellence” book portrays the history of the company from its roots right through to the present day. The historical part of the book illustrates the CLAAS story with countless previously unpublished photos, images that also reflect the development of agricultural engineering over the course of the 20th century. The book offers a huge collection of charming anecdotes and fascinating photos. Employees, fans, customers, and the Claas family are all given a chance to tell their own personal stories. Aside from all the history, the current state of the art of agricultural technology and a look to the future of the agricultural industry also provide key insights and visions. At the “International Green Week” exhibition in January 2013, CLAAS partner Cathrina Claas-Mühlhäuser and Dr. Theo Freye unveiled the book to the public.

Gallic Flair

Partners, employees, and invited guests enjoyed a celebratory and informative CLAAS event at the SIMA agricultural fair in Paris at the start of the year. The focal point of the enjoyable anniversary program was French agriculture and modern CLAAS technology. France is a key agricultural technology market, and CLAAS maintains production sites in Le Mans (tractors) and Metz (balers).

Three against One

Which is capable of harvesting more wheat in one hour – three classic CLAAS combine harvesters or the latest LEXION combine with its track unit? In both of the harvest competition events in Franconia and Hesse, the LEXION came out on top.

Family Day

At an employee event in Harsewinkel, CLAAS offered thousands of guests an unforgettable day out with a barbecue, children's games, live music, and a funfair. CLAAS really is a family company in every sense.

Daredevil Drivers

An international soapbox race with soapbox cars built at CLAAS locations was a real hit. At Loermanns Hof, near the CLAAS factory in Harsewinkel, the courageous drivers spent the day careering down the starting ramp.

Gala Dinner with Friends

The anniversary year came to a dazzling climax as the atrium played host to a gala dinner event with invited guests from the worlds of politics, science, industry, and government. At the dinner, Parliamentary State Secretary Dr. Gerd Müller awarded Helmut Claas the Professor Niklas Medaille, the Federal Ministry of Food, Agriculture and Consumer Protection's highest honor.

Around the World

The global CLAAS family joined together in Harsewinkel to celebrate the company's anniversary in a live broadcast event. The broadcast of the global anniversary celebrations began in New Zealand (photo) and then moved on to Thailand, India, Russia, and many European locations, before ending in Nebraska.

Global Fair

The Agritechnica in Hanover was the icing on the cake of the 2013 celebrations. At the world's largest agricultural trade fair, we exhibited our latest models and the new generation of our innovative agricultural technology to industry visitors.

Battlefields of Wheat

Three against one sounds pretty unfair. But not when three classic CLAAS combine harvesters take on a state-of-the-art family member. Then things get entertaining and educational, as a visit to the CLAAS "Three against One" combine harvesting competition proves.

Text by Peter Gaide


CLAAS
V900
CLAAS
40

During the harvesting competition, Grandpa explains how they used to harvest to the younger generations (left). Gotthard Kloker's 1973 DOMINATOR 100 cuts a good figure (below).

138

years: that is how long the three CLAAS oldies have been in service.

A field of stubble in the hamlet of Giebelstadt-Eßfeld, located near the German city of Würzburg. It smells of dust and straw. Gotthard Kloker scratches a tiny hole in the ground with his boot and points toward his combine harvester: a 1973 CLAAS DOMINATOR 100. "Do you want to have it? What are you offering?" The sly look in his eyes, peeping out from under his woven straw hat, belies that he does not mean his offer seriously. The native of Germany's Swabia region, a resident of the village of Emeringen with a population 135, gives his black overalls a tug, grins quietly, and shakes his head. Never. He would not sell his nearly ancient combine harvester for all the money in the world. After all, it has seen him through both good times and bad times.

Man and machine have been inseparable for four decades – thanks to the reliability of the DOMINATOR, of course. The combine harvester has been in operation for 7,000 hours and is still working the fields for Kloker's son Bernhard, who runs a farm part time. Is it love? The 76-year-old laughs. "At any rate, you have to take good care of it. Like a woman."

A short time later, the DOMINATOR gets the chance to prove just how good that care is. And it is not the only machine to show its stuff. Together with two other CLAAS classics – a 1963 SF and a 1965 MATADOR – it takes on a state-of-the-art CLAAS LEXION 760 TT (TT: TERRA TRAC) in a one-hour wheat-harvesting showdown. Once the dust has settled, it is time to take stock and compare to see who managed to harvest the largest area: the team of three CLAAS oldies or the new kid on the block? It is a battle of the past versus modernity.

Party in the Field

This sunny afternoon marks the first time that CLAAS has organized the "Three against One" combine harvesting competition. The event is part of the celebrations of the company's 100th anniversary. This down-home competition gives spectators and participants an opportunity to see and feel how much the technology behind the combine harvester has evolved and improved. Forty classic combine harvester owners, such as Gotthard Kloker, applied for a chance to compete. Many of them sent long applications lovingly detailed with photos and short anecdotes that portrayed the machines as family members instead of mere farming equipment. The company organized two "Three against One" events: one in Southern Germany (Giebelstadt-Eßfeld) and a second one in Northern Germany in the municipality of Nörten-Hardenberg, located near the Harz Mountains.

There was a lot of work to be done to organize the two events. The CLAAS team, led by Head of Marketing Johann Tjarko Gerdes, spent six months planning the two one-day celebrations. Transporting the classic machines – three of them for each event – throughout Germany was a logistical adventure in itself. On the day of the event, 50 CLAAS employees were on hand to make sure everything went safely and smoothly, looking after visitors, answering questions, and explaining the old and new agricultural equipment on display.

Then and Now

The parking lot at the edge of the field is now completely full. Some 3,000 visitors have shown up, and the entire region is in attendance. The scent of a barbecue wafts from the big white tent, and the sound of pop music echoes from the speakers. Children run around, laughing and playing on bales of hay, while their mothers rub sunscreen into their faces. Old men stand around in small groups, talking shop, debating events of the day, and cracking jokes. A summer day, ideal for enjoying a grilled steak sandwich with fried onions while catching a few rays and enjoying the fresh country air. And perfect for getting a closer, hands-on look at the machines and asking their owners everything you ever wanted to know. Or for telling the younger generation all about what working the land used to be like back in the old days.

Hans Dietz is one of these visitors. The 72-year-old wears a blue-and-white checked shirt, a hat, and tinted sunglasses. He has brought a walking stick with him as well as his son, an engineer. Both have journeyed over an hour to get here from the city of Heilbronn. "I loved being a farmer," he says. "And agriculture has always remained a part of me." Until 2000, he owned a 56-hectare farm, where he operated a number of machines, including a CLAAS MATADOR. Although he has since stopped working in the field, he still remains interested in agricultural machinery. "I read all the magazines, and it is amazing to see how much the technology has evolved," he says and casts a pensive glance across the field.

Gotthard Kloker's DOMINATOR has company from Hauke Nahnsen's SF. Nahnsen comes from Risum-Lindholm, a town in North Frisia with a population of 3,600. By day, he is a master

mechanic for agricultural machinery, repairing modern machines. But come evening, he also spends a few hours tinkering on his old ones, he says. What does he find so fascinating about old combine harvesters? “Gee, ask me something simpler, why don’t you?” he says with a smile. “Other people collect stamps,” his operator, Andreas Samson, adds with equal joy in his voice. “The SF doesn’t have a steering aid, so you really have to put your back into it sometimes,” the 67-year-old says. “I love being where the action is!” Or: A little sweat never hurt anybody.

A few meters away, visitors find the third oldie: the MATADOR belonging to Franz Meis, a contractor from the town of Borken in Germany’s Münsterland region. A man with a firm handshake and gray hair, Meis has also caught the agricultural machinery bug. He still owns a number of classic tractors. “Hmm, why?” he asks pensively. “Old technology is simply a thing of joy. You know the machines like the back of your hand, and you can repair them yourself.” Besides, the MATADOR has a special place in the 65-year-old’s heart. Back in 1967, it was the first self-propelled combine harvester he bought for his then-newly founded contracting company after his father had died prematurely, leaving him to continue the family tradition.

On your mark, get set, go! The men start their machines and work their way through the wheat, meter by meter. The SF sounds like a single-engine sports plane flying at mid speed. With little bodywork to impede the view, you can literally watch its innermost parts do their job, its belts, pulleys, and sieves rotating and rattling away. Design was an unknown word back then, and functionality was everything. A matt silver monster, touchingly beautiful in its nudity. The MATADOR, on the other hand, more closely resembles today’s combine harvesters in its form, not to mention the DOMINATOR, with its 170 hp humming and growling away. Thanks to its operator’s cab, it seems almost modern, and behind its red-and-white checked curtains, Gotthard Kloker sways along to the movements and vibrations.

Fascinating Modernity

If only it were not for the LEXION, which comes charging out of the field. With its speed, nine-meter-wide header, and 530 hp, it seems determined to show just what “modernity” truly means. But some of that modernity is hidden deep inside, such as its electronics, which use a number of sensors to measure various parameters – such as rotor speed, fan speed, and upper and lower sieve opening – and adjust them without losing a second in order to achieve perfect harvesting results faster and more precisely than an operator ever could.

Visitors dart around the LEXION, their cameras at the ready to shoot the perfect photo of the machine at work. A few moments later, 130 liters of grain per second shoot into a trailer. Three meters from the discharge chute, a few young boys sit on the edge of the trailer, their eyes wide open, fascinated by the awesome power of the LEXION. Down on the field, their fathers wait and watch with their younger brothers and sisters on their shoulders. Men and machines.

> “You have to take good care of it. Like a woman.”
>
> Gotthard Kloker, owner of a 1973 CLAAS DOMINATOR 100.

It is easy to forget that the three oldies were the cream of the agricultural technology crop back in their day. They made farmers’ lives far easier and made harvesting less of a back-breaking chore. Many of the older farmers in attendance remember it like it was yesterday and watch the competition with a nostalgic wistfulness.

Changing Times, Changing Harvests

The DOMINATOR manages 1.5 hectares of wheat per hour – peanuts compared to the LEXION 760 TT, which can harvest up to four times more. But the comparison makes it obvious just how much more today’s technology has to offer. It enables farmers to work faster and be more productive, and the CLAAS TERRA TRAC crawler mechanism leaves the soil in far better shape. The structure of modern-day agriculture calls for particularly efficient machinery. Back around 1960, Germany had over 1.2 million active farms, each measuring an average of nine hectares. Today, this number has dwindled to around 280,000 farms with 56 hectares each. At least in Germany, the trend toward fewer and larger farms seems unstoppable.

All four competitors harvested an average of 9.5 tons per hectare. But it was a photo finish in the end. Because of a short, yet powerful rain storm just before the competition, the straw on the field was wet. The unusual task of chopping wet straw prevented the LEXION from unleashing its full potential, limiting its harvesting power to 3.6 hectares. The CLAAS classics managed an astonishing 3.3 hectares in total. However, they did not chop the straw, instead simply depositing it on the field. The process of transporting the grain to the grain trailer did not count. Still, it seems appropriate to salute this band of mechanical brothers with a total of 138 years of harvesting experience. After all, you should always respect your elders.

Men and machines: a love story. The older generation inspects a CLAAS SF while a baby gets a good look at a LEXION 760 TT. Meanwhile, a group of young men try to get the perfect snapshot of the MATADOR at work during the competition in Giebelstadt-Eßfeld. At the second harvesting event in Nörten-Hardenberg, a LEXION 780 TT managed an average volume of 9.8 tons of wheat per hectare – and 4.62 hectares in 60 minutes. Added together, the three oldies managed 3.88 hectares.


CLAAS
MADE IN GERMANY


MATADOR

9,697

committed employees are the people behind
the success of the CLAAS Group.

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Consolidated Financial Statements

Report of the Supervisory Board of CLAAS Kommanditgesellschaft auf Aktien mbH

Dear Business Partners,

The Supervisory Board of CLAAS KGaA mbH monitored and analyzed the Group's business situation and risk position at its regular meetings during fiscal year 2013. The Supervisory Board's assessments were based on reports by the Executive Board on the Group's strategic orientation, its financial position and financial performance, deviations from the plans made throughout the course of business, and operating decisions. The reports were received in two sessions and used as a basis for the decisions made by the Supervisory Board.

The Supervisory Board's deliberations focused on the sales and earnings outlook, the development of business in comparison to budgets, the acceptance of the auditor's report, the auditing of the annual financial statements of CLAAS KGaA mbH and the CLAAS Group, and plans for the year 2014.

The Supervisory Board discussed replacement parts logistics in key sales regions, the acquisition of the Chinese agricultural machinery manufacturer Jinyee, and the status of the expansion of the plant in Krasnodar/Russia. The Supervisory Board also studied a report regarding risk management at the CLAAS Group.

The shareholder representatives on the Supervisory Board are: Cathrina Claas-Mühlhäuser (Chairwoman), Helmut Claas, Dr. Patrick Claas, Reinhold Claas, Christian Boehringer, and Gerd Peskes; the employee representatives on the Supervisory Board are: Heinrich Strotjohann, Günter Linke, Michael Kohler, Ulrich Nickol, Jürgen Schmidt (Deputy Chairman), and Carmelo Zanghi.

The financial statements of CLAAS KGaA mbH and the consolidated financial statements of the CLAAS Group as of September 30, 2013, as well as the management reports for CLAAS KGaA mbH and the CLAAS Group, were audited by Deloitte & Touche GmbH, Düsseldorf, the auditors elected at the annual general meeting on January 9, 2013, and appointed by the Supervisory Board. The statements and reports received an unqualified audit opinion on November 25, 2013.

The financial statements of CLAAS KGaA mbH, the consolidated financial statements and management reports, as well as the proposal for the appropriation of profit were presented to the Supervisory Board upon completion. These documents as well as the auditor's reports were available to the members of the Supervisory Board and were discussed in detail at the Supervisory Board meeting on December 11, 2013, in the presence of the auditor.

The Supervisory Board then passed the following resolution:

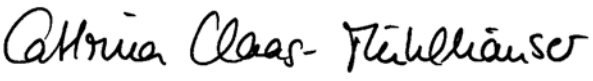
> Having examined the financial statements of CLAAS KGaA mbH, the consolidated financial statements and management reports, as well as the proposal for the appropriation of profit, the Supervisory Board confirmed the results of the audit. No objections were raised. The Supervisory Board therefore approves the consolidated financial statements. It recommends to the shareholders that the annual financial statements of CLAAS KGaA mbH for fiscal year 2012/2013 be adopted and agrees with the proposal for the appropriation of profits made by the Executive Board of the personally liable partner.

The Supervisory Board would like to thank the Executive Board and all employees for their commitment and achievements during the successful fiscal year 2013.

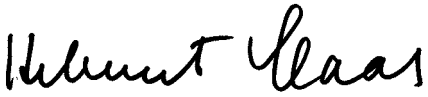
Cathrina Claas-Mühlhäuser and Helmut Claas

The tasks for the new fiscal year are internationalization and new markets as well as the continuation of research and development programs focusing on intelligent networking, among other things. Sustainable growth in an environment that continues to be positive for agricultural equipment remains the ultimate goal.

Harsewinkel, December 11, 2013



The Supervisory Board
Cathrina Claas-Mühlhäuser
(Chairwoman)



Dipl.-Ing. Dr. h. c. Helmut Claas
(Member of the Supervisory Board)

Structure of CLAAS KGaA mbH

Personally Liable Partner

Helmut Claas GmbH

Shareholders

Helmut Claas
Günther Claas (community of heirs)
Reinhold Claas

KGaA Shareholders

Family Helmut Claas
Family Günther Claas
Family Reinhold Claas

Shareholders' Committee

Helmut Claas, Chairman
Cathrina Claas-Mühlhäuser, Deputy Chairwoman

Supervisory Board

Cathrina Claas-Mühlhäuser, Chairwoman
Jürgen Schmidt, Deputy Chairman*
Christian Ernst Boehringer
Helmut Claas
Patrick Claas
Reinhold Claas
Michael Köhler*
Günter Linke*
Ulrich Nickol*
Gerd Peskes
Heinrich Strotjohann*
Carmelo Zanghi*

* Employee representatives

Group Executive Board

Theo Freye**
Hermann Garbers**
Lothar Kriszun**
Hans Lampert**
Jan-Hendrik Mohr***
Henry Puhl***

** Executive Board of Helmut Claas GmbH
*** Executive Board of Helmut Claas GmbH (since November 2013)

Authorized Company Representatives

Gerd Hartwig
Stefan Belda

Foreword by the Executive Board

Ladies and Gentlemen,
dear Friends of CLAAS,

The year 2013 marks the 100th anniversary of the founding of CLAAS. This occasion is, without a doubt, a special one for the Claas family. But it is also an amazing milestone in the development of the company, for everyone who works at CLAAS, and for the brand itself. We have had the opportunity to celebrate our corporate anniversary with our customers, sales partners, suppliers, employees, and friends at numerous events around the world. All the while, we have not only taken a look back, but have also had our eyes firmly on the future.

In 2013, we have had a particularly strong focus on investing in the future, whether by expanding our production facilities in the Russian city of Krasnodar or by way of our commitment to China and the planned majority takeover of the Chinese agricultural machinery manufacturer Jinyee. The expansion of our sales network is progressing rapidly in all markets. At around €200 million, our investments in research and development reached a new record high in 2013.

The anniversary year was characterized by economic success. As in the past two years, global demand remained high. In addition, we succeeded in improving our market positions in many countries. Sales amounted to €3.83 billion, posting an 11.3-percent gain. In Agricultural Equipment, sales even rose by 12 percent. As a result, total sales reached a new record high and have risen by more than 50 percent since the pronounced downturn in 2009 and 2010. Earnings before taxes matched the prior year's good result with return on sales of 7.7 percent. When looking at these indicators, it is important to keep in mind that the operating result even exceeded the prior year's excellent figures.

But the year was not just a success in economic terms. CLAAS led the field in both tried-and-tested and new technologies in the fiscal year. The infinitely variable transmission for tractors developed by CLAAS and the unveiling of new generations of tractors and harvesters contributed to this positive development. CLAAS is also well positioned when it comes to processes and networked systems. The innovative achievements of CLAAS were awarded one gold and six silver medals at this year's AGRITECHNICA.

For 2014, we expect a great deal of continuity in the development of our business. The need for biomass continues to rise, as does the necessity to increase productivity in harvesting technology. However, the current falling market prices for harvested commodities due to higher harvest yields could curb the increase in demand. As a result, we are heading into 2014 with cautious optimism.

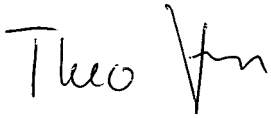
The success of the CLAAS Group is the result of the work of some 10,000 committed employees who have truly gone the extra mile, especially in this anniversary year.

On behalf of the Group Executive Board, I would like to thank them from the bottom of my heart for their hard work. These

Dr. Theo Freye
Spokesman of the Executive Board of CLAAS KGaA mbH

thanks also go out to our customers, our sales and financial partners, and our suppliers. The dialog and cooperation with the employee representatives, the Supervisory Board, and the Shareholders' Committee were constructive and highly successful. In addition, I would like to thank everyone who helped make this anniversary year another good one for our family-owned company.

Yours sincerely,



Dr. Theo Freye
Spokesman of the Executive Board, CLAAS KGaA mbH

Executive Board of the CLAAS Group

from left to right

Lothar Kriszun
Tractors

Jan-Hendrik Mohr
Sales

Hans Lampert
Finance and Controlling

Dr. Theo Freye
Marketing and Strategy;
Spokesman of the Executive Board, CLAAS KGaA mbH

Dr. Hermann Garbers
Technology and Quality

Dr. Henry Puhl
Grain Harvest


CLAAS

In 1923, the company Gebr. Claas successfully applied for a patent for its legendary knotter. Now CLAAS has 3,300 active patents worldwide. In the reporting year, CLAAS filed patents for 110 developments, an increase from the prior year's total of 87.

Group Management Report

Group Management Report

Strategy

Long-term strategy provides future security
CLAAS has always derived its stability and corporate success from deeply rooted commitments and principles during its 100 years of history as a family-owned company. These principles include commitment and a passion for innovation, as well as fruitful partnerships and a down-to-earth approach. All corporate activities are strategically focused on expanding and developing our lead in customer benefits, technology, and the quality of our products. CLAAS places great value on its qualified employees who live up to these standards.

Around the world, agriculture at the beginning of the 21st century is being propelled by fundamental changes and trends. The growth of the world's population is one such trend. Coupled with continuing urbanization and constantly rising prosperity, especially in emerging markets, this is resulting in a clear trend towards changing eating habits, including increasing meat consumption. As a result, demand for food that is higher in quality and rich in protein is increasing around the world. On the non-food side of agricultural production, fossil fuels are increasingly being replaced by renewable energy in the form of biomass.

Highly efficient agricultural equipment, products, and services are necessary to meet rapidly increasing global demands only limited by the agricultural land available. With this in mind, CLAAS develops its corporate strategy in a multi-stage, revolving process and sets its long-term goals in view of the specific conditions. The Company's planned development path sets the strategic direction for the operating divisions.

It includes expanding established market positions in the traditional regions of Western and Central Europe, the targeted development of business activities in North America, as well as significant growth in the agricultural production countries of Eastern Europe and Asia. Continuing to build on technological leadership cements its position as a premium provider of global importance. The Company's focus is always on comprehensive customer benefits throughout the continuous development of its after sales and financing offerings, and in providing additional innovative products and services, especially for precision agriculture.

The continuous optimization of all divisional structures and processes and the focus on qualified personnel with an emphasis on attracting and supporting employees with global awareness and adaptability are contributing to making this strategy a success.

A comprehensive strategic process at CLAAS ensures that the Company continues to follow the path it has chosen. A number of key events demonstrate the success of this approach in this past anniversary year:

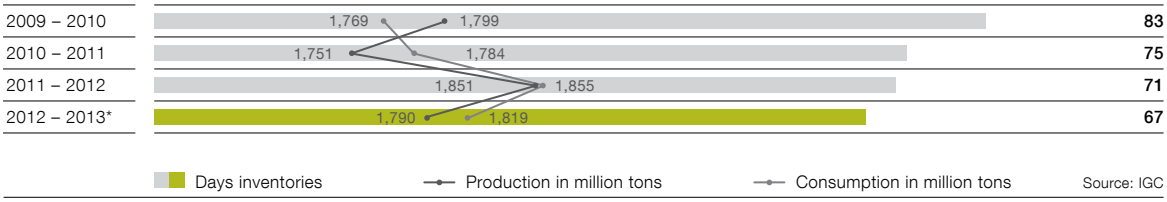
- Continuous investments in research and development have already paid off in many products, from the new LEXION 780 – which outdoes even its predecessor, a combine harvester deemed as the most powerful in the world – and CEMOS AUTOMATIC, the innovative first fully automatic system for optimizing grain harvests, to the new AXION 800 series of tractors. The remarkably high number of CLAAS products awarded gold and silver medals at SIMA and Agritechnica, two influential agricultural technology exhibitions, is impressive proof of the innovative power of CLAAS.

- The Company successfully expanded its strong market position in the European core markets. In its role as a global producer of harvesting technology, CLAAS began the comprehensive expansion of its production site in Krasnodar, Russia in the prior fiscal year. In Asia, one of the most promising growth regions for agricultural equipment, CLAAS plans to expand its business in China significantly by taking over Chinese agricultural equipment company Shandong Jinyee Machinery Manufacture, which is based in the province of Shandong.

Active communication of the corporate strategy plays a particularly important role in implementing necessary corporate changes, especially in eventful economic times. This is the only way to seize opportunities. In addition, establishing a trust-based dialogue with employees and their representatives, as well as with suppliers and sales and financial partners, ensures that the measures and changes we put in place receive the necessary backing and are supported by everyone involved – for the long term.

Grain Production and Consumption

from July 1 to June 30



*Estimate (as of October 2013)

Industry Trends

Economic environment

In fiscal year 2013, the euro zone recorded negative economic growth once again as a result of the financial and debt crisis. The U.S., on the other hand, experienced a moderate upswing in economic performance. According to the International Monetary Fund (IMF), growth in the emerging markets remained constant at around 5% year on year and therefore made a major contribution to global economic growth.

Compared to the rest of the economy, sentiment in agriculture was significantly brighter. Investments in the global agricultural equipment industry have risen by up to 10% year on year since the crisis started in 2009. Verband Deutscher Maschinen und Anlagenbau e.V. (VDMA), the German Engineering Federation, expects global industrial production to rise 5% year on year and hit a new record high of €96 billion in 2013.

In crop year 2012/2013, which in contrast to the CLAAS fiscal year ends on June 30, cereal production (excluding rice) fell by more than 3% to 1,790 million tons, according to estimates by the International Grains Council (IGC). As a result of the high cereal prices, the development of agricultural income in crop year 2012/2013 remained positive despite a decrease in quantities produced, higher energy costs, and rising land costs.

Rice production has encountered nearly parallel development of demand and production in recent years. A production total of 469 million tons is forecast for crop year 2012/2013.

Industrial commodity prices fell slightly in fiscal year 2013 and had a comparatively low level of volatility. The price of oil remained stable at a relatively high level due to a rallying euro.

Regional developments

Compared to the high level seen in 2012, the market volume of agricultural equipment fell slightly in Western Europe in fiscal year 2013. However, market volume continued to increase in Germany and France in particular. Upcoming reforms to agricultural and fiscal policies encouraged farmers and businesses in France to bring forward investments, which had a positive effect on the French agricultural equipment market. In contrast, the market in the United Kingdom recorded a drop in market volume. Italy and Spain managed to stabilize themselves after the prior year's declines.

The agricultural equipment markets in Central Europe posted declines last year, especially in Poland, but remained at a high level. In contrast to the tractor market, the combine harvester market was stable and managed to hold its ground. Poor weather conditions impacted yields in crop year 2012/2013 and led to considerable agricultural income losses. Willingness to invest was accordingly low.

Growth rates in the Eastern European agricultural equipment sector were positive despite significant drops in cereal production in crop year 2012/2013. Sales volumes for machinery produced in Western Europe climbed substantially following Russia's admission to the WTO. However, a safeguard duty of 27.5% on combine harvesters for the Customs Union countries Russia, Belarus, and Kazakhstan has been in force since January 1, 2013 and is aimed at reducing imports of Western combine harvesters and encouraging domestic production.

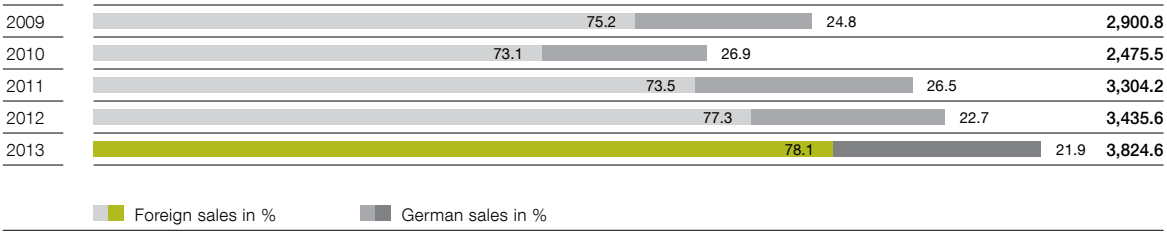
Demand for tractors and harvesting machinery continues to increase in the North American agricultural equipment market. Cereal production declined, however, despite increasing areas of arable land in response to regional periods of drought in summer 2012. Maize production was most affected by the long dry spell. However, existing crop insurance payouts helped to prevent excessive income losses. Demand for maize continues to be driven by high required quotas of bioethanol in gasoline. In crop year 2012/2013, more than 40% of the maize harvest was converted into bioethanol.

The highly cyclical South American agricultural equipment market has showed a continuing upwards trend since 2010. Both the tractor and harvesting machinery markets report positive growth, and the cereal harvest in crop year 2012/2013 was much better than originally anticipated. The harvest volume was up considerably on the prior year, and farming sales were also higher due to high prices.

High-yield harvests and high prices have resulted in almost all Asian countries seeing rising agricultural incomes. As a result, the agricultural equipment markets there stabilized at a high level with an only slightly downward trend. In southern India, inadequate precipitation during the most recent monsoon led to rice crop failures. Northern India, however, saw an average cereal harvest. In China, the amount of cereal produced increased year on year in crop year 2012/2013. The Chinese central government subsidized agricultural equipment with more than €2.5 billion in 2012, having increased this sum annually by more than 15% over the past three years. The mechanization of Chinese agriculture will have a major influence on the next decade despite political plans to slow down the growth of subsidies.

Sales per Year

in € million



Financial Performance

Sales

Agricultural Equipment sales up 12.0%

CLAAS continued to pursue the successful course set in recent years in fiscal year 2013. The Group generated net sales of €3,824.6 million, exceeding prior-year levels by 11.3%. Adjusted for 2012's Production Technology division sales, Group sales were even up 12.0%. CLAAS Group sales were therefore generated solely by the Agricultural Equipment division in the year under review for the first time ever. This year-on-year rise resulted primarily from positive combine harvester and tractor business developments. At 78.1%, the lion's share of net sales was generated outside Germany. Currency translation effects had no material direct impact on sales.

Strong demand for combine harvesters and tractors

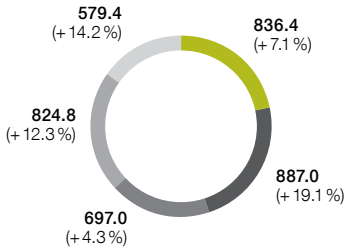
In 2013, the CLAAS Group continued to build on the high sales growth seen in prior years. The main growth drivers here were the combine harvester and tractor businesses, allowing CLAAS to expand its already strong market position in many regions.

A continued favorable market environment made it possible to increase net sales from the sales of combine harvesters, the product that makes the single largest contribution to sales. Western Europe continues to be the most important sales market, although there is increasing demand for CLAAS combine harvesters in Central and Eastern Europe as well as in other regions.

As in the prior year, tractors were the product group with the second-highest new machinery sales in the CLAAS Group, after combine harvesters. The key to this was the continued positive market feedback to our products. CLAAS has seen double-digit growth in this product group for a number of years now. In this stable market environment, the Group successfully expanded its tractor market position in most regions, particularly in Eastern Europe.

Sales by Region

in € million / in % compared to prior year



- Germany
- France
- Rest of Western Europe
- Central and Eastern Europe
- Other countries

CLAAS has been the global market leader in forage harvesters for many years. The net sales generated in fiscal year 2013 again confirm this premium product's excellent market position. In recent years, demand for our forage harvesters benefited from the developments in the renewable energies industry. Developments have since slowed somewhat compared to prior years.

Net sales generated from forage harvesting machinery and balers have also again developed strongly for CLAAS. These product groups maintained their strong market positions while the market environment remained stable.

Sales of spare parts, accessory components, and used machinery built on the high figures recorded in the prior year, as did sales in the service business. The share of these in total sales continues to grow in importance.

Regional differences in sales increases

Sales in Western Europe, the most important agricultural equipment market for CLAAS, increased to a total of €2,420.4 million (prior year: €2,179.2 million).

Germany and France, the countries in the region with the highest sales figures, together contributed 45.1% to total sales (prior year: 44.2%); the 14.1% year-on-year rise in these countries resulted primarily from combine harvester and tractor business developments. France was the strongest sales market for the first time in the Group's history with sales of €887.0 million.

Sales to customers in the Rest of Western Europe attributed to 18.2% of sales (prior year: 19.6%). In most countries, national sales developed in tandem with Western European sales, with Italy in particular seeing sales jump.

Income Statement (Summary)

	2013		2012	
	in € million	in %	in € million	in %
Net sales	3,824.6	100.0	3,435.6	100.0
Gross profit on sales	974.6	25.5	905.5	26.4
Operating income	324.7	8.5	314.6	9.2
Financial result	-29.4	-0.8	1.0	0.0
Income before taxes	295.3	7.7	315.6	9.2
Net income	**212.3**	**5.6**	**232.7**	**6.8**

Central and Eastern Europe continued to see strong growth in fiscal year 2013. Sales in individual countries in this region were up considerably on the prior year, while sales in the region as a whole rose by 12.3%. This was mainly due to substantial sales increases in Central Asia, as well as in countries such as the Russian Federation and Hungary.

Sales generated outside Europe increased by 14.2% to €579.4 million; however, growth varied greatly from one country to the next. North America and Argentina, which saw sales jump, are two of the regions outside Europe with the highest sales figures. Sales generated in Asia developed very positively, especially in Japan and China, which is not least the result of successfully developing our own distribution structures.

Earnings

Operating income up year on year at €324.7 million

The positive development of earnings in a good market environment was influenced by favorable sales and the expansion of market positioning. Cost of sales amounted to €2,850.0 million, up 12.6% year on year, primarily due to greater sales volumes, a change in the product mix, and higher costs for the implementation of new engine emission standards. Personnel costs and the depreciation of property, plant and equipment also rose. A successful after-sales business, in particular, had a positive impact. Overall, the increase in cost of sales outpaced that of net sales; as a result, the share of gross profit in sales (25.5%) was down against the prior year (26.4%).

Selling expenses increased by €39.2 million to €385.1 million, primarily due to increased volumes. General and administrative expenses amounted to €107.5 million (prior year: €94.7 million). These include expenses for adapting structures to business developments, among other things. Overall, selling expenses and general and administrative expenses increased by 11.8% to €492.6 million, representing 12.9% of net sales, on par with the prior-year level.

Research and development investments totaled €198.0 million (prior year: €181.2 million). Research and development expenses after adjustment for capitalized development costs and amortization and impairment amounted to €182.1 million in the reporting year (prior year: €177.0 million). The expenses relate to the development and renewal of the CLAAS product portfolio as well as the development of engine technologies. The share of research and development expenses in net sales amounted to 4.8% (prior year: 5.2%); the R&D capitalization ratio was 19.5% (prior year: 18.2%).

Expense Structure by Functional Cost

	2013		2012	
	in € million	in %	in € million	in %
Net sales	3,824.6	100.0	3,435.6	100.0
Cost of sales	2,850.0	74.5	2,530.1	73.6
Selling expenses	385.1	10.1	345.9	10.1
General and administrative expenses	107.5	2.8	94.7	2.8
Research and development expenses	182.1	4.8	177.0	5.2

Functional costs include the amortization of intangible assets and depreciation of property, plant and equipment of €75.8 million (prior year: €71.2 million).

Other operating income, which is the balance of other operating income and other operating expenses, amounted to €24.8 million (prior year: €26.7 million). The reversal of provisions for obligations no longer needed in their entirety played a considerable role in this development. During the prior year, the effect on earnings resulting from the disposal of the Production Technology division in particular was included in other operating income.

This resulted in operating income rising by 3.2% year on year to €324.7 million.

The financial result, which is made up of “income from investments, net”, “interest expense and income from securities, net”, and other financial result amounted to €-29.4 million (prior year: €1.0 million). The performance of the individual items making up the financial result varied: While “income from investments, net” was up on the prior year at €8.9 million (prior year: €8.4 million), “interest expense and income from securities, net” decreased by €1.6 million, mainly due to market-related lower interest income. The other financial result declined by €29.3 million to €-20.7 million, mainly due to foreign exchange gains and losses: After having been influenced by positive valuation effects in the currency hedging portfolio in the prior year, the reporting year saw no comparable effects.

Return on sales of 7.7%

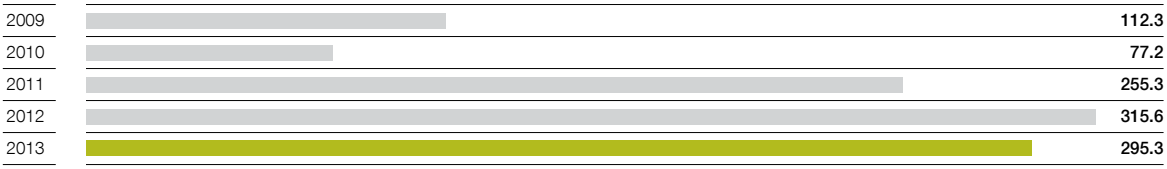
Income before taxes amounted to €295.3 million on the back of the above-mentioned developments (prior year: €315.6 million). The figure for fiscal year 2012 included positive income effects from the disposal of the Production Technology division. The return on sales before income taxes amounted to 7.7% (prior year: 9.2%). The CLAAS Group generated EBIT of €327.0 million in fiscal year 2013 (prior year: €347.6 million).

At €212.3 million, the Group’s net income was down €20.4 million on the prior year, which had included positive special effects from the disposal of the Production Technology division. The Group tax rate was 28.1% (prior year: 26.3%); the return on sales after tax amounted to 5.6% (prior year: 6.8%).

Earnings per share, which relates to the net income attributable to the shareholders of CLAAS KGaA mbH, amounted to €70.48 after €77.21 in the prior year.

Income before Taxes

in € million



Cash Position

Cash Flows

please refer to page 82

Cash flows strongly impacted by investments and financing activities

In fiscal year 2013, CLAAS generated cash flows of €247.6 million from operating activities (prior year: €115.1 million). Depreciation, amortization and impairment, which at €83.3 million were up on the prior year (€78.3 million), and changes in provisions had positive effects. The rise in working capital was also significantly lower than in the prior year. The increase in inventories was not offset entirely by changes in trade payables.

Cash flows from investing activities resulted in outflows of €280.8 million (prior year: outflows of €139.8 million). This year-on-year increase was primarily caused by the purchases and sales of securities executed within the framework of liquidity management; in total, these resulted in considerably high outflows of €115.3 million (prior year: inflows of €59.5 million). Furthermore, capital expenditure for intangible assets and property, plant and equipment (excluding capitalized development costs) resulted in a €4.5 million year-on-year increase in outflows. In the prior year, cash flows from investing activities also included a number of different cash-effective effects from the disposal of Production Technology division companies – some of which offset each other – that were not present in fiscal year 2013.

please refer to page 106 f.

Cash flows from financing activities amounted to €18.0 million in the reporting year after €21.3 million in the prior year. The cash inflows were predominantly a result of the second tranche – with a nominal value of $110 million – of the bond placed last year, which was offset by the partial repayment of the bond issued in 2002 as well as higher dividend payments.

Cash earnings, an indication of the Group's internal financing power, amounted to €276.3 million (prior year: €295.6 million). The €19.3 million decrease was primarily due to reduced income. The cash flow-to-sales ratio amounted to 7.2% (prior year: 8.6%).

Free cash flow totaled €82.1 million (prior year: €-84.2 million). This change is primarily the result of the above-mentioned effects from operating activities. Free cash flow in fiscal year 2012 was impacted by the repayment of financial receivables that arose within the scope of the sale of the Production Technology division.

Statement of Cash Flows (Summary)

in € million	2013	2012
Cash and cash equivalents at beginning of year	**536.5**	**535.8**
Cash flows from operating activities	247.6	115.1
Cash flows from investing activities	-280.8	-139.8
Cash flows from financing activities	18.0	21.3
Effect of foreign exchange rate changes on cash and cash equivalents	-4.9	4.1
Change in cash and cash equivalents	**-20.1**	**0.7**
Cash and cash equivalents at end of year	**516.4**	**536.5**

Free Cash Flow

in € million	2013	2012
Cash flows from operating activities	**247.6**	**115.1**
Net capital expenditure in intangible assets, property, plant and equipment, borrowings and investments	-165.5	-123.7
Repayment of financial receivables from deconsolidated companies	-	-75.6
Free cash flow	**82.1**	**-84.2**

Liquidity and Financing

Strong liquidity position

As of the reporting date, the CLAAS Group had liquidity of €863.7 million (prior year: €767.2 million) that was mainly invested in time deposits and call money as well as near-money market securities. As of September 30, 2013, the CLAAS Group also had financing commitments of €837.0 million (prior year: €826.8 million), of which €496.4 million (prior year: €521.9 million) had not been called.

Stable and long-term refinancing

The two privately placed bonds are the largest individual financial liabilities items. At the end of 2002, CLAAS issued a bond with a nominal value of $200.0 million with a term until December 2014 and a coupon of 5.76% p.a. on the U.S. capital market. Following the scheduled redemptions of $40.0 million since 2010, the nominal value of this bond as of the reporting date amounted to $80.0 million. In August 2012, CLAAS undertook an additional private placement in U.S. dollars, placing a bond in the United States. The proceeds of the bond, with a total volume of $300.0 million, was distributed in two 10-year term tranches with bullet maturity. The first tranche, with a nominal volume of $190.0 million and a coupon of 3.98% p.a., was disbursed in August 2012. And the second tranche, with a nominal value of $110.0 million and a coupon of 4.08% p.a., was disbursed in November 2012. The purpose of the bond is to serve the long-term financing of the CLAAS Group.

please refer to page 106 f.

Financial liabilities also include the Schuldscheindarlehen (German Private Placement). The loan, with a fixed interest rate of 6.04% p.a. and due in June 2015, was valued at €53.5 million at the end of the fiscal year.

Net Liquidity

in € million	Sept. 30, 2013	Sept. 30, 2012
Cash and cash equivalents	516.4	536.5
Securities	347.3	230.7
Liquid assets	**863.7**	**767.2**
Financial liabilities*	476.3	433.7
Net liquidity	**387.4**	**333.5**

*excluding derivative financial instruments

In addition to readily available credit facilities from banks of €246.4 million (prior year: €271.9 million), CLAAS also has access to a flexible multi-currency credit facility ("syndicated loan") with a nominal value of €250.0 million and a term until 2014 to provide additional funding.

CLAAS also reinforced its capital base by issuing subordinated perpetual securities in the amount of €80.0 million in October 2004. This equity instrument has a coupon of 7.62% p.a.

please refer to page 105

CLAAS also uses the asset-backed securitization program (ABS) to sell trade receivables to a special purpose entity on a revolving basis. Due to the seasonal nature of sales realization in the agricultural equipment industry, substantial financing is needed during the course of the year. By contrast, at the end of the fiscal year, the relatively lower level of capital tied up in working capital generally leads to high liquidity levels. The ABS program helped to effectively reduce seasonal liquidity fluctuations. The volume of receivables transferred amounted to €134.1 million as of September 30, 2013 (prior year: €121.0 million).

Net liquidity at €387.4 million – liquidity ratios are up

At €387.4 million, net liquidity was up €53.9 million on the prior year (€333.5 million). Higher capital expenditure and the rise in working capital did not cut liquidity due to positive business developments. The rise in financial liabilities is largely a result of the disbursement of the second tranche of the bond placed in fiscal year 2012.

At the end of the fiscal year, CLAAS had a strong liquidity position, indicated by the liquidity ratios: At 86.4% and 137.8% as of the reporting date, the cash and quick ratios were up on the prior year's figures of 82.3% and 132.5% respectively. This was primarily due to the relatively high rise in liquidity compared with the rise in current liabilities, which was mainly a result of higher trade payables.

Balance Sheet (Summary)

	Sept. 30, 2013		Sept. 30, 2012	
	in € million	in %	in € million	in %
Non-current assets	798.7	27.5	707.3	27.0
thereof: intangible assets	(140.3)	(4.8)	(115.9)	(4.4)
thereof: property, plant and equipment	(460.0)	(15.8)	(404.3)	(15.4)
Current assets	2,105.5	72.5	1,913.1	73.0
thereof: inventories	(729.7)	(25.1)	(682.1)	(26.0)
thereof: trade receivables	(289.4)	(10.0)	(294.4)	(11.2)
thereof: liquid assets	(863.7)	(29.7)	(767.2)	(29.3)
Total assets	**2,904.2**	**100.0**	**2,620.4**	**100.0**
Equity	1,251.1	43.1	1,094.8	41.8
Non-current liabilities	654.0	22.5	593.5	22.6
thereof: financial liabilities	(350.8)	(12.1)	(310.4)	(11.8)
thereof: provisions	(229.0)	(7.9)	(224.6)	(8.6)
Current liabilities	999.1	34.4	932.1	35.6
thereof: trade payables	(207.3)	(7.1)	(162.7)	(6.2)
thereof: provisions	(521.9)	(18.0)	(500.7)	(19.1)
Total equity and liabilities	**2,904.2**	**100.0**	**2,620.4**	**100.0**

Financial Position

Solid balance sheet structure
Total Group assets rose by €283.8 million year on year to €2,904.2 million.

Non-current assets increased by a total of €91.4 million to €798.7 million, with their share in total assets up slightly year on year at 27.5% (prior year: 27.0%).

Intangible assets in the amount of €140.3 million (prior year: €115.9 million) include capitalized development costs of €116.1 million (prior year: €96.9 million). The lion's share of the €49.8 million in additions in the fiscal year was attributable to capitalized development costs (prior year: €40.3 million). The amortization and impairment of intangible assets amounted to €26.0 million (prior year: €31.4 million).

please refer to page 100 f.

Property, plant and equipment increased by €55.7 million to €460.0 million. A total of €123.3 million (prior year: €123.0 million) was invested in fiscal year 2013, mainly in the expansion and modernization of production sites in Russia, France, Hungary, and Germany. Depreciation and impairment on property, plant and equipment amounted to €57.3 million (prior year: €47.0 million).

please refer to page 102 f.

Equity-accounted investments and other investments (€78.2 million) mainly related to investments in CLAAS Financial Services companies. This figure is up €9.0 million year on year and was primarily driven by earnings contributions.

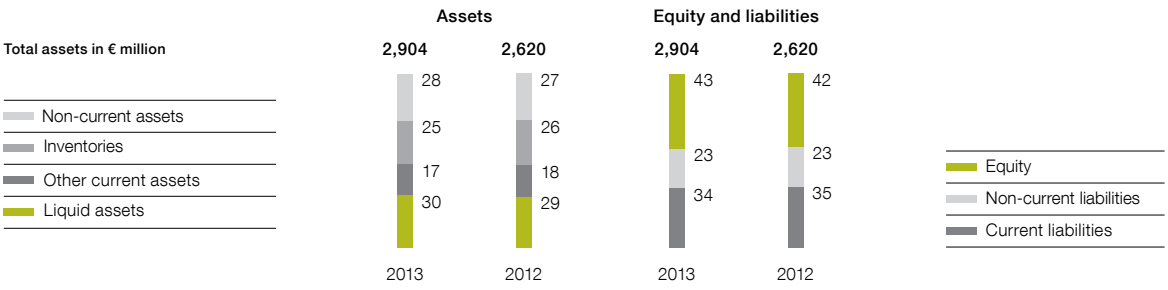
please refer to page 103

In addition, non-current assets fell by €7.5 million due to the premature redemption of receivables from the sale of the Production Technology division.

Current assets increased by a total of €192.4 million year on year to €2,105.5 million as of the reporting date; at the same time, their share of total assets fell from 73.0% in the prior year to 72.5%.

Balance Sheet Structure

in %



Inventories totaled €729.7 million (prior year: €682.1 million), mainly due to a higher assembly program and the increase in business volume, and affected finished goods in particular. As a result, average inventory turnover amounted to 18.5% (prior year: 18.1%). The increase in inventories also resulted in a rise in working capital, which increased slightly by €20.9 million, or 2.5%, year on year to €843.6 million. However, the share of working capital in increased total assets declined to 29.0% (prior year: 31.4%).

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Trade receivables decreased by €5.0 million to €289.4 million. Average receivables turnover amounted to 7.6% (prior year: 8.1%). At 39 days, the average Days Sales Outstanding (DSO) adjusted for ABS receivables was down slightly on the prior-year figure of 42 days.

Liquid assets, which are composed of cash and cash equivalents plus current securities, rose by €96.5 million to €863.7 million (prior year: €767.2 million). At 29.7%, their share in increased total assets was up slightly against the prior year (29.3%).

Equity-to-assets ratio increases to 43.1%

Equity of the CLAAS Group as of September 30, 2013 increased by €156.3 million to €1,251.1 million year on year, which was mainly due to net income of €212.3 million. This was offset in particular by dividend payments. The equity-to-assets ratio rose to 43.1% (prior year: 41.8%) and reflects the Group's strong internal financing power.

Non-current liabilities increased by a total of €60.5 million, or 10.2%, to €654.0 million, primarily due to the increase in financial liabilities. The second tranche of the bond placed in August 2012 – a nominal $110.0 million – was disbursed in November 2012. This was offset by a reclassification of non-current financial liabilities to current financial liabilities.

Pension provisions as of the reporting date amounted to €186.3 million (prior year: €179.4 million). This was primarily due to the reduction of the discount rate for domestic pension obligations. With the application of the amended IAS 19 as of January 1, 2013, actuarial losses (€36.2 million), which were previously recorded off balance sheet, have to be recognized in equity without impact on profit and loss.

Current liabilities increased by a total of €67.0 million to €999.1 million, primarily due to the increase in trade payables and provisions.

Trade payables amounted to €207.3 million, up €44.6 million on the prior year (€162.7 million), mainly a result of positive business developments.

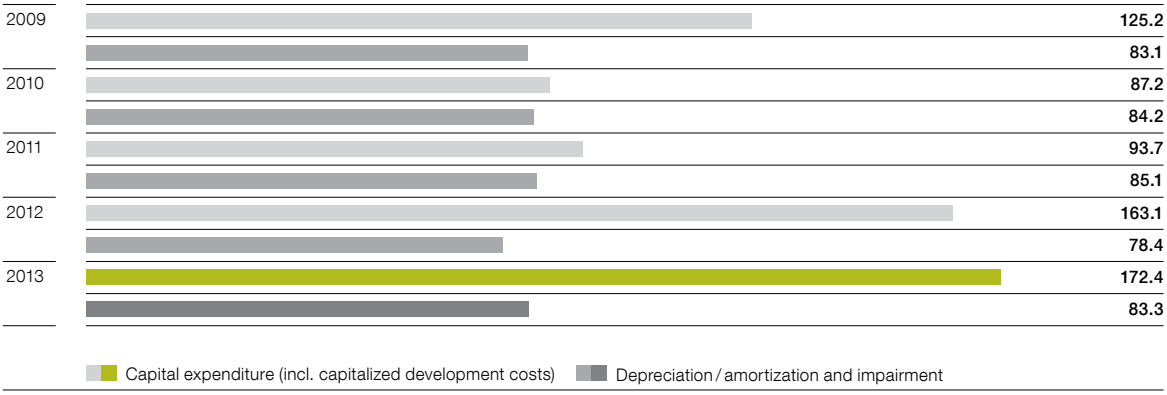
Current provisions rose by a total of €21.2 million to €521.9 million. This was largely due to increased income taxes and personnel commitments. The share of current and non-current provisions in total equity and liabilities amounted to 25.9% (prior year: 27.7%).

Sound asset and capital structure
Non-current assets were covered by equity and non-current liabilities at a ratio of 238.5% (prior year: 238.7%). Non-current assets plus 50.0% of inventories were financed by equity and non-current liabilities at a ratio of 163.7% (prior year: 161.0%). These figures show that the CLAAS Group has a sound asset and capital structure.

Other financial commitments not reported in the consolidated balance sheet mainly resulted from the rental and lease business.

Capital Expenditure and Depreciation/Amortization and Impairment

in € million



Capital Expenditure

Capital expenditure up €172.4 million year on year

In the reporting year, CLAAS increased its capital expenditure by 5.7% to €172.4 million (prior year: €163.1 million) and made a wide range of investments in production sites, innovative technologies, and intelligent products. Capital expenditure was split roughly equally between domestic investments and foreign investments. Once again, capital expenditure significantly exceeded depreciation, amortization and impairment (€83.3 million). The ratio of capital expenditure to sales stood at 4.5% (prior year: 4.7%). Including financial investments, CLAAS invested a total of €175.7 million in fiscal year 2013 (prior year: €191.3 million).

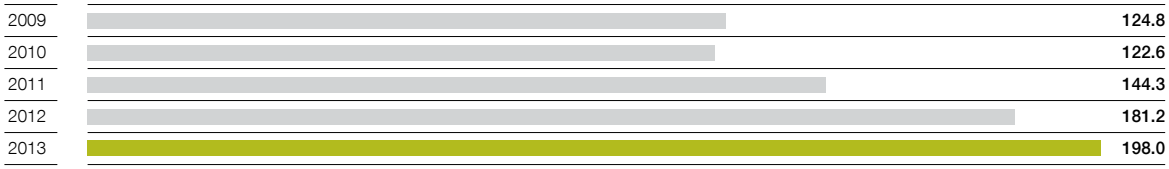
Most of the capital expenditure went into expanding and modernizing production sites in Russia, France, Hungary, and Germany. Work was started on a new factory at the Russian site in Krasnodar, which will provide facilities for the entire production process, including preassembly and assembly, and a paint shop. A new paint shop was also commissioned at the CLAAS site in Metz, France. In Hungary, CLAAS wrapped up its investment program to expand capacity and further optimize production, thereby enabling assembly and logistics processes to be improved substantially. One of the focuses of investments in Germany was the further expansion of logistics. At the Hamm site, CLAAS finalized the expansion of the automatic small parts warehouse, adding capacity for a further 30,000 parts to existing storage capacity of 70,000 parts. Thanks to this expansion work, customers can continue to be offered the high CLAAS standard of supply on the back of ever-greater order volumes and increasing part variety. In June 2013, employees were able to move in to the modern “Atrium” complex, a sales and communications center in Harsewinkel. The center offers a state-of-the-art working environment to over 400 CLAAS employees. Another focus of investment was the expansion of the domestic and international sales and trading network. In Russia, for instance, CLAAS purchased land in the black earth region of Voronezh for future sales activities.

At the same time, the ambitious development program, under which CLAAS invested heavily in the testing and production of new products, is having an effect on property, plant and equipment.

Capital expenditure on intangible assets once again focused on the continuous development of innovative products and technology, especially for combine harvesters and forage harvesters.

Research and Development Costs*

in € million



*Before capitalized and amortized development costs.

Research and Development

As a leading manufacturer of agricultural machinery, CLAAS sees investment in innovative products and intelligent technologies as a central element of its corporate strategy. Our products consistently raise the bar, set trends, and often offer unique selling points. Our focus is always on the needs and requirements of our customers, which is why research and development has been a top priority at CLAAS for years. In fiscal year 2013, research and development costs increased to €198.0 million and therefore exceeded the record figure of €181.2 million reported in the prior year. The ratio of research and development costs to sales recognized in profit and loss stood at 5.2%, the same as the prior-year figure. In total, €38.6 million in development costs were capitalized (prior year: €33.0 million). The R&D capitalization ratio stood at 19.5% (prior year: 18.2%).

In 1923, the company Gebr. Claas successfully applied for a patent for its legendary knotter. Now, almost a century later, CLAAS has over 3,300 active patents worldwide. In the reporting year, CLAAS filed patents for 110 new developments (prior year: 87).

As of September 30, 2013, 1,109 people were employed in research and development Group-wide, 11.4% of the total workforce.

Innovative products and developments

Aside from the development of innovative products and intelligent technologies, another important focus at CLAAS was improving machinery efficiency and adapting drive systems in line with statutory emission standards for self-propelled machines. Under CPS – CLAAS Power Systems – CLAAS has pooled all of its expertise in order to develop the optimum drive system for agricultural usage.

Just in time for the next harvest, CLAAS has developed another model equipped with TERRA TRAC, the new LEXION 750 TT, which provides a new entry-level option for those wanting access to tracked combines. The new TUCANO 420 features a pre-accelerator in the threshing mechanism, boosting output by up to 20%, while still using the same amount of fuel. AVERO 240 is the first CLAAS combine harvester to meet Tier 4 emissions standards. Its new high-performance engine delivers up to 205 hp and is more fuel-efficient than its predecessor.

For further information, please visit our Web site www.claas.com › Select country site › Products

CEMOS AUTOMATIC, the world's first fully automatic driver assistance system for combines, has already won a number of different awards. CLAAS was presented with the gold medal for the system at the 2013 SIMA exhibition in France, and it was awarded the title "Machine of the Year 2014" at the 2013 Agritechnica. CLAAS has continued to expand its range of driver assistance systems, and it now includes new innovations such as automatic throw direction adjustment for spreading straw and the new GRAIN QUALITY CAMERA, a high-resolution color camera providing precise harvest imaging to enable expert grain-quality analysis. Both of these systems were unveiled at the Agritechnica, the world's largest agricultural technology exhibition, in November 2013 and took home silver medals.

Another silver-medal winning system, this time at the SIMA exhibition, was the new DYNAMIC COOLING system fitted in the LEXION 780 last year.

CLAAS won yet another gold medal at the 2013 Agritechnica for the new online simulator for operating harvesting machinery and tractors, which was mainly developed for training purposes and for driver training.

At the SIMA exhibition in 2011, CLAAS unveiled the fruits of its brand-new philosophy in tractor development and manufacturing – the AXION 900 series. After the test of the new AXION 950, representatives from the trade press were impressed by its outstanding pulling power and low fuel consumption. At this year's SIMA exhibition, CLAAS also presented the AXION 800, another new series built and developed in line with the same principles and technologies. Like its big brother, the AXION 800 features a 4-pillar cab and a 6-cylinder engine. The AXION 800 is also the first CLAAS tractor to be equipped with a Stage IV (Tier 4f) engine that already meets future statutory exhaust emissions regulations. The series offers four separate models with engines providing 200 hp to 270 hp of power. At the 2013 Agritechnica, the AXION 850 became the first CLAAS tractor to be voted "Tractor of the Year 2014", an acclaimed and widely sought-after prize. CLAAS was also presented with the "Machine of the Year 2014" award for the AXION 800 CMATIC series.

In terms of forage harvesters, CLAAS continued with its proven 2-series strategy with the JAGUAR 900 and 800. Each series offers models that comply with the latest emissions standards. What's more, an array of innovations in future models enhancing operation, maintenance, and efficiency are to increase diversity and cost effectiveness even further moving forward.

The new management solution APDI is a further key element of the CLAAS Efficient Agriculture Systems (EASY) range. APDI stands for "automatic process data interpretation" and enables automatic data transfer

from the machine to the CLAAS server, where the data is interpreted and processed. Farmers and contractors have access to geolocation data, time in operation, time sheets, diesel consumption, and more for every single assignment.

CLAAS received another gold medal at the SIMA exhibition in 2013 for its new app with the working title "Universal Terminal ISOBUS." Still in development, the app is the focal point of a project to overhaul ISOBUS communication and allows users to monitor and use the ISOBUS system on their own tablet devices.

Another prize-winning CLAAS development at this year's Agritechnica was the ICT – Implement Controls Tractor – software, an electronics system for process and performance optimization in tractor-machine combinations, which was awarded a silver medal.

Purchasing

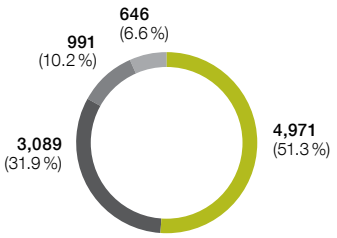
Fiscal year 2013 was shaped by high collective wage agreements in Germany and a general decline in raw material prices, although plastic prices were one exception to this. However, the much-discussed increase in price volatility failed to materialize. CLAAS production materials purchasing was able to seize the advantages offered by these developments. Falling steel prices played a major role here, as steel is a primary raw material at CLAAS.

For further information, please visit our Web site www.claas.com › Homepage Group › Purchasing › CLAAS Supplier.Net

CLAAS performed well in terms of purchasing performance when compared to the rest of the industry. CLAAS measures its purchasing performance by means of a standard shopping cart that is then compared with figures published by the Federal Statistical Office of Germany (Destatis). CLAAS exceeded its targets, despite an increased focus on production in the first half of the fiscal year. Initial effects from around a dozen purchasing projects at Group level, in which certain production materials were analyzed in depth, were a major source of support in terms of purchasing.

In Global Sourcing, purchasing volumes were expanded further in Turkey – albeit with a close eye on political developments in the country. A new medium-term plan was agreed on in Global Sourcing and work on one of the plan's cornerstones, the establishment of an international purchasing office near Shanghai, was started. Purchasing in North America was also expanded (localization, Mexico sourcing, and netting). In Russia, it became clear that a strong commitment is required in purchasing to drive localization forward.

Employees by Region



- Germany
- Rest of Western Europe
- Central and Eastern Europe
- Other countries

In logistics purchasing, the strategy of switching to new logistics providers for inbound logistics continued to be pursued. In addition, outbound freight, which makes up more than 50% of total freight volume of the CLAAS Group, was also in the spotlight. Both cost transparency and communication within sales divisions were enhanced.

A cost and strategy review was carried out in non-production materials purchasing after substantial increases in purchasing volumes, especially as a result of greater investment in projects such as the new production site in Russia. In consideration of the increasing size and internationalization of CLAAS, the question of which materials should be purchased locally, regionally, or centrally is also being clarified.

Employees

Commitment and company loyalty

Continuity and a long-term mindset are absolutely paramount at a family-owned business like CLAAS. Passion for products, outstanding commitment, and future-oriented thinking and actions are key elements of the CLAAS corporate culture.

A systematic HR strategy and high levels of identification with the Company foster trust among the workforce and provide the basis for secure jobs and professional development.

Further increase in number of employees

As of September 30, 2013, the CLAAS Group employed a total of 9,697 people (prior year: 9,077), 48.7% of which (prior year: 48.7%) outside of Germany. This figure is emblematic of the high level of internationalization at CLAAS. The greatest number of employees outside of Germany are found in France, accounting for 26% of the total workforce, followed by Hungary and the United Kingdom. In addition, a total of 565 people were in vocational training throughout the Company at the end of the fiscal year (prior year: 521).

The year-on-year rise in employee numbers is not attributable to individual countries, but is the result of new recruitment in all areas of the Company worldwide, especially in sales and development.

please refer
to page 122

Trainees

Trainees by region

- Germany
- France
- United Kingdom
- Others

Trainee courses in Germany

- Dual business course of study
- Dual technical course of study
- Business training
- Technical / commercial training

CLAAS maintains a balanced age structure, with an average age of 41 years in Germany and 40 years in the European companies. Another feature at CLAAS is the high degree of company loyalty, which continues to be reflected in low employee fluctuation.

Personnel expenses rose in fiscal year 2013 by 8.4% to €594.0 million (prior year: €548.1 million), corresponding to a 15.5% share of total sales (prior year: 16.0%).

International expansion of personnel development and marketing

The future strategy at CLAAS is based above all on junior staff advancement as well as systematic training and personnel development. For this reason, CLAAS trains young people in Germany in various technical and business professions and as part of the German “dual study” system. The same applies to the other countries in which CLAAS has operations such as France, Russia, the U.S., and India. The ratio of trainees to full-time equivalents in Germany stood at 7.2% and was largely unchanged from the prior-year figure (7.3%). This has been at a constantly high level above the industry average for many years.

For further information, please visit our Web site www.claas.com › Homepage Group › Jobs & Career

By maintaining close contact with technical colleges and universities in a number of different countries, CLAAS fosters the interest of up-and-coming technical and business students in agriculture. In fiscal year 2013, CLAAS expanded its range of “dual study” offers by adding the subjects agricultural technology and agricultural management. The “dual study” program for these subjects offers the ideal mix of business and agricultural business content and engineering-based study material. Furthermore, CLAAS also supports students who have been nominated for the Deutschlandstipendium scholarship at German universities as a result of outstanding performance.

In the reporting year, a total of 48 students took part in the junior staff advancement and succession planning trainee program, the highest number since the program was launched. Turkmenistan, France, China, Uzbekistan, Russia, and Ukraine are just some of the countries CLAAS trainees come from.

The individual countries set their own priorities within the global trainee program. The focus in the United States is on sales, while France, Russia, India, and Hungary focus on engineering. CLAAS will continue to use its programs moving forward to uncover and support the best talent in the world and safeguard the next generation of CLAAS employees.

As a technology leader, CLAAS must constantly work to improve the expertise of its employees. This is achieved above all through a diverse training program comprising seminars tailored precisely to the respective target group. The focal point of this program is on developing methods, specialist knowledge, and social competence as well as working to promote intercultural cooperation. CLAAS also offers project managers and other management executives the chance to take part in individual development programs.

Attractive remuneration and fringe benefits
CLAAS offers a range of interesting and challenging positions and a balanced, performance-related remuneration structure. Regular market analysis in relation to compensation and benefits help maintain fair and market-oriented remuneration packages with attractive fringe benefits. Employees also have the opportunity to invest a portion of their salaries in their pension plans. What's more, any employee in Germany can become a silent partner in the Company via CMG Claas-Mitarbeiterbeteiligungs-Gesellschaft mbH.

CLAAS is highly conscious of the challenge of maintaining a positive work-life balance. Flextime and part-time models and the opportunity to work from home enable many employees to balance their working lives with their individual requirements and interests.

Employee health is also a cornerstone of success at CLAAS – not least in light of the challenges posed by demographic change. That's why activities to promote and maintain employee health are a key part of human resources at CLAAS.

Risk Management

Internal control and risk management system
As a globally active corporate group, CLAAS is subject to various types of risk. In order to systematically identify, measure, and adequately respond to these risks at an early stage, CLAAS has implemented a three-pillar concept of risk management. At CLAAS, taking entrepreneurial action also means deliberately entering into calculable risk to allow the Company to take advantage of the related opportunities.

In the CLAAS Group, a uniform, Group-wide risk management system is an integral part of corporate management and control. This serves to take advantage of opportunities, identify any significant risk that could

jeopardize the ability of the Company to continue as a going concern, and ensure appropriate risk handling. The risk management system and implemented risk controlling utilize a wide variety of information for ongoing identification, evaluation, and control of risks. The existing system, which is continually being developed further, complies with all statutory early warning requirements in full.

The Group's reporting system represents an essential element in the continuous monitoring of economic risks. In addition to the external data supplied, detailed internal reports and evaluations are provided to decision makers on a monthly basis. Budgets are monitored for deviations, earnings projections for feasibility, and any new risks are identified and documented on an ongoing basis. Within existing organizational structures, the risk management system is accounted for and supported by the operating and administrative areas of responsibility. In addition to the regular information provided, an obligation to prepare ad hoc risk reports ensures prompt management action at all times. The internal auditing department of CLAAS is responsible for monitoring the adequacy of the risk management system and conformity with regulations.

The aim of the internal control and risk management system for the financial reporting process and the Group financial reporting process is to ensure the effectiveness of the accounting system and its adherence to generally accepted accounting principles and guarantee compliance with statutory norms, financial reporting standards, and intragroup accounting policies, which are binding for all companies included in the consolidated financial statements. The key information on this is available to the entire Group via the CLAAS intranet. CLAAS ensures that all information is up to date by conducting continuous analyses of any changes to determine their relevance and their impact on the financial statements. The Group accounting department is primarily responsible for this task. CLAAS prepares its financial statements using a Group-wide reporting system that is also used for preparation of the budget, medium-term planning, and estimates during the fiscal year. The reporting system incorporates principles, processes, and controls to ensure that the financial statements comply with all requirements and are submitted on time. The extensive scope of the control processes is exemplified by the following:

- Group-wide specifications for accounting, measurement, and account coding of key items that are updated and communicated to the responsible departments on an ongoing basis;
- Organizational measures in combination with access authorizations for accounting systems, separation of tasks, and rights of disposal;

- Dual control of financial reporting processes and in connection with the preparation of the financial statements;
- Internal audit procedures;
- Activities from external service providers.

Internal audit conducts regular reviews as well as reviews on a case-by-case basis of key business process and whether legal requirements and internal instructions are being adhered to by all companies and corporate functions, both in and outside of Germany, and of whether the internal control system is effective and functional. As part of the reviews, internal audit agrees on suitable measures with the respective company management team, which are then implemented by the Company. Internal audit also monitors the implementation of these measures. All audit results are also reported.

please refer
to page 115 ff.

More detail on the main risks is provided below. In addition, the risk related to financial instruments is described in Notes 36 and 37 of the consolidated financial statements.

Industry and company-specific risk

The risk landscape of CLAAS as an internationally positioned enterprise is affected by extreme variations in harvest yields due to climate conditions and by decisions on agricultural policies in addition to intense competitive pressure in the industry. Risks and opportunities are managed centrally by monitoring and evaluating market-related indicators in conjunction with the risks of specific countries.

Along with controlled risk taking, acting entrepreneurially also involves dealing in depth with all risks along the value-added chain. Due to faster innovation cycles, research and development are critical in ensuring that innovative and technically mature products are developed and brought to market for the benefit of customers.

Risk on the procurement side is taken into account by constantly observing the relevant markets and entering into the according hedging transactions.

In the production area, all equipment is serviced regularly and any potential sources of risk are eliminated by modifying the equipment in order to reduce the risk of production downtime. Flexible working time models

ensure that the required human resources can be adjusted to meet the degree of capacity utilization. To reduce quality risk, a central quality management department guarantees adherence to and fulfillment of pre-defined standards of quality.

Markets and their early warning indicators are carefully observed on an ongoing basis in order to identify any fluctuations in demand or changing buying behavior in sales markets at an early stage. This ensures that product strategies are kept up to date and are adapted to respond to changing customer requirements and reactions from competitors.

Financial risk
Strategic refinancing risks are monitored at CLAAS for a relatively long target for our drawn borrowings. To cover these, CLAAS successfully completed a private placement with a value of $300.0 million with a term of ten years in the United States during the prior year. In terms of operating liquidity management, we had ensured in prior years that short-term liquidity planning was fully comprehensible and linked to short-term balance sheet planning and with the short-term account statement, eliminating “isolation effects”. In combination with the internal incentive and sanction mechanisms introduced in earlier years, the CLAAS Group was able to improve forecasting quality and the speed at which items are recorded in the liquidity planning system by a considerable margin.

CLAAS has been managing its investment and derivative positions based on counterparty limits for years. The system of managing debit and credit risk in purchasing and sales has also proven effective. Credit risks that could result from payment default or delayed payments are minimized through effective receivables management, close cooperation with banks, and credit insurance. Financial risk and currency risk are countered by employing hedging instruments and by regular, intense monitoring of a set of early warning indicators. In addition, the Group treasury department began using Performance Valuation Software in its full range of functions in 2009 to enable independent evaluations, performance measurement, and forward-looking scenario simulations of financial instruments. This software is used at CLAAS to rate financial assets and to hedge interest rate and exchange rate risk. Thanks to the value CLAAS places on processes and systems for financial instruments, everything is in place to comply with the obligations of the European Parliament and Council of the European Union’s EMIR directive (European Market Infrastructure Regulation) once they are introduced – despite the substantial and, in our view, disproportionately high level of additional administrative expenses this directive entails. As a non-financial counterparty below the clearing threshold, CLAAS is mainly affected by risk

mitigation techniques and reporting obligations. The lion's share of the former are already practiced at CLAAS, whereas reporting obligations are set to be fulfilled from February 2014.

In the area of dealer and sales financing, the CLAAS policy of following a captive financing model to a limited extent only has paid off. The risk mix has remained sustainable thanks to the close integration of CLAAS Financial Services companies into the risk reporting system of a major European commercial bank known for its conservative approach, and the practice of concentrating primarily on business with end consumers.

IT risk
The Group's uniform global IT strategy allows systems as well as security strategies and concepts to be effectively and continuously adapted to reflect current requirements and developments.

Legal risk
Decisions in the CLAAS Group are based on intense legal consultation in order to avoid any risk related to the various provisions and statutes regarding taxes, competition laws, patents, and tort law. When deemed prudent to enter into risk, the risks are transferred to insurance companies by means of global master policies and national framework agreements on a uniform basis across the Group.

Assessment of the overall risk position of the CLAAS Group
An analysis of the individual risks currently discernible has not identified any risks that – singly or in combination with other risks – could jeopardize the continued existence of the CLAAS Group as a going concern during or beyond the period under review, even in light of the current economic climate.

Events After the Balance Sheet Date

There were no events or developments after the end of the fiscal year that could have led to material changes in the presentation or the measurement of individual assets or liabilities as of September 30, 2013 or that are subject to disclosure requirements.

Outlook

Economic environment
The macroeconomic climate is likely to relax somewhat over the next twelve months, although there will be variations in development from region to region. The IMF estimates that economic output in the euro zone measured according to gross domestic product will rise by around 1% in the coming year. Total economic output in the U.S. could increase by more than 2%. A slight increase in economic growth to over 5% is expected in emerging economies. China is set to remain the main driver of economic growth with a rate of over 7%; however, this figure is beginning to gradually decline (as of October 2013).

For the coming crop year, 2013/2014, the IGC expects cereal production (excluding rice) to rise. Backed by favorable weather conditions, the forecast for 2013/2014 stands at 1,940 million tons. Greater production volumes could trigger a decline in prices, which is why agricultural incomes are expected to fall from their current high levels in many different regions. Rice production in crop year 2013/2014 is set to remain stable year on year at 474 million tons and demand is likely to correspond to production supply. Analysts therefore predict rice prices to either remain stable or rise slightly (as of October 2013).

Despite the recent fall, cereal prices remain at a high level and are likely to rally on the back of increasing demand and rise further over the medium to long term. Cereal demand will continue to grow given the increasing global population and the change in dietary habits, particularly in emerging economies and developing countries, to include more animal protein. In addition, the increasingly widespread use of agricultural commodities for energy generation is also set to boost demand and increase competition for agricultural land. Potential risks may arise in particular from unforeseen weather conditions and trade restrictions.

Regional development

The markets in Western and Central Europe will see their high-level development taper off slightly. Alongside lower revenues from cereal production, changes to the European Union's subsidization policy could also lead to a moderate overall reduction in agricultural incomes. The latest results of the CEMA Business Barometer, a monthly survey among managers of European agricultural equipment companies, continue to show an upbeat mood.

The agricultural equipment industry is expected to see continuing growth in Eastern Europe. After the poor harvest in the prior year due to the weather conditions, average to high yields are expected for crop year 2013/2014, which may offset declines in cereal prices. This should benefit agricultural incomes overall. For manufacturers not based in the Customs Union countries Russia, Belarus, and Kazakhstan, a safeguard duty of 27.5% continues to apply to imported combine harvesters. This trade barrier will continue to impact Western products, despite Russia's membership in the WTO.

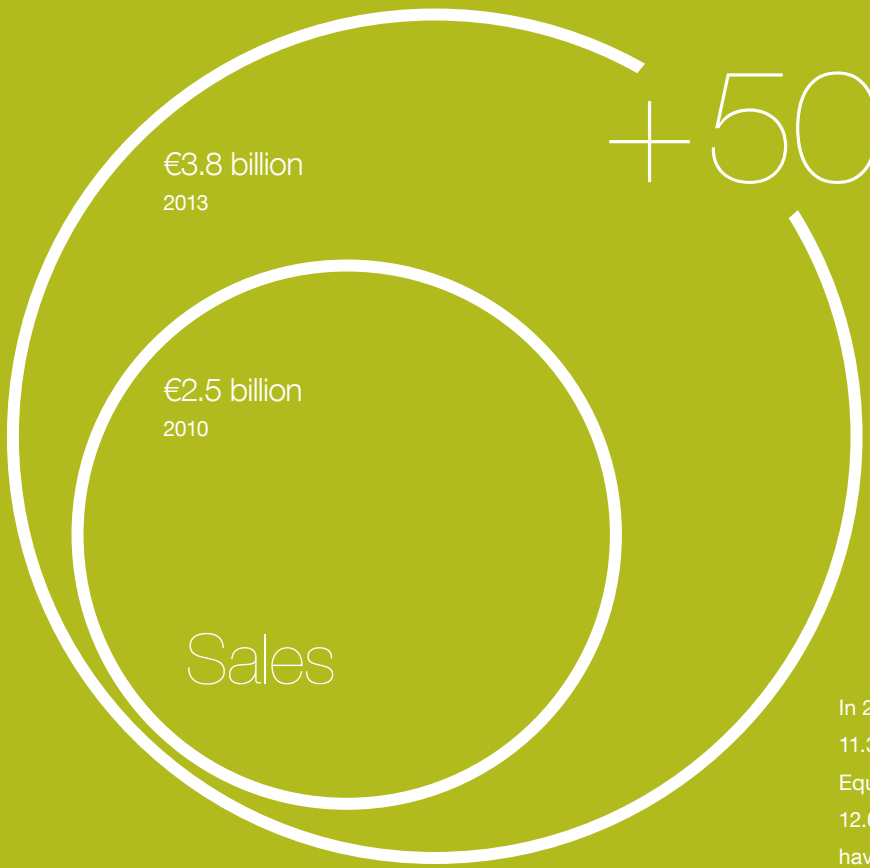
The North American agricultural technology market remains at a high level, but is likely to decline slightly moving forward. Cereal production is likely to prosper from favorable weather conditions and an expansion of agricultural land in crop year 2013/2014. However, agricultural incomes are set to fall short of the prior-year high on account of declining prices for agricultural products. Consistently low interest rates, coupled with the overall recovery of the U.S. economy, could ensure that the market remains stable.

Agricultural technology markets in South America continue to thrive after the excellent harvest in crop year 2012/2013. According to forecasts, arable land for maize is likely to decline, while arable land for soybeans is set to increase. Yields in the upcoming harvest for crop year 2013/2014 will be determined by the weather conditions between November and March. In Argentina, risks could arise as a result of potential changes to economic policy after the general election.

Asian agricultural technology markets will continue to grow in fiscal year 2014. The driving forces in the markets are increasing demand for meat products, the lower degree of mechanization compared to Western agricultural technology, and subsidization policies.

All in all, CLAAS still assesses the market trend as positive for the coming fiscal year. However, due to global economic developments, and especially the situation in Europe, currencies that are important to CLAAS, such as the U.S. dollar or the Russian ruble, will continue to pose a risk to business development. Given the budgetary and debt crisis affecting a number of countries in the euro zone, it is currently impossible to say whether the measures of the European stability mechanism will have any effect. All of the above-mentioned risks are being monitored carefully and appropriate measures are being taken to combat them in the best possible way.

CLAAS is forecasting that total sales will remain stable or see a moderate increase in the coming two years on the basis of this market assessment, although growth rates are not set to match those of prior years. We will continue to systematically pursue our strategy and strengthen the position of our products in the growth markets Eastern Europe and Asia. Production sites and sales structures will continue to be expanded in Germany and abroad, enabling us to prosper from growth in these markets. The development of innovative products and intelligent technologies will continue apace in 2014. However, it will take a certain amount of time for the expenses associated with such development work to be recouped by the corresponding revenues. We again expect good earnings in fiscal year 2014, even if these prove to be down on the high level seen in the past fiscal year.



In 2013, sales came to €3.8 billion, up 11.3 percent year on year. In Agricultural Equipment, sales even increased by 12.0 percent year on year. This means sales have now reached an all-time high and increased by over 50 percent since the 2009/2010 downturn.

Consolidated Financial Statements

Consolidated Income Statement

of the CLAAS Group for the fiscal year from October 1, 2012 to September 30, 2013

in € '000	Note	2013	2012
Net sales	(7)	3,824,646	3,435,622
Cost of sales	(8)	-2,850,019	-2,530,088
Gross profit on sales		**974,627**	**905,534**
Selling expenses	(9)	-385,087	-345,861
General and administrative expenses	(10)	-107,471	-94,720
Research and development expenses	(11)	-182,119	-176,978
Other operating income	(12)	61,013	69,976
Other operating expenses	(13)	-36,264	-43,337
Operating income		**324,699**	**314,614**
Income from investments accounted for using the equity method, net		7,905	7,422
Income from other investments, net		947	989
Interest expense and income from securities, net		-17,518	-15,901
thereof: interest and similar expenses		(-31,755)	(-31,969)
Other financial result		-20,744	8,521
Financial result	(14)	**-29,410**	**1,031**
Income before taxes		**295,289**	**315,645**
Income taxes	(15)	-82,947	-82,924
Net income		**212,342**	**232,721**
thereof: attributable to shareholders of CLAAS KGaA mbH		211,429	231,620
thereof: attributable to minority interests		913	1,101

Consolidated Statement of Comprehensive Income

of the CLAAS Group for the fiscal year from October 1, 2012 to September 30, 2013

in € '000	2013	2012
Net income	**212,342**	**232,721**
Items to be reclassified subsequently to profit or loss		
Net unrealized gains/losses from currency translation	-14,403	11,707
Net unrealized gains/losses from securities	1,421	5,594
Net unrealized gains/losses from derivative financial instruments	-3,990	1,379
Other comprehensive income	**-16,972**	**18,680**
Comprehensive income	**195,370**	**251,401**
thereof: attributable to shareholders of CLAAS KGaA mbH	194,505	250,170
thereof: attributable to minority interests	865	1,231

Consolidated Balance Sheet

of the CLAAS Group as of September 30, 2013

in € '000	Note	Sept. 30, 2013	Sept. 30, 2012
Assets			
Intangible assets	(16)	140,330	115,881
Property, plant and equipment	(17)	459,987	404,287
Investments accounted for using the equity method	(18)	74,828	66,319
Other investments		3,375	2,888
Deferred tax assets	(19)	84,824	74,036
Tax assets		5,444	7,246
Other financial assets	(22)	21,758	28,276
Other non-financial assets	(23)	8,165	8,373
Non-current assets		**798,711**	**707,306**
Inventories	(20)	729,683	682,141
Trade receivables	(21)	289,350	294,375
Tax assets		8,788	7,944
Other financial assets	(22)	164,551	125,100
Other non-financial assets	(23)	49,452	36,345
Securities	(24)	347,283	230,705
Cash and cash equivalents	(25)	516,413	536,506
Current assets		**2,105,520**	**1,913,116**
Total assets		**2,904,231**	**2,620,422**
Equity and liabilities			
Subscribed capital		78,000	78,000
Capital reserves		38,347	38,347
Other reserves		1,051,893	894,694
Subordinated perpetual securities		78,616	78,616
Equity before minority interests		**1,246,856**	**1,089,657**
Minority interests		4,227	5,114
Equity	(26)	**1,251,083**	**1,094,771**
Financial liabilities	(27)	350,816	310,400
Silent partnership	(28)	33,154	29,800
Deferred tax liabilities	(19)	1,613	1,460
Other financial liabilities	(29)	38,301	26,428
Other non-financial liabilities	(30)	1,144	778
Pension provisions	(31)	186,332	179,388
Other provisions	(32)	42,631	45,261
Non-current liabilities		**653,991**	**593,515**
Financial liabilities	(27)	125,498	123,255
Trade payables		207,302	162,720
Tax liabilities		496	1,473
Other financial liabilities	(29)	78,200	86,779
Other non-financial liabilities	(30)	65,790	57,195
Income tax provisions	(32)	35,694	22,003
Other provisions	(32)	486,177	478,711
Current liabilities		**999,157**	**932,136**
Total equity and liabilities		**2,904,231**	**2,620,422**

Consolidated Statement of Cash Flows

of the CLAAS Group for the fiscal year from October 1, 2012 to September 30, 2013

in € '000	2013	2012
Net income	**212,342**	**232,721**
Amortization/impairment of intangible assets and depreciation/impairment of property, plant and equipment	83,250	78,280
Income from investments accounted for using the equity method, net, if non-cash	-7,905	-7,421
Change in non-current provisions	4,393	4,407
Change in deferred taxes	-11,119	-11,341
Other non-cash expenses (+)/income (-)	-4,684	-1,039
Cash earnings	**276,277**	**295,607**
Change in current provisions	27,382	19,418
Income from the disposal of non-current assets and securities	1,916	-15,435
Change in working capital	-41,133	-166,803
thereof: inventories	(-61,879)	(-110,158)
thereof: trade receivables	(-1,876)	(-41,613)
thereof: trade payables	(45,977)	(-29)
Other change in assets/equity and liabilities, if not investing or financing activities	-16,868	-17,704
Cash flows from operating activities	**247,574**	**115,083**
Payments for additions to		
Intangible assets and property, plant and equipment (net of development costs recognized as an asset)	-130,939	-126,422
Shares of fully consolidated companies and investments	-2,395	-1,319
Borrowings	-55,339	-25,701
Proceeds from disposals/divestments		
Intangible assets and property, plant and equipment	1,016	7,854
Shares of fully consolidated companies and investments	351	57,716
Borrowings	63,963	307
Repayment of financial receivables from deconsolidated companies	-	-75,601
Additions to development costs recognized as an asset	-42,164	-36,141
Change in securities	-115,290	59,534
Cash flows from investing activities	**-280,797**	**-139,773**
Proceeds from the increase in loans and the issuance of bonds	181,572	183,079
Repayment of bonds and loans	-142,291	-134,050
Repayment of lease liabilities	-253	-577
Proceeds from silent partnership (CMG)	3,355	1,391
Change in liabilities to shareholders	13,874	-2,120
Payment to minority shareholders	-987	-853
Subordinated perpetual securities payout	-6,096	-6,096
Dividend payments	-31,200	-19,500
Cash flows from financing activities	**17,974**	**21,274**
Net change in cash and cash equivalents	**-15,249**	**-3,416**
Effect of foreign exchange rate changes on cash and cash equivalents	-4,844	4,138
Cash and cash equivalents at beginning of year	536,506	535,784
Cash and cash equivalents at end of year	**516,413**	**536,506**

Consolidated Statement of Changes in Equity

of the CLAAS Group as of September 30, 2013

			Other reserves							
				Accumulated other comprehensive income						
in € '000	Subscribed capital	Capital reserves	Accumulated profit	Foreign currency translation	Securities	Derivative financial instruments	Subordinated perpetual securities	Equity before minority interests	Minority interests	Equity
Balance as of Oct. 1, 2011	**78,000**	**38,347**	**712,776**	**-34,655**	**-3,230**	**-4,771**	**78,616**	**865,083**	**5,041**	**870,124**
Net income	-	-	231,620	-	-	-	-	231,620	1,101	232,721
Other comprehensive income	-	-	-	11,577	5,594	1,379	-	18,550	130	18,680
Comprehensive income	**-**	**-**	**231,620**	**11,577**	**5,594**	**1,379**	**-**	**250,170**	**1,231**	**251,401**
Dividend payments	-	-	-19,500	-	-	-	-	-19,500	-395	-19,895
Subordinated perpetual securities payout	-	-	-6,096	-	-	-	-	-6,096	-	-6,096
Consolidation adjustments	-	-	-	-	-	-	-	-	-763	-763
Balance as of Sept. 30, 2012	**78,000**	**38,347**	**918,800**	**-23,078**	**2,364**	**-3,392**	**78,616**	**1,089,657**	**5,114**	**1,094,771**
Net income	-	-	211,429	-	-	-	-	211,429	913	212,342
Other comprehensive income	-	-	-	-14,355	1,421	-3,990	-	-16,924	-48	-16,972
Comprehensive income	**-**	**-**	**211,429**	**-14,355**	**1,421**	**-3,990**	**-**	**194,505**	**865**	**195,370**
Dividend payments	-	-	-31,200	-	-	-	-	-31,200	-658	-31,858
Subordinated perpetual securities payout	-	-	-6,096	-	-	-	-	-6,096	-	-6,096
Consolidation adjustments	-	-	-10	-	-	-	-	-10	-1,094	-1,104
Balance as of Sept. 30, 2013	**78,000**	**38,347**	**1,092,923**	**-37,433**	**3,785**	**-7,382**	**78,616**	**1,246,856**	**4,227**	**1,251,083**

Notes to the Consolidated Financial Statements

Notes to Consolidation and Accounting

1. Basis of Presentation

CLAAS KGaA mbH, with registered office in Harsewinkel, Germany, is the parent company of the CLAAS Group (in the following, “CLAAS” or the “CLAAS Group”).

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and the related interpretations of the International Accounting Standards Board (IASB), as adopted by the EU. The consolidated financial statements are supplemented by the Group management report and additional disclosures in accordance with Section 315a of the German Commercial Code (HGB). Prior-year figures were determined in accordance with the same principles.

The consolidated financial statements relate to fiscal year 2013 (October 1, 2012 to September 30, 2013). The income statement was prepared using the cost of sales method of accounting. The balance sheet format makes a distinction between current and non-current assets and liabilities. To improve the clarity of presentation, individual items within the balance sheet and the income statement have been combined insofar as possible and meaningful. These items are analyzed and explained in the notes. The consolidated financial statements have been presented in euros (€). Amounts are stated in thousands of euros (€ ’000) or in millions of euros (€ million).

These consolidated financial statements were prepared on November 25, 2013 by the Executive Board of CLAAS KGaA mbH. Approval of the consolidated financial statements by the Supervisory Board is planned for December 11, 2013 at the scheduled Supervisory Board meeting.

2. Scope of Consolidation

The companies included in the consolidated financial statements are CLAAS KGaA mbH and all significant companies that are indirectly or directly controlled by CLAAS KGaA mbH. CLAAS KGaA mbH is said to exercise control when it holds more than half of a company’s voting rights, either directly or indirectly, or otherwise has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Significant associates and joint ventures are accounted for using the equity method.

Investments in subsidiaries, joint ventures, and associates whose influence on the financial position or financial performance of the CLAAS Group is immaterial are not consolidated. These investments are accounted for in accordance with IAS 39.

The consolidated financial statements include 20 (prior year: 18) German and 36 (prior year: 35) foreign companies over which CLAAS KGaA mbH exercises direct or indirect control. In the year under review, 3 (prior year: 9) companies were consolidated for the first time. In fiscal year 2013, 10 (prior year: 10) companies were accounted for using the equity method. First-time consolidation and deconsolidation are undertaken on the date of transfer of control.

Please see Note 45 for a complete list of the CLAAS Group's shareholdings.

Newly Established Companies, Investments in Companies and Divestments

There were no material newly established companies, investment in companies or divestments in fiscal year 2013.

3. Consolidation Principles

The separate financial statements of the consolidated entities have been prepared using the uniform accounting policies relevant for the CLAAS Group. As a rule, the financial statements are prepared for the fiscal year ending September 30. If the reporting date of a subsidiary is different, interim separate financial statements are prepared as of September 30 and included in the consolidated financial statements.

When consolidating the equity of Group companies, the carrying amounts of the shareholdings are offset against the respective share in equity of the affiliates at the time of acquisition. Residual amounts arising on the assets side are capitalized as goodwill and subjected to an annual impairment test. Any differences arising on the liabilities side are reported as other operating income.

Investments in associated companies and joint ventures are accounted for using the equity method. Unrealized gains and losses from business transactions between the CLAAS Group and its companies accounted for using the equity method are eliminated on a pro rata basis.

Receivables and payables as well as income and expenses between the consolidated entities are eliminated upon consolidation. Intercompany profits and losses within inventories are adjusted accordingly.

Tax deferrals are recognized for temporary differences arising from the elimination of profits and losses resulting from intragroup transactions, provided the temporary differences are likely to be reversed in future fiscal years. Deferred tax assets and liabilities are offset where applicable.

4. Foreign Currency Translation

Currency translation is based on the functional currency concept in accordance with IAS 21. The functional currency is the currency used in the environment where an entity predominantly operates. As a rule, this is the currency in which cash is generated and expended.

In the consolidated financial statements, with the exception of equity, all balance sheet items of entities with functional currencies that do not match the Group currency are translated at the closing rate. Equity is translated at historic rates, and expenses and income are translated at the average exchange rate for the fiscal year. Adjustments resulting from currency translations in the balance sheet are excluded from income and reported in equity.

The following exchange rates were used for the currencies significant to the CLAAS Group:

		Average rate / €		Closing rate / €	
		2013	2012	Sept. 30, 2013	Sept. 30, 2012
British pound	GBP	0.8431	0.8218	0.8358	0.7968
Hungarian forint	HUF	295.0279	293.5840	297.3341	285.1969
Indian rupee	INR	75.1270	68.5942	84.7522	67.7383
Polish zloty	PLN	4.1999	4.2521	4.2262	4.1224
Russian ruble	RUB	41.4998	40.4032	43.8022	40.0933
Ukrainian hryvnia	UAH	10.7078	10.4825	11.0789	10.4802
U.S. dollar	USD	1.3149	1.3018	1.3536	1.2867
Chinese renminbi	CNY	8.1253	8.2400	8.2849	8.0884

5. Accounting Policies

Intangible Assets

Acquired intangible assets are capitalized at cost and, if a finite useful life can be determined, amortized over a period of generally three to ten years on a straight-line basis.

Concessions, property rights and licenses generally have useful lives of between three and ten years. Depending on the product group, the useful lives of capitalized development costs are between six and ten years. Borrowing costs are capitalized if conditions are met and are amortized over the expected useful lives of the assets once these have been completed.

With the exception of goodwill, all capitalized intangible assets have finite useful lives and are therefore amortized. The amortization of concessions, industrial and similar rights and assets, and licenses in such rights is reported under cost of sales. Goodwill is not amortized, but is tested for impairment annually or if circumstances indicate that the asset may be impaired.

Property, Plant and Equipment

Property, plant and equipment is measured at cost and, where subject to wear and tear, less accumulated depreciation. Accumulated impairment losses are taken into account where necessary. Borrowing costs are capitalized if conditions are met and are depreciated over the expected useful lives of the property, plant and equipment once these have been completed. Property, plant and equipment is generally depreciated over its useful life on a straight-line basis. The useful lives of buildings are between 20 and 50 years, while other property, plant and equipment have useful lives of between 3 and 20 years.

Borrowing Costs

Any borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as a part of the cost of that asset. CLAAS defines qualifying assets as development or construction projects or other assets that will require at least twelve months to complete to a point at which they will be ready for their intended use or sale. If borrowings can be directly allocated to one project, the actual borrowing costs are capitalized. If there is no direct relation, the CLAAS Group's average capitalization rate is applied. The borrowing cost rate for the current period is 5.6% p.a. (prior year: 5.5% p.a.).

Impairment

Impairment tests are carried out either once a year or upon indication of impairment to assess if the recoverable amount of a cash generating unit (CGU) or an asset is lower than its present value. The recoverable amount is the higher of either the value in use or the fair value less costs to sell. The value in use is based on the present value of the expected future cash flows. If the recoverable amount is less than the carrying amount, an impairment loss is immediately recognized in income. Any subsequent increases in value are accounted for by attributing the value to the CGU or asset, except in the case of goodwill impairment. When conducting the impairment test, the value in use is determined on the basis of the management's medium-term forecast data covering a period of five years. The forecast assumptions are adjusted to reflect current circumstances, taking into account reasonable expectations based on macroeconomic trends and historical developments. Cash flow projections are estimated by extrapolation based on the growth rate of the relevant market segment. The growth rate is currently 1.0% p.a. (prior year: 1.0% p.a.). The value in use is determined on the basis of discount rates ranging between 11.6% p.a. and 12.1% p.a. (prior year: 10.3% p.a. and 10.5% p.a.) and corresponding to the risk-adjusted minimum yield on the capital market.

Investments Accounted for Using the Equity Method and Other Investments

Investments in associated companies and joint ventures are recognized in the amount of the prorated share in equity, provided that the CLAAS Group has the possibility of exercising significant influence on these companies. The carrying amounts of the investments are increased or reduced each year to reflect the share of earnings, dividends distributed, and other changes in equity. An impairment occurs when the recoverable amount of the investment accounted for using the equity method is lower than its carrying amount.

Other investments are generally carried at fair value or quoted market price, provided that these amounts can be determined reliably and or available. No market price or fair value could be determined for the other investments as of the reporting date; as a result, these were measured at cost. An impairment loss will be recognized if there are indicators for impairment.

Deferred Taxes

Deferred taxes reflect future reductions or increases in the tax burden arising from temporary differences between IFRS measurements and the tax balance sheets of the individual companies as well as consolidation processes. Deferred tax assets also comprise tax reduction claims arising from the expected realization of existing loss carryforwards in subsequent years, the materialization of which is sufficiently probable. Deferred taxes are calculated using the tax rate that will apply – depending on the current legal situation – at the anticipated point in time when temporary differences are reversed. In foreign countries, country-specific tax rates are used. Deferred tax assets are impaired if it is more likely than not that not all of the deferred tax assets will be able to be utilized against future tax gains or if their realization is limited in time. Deferred tax liabilities for temporary differences related to investments in subsidiaries are not recognized. Deferred tax assets and liabilities are offset if they pertain to the same tax subject, are from or to the same tax authority, and relate to the same period.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Regular way purchases and sales of financial instruments are recognized as of the settlement date. In accordance with IFRS, financial instruments include primary financial instruments (e.g. trade receivables) and derivative financial instruments (e.g. swaps).

IAS 39 classifies financial instruments into the following categories: financial assets and financial liabilities at fair value through profit or loss, including the sub-category of financial assets and financial liabilities held for trading; held-to-maturity investments; loans and receivables; available-for-sale financial assets; and financial liabilities measured at amortized cost. The categories generally do not include derivative financial instruments designated as hedging instruments. However, derivatives with hedging relationships were classified in “financial assets and financial liabilities at fair value through profit or loss” together with derivatives without hedging relationships in order to improve presentation.

Financial instruments are recognized at amortized cost or at fair value. The amortized cost is calculated using the effective interest method. The fair value of a financial instrument in accordance with IFRS is the amount for which the instrument could be exchanged between knowledgeable, willing parties in an arm's length transaction other than a forced transaction, involuntary liquidation or distress sale. The fair value generally corresponds to the market value or the stock market price. If the market for a financial instrument is not active, fair value is established using a valuation technique (for example, a discounted cash flow analysis, which applies a discount rate equal to the current market rate of return). The fair value of derivative financial instruments is calculated by discounting the estimated future cash flows at the current market rate of return or by using other common valuation techniques such as option pricing models. Financial instruments for which the fair value cannot be reliably measured are carried at amortized cost.

The fair value option provided for in IAS 39 permits an entity to designate financial assets not held for trading on initial recognition as financial assets measured at fair value, with changes in fair value recognized in profit or loss. This does not include equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. This voluntary designation may only be used in order to eliminate or significantly reduce a measurement or recognition inconsistency ("accounting mismatch"), if the financial instrument contains one or more embedded derivatives, or if a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis.

At CLAAS, the fair value option is applied provided a financial instrument contains one or more embedded derivatives. Financial instruments (particularly securities) may also be classified into this category if the internal management of the instrument in question is undertaken on a fair value basis. Financial instruments for which the fair value option is exercised are shown by product under the respective balance sheet item. Changes in the value of such items are included in the financial result shown on the income statement. CLAAS made no use of the fair value option in the year under review.

The carrying amounts of financial assets not recognized at fair value through profit or loss are assessed as of each balance sheet date for objective evidence of impairment. At CLAAS, the Group-wide specifications state that objective indications of impairment may be substantial financial difficulties on the part of the issuer or obligor or the lack of an active market on which the financial instrument is traded. If any such evidence exists, the resulting impairment loss is recognized in profit or loss. Any impairment loss of an available-for-sale financial asset that was previously recognized directly in equity must be removed from equity and recognized in profit or loss.

Receivables and Other Financial Assets

Receivables and other financial assets are recognized at nominal value. Adequate allowances are made for anticipated default risks. In some cases, impairment of trade receivables is recorded in separate allowance accounts. Impairment losses are recognized for trade receivables any time there is objective evidence of impairment as a result of financial difficulty on the part of the obligor, impending losses, or delinquency in payments or payment concessions granted by CLAAS. The decision as to whether the carrying amount of a receivable at risk of default should be reduced directly or through the use of an allowance account depends on the degree of reliability of the risk assessment. Non-interest-bearing receivables that are not expected to be collected within the normal payment cycle are discounted at the market interest rate in accordance with the maturity of the receivables.

CLAAS sells a portion of its trade receivables to third parties, mostly via an asset-backed securitization program. These receivables are carried as assets on the balance sheet provided that the risks and rewards associated with the receivables – particularly credit risks and default risks – are not transferred.

Inventories

Inventories are measured at the lower of cost or net realizable value. Raw materials, consumables and supplies as well as merchandise are capitalized at average cost. Work in progress and finished goods are capitalized at production-related full cost, including direct materials and labor and any allocable production overheads from indirect materials as well as production-related administrative costs. Inventory risks that result from reduced marketability, as well as risks arising from an assessment of realizable sale prices, are taken into account by write-downs.

Securities

Current securities primarily include pension and money market funds as well as variable and fixed-interest bonds that generally have remaining terms of between three months and one year at the time of acquisition. All securities are classified as “available-for-sale financial assets”. They are recognized at fair value or market price.

Until the securities are disposed of, unrealized gains or losses on the measurement are recognized directly in equity as other comprehensive income, taking into account deferred taxes.

Cash and Cash Equivalents

Cash comprises checks, cash in hand and bank balances. Cash equivalents are short-term, highly liquid financial investments that are readily convertible into cash to fulfill financial obligations and are subject to only an insignificant risk of change in value. Due to this type of use within the scope of the liquidity management strategy, there is a latent intention to sell at all times; CLAAS therefore allocates cash equivalents to the “held-for-trading” category. Changes in fair value are recognized in net income from securities. Cash and cash equivalents as reported in the statement of cash flows correspond to the same item in the balance sheet.

Derivative Financial Instruments and Hedge Accounting

CLAAS uses derivative financial instruments to hedge financial risks from the operating business and the resulting refinancing requirements. These risks are generally interest rate, currency and commodity risks. The hedging instruments primarily used are forward exchange contracts and options as well as interest rate currency swaps and interest rate swaps.

Derivative financial instruments are recognized as assets or liabilities and measured at fair value. Changes in present value are recognized in foreign exchange gains and losses for the period, unless the derivative financial instruments are in a hedging relationship. Depending on the type of hedging relationship, changes in present value are either recognized in the income statement or directly in other comprehensive income.

The criteria of IAS 39 must be fulfilled for hedges to be accounted for (hedge accounting). If this is the case, CLAAS documents the hedging relationship either as a fair value hedge or a cash flow hedge from this time. Only cash flow hedges existed in the past fiscal year.

Cash flow hedges are used to hedge against future cash flows. Gains and losses from changes in the fair value of the effective portion of the hedge are initially taken into account in other comprehensive income as equity. These are reclassified into the income statement if the hedged transaction is recognized in the income statement. The ineffective portion is immediately recognized in income for the period.

If the hedge accounting criteria are no longer met, the derivative financial instruments that were part of the hedging relationship are then measured at fair value in profit or loss.

Leases

In the case of finance leases, the leased assets are capitalized and the payment obligations resulting from future lease payments are recognized as a liability on a discounted basis. If CLAAS companies act as lessees in operating leases, the lease payments are recognized as an expense.

Pension Provisions

Pension obligations are calculated using actuarial valuation methods in accordance with the projected unit credit method. This method not only takes into account pensions and accrued vested rights known as of the balance sheet date, but also anticipated future salary and pension increases. The plan assets are measured as of September 30. The cut-off date for the other plans is also September 30. The cumulative unrecognized actuarial gains and losses as of the end of the previous reporting period that exceed the greater of 10% of the present value of the defined benefit obligation (before deducting plan assets) or 10% of the fair value of any plan assets are distributed over the expected average remaining working lives of the employees participating in the plan (the “corridor approach”).

Other Provisions

Other provisions are recognized as of the balance sheet date for the CLAAS Group's present obligations that have arisen from a past event and are expected to result in an outflow of future economic benefits, and whose amount can be measured reliably. The provision amount corresponds to the best estimate of the probable settlement amount required to fulfill the obligation on the balance sheet date. Significant, non-current other provisions are discounted.

Other provisions relate in particular to warranty obligations of the CLAAS Group, with a differentiation being made between obligations based on planned service inspections and general warranties. Particular risks arise from service inspections due to the fact that specific series defects are eliminated in the subsequent year through planned service packages. The provision requirement for service inspections is calculated centrally in accordance with uniform principles. The computation takes into account parameters such as assembly programs, unit numbers, as well as costs of materials and assembly per machine. Provisions for warranties are calculated based on average historical cost per machine type.

Liabilities

Liabilities are initially carried at their fair value less transaction costs and subsequently measured at amortized cost; liabilities denominated in foreign currencies are translated at the closing rate.

Recognition of Revenues and Earnings

Revenue, interest income, and other operating income are recognized upon completion of delivery or service and transfer of risk to the customer. Only revenue from product sales occurring in the ordinary course of business is recognized as revenue. Revenue is recognized less deductions such as bonuses, discounts and rebates.

Research and Development Costs

Development costs for internally generated future serial products are recognized as an asset, provided manufacture of the products will generate probable future economic benefits for CLAAS and the other requirements of IAS 38 are fulfilled. The cost comprises all costs directly attributable to the development process plus the relevant development-related overheads. Amortization is undertaken on a straight-line basis as of the start of production over the expected useful life of the product.

Research costs, amortization and impairments of capitalized development costs, and development costs that cannot be capitalized are expensed as incurred in the income statement under research and development expenses.

Government Grants

Government grants are only recognized when there is reasonable assurance that the entity will comply with the conditions attached to it, and that the grant will be received. Government grants not related to assets are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate. Grants related to assets are deducted in arriving at the carrying amount of the asset, and the grant is recognized as income over the life of a depreciable asset by way of a reduced depreciation charge.

Estimates and Management Judgments

In preparing the consolidated financial statements, it is to some extent necessary to make assumptions and estimates that affect the amount and presentation of assets and liabilities, income and expenses as well as any contingent liabilities in the reporting period. These estimates and assumptions primarily relate to assessing the recoverability of assets, defining a uniform Group standard for the economic lives of property, plant and equipment, and recognizing and measuring provisions based on the current state of knowledge. In particular, assumptions regarding expected business development are based on circumstances at the time of preparation of the consolidated financial statements as well as the probable development of global markets and industries. The actual amounts may differ from the original estimates if outside developments over which management has no control should cause these parameters to change.

At the time the consolidated financial statements were prepared, the assumptions and estimates were not subject to significant risks. Thus from a current perspective, no major adjustments to the carrying amounts of the assets and liabilities disclosed on the balance sheet are to be expected for the following year.

6. New Financial Reporting Standards

The following revised and supplemented or newly issued IFRSs and interpretations were required to be applied for the first time in the past fiscal year:

Standard / interpretation		Effective date IASB	Effective date EU	Impact on CLAAS
IAS 1	Presentation of Financial Statements (Presentation of Items of Other Comprehensive Income)	July 1, 2012	July 1, 2012	Immaterial

In addition, the IASB has published the following standards and interpretations that CLAAS has not applied early:

Standard / interpretation		Effective date IASB	Effective date EU	Expected impact on CLAAS
IAS 12	Deferred Tax (Recovery of Underlying Assets)	Jan. 1, 2012	Jan. 1, 2013	Immaterial
IAS 19	Employee Benefits	Jan. 1, 2013	Jan. 1, 2013	Abolition of the corridor approach
IAS 27	Separate Financial Statements	Jan. 1, 2013	Jan. 1, 2014	None
IAS 28	Investments in Associates and Joint Ventures	Jan. 1, 2013	Jan. 1, 2014	None
IAS 32	Offsetting Financial Assets and Financial Liabilities	Jan. 1, 2014	Jan. 1, 2014	Immaterial
IAS 36	Recoverable Amount Disclosures for Non-Financial Assets	Jan. 1, 2014	No	Immaterial
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	Jan. 1, 2014	No	Immaterial
IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	July 1, 2011	Jan. 1, 2013	None
IFRS 1	Government Loans	Jan. 1, 2013	Jan. 1, 2013	None
IFRS 7	Financial Instruments: Disclosures (Offsetting Financial Assets and Financial Liabilities)	Jan. 1, 2013	Jan. 1, 2013	May expand the notes
IFRS 7/IFRS 9	Financial Instruments: Disclosures (Mandatory Effective Date and Transition Disclosures)	Jan. 1, 2015	No	Immaterial
IFRS 9	Financial Instruments: Revision and Replacement of All Existing Standards (Classification and Measurement)	Jan. 1, 2015	No	May change classification and measurement of financial instruments
IFRS 10	Consolidated Financial Statements	Jan. 1, 2013	Jan. 1, 2014	Immaterial
IFRS 11	Joint Arrangements	Jan. 1, 2013	Jan. 1, 2014	Immaterial
IFRS 12	Disclosure of Interests in Other Entities	Jan. 1, 2013	Jan. 1, 2014	Immaterial
IFRS 10-12	Transition Guidance	Jan. 1, 2013	Jan. 1, 2014	Immaterial
IFRS 10/ IFRS 12/IAS 27	Investment Entities	Jan. 1, 2014	No	Immaterial
IFRS 13	Fair Value Measurement	Jan. 1, 2013	Jan. 1, 2013	Immaterial
Improvements to IFRSs	Annual Improvement Project 2009 - 2011	Jan. 1, 2013	Jan. 1, 2013	Immaterial
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	Jan. 1, 2013	Jan. 1, 2013	None
IFRIC 21	Levies	Jan. 1, 2014	No	Immaterial

CLAAS will have to apply the IASB amendments to IAS 19 "Employee Benefits" – as issued in June 2011 – starting at the beginning of fiscal year 2014. The amendments in particular eliminate the corridor approach and require all actuarial gains and losses to be recognized in other comprehensive income and therefore in equity. The allocation of past service cost over the period until the benefits become vested also no longer applies. Other material amendments relate to the interest on plan assets with the discount rate on pension obligations as well as extended notes.

The initial application of the amended IAS 19 will also apply retrospectively to the comparable period. For CLAAS, this means retrospective adjustment of fiscal year 2013. The following adjustments are primarily expected at the beginning of the comparable period, i.e. as of October 1, 2012:

in € '000/Oct. 1, 2012	IAS 19 (old)	IAS 19 (new)	Difference
Surplus related to funded benefit obligations	3,314	8,269	4,955
Pension provisions	179,388	210,564	31,176

Equity as of October 1, 2012 will fall accordingly, taking into account the effects from deferred taxes.

Figures as of September 30, 2013 are likely to be adjusted as follows:

in € '000/September 30, 2013	IAS 19 (old)	IAS 19 (new)	Difference
Surplus related to funded benefit obligations	3,901	12,524	8,623
Pension provisions	186,332	231,736	45,404

CLAAS does not expect the application of the amended IAS 19 to have any material impact on income. However, fluctuations in actuarial assumptions will result in increased equity volatility in the future.

Notes to the Consolidated Income Statement

7. Net Sales

Net sales pertained almost exclusively to the delivery of goods.

8. Cost of Sales

The cost of sales included outgoing freight in the amount of €95.2 million (prior year: €84.3 million).

9. Selling Expenses

Selling expenses comprise expenses for advertising and marketing activities, agent commissions, as well as personnel expenses and administrative material costs of the sales division.

10. General and Administrative Expenses

General and administrative expenses include personnel expenses and material costs of administration including depreciation, but not the administrative expenses of the sales companies, as from the Group's point of view they constitute selling expenses.

11. Research and Development Expenses

in € '000	2013	2012
Research and development costs (total)	-197,970	-181,215
Development costs recognized as an asset	38,609	33,026
Amortization / impairment of development costs recognized as an asset	-22,758	-28,789
Research and development expenses recognized in the income statement	**-182,119**	**-176,978**
R&D capitalization ratio (in %)	19.5	18.2

The R&D capitalization ratio – the ratio of development costs recognized as assets to total research and development costs – was 19.5% compared to 18.2% in the prior year. Investments in development costs to be capitalized amounted to €38.6 million, considerably up on €33.0 million in the prior year. Research and development costs increased overall and the capitalization ratio went up.

12. Other Operating Income

in € '000	2013	2012
Release of provisions	32,331	20,527
Grants and subsidies	5,685	4,229
Measurement of receivables	4,880	6,036
Insurance compensation	1,602	1,632
Disposal of intangible assets and property, plant and equipment	547	735
Rental and leases	418	302
Pass-through costs	392	2,099
Disposal of affiliated companies	-	18,006
Miscellaneous income	15,158	16,410
Other operating income	**61,013**	**69,976**

Miscellaneous income includes a number of items from consolidated companies that are small in amount.

13. Other Operating Expenses

in € '000	2013	2012
Measurement of receivables	-5,162	-5,687
Personnel expenses	-4,744	-5,823
Fees, charges, and insurance premiums	-2,620	-2,851
Disposal of intangible assets and property, plant and equipment	-1,253	-1,781
Miscellaneous expenses	-22,485	-27,195
Other operating expenses	**-36,264**	**-43,337**

Miscellaneous expenses include a number of items from consolidated companies that are small in amount.

14. Financial Result

Income from Investments, Net

in € '000	2013	2012
Income from investments accounted for using the equity method, net	7,905	7,422
thereof: income from investments accounted for using the equity method	(10,894)	(8,663)
thereof: expenses from investments accounted for using the equity method	(-2,989)	(-1,241)
Income from other investments, net	947	989
Income from investments, net	**8,852**	**8,411**

Interest Expense and Income from Securities, Net

in € '000	2013	2012
Interest expense	-31,983	-30,946
thereof: on non-current provisions	(-89)	(-123)
thereof: on finance lease payments	(-103)	(-107)
Profits transferred under a partial profit transfer agreement (CMG)	-4,330	-4,497
Interest and similar expenses net of capitalized borrowing costs	**-36,313**	**-35,443**
Capitalization of borrowing costs	4,558	3,474
Interest and similar expenses	**-31,755**	**-31,969**
Interest income	15,545	17,455
Income from other securities and loans, net	-1,308	-1,387
Interest expense and income from securities, net	**-17,518**	**-15,901**

"Interest expense and income from securities, net" includes all income and expenses resulting from holding or selling financial instruments other than investments.

Of the "interest income", €15.4 million (prior year: €16.2 million) is attributable to financial instruments not recognized at fair value through profit or loss. Of the "interest expense", €32.0 million (prior year: €30.1 million) refers to financial instruments not recognized at fair value through profit or loss. "Profits transferred under a partial profit transfer agreement (CMG)" reflect payments based on Group income with respect to the silent partnership held by CMG Claas-Mitarbeiterbeteiligungs-Gesellschaft mbH.

Other Financial Result

in € '000	2013	2012
Miscellaneous financial expenses	-4,412	-5,185
Miscellaneous financial income	7	46
Foreign exchange gains and losses, net	-16,339	13,660
Other financial result	**-20,744**	**8,521**

In the past fiscal year, "miscellaneous financial expenses" included €0.3 million (prior year: €0.7 million) in fees relating to financial instruments. As in the prior year, no impairment was recognized for financial assets, excluding trade receivables, in fiscal 2013. In the prior year, "foreign exchange gains and losses, net" were influenced by positive valuation effects in the currency hedging portfolio; the reporting year saw no comparable effects.

15. Income Taxes

in € '000	2013	2012
Germany	-76,462	-73,663
Foreign countries	-17,913	-20,054
Current income taxes	**-94,375**	**-93,717**
Germany	1,709	-3,378
Foreign countries	9,719	14,171
Deferred income taxes	**11,428**	**10,793**
Income taxes	**-82,947**	**-82,924**

The underlying income tax rates for foreign companies were between 19.0% and 39.0% (prior year: between 19.0% and 39.0%).

The following amounts are included in accumulated other comprehensive income due to deferred taxes being offset:

in € '000	Sept. 30, 2013	Sept. 30, 2012
Securities	-757	-639
Derivative financial instruments	3,015	1,385
Deferred taxes offset in accumulated other comprehensive income	**2,258**	**746**

Income taxes in the reporting period were €2.7 million lower than the theoretical tax expense that would have resulted from the application of the Group tax rate of 29.0% (prior year: 29.0%) on income before taxes. The Group tax rate consisted of the domestic corporate income tax, the solidarity surcharge, and trade tax.

The following table shows the reconciliation from theoretical to actual tax expense:

	2013		2012	
	in € '000	in %	in € '000	in %
Income before taxes	295,289		315,645	
Theoretical tax expense	**-85,634**	**29.0**	**-91,537**	**29.0**
Differences in foreign tax rates	2,527	-0.8	4,307	-1.4
Tax effects on				
aperiodic tax payments (-) / credits (+)	-3,828	1.3	-2,136	0.7
non tax-deductible expenses (-) and non-taxable income (+) and impact of unrealized offsetting / lack of offset possibilities	-2,140	0.7	4,543	-1.4
associated companies accounted for using the equity method	2,292	-0.8	2,152	-0.7
revaluation of deferred taxes based on future tax rates	39	-	1,112	-0.4
other consolidation effects	2,049	-0.7	107	0.0
miscellaneous	1,748	-0.6	-1,472	0.5
Effective tax expense	**-82,947**	**28.1**	**-82,924**	**26.3**

Notes to the Consolidated Balance Sheet

16. Intangible Assets

in € '000	Concessions, industrial and similar rights and assets, and licenses in such rights	Goodwill	Payments made on account	Development costs recognized as an asset	Total
Cost					
Balance as of Oct. 1, 2011	**49,304**	**70,909**	**37**	**175,500**	**295,750**
Currency translation	42	-	-	20	62
Changes in scope of consolidation	-4,836	-22,509	-	-	-27,345
Additions	3,686	227	288	36,141	40,342
Disposals	-1,013	-	-	-29,937	-30,950
Government grants	-	-	-	-328	-328
Reclassifications	271	-	-37	-	234
Balance as of Sept. 30, 2012	**47,454**	**48,627**	**288**	**181,396**	**277,765**
Currency translation	-143	-	-	-558	-701
Additions	6,345	705	625	42,164	49,839
Disposals	-1,983	-	-	-61,683	-63,666
Reclassifications	947	-	-172	204	979
Balance as of Sept. 30, 2013	**52,620**	**49,332**	**741**	**161,523**	**264,216**
Amortization/impairment					
Balance as of Oct. 1, 2011	**42,527**	**59,514**	**-**	**85,791**	**187,832**
Currency translation	8	-	-	-	8
Changes in scope of consolidation	-3,841	-22,509	-	-	-26,350
Additions (amortization)	2,628	-	-	21,602	24,230
Additions (impairment)	-	-	-	7,187	7,187
Disposals	-973	-	-	-29,937	-30,910
Government grants	-	-	-	-113	-113
Balance as of Sept. 30, 2012	**40,349**	**37,005**	**-**	**84,530**	**161,884**
Currency translation	-96	-	-	-	-96
Additions (amortization)	3,234	-	-	21,467	24,701
Additions (impairment)	-	-	-	1,291	1,291
Disposals	-1,979	-	-	-61,684	-63,663
Government grants	-	-	-	-231	-231
Balance as of Sept. 30, 2013	**41,508**	**37,005**	**-**	**45,373**	**123,886**
Net carrying amount					
Balance as of Sept. 30, 2012	**7,105**	**11,622**	**288**	**96,866**	**115,881**
Balance as of Sept. 30, 2013	**11,112**	**12,327**	**741**	**116,150**	**140,330**

Additions to the cost of intangible assets amounted to €49.8 million (prior year: €40.3 million) and included capitalized borrowing costs of €3.5 million (prior year: €3.1 million). As in the prior fiscal year, these only referred to development costs recognized as an asset.

Existing goodwill was tested for impairment in the fiscal year as part of the annual impairment test. As in the prior year, this did not lead to any impairment losses.

For development costs recognized as an asset, the required impairment test led to an impairment loss totaling €1.3 million (prior year: €7.2 million). The corresponding impairment losses are recognized as research and development expenses. The impairment losses resulted from reduced cash flow forecasts and market-related changes in the cost of capital. The forecast assumptions were adjusted to reflect current circumstances and future market expectations, which led to correspondingly lower values in use.

17. Property, Plant and Equipment

in € '000	Land, land rights and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Payments on account and assets under construction	Finance leases	Total
Cost						
Balance as of Oct. 1, 2011	**279,388**	**368,937**	**192,121**	**40,935**	**1,818**	**883,199**
Currency translation	1,727	656	1,399	277	31	4,090
Changes in scope of consolidation	-	-22,693	-9,769	-143	-	-32,605
Additions	21,601	21,937	18,719	59,974	770	123,001
Disposals	-12,821	-16,400	-7,113	-146	-695	-37,175
Reclassifications	5,448	25,527	4,905	-36,214	100	-234
Balance as of Sept. 30, 2012	**295,343**	**377,964**	**200,262**	**64,683**	**2,024**	**940,276**
Currency translation	-4,484	-3,663	-2,252	-1,542	-45	-11,986
Additions	17,158	28,125	24,038	53,943	-	123,264
Disposals	-1,520	-15,806	-12,162	-26	-	-29,514
Reclassifications	19,910	20,462	11,228	-52,579	-	-979
Balance as of Sept. 30, 2013	**326,407**	**407,082**	**221,114**	**64,479**	**1,979**	**1,021,061**
Depreciation/impairment						
Balance as of Oct. 1, 2011	**115,062**	**291,742**	**137,699**	**-**	**1,060**	**545,563**
Currency translation	615	596	810	-	18	2,039
Changes in scope of consolidation	-	-21,779	-8,995	-	-	-30,774
Additions (depreciation)	7,988	24,061	14,190	-	727	46,966
Disposals	-4,981	-16,022	-6,461	-	-341	-27,805
Reclassifications	-	-9	-	-	9	-
Balance as of Sept. 30, 2012	**118,684**	**278,589**	**137,243**	**-**	**1,473**	**535,989**
Currency translation	-1,186	-1,916	-1,247	-	-27	-4,376
Additions (depreciation)	9,071	25,662	16,144	-	261	51,138
Additions (impairment)	3,300	2,200	620	-	-	6,120
Disposals	-1,185	-14,966	-11,646	-	-	-27,797
Balance as of Sept. 30, 2013	**128,684**	**289,569**	**141,114**	**-**	**1,707**	**561,074**
Net carrying amount						
Balance as of Sept. 30, 2012	**176,659**	**99,375**	**63,019**	**64,683**	**551**	**404,287**
Balance as of Sept. 30, 2013	**197,723**	**117,513**	**80,000**	**64,479**	**272**	**459,987**

Additions to the cost of assets under construction included €1.1 million (prior year: €0.4 million) in capitalized borrowing costs.

Property, plant and equipment was impaired by €6.1 million in fiscal year 2013 (prior year: €0.0 million). The impairment losses are recognized as cost of sales.

The carrying amounts attributable to finance leases relate primarily to other equipment as well as to operating and office equipment.

As in the prior year, the CLAAS Group did not pledge any property, plant and equipment as collateral for liabilities. As of September 30, 2013, contractual obligations to purchase items of property, plant and equipment amounted to €61.3 million (prior year: €16.7 million).

18. Investments Accounted for Using the Equity Method

The following table summarizes the financial data on companies accounted for using the equity method. The figures are based on a 100% investment and not on the share held by the CLAAS Group.

in € '000	2013	2012
Revenues	601,418	551,941
Income before taxes	31,119	25,574
Assets	2,100,332	1,794,830
Liabilities	1,903,383	1,621,969

Revenues include income and expenses, net, provided by financing activities of €47.3 million (prior year: €40.3 million). The balance sheet information is presented as of the balance sheet date used in applying the equity method of accounting.

19. Deferred Taxes

	Sept. 30, 2013		Sept. 30, 2012	
in € '000	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	881	33,870	1,412	28,757
Property, plant and equipment	6,029	13,600	3,881	10,833
Inventories	39,279	501	32,098	368
Receivables and assets	6,005	2,415	3,585	3,115
Provisions	85,033	2,744	83,246	2,578
Liabilities	6,080	440	5,353	1,663
Loss carryforwards	19,818	-	20,016	-
Gross amount	**163,125**	**53,570**	**149,591**	**47,314**
Valuation allowance	-26,344	-	-29,701	-
Netting out	-51,957	-51,957	-45,854	-45,854
Carrying amount	**84,824**	**1,613**	**74,036**	**1,460**

The tax loss carryforwards at Group level in the amount of €58.1 million (prior year: €59.9 million) may be carried forward until fiscal 2016 or later. Of this amount, €49.0 million (prior year: €59.9 million) was assessed as non-realizable. Due to lack of recoverability, a valuation allowance has been recognized for €16.6 million (prior year: €20.0 million) of deferred tax assets on loss carryforwards and €9.7 million (prior year: €9.7 million) of other deferred tax assets.

The utilization of tax loss carryforwards, on which deferred tax assets had not yet been recognized, resulted in a positive effect of €3.3 million in the reporting year (prior year: €1.8 million).

20. Inventories

in € '000	Sept. 30, 2013	Sept. 30, 2012
Raw materials, consumables and supplies	159,135	150,965
Work in progress	63,891	90,680
Finished goods and merchandise	570,827	492,662
Payments made on account	5,683	6,686
Advanced payments received	-69,853	-58,852
Inventories	**729,683**	**682,141**

Impairment losses on inventories in the amount of €1.4 million (prior year: €0.8 million) were recognized in cost of sales. As in the prior year, inventories were not pledged as security for liabilities.

21. Trade Receivables

in € '000	Sept. 30, 2013	Sept. 30, 2012
Gross carrying amount	**306,123**	**313,071**
Valuation allowance	-16,773	-18,696
Net carrying amount	**289,350**	**294,375**

The impairment of trade receivables changed as follows:

in € '000	2013	2012
Impairment at beginning of year	**18,696**	**15,965**
Changes in scope of consolidation	-	263
Utilization	-895	-855
Reversal of / addition to impairment loss, net	-867	3,224
Currency translation	-161	99
Impairment at end of year	**16,773**	**18,696**

The following table shows the distribution of trade receivables by the impairment and maturity criteria:

in € '000	Sept. 30, 2013	Sept. 30, 2012
Neither past due nor impaired	217,454	252,503
Not impaired but past due as per the following time frames:		
up to 30 days	36,475	19,562
31 to 60 days	10,356	3,955
61 to 90 days	7,091	5,933
more than 90 days	14,715	8,907
Trade receivables adjusted individually for impairment	3,259	3,515
Trade receivables	**289,350**	**294,375**

The amount of interest income received on impaired financial assets was insignificant. Please also see Note 37 for disclosures on the credit risk arising from trade receivables.

Asset-backed Securitization

Trade receivables are sold on a revolving basis within the scope of an asset-backed securitization program (ABS). At the end of the fiscal year, the nominal volume of the receivables sold and derecognized as a result came to €134.1 million (prior year: €121.0 million).

As part of these sales, the CLAAS Group recognized assets of €10.9 million (prior year: €10.9 million) as of the reporting date for the partially retained provisions for risk of default. The financial liabilities associated with the sales amounted to €19.8 million (prior year: €20.3 million).

22. Other Financial Assets

in € '000	Current	Non-current	Sept. 30, 2013	Current	Non-current	Sept. 30, 2012
Borrowings	-	20,008	20,008	-	26,733	26,733
Receivables from investments	66,043	-	66,043	45,421	-	45,421
Derivative financial instruments	5,910	124	6,034	5,103	-	5,103
Creditors with a debit balance	6,902	-	6,902	4,924	-	4,924
Loan receivables	1,923	-	1,923	1,757	-	1,757
Interest receivables	2,404	-	2,404	2,491	-	2,491
Miscellaneous	81,369	1,626	82,995	65,404	1,543	66,947
Other financial assets	**164,551**	**21,758**	**186,309**	**125,100**	**28,276**	**153,376**

23. Other Non-financial Assets

in € '000	Current	Non-current	Sept. 30, 2013	Current	Non-current	Sept. 30, 2012
Prepaid expenses	8,381	-	8,381	7,966	-	7,966
Other taxes	38,894	1	38,895	26,107	-	26,107
Surplus related to funded benefit obligations	-	3,901	3,901	-	3,314	3,314
Miscellaneous	2,177	4,263	6,440	2,272	5,059	7,331
Other non-financial assets	**49,452**	**8,165**	**57,617**	**36,345**	**8,373**	**44,718**

24. Securities

A total of €236.2 million (prior year: €125.7 million) of current securities (€347.3 million; prior year: €230.7 million) was attributable to funds.

Of the current securities held at the beginning of the fiscal year, securities with historical costs of €134.4 million were disposed of during the fiscal year (prior year: €206.1 million). As a result of these disposals, gains and losses from exchange rate changes of €-0.2 million initially recognized in equity (prior year: €-1.1 million) were recognized in foreign exchange gains and losses for the current period.

Securities totaling €12.2 million (prior year: €16.1 million) are pledged as collateral in order to meet the legal requirements of Section 8a of the German Partial Retirement Act (AltTZG).

25. Cash and Cash Equivalents

in € '000	Sept. 30, 2013	Sept. 30, 2012
Checks, cash in hand and bank balances	456,467	436,539
Cash equivalents	59,946	99,967
Cash and cash equivalents	**516,413**	**536,506**

Cash and cash equivalents include proceeds from trade receivables transferred under the ABS program with a total value of €19.8 million (prior year: €20.3 million) that are not freely disposable and are to be transferred to other contracting parties (cash held in trust).

26. Equity

Amounts reported as subscribed capital and capital reserves in the consolidated financial statements correspond to the amounts in the separate financial statements of CLAAS KGaA mbH. The subscribed capital of CLAAS KGaA mbH is composed of three million no-par-value registered shares with voting rights. The general partner without capital contribution is Helmut Claas GmbH. The shareholders of the limited partnership, CLAAS KGaA mbH, are all direct and indirect members of the Claas family.

Equity includes subordinated perpetual securities in the nominal amount of €80.0 million. CLAAS reported an equity value of €78.6 million for this equity instrument, net of issuance costs.

The consolidated statement of changes in equity is presented as a separate component of the financial statements.

At CLAAS, the management of capital is governed by provisions of corporate law. The capital under management corresponds to the equity recognized in the CLAAS Group's balance sheet. The aim of capital management is to achieve an adequate equity-to-assets ratio.

Should it be necessary to comply with contractual provisions, the capital will in addition be managed in accordance with the relevant requirements.

27. Financial Liabilities

in € '000	Current	Non-current	Sept. 30, 2013	Current	Non-current	Sept. 30, 2012
Bonds	29,551	251,182	280,733	31,087	209,839	240,926
Liabilities to banks	29,592	3,204	32,796	40,213	3,331	43,544
Schuldscheindarlehen	-	53,500	53,500	-	53,500	53,500
Shareholder loans	66,161	42,782	108,943	51,643	43,426	95,069
Lease payables	194	148	342	312	304	616
Financial liabilities	**125,498**	**350,816**	**476,314**	**123,255**	**310,400**	**433,655**

The table below shows details of the privately placed bonds:

		Sept. 30, 2013		Sept. 30, 2012	
	Nominal interest rate p.a. in %	Nominal volume in $ '000	Carrying amount in € '000	Nominal volume in $ '000	Carrying amount in € '000
Bond 2002–2014	5.76	80,000	59,102	120,000	93,262
Bond 2012–2022	3.98 and 4.08	300,000	221,631	190,000	147,664

Interest on liabilities to banks (maturing between fiscal 2014 and 2018) is charged at rates of between 1.72% p.a. and 5.54% p.a. Of the liabilities to banks, €6.4 million are secured (prior year: €10.5 million). The unsecured liabilities to banks are mainly attributable to very current liabilities in connection with the ABS program.

The Schuldscheindarlehen (German Private Placement) (due in fiscal 2015) has a fixed interest rate of 6.04% p.a.

The shareholder loans refer primarily to liabilities to shareholders of the limited partnership.

The CLAAS Group had the following financing commitments available as of the reporting date; €496.4 million of which was unutilized (prior year: €521.9 million).

in € '000	Current	Non-current	Sept. 30, 2013	Current	Non-current	Sept. 30, 2012
Bonds	29,551	251,182	280,733	31,087	209,839	240,926
Syndicated loans	250,000	-	250,000	-	250,000	250,000
Credit facilities from banks	249,783	3,000	252,783	239,188	43,192	282,380
Schuldscheindarlehen	-	53,500	53,500	-	53,500	53,500
Financing commitments	**529,334**	**307,682**	**837,016**	**270,275**	**556,531**	**826,806**

28. Silent Partnership

The silent partnership of the employee participation company, CMG Claas-Mitarbeiterbeteiligungs-Gesellschaft mbH, is compensated on the basis of performance and is considered subordinated in the event of liability. Pursuant to IFRS, any repayable capital transferred is classified as a financial liability. With regard to the silent partnership, the fair value cannot be reliably determined, for which reason the carrying amount is reported in this case.

In return for its subordinated capital contribution, CMG receives compensation that is based on the performance of the CLAAS Group. CMG also shares in any Group losses. A total of €4.6 million of the silent partnership can be terminated without cause as of September 30, 2014; additional termination-without-cause rights for €15.6 million apply between fiscal 2015 and 2018.

29. Other Financial Liabilities

in € '000	Current	Non-current	Sept. 30, 2013	Current	Non-current	Sept. 30, 2012
Bills payable	1,800	-	1,800	3,856	-	3,856
Liabilities to investments	21,363	-	21,363	19,465	-	19,465
Derivative financial instruments	14,532	35,934	50,466	14,244	24,072	38,316
Accrued interest	10,210	-	10,210	9,519	-	9,519
Miscellaneous	30,295	2,367	32,662	39,695	2,356	42,051
Other financial liabilities	**78,200**	**38,301**	**116,501**	**86,779**	**26,428**	**113,207**

30. Other Non-financial Liabilities

in € '000	Current	Non-current	Sept. 30, 2013	Current	Non-current	Sept. 30, 2012
Deferred income	23,847	934	24,781	20,400	417	20,817
Other taxes	33,481	-	33,481	28,016	66	28,082
Social security	8,317	-	8,317	8,631	-	8,631
Miscellaneous	145	210	355	148	295	443
Other non-financial liabilities	**65,790**	**1,144**	**66,934**	**57,195**	**778**	**57,973**

31. Pension Provisions

CLAAS maintains several defined benefit pension plans for the purpose of providing retirement benefits. These consist primarily of direct commitments to employees in Germany and, to a lesser extent, to employees in France, Italy, and India. There are also three funded plans in Germany, two funded plans in France, and one funded plan in the United Kingdom.

Retirement benefits for persons employed in Germany include both defined benefit pension plans and defined contribution pension plans. Expenses for these plans amounted to €0.5 million in fiscal year 2013 (prior year: €0.4 million). In addition, contributions of €20.6 million (prior year: €21.0 million) were made to national pension insurance institutions in Germany.

For employees in the USA, retirement benefits are provided on the basis of contributions to pension funds. After paying these contributions, CLAAS has no further benefit obligations. The sum of the defined contribution pension expenses was €0.5 million in fiscal 2013 (prior year: €0.4 million).

Under the defined benefit pension plans implemented at CLAAS, the Company undertakes to comply with its pension obligations toward active and former employees. The pension provision that covers benefit obligations under defined benefit plans also includes pension fund obligations and is reduced by the amount of the fund assets. Fund surpluses, if any, are capitalized as other assets, while fund deficits are shown as a liability under pension provisions. Pension provisions are recorded for obligations from vested rights and current benefits on behalf of eligible active and former employees and their surviving dependents. Obligations relate primarily to retirement pensions, which are paid in part as basic and in part as supplementary benefits. Pension obligations are normally based on the employees' length of service and remuneration levels.

Pension obligations and expenses are measured annually by independent actuaries according to the projected unit credit method. The underlying actuarial parameters depend on conditions in the country in which the pension plan was established:

	Sept. 30, 2013			Sept. 30, 2012		
in %	**Germany**	**France**	**United Kingdom**	**Germany**	**France**	**United Kingdom**
Actuarial interest rate	3.45	3.45	4.55	3.90	3.90	4.35
Rate of salary increase	3.00	2.50 - 3.00	3.60	3.00	2.50 - 3.00	3.75
Rate of pension increase	2.00	-	2.40	2.00	-	1.70
Expected return on plan assets	3.45	4.00	5.59	4.60	4.00	4.49

With regard to the fund-financed obligations of the British subsidiary CLAAS Holdings Ltd., the trust association's investment guidelines are adhered to when investing plan assets. Accordingly, an excess of fund assets over defined benefit obligations should be permanently maintained, and unnecessary fluctuations in contributions to plan assets are to be avoided. With respect to investment strategy, the focus is on sufficient diversification in order to distribute investment risk over a variety of markets and asset classes. It is also important that there is sufficient congruity between the risk drivers on both the investment and obligation sides. Plan assets are managed by a trust association under a trust agreement. Current and former employees of CLAAS Holdings Ltd. and its subsidiaries act as trustees. The trust association has delegated operational investment decisions to a fund manager. All strategic investment decisions are made by the trust association independently of the employer. Plan assets are mainly divided into equity portfolios and bond portfolios. The allocation of assets is kept within specific investment ranges with respect to type of investment and geographical market. In the year under review and in the prior year, the main focus of investment was on United Kingdom securities.

Pension obligations recognized in the balance sheet changed as follows:

in € '000	**Sept. 30, 2013**	**Sept. 30, 2012**
Present value of funded benefit obligations	52,021	51,710
Fair value of plan assets	-60,099	-55,969
Funded status of funded benefit obligations	**-8,078**	**-4,259**
Present value of unfunded benefit obligations	227,218	206,554
Unrecognized past service cost	-500	-573
Unrecognized actuarial losses	-36,209	-25,648
Net pension liability recognized in the balance sheet	**182,431**	**176,074**
thereof: pension provisions	186,332	179,388
thereof: surplus related to funded benefit obligations	-3,901	-3,314

The present value of funded and unfunded benefit obligations changed as follows:

in € '000	2013	2012
Benefit obligations at beginning of year	**258,264**	**226,587**
Current service cost	6,982	5,706
Interest cost	10,088	10,750
Actuarial losses	15,090	32,739
Actual pension payments	-9,513	-9,697
Currency translation	-2,232	3,244
Changes in scope of consolidation	-	-11,889
Other	560	824
Benefit obligations at end of year	**279,239**	**258,264**

In fiscal 2014, pension payments to the amount of €8.5 million are anticipated.

The following table shows the change in fair value of plan assets:

in € '000	2013	2012
Fair value of plan assets at beginning of year	**55,969**	**47,530**
Expected return on plan assets	2,389	2,298
Actuarial gains	3,766	2,208
Employer contributions	1,034	1,173
Employee contributions	560	623
Actual pension payments	-1,108	-1,777
Currency translation	-2,511	3,914
Fair value of plan assets at end of year	**60,099**	**55,969**

In fiscal year 2014, the employer contribution to plan assets is expected to amount to €0.5 million.

Plan assets are composed of the following and mainly pertain to the funded plan in the United Kingdom:

in %	Sept. 30, 2013	Sept. 30, 2012
Equities	43.3	39.5
Bonds	50.4	53.2
Cash and cash equivalents	0.3	0.9
Other	6.0	6.4

The weighted long-term return on investment of the funded plan in the United Kingdom is expected to amount to 5.6% p.a. (prior year: 4.5% p.a.). The return is calculated separately depending on investment category. For the equity portfolio, the current dividend yield of the FTSE All-Share Index plus the inflation rate and the expected dividend growth rate less cost is used (8.0% p.a.). The return on government bonds (3.1% p.a.) is based on the FTSE UK Gilts Index. Return on the corporate bond portfolio is expected to come to 4.3% p.a. This factor is established by using an index of corporate bonds quoted in British pounds with AA ratings and terms of at least 15 years. For cash and cash equivalents, the short-term money market interest rate of the Bank of England is used (0.5% p.a.).

Pension expenses for funded and unfunded plans are divided as follows:

in € '000	2013	2012
Current service cost	6,982	5,706
Interest cost	10,088	10,750
Recognized past service cost	73	72
Recognized actuarial losses (+) / gains (-)	961	-127
Expected return on plan assets	-2,389	-2,298
Pension expenses	**15,715**	**14,103**

Pension provisions are derived from unfunded pension obligations and the deficit in funded pension obligations:

in € '000	Sept. 30, 2013	Sept. 30, 2012
Provisions for unfunded benefit obligations	182,963	176,059
Deficit related to funded benefit obligations	3,369	3,329
Surplus related to funded benefit obligations	-3,901	-3,314
Net pension liability recognized in the balance sheet	**182,431**	**176,074**

The following table depicts adjustments made from experience, i.e. the effects of differences between the expected pension obligations and plan assets based on previous actuarial assumptions and those actually incurred:

in € '000	Sept. 30, 2013	Sept. 30, 2012	Sept. 30, 2011	Sept. 30, 2010	Sept. 30, 2009
Present value of benefit obligations	279,239	258,264	226,587	267,129	215,001
thereof: experience adjustments	(2,960)	(1,333)	(3,968)	(3,632)	(1,164)
Fair value of plan assets	60,099	55,969	47,530	45,775	38,268
thereof: experience adjustments	(3,800)	(2,279)	(-1,259)	(2,833)	(2,892)
Funded status	219,140	202,295	179,057	221,354	176,733

32. Income Tax Provisions and Other Provisions

		Other provisions				
in € '000	Income tax provisions	Personnel commitments	Sales obligations	Miscellaneous obligations	Total other provisions	Total
Balance as of Oct. 1, 2012	**22,003**	**132,312**	**368,777**	**22,883**	**523,972**	**545,975**
Utilization	-8,337	-109,118	-217,977	-5,831	-332,926	-341,263
Reversals	-636	-7,350	-35,089	-5,439	-47,878	-48,514
Additions	22,887	129,015	253,966	8,096	391,077	413,964
Interest / change in interest rate	-	404	32	57	493	493
Currency translation	-223	-474	-5,043	-413	-5,930	-6,153
Balance as of Sept. 30, 2013	**35,694**	**144,789**	**364,666**	**19,353**	**528,808**	**564,502**
thereof: non-current	-	18,937	18,776	4,918	42,631	42,631
thereof: current	35,694	125,852	345,890	14,435	486,177	521,871

Income tax provisions include current tax commitments.

Personnel commitments mainly comprise provisions for part-time retirement programs, outstanding vacation time, anniversaries, and annual bonuses. Obligations arising from sales primarily relate to provisions for warranty claims, sales bonuses and rebates, and other sales-generating measures.

A total of €15.5 million (prior year: €29.8 million) of the reversals is reported as functional costs.

Other Disclosures

33. Contingent Liabilities and Other Financial Obligations

Rental and lease expenses of €41.9 million were recorded in fiscal year 2013 (prior year: €33.0 million). Minimum lease payments become due as follows for future obligations:

	Sept. 30, 2013		Sept. 30, 2012	
in € '000	**Finance leases**	**Operating leases**	**Finance leases**	**Operating leases**
Due within 1 year	215	29,949	305	30,241
Due within 1 to 5 years	162	44,841	428	42,455
Due after 5 years	-	20,326	-	12,352
Principal amount of minimum lease payments	**377**	**95,116**	**733**	**85,048**
Interest portion	-35		-117	
Present value of minimum lease payments	**342**		**616**	

Lease payments received under non-cancelable sublease agreements amounted to €20.9 million as of the reporting date, and proceeds from future minimum lease payments amounted to €18.1 million.

Finance lease and operating lease commitments arise predominantly from lease programs under which CLAAS agricultural machines have been leased from CLAAS Financial Services S.A.S. and then provided to customers.

No provisions were recognized for the contingent liabilities from bills of exchange and guarantees, which are stated at their nominal amount of €13.1 million (prior year: €13.3 million) since the likelihood of risk is considered low.

34. Litigation and Damage Claims

As a result of their general business operations, CLAAS Group companies are involved in a variety of legal proceedings and official governmental proceedings, or are exposed to third-party claims, or there may be a possibility of such proceedings being instituted or asserted in the future (for instance with respect to patents, product liability, or goods supplied, or services rendered). Although the outcome of individual proceedings cannot be predicted with certainty given the unforeseeable nature of events associated with legal disputes, the current assessment is that no significant adverse impact on the CLAAS Group's results of operations will occur beyond the risks reflected in liabilities and provisions in the financial statements.

35. Additional Disclosures on Financial Instruments

Carrying Amounts of Financial Assets and Liabilities by Categories

in € '000	Sept. 30, 2013	Sept. 30, 2012
Financial assets at fair value through profit or loss	65,980	105,070
thereof: cash equivalents	(59,946)	(99,967)
Loans and receivables	962,068	879,187
Available-for-sale financial assets	350,658	233,593
Financial liabilities at fair value through profit or loss	50,466	38,316
Financial liabilities measured at amortized cost	782,806	701,066

The carrying amounts of financial assets and liabilities generally equate to their fair values.

The values differ for financial liabilities: The carrying amounts of financial liabilities total €476.3 million (prior year: €433.7 million), while the fair value is €470.0 million (prior year: €446.3 million).

Fair Value Hierarchy

The fair values of financial assets and financial liabilities measured at fair value may be determined based on the following basic data in accordance with the fair value hierarchy, with the individual measurement levels defined as follows in IFRS 7:

- Level 1 — Measurement based on quoted prices in active markets for identical financial instruments
- Level 2 — Measurement based on inputs other than quoted prices included within Level 1 that are observable either directly or indirectly
- Level 3 — Measurement based on models using inputs that are not based on observable market data

The following table shows the carrying amounts of the financial assets and liabilities measured at fair value by measurement level. There were no transfers between the individual categories.

	Sept. 30, 2013			Sept. 30, 2012		
in € '000	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Cash equivalents	59,946	-	-	99,967	-	-
Securities	347,283	-	-	230,705	-	-
Derivative financial instruments	-	6,034	-	-	5,103	-
Financial assets at fair value	**407,229**	**6,034**	**-**	**330,672**	**5,103**	**-**
Derivative financial instruments	-	50,466	-	-	38,316	-
Financial liabilities at fair value	**-**	**50,466**	**-**	**-**	**38,316**	**-**

Net Gains or Losses on Financial Instruments

The net gains or losses on the financial instruments recognized in the income statement can be categorized as follows:

in € '000	2013	2012
Financial assets or financial liabilities at fair value through profit or loss	116	10,202
Loans and receivables	-6,269	8,375
Available-for-sale financial assets	-1,208	-1,387
Financial liabilities measured at amortized cost	-6,805	-1,269
Net gains or losses on financial instruments	**-14,166**	**15,921**

The net gains or losses on financial assets or financial liabilities at fair value through profit or loss arise solely from fair value changes.

For loans and receivables, the net gains or losses include foreign exchange gains and losses, impairment, write-ups, gains or losses from sale of the loan or receivable, and gains or losses from the reversal of previously recognized impairment losses on debt instruments.

The net gains or losses of available-for-sale financial assets contain foreign exchange gains and losses, gains or losses from the disposal of the asset, impairment recognized in profit or loss, and any write-ups. The net gains or losses from available-for-sale financial assets recognized directly in equity are reported in Note 24.

The net gains or losses on financial liabilities measured at amortized cost primarily include foreign exchange gains and losses.

36. Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are used to hedge financial risks from the operating business and the resulting refinancing requirements. These risks are generally interest rate, currency and commodity risks. The hedging instruments primarily used are forward exchange contracts and options as well as interest rate currency swaps and interest rate swaps.

Hedge accounting is not used for some derivative financial instruments. The changes in fair value for these derivatives are recognized in profit or loss. Where hedge accounting is applied, derivative financial instruments are used to hedge against future cash flows (“cash flow hedging”). There were no other hedging relationships in fiscal year 2013.

The following table provides an overview of the derivative financial instruments used and their fair values:

	Sept. 30, 2013		Sept. 30, 2012	
in € '000	Assets	Liabilities	Assets	Liabilities
Forward exchange transactions	3,179	2,137	2,656	7,239
thereof: cash flow hedges	(713)	(1,748)	(1,291)	(6,716)
Foreign currency options	2,855	1,396	2,414	1,064
thereof: cash flow hedges	(1,068)	-	(748)	-
Other currency hedging instruments	-	46,177	-	28,840
thereof: cash flow hedges	-	(46,177)	-	(28,840)
Interest rate swaps	-	621	-	871
thereof: cash flow hedges	-	(83)	-	(105)
Other	-	135	33	302
thereof: cash flow hedges	-	-	-	-
Derivative financial instruments	**6,034**	**50,466**	**5,103**	**38,316**
thereof: current	5,910	14,532	5,103	14,244
thereof: non-current	124	35,934	-	24,072

The interest rate and currency risks from non-current financial liabilities hedged by cash flow hedges are in some cases due in the next two years or in 2022 and recognized in profit or loss. The underlying transactions for cash flow hedges for currency risks from the operating business are largely expected to be realized in the coming 12 to 18 months. This means that these hedges will primarily impact profit or loss in the coming fiscal year.

Changes in the measurement of derivative financial instruments with hedging relationships (€-4.0 million; prior year: €1.4 million) were recognized directly in equity as other comprehensive income in fiscal year 2013.

The changes in value of cash flow hedges reclassified from equity to foreign exchange gains and losses in the fiscal year amounted to €-2.0 million (prior year: €-2.8 million).

This item also included hedge ineffectiveness of €-0.9 million on cash flow hedges (prior year: €-0.9 million).

37. Financial Risk Management

Principles of Risk Management

As a result of its business activities, the CLAAS Group is exposed to market price risk, particularly exchange rate and interest rate risk. On the procurement side, the CLAAS Group is exposed to commodity risk and risk related to its ability to ensure supplies. Moreover, credit risk arises from trade receivables, as well as from receivables relating to finance transactions such as investment of cash and cash equivalents or acquisition of securities. Liquidity risk can result from a significant decline in operating business performance or as a result of the risk categories mentioned above.

All market price risks are identified for the entire CLAAS Group and measured, monitored, and managed centrally by Group Treasury. Systematic, central currency and interest rate management is undertaken in order to limit and control exchange rate and interest rate risk. In addition to operating measures to limit risk, all of the usual financial instruments, including derivatives, are used to manage risk. All transactions are concluded exclusively on the basis of existing underlying transactions or specifically planned transactions and are renewed on a rolling basis as required. All business partners are banks of top credit quality.

Credit risk is identified, monitored, and managed for the entire CLAAS Group by the relevant decentral units, supplemented by Group credit management. The local units focus their activities on operational monitoring and management of the respective risks in consideration of the locally adapted parameters specified by Group credit management. Group credit management establishes general guidelines, which form the basis for monitoring and managing the locally supervised transactions.

Since the management and the supervisory bodies of CLAAS attach great importance to systematic risk management, a comprehensive monitoring system that meets all legal requirements has been implemented. In this context, the efficiency of the hedging instruments used and the reliability of the internal control systems are regularly checked by means of internal and external reviews.

CLAAS pursues strict risk management. Derivative financial instruments are used exclusively for risk management purposes, i.e. to limit and govern risk related to business operations. The execution, control, and recording of transactions are strictly segregated in terms of physical function, on the one hand, and organizational function, on the other. Levels of discretion in trading in terms of both amount and content are defined in internal guidelines. In the finance area, risk positions are continuously evaluated and analyzed by means of suitable systems. The analysis includes simulations and scenario calculations. The competent executive bodies are informed regularly of risk exposure. Certain finance management transactions must be approved by the Group Executive Board and/or the Shareholders' Committee.

Credit Risk

CLAAS is exposed to credit risk resulting from its business operations and finance activities. This risk entails the danger of unexpected economic loss in the event that a counterparty does not fulfill its payment obligations. Credit risk comprises both the direct risk of default as well as the risk of a downgrade in credit rating in combination with the threat of a concentration of individual risks. The maximum risk arising from a financial asset corresponds to the carrying amount of the asset.

Effective monitoring and management of credit risk is a basic component of the risk management system at CLAAS. Group credit management already defined principles for managing credit risk across the Group several years ago. CLAAS internally reviews and rates the credit quality of all customers with credit needs exceeding certain limits. In addition to the contract documents submitted by the customer, the data for review and classification of credit quality is based on information from external credit rating agencies, previous default experience on the part of CLAAS, and experience resulting from the longstanding business partnership with the customer.

CLAAS uses internal guidelines to manage credit risk arising from trade receivables. The risk of default is taken account of through allowance accounts used to record individual or portfolio-based impairments. The portfolio is analyzed on an ongoing basis in order to ensure that any concentration of risk is identified and assessed promptly. No single client exceeded the level of 2.4% (prior year: 5.0%) of the CLAAS Group's total trade receivables.

There were no indications either during the course of the fiscal year or as of the balance sheet date that the obligors of trade receivables that are neither impaired nor past due would not meet their payment obligations. According to an internal review of credit quality, 99.6% (prior year: 98.4%) of trade receivables are classified as low risk.

The collateral held for the purpose of minimizing potential credit risk consists primarily of credit insurance, guarantees from customers or banks, and, in some cases, retentions of title. For the most part, CLAAS has set aside collateral for trade receivables past due or impaired. This consists mainly of credit insurance, guarantees, and renewed retentions of title. In fiscal year 2013, no collateral was called on (prior year: €0.0 million).

The CLAAS Group is subject to credit risk in connection with investments in cash and cash equivalents and securities based on the risk of the obligor or issuer not meeting its payment obligations. In order to minimize this risk, issuers and obligors are carefully selected. The majority of cash and cash equivalents consists of exposures with at least an A-rating (pursuant to the Standard & Poor's categories). Investments are widely diversified to further limit the risk of default. Default risk is continuously monitored using a market- and rating-based limit system. Each year, the competent executive bodies of the CLAAS Group approve the basic investment strategy and the limit system.

Derivative contracts are concluded for risk management purposes. The derivatives are either measured individually at fair value or included in hedge accounting. The maximum credit risk arising from derivative financial instruments corresponds to the positive market values of the instrument. Nearly all counterparties are internationally operating banks. The credit quality of the counterparties is continuously reviewed on the basis of the Standard & Poor's, Moody's, or Fitch credit ratings and the market prices for credit default insurance. Moreover, the risk of default is limited by engaging in a strategy of broad diversification.

Risks can also arise from issued financial guarantees. As of September 30, 2013, the maximum risk in the event of utilization amounted to €1.5 million (prior year: €2.6 million). The fair value was calculated as of the date of addition using the "expected value" method, taking into account credit risk reductions (liquidation proceeds) and risks that could arise on the basis of default probabilities ranging from 3% to 15% (prior year: 3% to 15%).

Liquidity Risk

The CLAAS Group employs a number of measures to effectively meet liquidity risk. In doing so, liquidity management places top priority on the absolute necessity of ensuring solvency at all times. Liquidity management also aims for a comfortable and cost-efficient liquidity position that will allow the Group to react adequately to opportunities in a dynamic market environment. To meet these goals, value is placed on maintaining sufficient financing commitments (see Note 27) and cash and cash equivalents as well as on the ABS program (see Note 21) and international cash management. Future liquidity requirements are projected on a regular basis as part of the financial planning process. This process consists of a rolling three-month forecast, an annual forecast, and a five-year forecast. In addition, the situation with regard to financing conditions for CLAAS on the financial markets is monitored on an ongoing basis to enable any refinancing risk to be countered promptly and proactively.

The following table gives an overview of undiscounted contractually agreed payment obligations from liabilities due in the coming fiscal years:

in € '000/Sept. 30, 2013	2014	2015	2016	2017	2018	From 2019	Total
Financial liabilities	144,314	96,460	12,036	8,935	8,903	319,585	590,233
Silent partnership	4,639	7,405	2,591	2,787	2,847	12,885	33,154
Trade payables	207,302	-	-	-	-	-	207,302
Bills payable	1,800	-	-	-	-	-	1,800
Liabilities to investments	21,363	-	-	-	-	-	21,363
Derivative financial instruments	15,106	11,403	-	-	-	9,833	36,342
Accrued interest	10,210	-	-	-	-	-	10,210
Miscellaneous financial liabilities	30,295	2,367	-	-	-	-	32,662
Payments due	**435,029**	**117,635**	**14,627**	**11,722**	**11,750**	**342,303**	**933,066**

in € '000/Sept. 30, 2012	2013	2014	2015	2016	2017	From 2018	Total
Financial liabilities	140,153	43,612	94,793	9,077	5,914	238,651	532,200
Silent partnership	3,532	2,532	7,517	2,629	2,834	10,756	29,800
Trade payables	162,720	-	-	-	-	-	162,720
Bills payable	3,856	-	-	-	-	-	3,856
Liabilities to investments	19,465	-	-	-	-	-	19,465
Derivative financial instruments	14,825	9,701	10,121	-	-	-	34,647
Accrued interest	9,519	-	-	-	-	-	9,519
Miscellaneous financial liabilities	39,695	2,356	-	-	-	-	42,051
Payments due	**393,765**	**58,201**	**112,431**	**11,706**	**8,748**	**249,407**	**834,258**

Currency Risk

Due to the international scope of its business activities, the CLAAS Group is subject to currency risk. Currency risk is incurred primarily in the course of carrying out operating business activities as well as in connection with finance transactions and capital expenditure. Exchange rate fluctuations may therefore lead to undesired and unforeseeable volatility in earnings or cash flows. To effectively counter the effect of exchange rate fluctuations, CLAAS pursues central currency management under the purview of the Group treasury department. Operational transaction risk traditionally arises when the currency in which sales are realized differs from the currency in which the costs are incurred. At CLAAS, currency risk arises mainly with respect to U.S. dollars, Hungarian forints, British pounds, Polish zlotys, Russian rubles and Chinese renminbi against the euro as the Group's presentation currency.

To calculate the total risk exposure, the estimated operating inflows and outflows are recorded centrally for each currency on a fiscal-year basis. A basic hedging strategy is developed for the resulting net exposures in consideration of risk-bearing capacity and the market situation. The hedging strategy is intended to protect the CLAAS Group from negative market developments, while enabling the Group to participate in positive developments. The hedge horizon is typically between one and two years. The hedging strategy is approved by the competent executive body of the CLAAS Group and implemented by the Group treasury department through the conclusion of financial derivative contracts. The hedging strategy implemented is monitored continuously by the Group treasury department and adapted as needed. Group management and the competent executive body receive regular reports informing them of the current status of the currency risk position.

Financing-related and investment-related currency risks are – insofar as possible and appropriate – integrated into the forecasts of operating exposure. Alternatively, these risks may be hedged individually on a case-by-case basis.

The following scenario analysis indicates the value of financial instruments denominated in foreign currencies in the event of a 10% increase or 10% decrease in the value of the hedging portfolio in comparison with the actual exchange rates on the balance sheet date. The figures are presented separately depending on whether the items are recognized in equity (via hedge accounting) or at fair value through profit or loss. The future underlying items that the derivative portfolio is intended to hedge are not included in the presentation pursuant to IFRS 7. Any conclusions made on the basis of the information presented here therefore relate exclusively to derivative financial instruments. The values stated are not meaningful for determining the overall future effect of exchange rate fluctuations on the cash flows or earnings of the CLAAS Group. In addition to the analysis made here of the fair value risk inherent in currency derivatives, internal risk management and the information provided regularly to the competent executive bodies are based above all on meaningful scenario analyses of the total risk position, which take account of both the underlying items and the hedge portfolio. Foreign currency loans are generally hedged using currency hedging instruments; as a result there is no currency risk from these items.

	Sept. 30, 2013		Sept. 30, 2012	
in € '000	Equity	Profit or loss	Equity	Profit or loss
Actual fair value	**33**	**1,464**	**-765**	**1,672**
Fair value in the event of an exchange rate increase of 10%	**16,093**	**8,058**	**22,481**	**10,841**
U.S. dollar	4,394	4,893	12,715	3,239
British pound	7,256	5,656	7,219	8,331
Polish zloty	4,244	2,275	3,670	928
Hungarian forint	-913	-2,518	-1,123	-1,829
Other	1,112	-2,248	-	172
Fair value in the event of an exchange rate decrease of 10%	**-10,508**	**-14,971**	**-20,343**	**-14,416**
U.S. dollar	-962	-4,132	-10,463	-1,526
British pound	-6,479	-12,356	-6,396	-11,454
Polish zloty	-4,215	-6,212	-5,789	-4,235
Hungarian forint	2,004	2,243	2,305	2,405
Other	-856	5,486	-	394

In addition to transaction-based currency risk, currency translation risk arises from assets and liabilities of subsidiaries outside of the euro region. Balance sheet items are translated from the local currency of the subsidiaries into the CLAAS Group's functional currency as part of the consolidation process. Exchange rate fluctuations may lead to changes in value that are recognized in CLAAS Group equity. Although these long-lasting effects are calculated and analyzed on an ongoing basis, they are generally not hedged.

Interest Rate Risk

CLAAS is generally exposed to interest rate risk on assets and liabilities. Such risk may arise on financial instruments such as bonds or liabilities to banks or due to the effects of interest rate changes on operating and strategic liquidity. Transactions relating to initial capital procurement and capital investment as well as the subsequent management of the positions in line with targets such as maturity date and the length of time for which interest rates are fixed are undertaken centrally for the entire CLAAS Group by the treasury department, in coordination with the competent executive bodies. Interest rate derivatives are also used to manage risk. These positions are recognized at their fair values and continuously monitored on a fair value basis. The resulting risk is measured by means of value-at-risk analyses, among other things.

Value at risk is measured using Monte Carlo simulation, assuming a confidence level of 99.0% and a holding period of ten days. The resulting figure represents the loss in market value of the portfolio of all interest-sensitive instruments, with a probability of only 1.0% that the figure obtained will be exceeded after ten days. Currency derivatives are not included, as any interest-related changes they may be exposed to are insignificant. As of the balance sheet date, the value at risk of all interest-sensitive financial instruments amounted to €1.3 million (prior year: €1.7 million).

Commodity Price Risk

CLAAS is subject to the risk of changes in commodity prices arising from the procurement of input materials. To a minor extent, derivative financial instruments are used to hedge the risk of changes in the price of industrial metals. The resulting risk is thus insignificant, for which reason the risk ratios have not been presented here.

38. Disclosures on the Consolidated Statement of Cash Flows

The consolidated statement of cash flows comprises cash flows from operating as well as investing and financing activities. Effects of changes in the scope of consolidation on cash and cash equivalents are shown separately in cash flows from investing activities. The influence of exchange rate fluctuations on cash and cash equivalents is eliminated from individual cash flows and stated separately.

The following cash flows are reported under cash flows from operating activities.

in € '000	2013	2012
Interest paid	35,864	33,132
Interest received	7,232	10,248
Dividends received	1,278	7,619
Income taxes paid	77,705	96,210

39. Personnel Expenses and Employees

	2013	2012
Wage earners	4,212	4,142
Salary earners	4,728	4,312
Trainees	498	470
Average number of employees	**9,438**	**8,924**

The personnel expenses reported in the income statement under functional costs amounted to €594.0 million (prior year: €548.1 million).

40. Entity-wide Disclosures

The CLAAS Group is managed as a single business unit operating in the agricultural equipment sector. Representatives of individual business divisions may not act independently, i.e. resources are allocated by the Group Executive Board primarily in view of the Company as an agricultural equipment company. The Group Executive Board has overall responsibility for the Group with regard to its decisions and actions. The primary management parameters provided for this purpose by the internal reporting system are net sales, income before taxes, and human resources capacity. The Production Technology division was disposed of in the prior year.

The allocation of sales revenues to geographical regions is made on the basis of the country of destination of the product sold or the service provided. Non-current assets were allocated to the regions corresponding to the country of domicile of the relevant company. At present, no individual customer accounts for a significant portion of sales revenues.

The following table shows sales by division:

in € '000	2013	2012
Agricultural Equipment	3,824,646	3,414,860
Production Technology	-	20,762
CLAAS Group	**3,824,646**	**3,435,622**

Sales and non-current assets by region can be broken down as follows:

	External sales		Non-current assets*	
in € '000	2013	2012	Sept. 30, 2013	Sept. 30, 2012
Germany	836,469	781,016	794,918	756,158
France	887,003	744,797	408,978	393,631
Rest of Western Europe	697,000	668,394	57,616	59,062
Central and Eastern Europe	824,774	734,126	61,713	37,232
Other countries	579,400	507,289	85,885	91,042
Eliminations	-	-	-699,248	-707,170
CLAAS Group	**3,824,646**	**3,435,622**	**709,862**	**629,955**

*in accordance with the definition set out in IFRS 8

41. Related Party Disclosures

Related parties within the meaning of IAS 24 generally are: the members of the Supervisory Board and the Shareholders' Committee, the members of the Claas families, the members of the Group Executive Board and the associated companies of the CLAAS Group, and companies controlled or significantly influenced by related parties.

The significant relationships of the members of the Supervisory Board and the Shareholders' Committee as well as of the members of the Claas families with the CLAAS Group are as follows:

	Members of the Supervisory Board / Shareholders' Committee		Members of the Claas families – if not members of the Supervisory Board / Shareholders' Committee	
in € '000	2013	2012	2013	2012
Supervisory Board and Shareholders' Committee remuneration	922	475	-	-
Services	203	241	-	-
Credits granted to CLAAS	65,388	61,266	43,556	33,803

The following table shows the extent of the CLAAS Group's business relationships with related parties primarily pertaining to companies recognized using the equity method:

in € '000	2013	2012
Income	253,453	174,096
Expenses	237,654	215,989
Receivables	62,166	20,858
Liabilities	15,773	15,282

The receivables mainly relate to interest-bearing loans issued and the liabilities primarily to trade payables. All transactions with related parties were conducted on an arm's length basis.

Some of the members of the Group Executive Board also held positions of significant responsibility with other entities and organizations in the past year. However, this did not result in any reportable transactions.

The following remuneration was paid to members of the Group Executive Board:

in € '000	2013	2012
Current remuneration	6,597	7,421
Provisions for retirement benefits	145	217
Total Group Executive Board remuneration	**6,742**	**7,638**

Retirement benefits were paid to former members of the Executive Board of CLAAS KGaA mbH / the Group Executive Board in the amount of €0.5 million (prior year: €0.5 million). Obligations for current pensions and vested rights of former members of the Executive Board of the CLAAS KGaA mbH / the Group Executive Board totaled €6.5 million (prior year: €6.5 million).

42. Auditor's Fees

The following fees were recognized as an expense for the services provided by the auditor of the consolidated financial statements, Deloitte & Touche GmbH, Düsseldorf, Germany:

in € '000	2013	2012
Audit services	600	553
Other assurance services	40	48
Tax consulting services	267	111
Other services	167	89
Auditor's fees	**1,074**	**801**

Audit services include fees for auditing the financial statements of CLAAS KGaA mbH and the consolidated financial statements as well as the financial statements of the domestic subsidiaries. The other services mainly relate to project-based consulting services.

43. Application of Section 264 (3) and Section 264b of the German Commercial Code

The following domestic subsidiaries made partial use of the exemption option pursuant to Section 264 (3) and Section 264b of the German Commercial Code:

- CLAAS Agrosystems KGaA mbH & Co KG, Gütersloh
- CLAAS Agrosystems Verwaltungs GmbH, Gütersloh
- CLAAS Anlagemanagement GmbH, Harsewinkel
- CLAAS Global Sales GmbH, Harsewinkel
- CLAAS Industrietechnik GmbH, Paderborn
- CLAAS Saulgau GmbH, Bad Saulgau
- CLAAS Selbstfahrende Erntemaschinen GmbH, Harsewinkel
- CLAAS Service and Parts GmbH, Harsewinkel
- CLAAS Vertriebsgesellschaft mbH, Harsewinkel

44. Events After the Balance Sheet Date

There were no events or developments after the end of the fiscal year that could have led to material changes in the presentation or the measurement of individual assets or liabilities as of September 30, 2013 or that are subject to disclosure requirements.

45. List of Shareholdings

No.	Company		Subscribed capital	Shareholding in %	Shareholding owned by company
I. Affiliated companies included in the scope of consolidation					
Domestic companies					
1	CLAAS Kommanditgesellschaft auf Aktien mbH, Harsewinkel	EUR	78,000,000		
2	CLAAS Selbstfahrende Erntemaschinen GmbH, Harsewinkel	EUR	25,600,000	100.0	1
3	CLAAS Saulgau GmbH, Bad Saulgau	EUR	7,700,000	100.0	1
4	CLAAS Industrietechnik GmbH, Paderborn	EUR	7,700,000	100.0	1
5	CLAAS Vertriebsgesellschaft mbH, Harsewinkel	EUR	3,100,000	100.0	1
6	BLT Brandenburger Landtechnik GmbH, Liebenthal	EUR	1,000,000	50.6	5
7	Mecklenburger Landtechnik GmbH Mühlengeez, Prüzen	EUR	1,000,000	100.0	5
8	CLAAS Bordesholm GmbH, Bordesholm	EUR	1,000,000	59.0	5
9	CLAAS Braunschweig GmbH, Schwülper	EUR	1,000,000	100.0	5
10	CLAAS Hessen GmbH, Fritzlar	EUR	700,000	100.0	5
11	CLAAS Thüringen GmbH, Schwabhausen	EUR	1,300,000	100.0	5
12	CLAAS Weser Ems GmbH, Harsewinkel	EUR	1,500,000	100.0	5
13	CLAAS Agrosystems KGaA mbH & Co KG, Gütersloh	EUR	117,600	100.0	1/2
14	CLAAS Agrosystems Verwaltungs GmbH, Gütersloh	EUR	32,150	100.0	1
15	CLAAS Osteuropa Investitions GmbH, Harsewinkel	EUR	100,000	100.0	1
16	CLAAS Central Asia Investment GmbH, Harsewinkel	EUR	25,000	100.0	1
17	CLAAS Global Sales GmbH, Harsewinkel	EUR	2,000,000	100.0	1
18	CLAAS Service and Parts GmbH, Harsewinkel	EUR	2,000,000	100.0	1
19	CLAAS Anlagemanagement GmbH, Harsewinkel	EUR	25,000	100.0	1
20	365FarmNet GmbH, Gütersloh	EUR	25,000	100.0	1
Foreign companies					
21	CLAAS France Holding S.A.S., Paris/France	EUR	116,009,001	100.0	1
22	Usines CLAAS France S.A.S., Metz-Woippy/France	EUR	31,500,000	100.0	21
23	CLAAS France S.A.S., Paris/France	EUR	8,842,043	100.0	21
24	CLAAS Tractor S.A.S., Vélizy/France	EUR	56,850,829	100.0	21
25	CLAAS Réseau Agricole S.A.S., Vélizy/France	EUR	27,400,000	100.0	24
26	RENAULT Agriculture & Sonalika International Plc., Port Louis/Mauritius	USD	900,000	60.0	24
27	CLAAS Holdings Ltd., Saxham/United Kingdom	GBP	1,000	100.0	1
28	CLAAS U.K. Ltd., Saxham/United Kingdom	GBP	101,100	100.0	27
29	Southern Harvesters Ltd., Saxham/United Kingdom	GBP	150,000	100.0	28
30	Anglia Harvesters Ltd., Saxham/United Kingdom	GBP	400,000	100.0	28
31	Western Harvesters Ltd., Saxham/United Kingdom	GBP	16,000	100.0	28
32	Eastern Harvesters Ltd., Saxham/United Kingdom	GBP	440,000	100.0	28
33	Scottish Harvesters Ltd., Saxham/United Kingdom	GBP	400,000	100.0	28
34	CLAAS Retail Properties Ltd., Saxham/United Kingdom	GBP	3,812,030	100.0	28
35	CLAAS Italia S.p.A., Vercelli/Italy	EUR	2,600,000	100.0	1
36	CLAAS Agricoltura S.R.L., Milan/Italy	EUR	600,000	100.0	35
37	CLAAS Ibérica S.A., Madrid/Spain	EUR	3,307,500	100.0	1
38	CLAAS Hungaria Kft., Törökszentmiklos/Hungary	HUF	552,740,000	100.0	1
39	OOO CLAAS Vostok, Moscow/Russia	RUB	4,000,000	100.0	1
40	TOV CLAAS Ukraina, Kiev/Ukraine	UAH	30,000	100.0	18
41	CLAAS Polska sp. z o.o., Poznań/Poland	PLN	5,000,000	100.0	1
42	CLAAS Romania Parts S.R.L., Afumaţi/Romania	RON	1,268,540	100.0	1
43	CLAAS Regional Center South East Asia Ltd., Bangkok/Thailand	THB	1,000,000	100.0	1

No.	Company		Subscribed capital	Shareholding in %	Shareholding owned by company
44	CLAAS East Asia Holding Ltd., Hong Kong/China	HKD	27,209,996	100.0	1
45	CLAAS Agricultural Machinery Trading (Beijing) Co., Ltd., Beijing/China	CNY	20,000,000	100.0	44
46	CLAAS Greater China Holding Ltd., Hong Kong/China	HKD	10,000	100.0	1
47	CLAAS Argentina S.A., Sunchales/Argentina	ARS	35,310,909	100.0	1
48	CLAAS North America Holdings Inc., Omaha, Nebraska/USA	USD	700	100.0	1
49	CLAAS of America Inc., Omaha, Nebraska/USA	USD	100	100.0	48
50	CLAAS Omaha Inc., Omaha, Nebraska/USA	USD	100	100.0	48
51	Nebraska Harvest Center Inc., Wilmington, Delaware/USA	USD	1	100.0	48
52	CLAAS India Private Ltd., Faridabad/India	INR	391,460,000	100.0	1
53	OOO CLAAS, Krasnodar/Russia	RUB	93,368,880	99.0	15
	Other companies consolidated pursuant to SIC-12				
54	CHW Fonds, Luxembourg/Luxembourg				
55	Mercator Funding Ltd., Saint Helier/Jersey				
56	Mercator Purchasing S.A., Luxembourg/Luxembourg				
	II. Investments accounted for using the equity method				
57	CLAAS GUSS GmbH, Bielefeld/Germany	EUR	4,680,000	44.4	1/3
58	Worch Landtechnik GmbH, Schora/Germany	EUR	55,000	39.0	5
59	TechnikCenter Grimma GmbH, Mutzschen/Germany	EUR	350,000	30.0	5
60	CLAAS Financial Services S.A.S., Paris/France	EUR	44,624,768	39.9	1
61	CLAAS Finance Ltd., Basingstoke/United Kingdom	GBP	100	49.0	27
62	CLAAS Financial Services Ltd., Basingstoke/United Kingdom	GBP	8,600,000	49.0	28
63	CLAAS Financial Services LLC., San Francisco, California/USA	USD	0	34.0	49/60
64	G.I.M.A. S.A., Beauvais/France	EUR	8,448,500	50.0	24
65	Uz CLAAS Agro MChJ, Tashkent/Uzbekistan	UZS	9,865,210,000	49.0	16
66	Tingley Implements Inc., Lloydminster/Canada	CAD	1,092,000	33.3	49
	III. Other significant shareholdings				
67	CS Parts Logistics GmbH, Bremen/Germany	EUR	1,550,000	50.0	18
68	Landtechnik Steigra GmbH, Steigra/Germany	EUR	615,000	15.1	5
69	LTZ Chemnitz GmbH, Hartmannsdorf/Germany	EUR	750,000	10.0	5
70	CLAAS Südostbayern GmbH, Töging am Inn/Germany	EUR	700,000	10.0	5
71	CLAAS Main-Donau GmbH & Co. KG, Vohburg/Germany	EUR	1,200,000	10.0	5
72	MD-Betriebs-GmbH, Munich/Germany	EUR	25,000	10.0	5
73	CLAAS Nordostbayern GmbH & Co. KG, Altenstadt an der Waldnaab/Germany	EUR	750,000	10.0	5
74	NOB-Betriebs-GmbH, Munich/Germany	EUR	25,000	10.0	5
75	CLAAS Württemberg GmbH, Langenau/Germany	EUR	800,000	10.0	5
76	James Gordon Ltd., Castle Douglas/United Kingdom	GBP	400,000	17.5	28
77	Sellars Agriculture Ltd., Oldmeldrum/United Kingdom	GBP	237,500	22.9	28
78	S@T-INFO S.A.S., Chalon-sur-Saône/France	EUR	77,260	34.0	21
79	Pellenc Languedoc Roussillon S.A.S., Lézignan-Corbières/France	EUR	1,000,000	35.0	25
80	DESICO S.A., Buenos Aires/Argentina	ARS	13,333	10.0	47
81	Deutsches Forschungszentrum für Künstliche Intelligenz GmbH, Kaiserslautern/Germany	EUR	1,040,000	5.0	1

Management Statement on the Preparation of the Consolidated Financial Statements

These consolidated financial statements for the fiscal year ended September 30, 2013 and the Group management report were prepared by the Executive Board of CLAAS KGaA mbH on November 25, 2013. The accuracy and completeness of the information contained in the financial statements and the Group management report are the responsibility of the Company's management. The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Directive 83/349/EEC. Prior-year figures were determined in accordance with the same principles. The consolidated financial statements are supplemented by the Group management report and additional disclosures in accordance with Section 315a of the German Commercial Code (HGB).

Systems of internal control, uniform Group accounting policies and continuous employee training ensure that the consolidated financial statements and the Group management report are prepared in compliance with generally accepted accounting principles and comply with statutory requirements. Compliance with the guidelines set forth in the risk management manual, which are applicable to the Group as a whole, as well as the reliability and effectiveness of the control systems are examined by our internal auditing unit on an ongoing basis. After careful examination of the current risk position, we have discovered no specific risks that could threaten the continued existence of the CLAAS Group.

Harsewinkel, November 25, 2013

Dr. Theo Freye	Lothar Kriszun	Hans Lampert
Dr. Hermann Garbers	Dr. Henry Puhl	Jan-Hendrik Mohr

Independent Auditor's Report

We have audited the consolidated financial statements of CLAAS Kommanditgesellschaft auf Aktien mbH, Harsewinkel, consisting of the income statement, the statement of comprehensive income, the balance sheet, the statement of cash flows, the statement of changes in equity, and the notes to the financial statements, as well as the Group management report for the fiscal year from October 1, 2012 to September 30, 2013. The preparation of the consolidated financial statements and the Group management report in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code (HGB) are the responsibility of the Company's management. Our responsibility is to express an opinion, based on our audit, on the consolidated financial statements and the Group management report.

We conducted our audit of the consolidated financial statements pursuant to Section 317 of the German Commercial Code and the generally accepted German standards for the audit of financial statements as promulgated by the "Institut der Wirtschaftsprüfer." Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any misstatements or violations that would have a material effect on the presentation of a true and fair view of the financial position and financial performance conveyed by the consolidated financial statements in accordance with generally accepted accounting principles and by the Group management report. Knowledge of the business activities and economic and legal environment of the Group and expectations of possible misstatements are taken into account in determining audit procedures. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements and Group management report as well as the effectiveness of the internal control system relating to the accounting system. The audit also includes assessing the financial statements of the companies included in the consolidated financial statements as well as the definition of the group of consolidated companies, the accounting and consolidation principles used, and significant estimates made by the Company's management as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

Based on our audit, it is our opinion that the consolidated financial statements of CLAAS Kommanditgesellschaft auf Aktien mbH, Harsewinkel, comply with IFRS as adopted by the EU and the additional requirements of German commercial law as set forth in Section 315a (1) of the German Commercial Code and provide a true and fair view of the financial position and financial performance of the Group in consideration of the aforementioned provisions. The Group management report is consistent with the consolidated financial statements and, taken as a whole, provides a suitable understanding of the Group's position and suitably presents the opportunities and risks of future development.

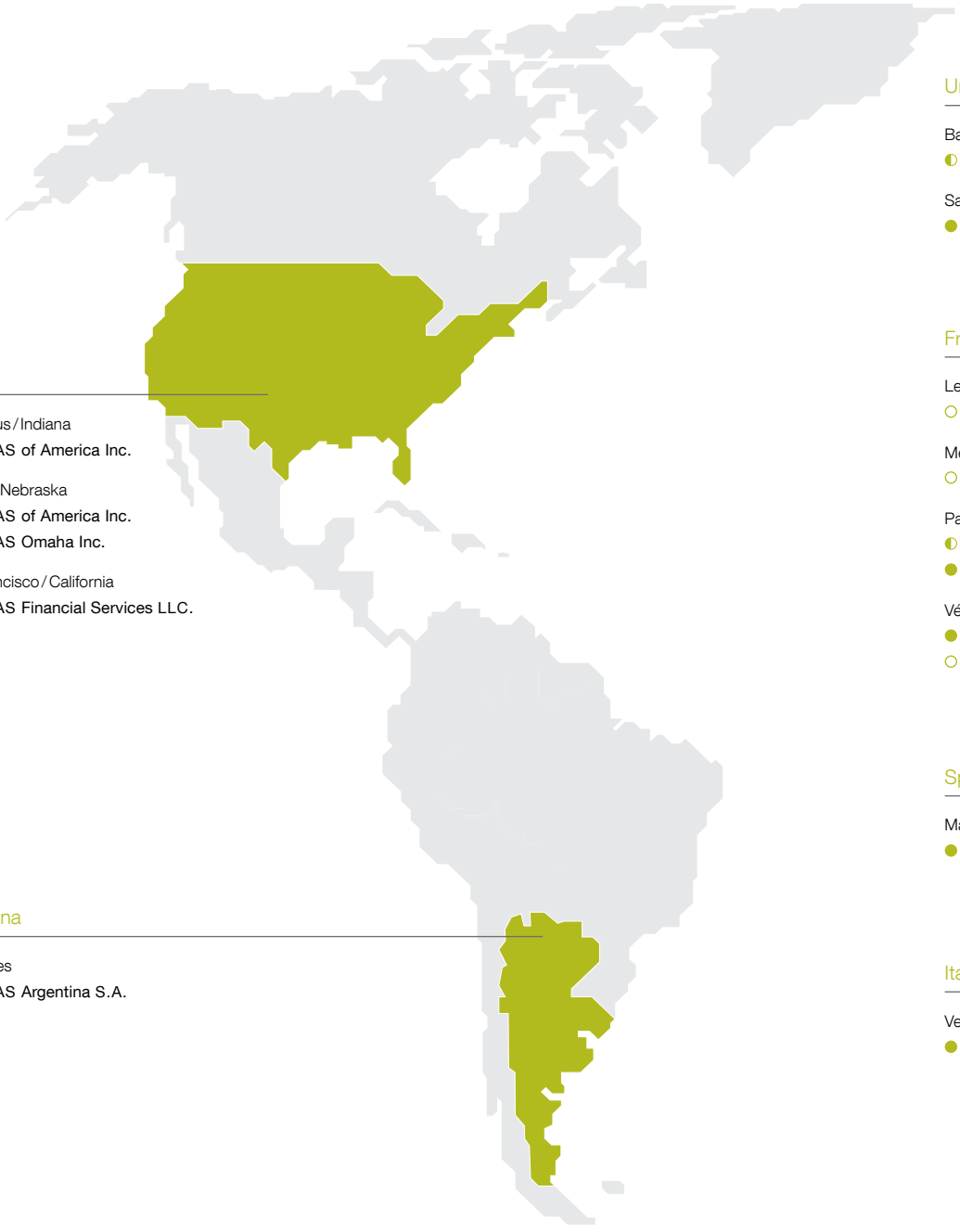
Düsseldorf, November 25, 2013

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Harnacke)
Wirtschaftsprüfer
(German Public Auditor)

(Bedenbecker)
Wirtschaftsprüfer
(German Public Auditor)

Locations



USA

Columbus / Indiana
- CLAAS of America Inc.

Omaha / Nebraska
- CLAAS of America Inc.
- CLAAS Omaha Inc.

San Francisco / California
- CLAAS Financial Services LLC.

Argentina

Sunchales
- CLAAS Argentina S.A.

United Kingdom

Basingstoke
- CLAAS Financial Services Ltd.

Saxham
- CLAAS U.K. Ltd.

France

Le Mans
- CLAAS Tractor S.A.S.

Metz-Woippy
- Usines CLAAS France S.A.S.

Paris
- CLAAS Financial Services S.A.S.
- CLAAS France S.A.S.

Vélizy
- CLAAS Réseau Agricole S.A.S.
- CLAAS Tractor S.A.S.

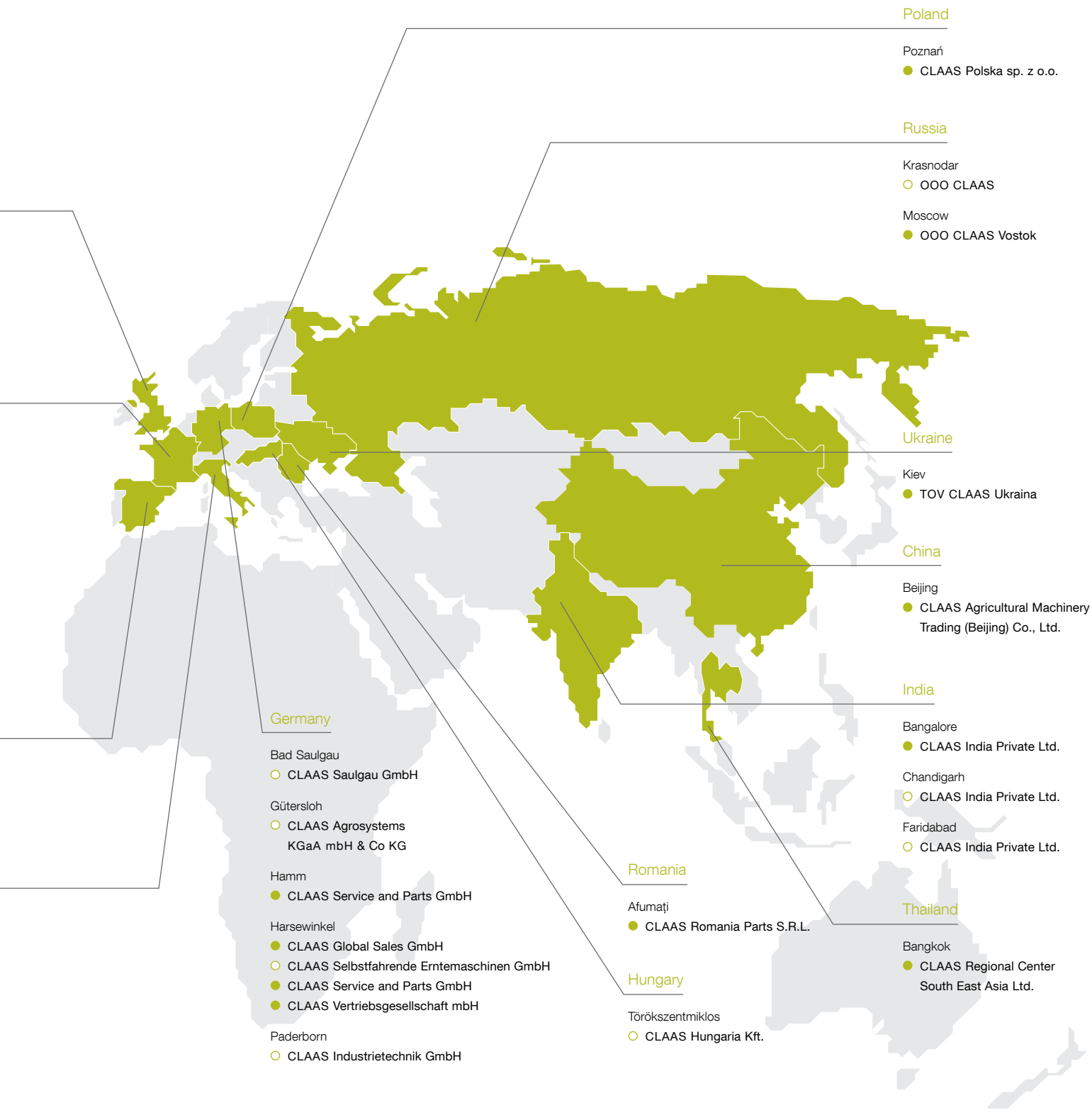
Spain

Madrid
- CLAAS Ibérica S.A.

Italy

Vercelli
- CLAAS Italia S.p.A.

- Product Company
- Sales Company
- Financing Company



Germany

Bad Saulgau
- ○ CLAAS Saulgau GmbH

Gütersloh
- ○ CLAAS Agrosystems KGaA mbH & Co KG

Hamm
- ● CLAAS Service and Parts GmbH

Harsewinkel
- ● CLAAS Global Sales GmbH
- ○ CLAAS Selbstfahrende Erntemaschinen GmbH
- ● CLAAS Service and Parts GmbH
- ● CLAAS Vertriebsgesellschaft mbH

Paderborn
- ○ CLAAS Industrietechnik GmbH

Poland

Poznań
- ● CLAAS Polska sp. z o.o.

Russia

Krasnodar
- ○ OOO CLAAS

Moscow
- ● OOO CLAAS Vostok

Ukraine

Kiev
- ● TOV CLAAS Ukraina

China

Beijing
- ● CLAAS Agricultural Machinery Trading (Beijing) Co., Ltd.

India

Bangalore
- ● CLAAS India Private Ltd.

Chandigarh
- ○ CLAAS India Private Ltd.

Faridabad
- ○ CLAAS India Private Ltd.

Romania

Afumați
- ● CLAAS Romania Parts S.R.L.

Hungary

Törökszentmiklos
- ○ CLAAS Hungaria Kft.

Thailand

Bangkok
- ● CLAAS Regional Center South East Asia Ltd.

Definitions

Return on sales (in %) = $\frac{\text{Income before taxes}}{\text{Net sales}} \times 100$

EBIT = Net income + income taxes + interest and similar expenses

EBITDA = EBIT +/- amortization/depreciation/impairment/write-ups of intangible assets, property, plant and equipment, investments and borrowings

Return on equity (in %) = $\frac{\text{Net income}}{\text{Equity}} \times 100$

Return on assets (in %) = $\frac{\text{EBIT}}{\text{Total assets}} \times 100$

Cash earnings = Net income + amortization/depreciation/impairment of non-current assets +/- change in pension provisions and other non-current provisions +/- change in deferred taxes +/- other non-cash expenses/income

Cash flow-to-sales ratio (in %) = $\frac{\text{Cash earnings}}{\text{Net sales}} \times 100$

Free cash flow = Cash flows from operating activities - payments for additions to/+ proceeds from the disposal of intangible assets and property, plant and equipment - payments for additions to/+ proceeds from the disposal of shares of fully consolidated companies and investments - payments for investments in/+ proceeds from the repayment of borrowings - repayment of financial receivables from deconsolidated companies

Equity-to-assets ratio (in %) = $\frac{\text{Equity}}{\text{Total assets}} \times 100$

Liquid assets = Cash and cash equivalents + current securities

Cash ratio (in %) = $\frac{\text{Liquid assets}}{\text{Current liabilities}} \times 100$

Quick ratio (in %) = $\frac{\text{Liquid assets + trade receivables + tax assets + other financial and non-financial assets - borrowings - derivative assets - prepaid expenses}}{\text{Current liabilities}} \times 100$

Equity and non-current liabilities to non-current assets (in %) = $\frac{\text{Equity + non-current liabilities}}{\text{Non-current assets}} \times 100$

Equity and non-current liabilities to non-current assets and inventory (in %) = $\frac{\text{Equity + non-current liabilities}}{\text{Non-current assets + 0.5 x inventories}} \times 100$

Capital expenditure = Capital expenditure for intangible assets (excluding goodwill) + capital expenditure for property, plant and equipment

Working capital = Inventories +/- trade accounts receivable/payable +/- accounts receivable/payable to investments +/- notes receivable/payable

Inventory turnover (in %) = $\frac{\text{Average inventory}}{\text{Net sales}} \times 100$

Receivables turnover (in %) = $\frac{\text{Average trade receivables}}{\text{Net sales}} \times 100$

Ten-year Overview

in € million	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Financial Performance										
Net sales	3,824.6	3,435.6	3,304.2	2,475.5	2,900.8	3,236.2	2,658.9	2,350.9	2,175.3	1,928.4
Foreign sales (in %)	78.1	77.3	73.5	73.1	75.2	77.6	76.3	76.3	75.1	76.8
Income before taxes	295.3	315.6	255.3	77.2	112.3	248.1	175.8	130.7	86.4	36.1
Net income	212.3	232.7	181.8	51.5	73.4	169.3	114.8	80.9	54.7	21.9
Financial Position										
Non-current assets	**798.7**	**707.3**	**586.4**	**561.6**	**579.1**	**522.8**	**493.3**	**501.9**	**473.9**	**472.2**
Intangible assets	140.3	115.9	107.9	112.2	120.2	126.6	141.3	145.6	123.1	119.8
Property, plant and equipment	460.0	404.3	337.6	330.5	322.4	281.0	257.6	260.8	243.9	249.1
Other non-current assets	198.4	187.1	140.9	118.9	136.5	115.2	94.4	95.5	106.9	103.3
Current assets	**2,105.5**	**1,913.1**	**1,803.4**	**1,716.8**	**1,627.6**	**1,501.1**	**1,282.7**	**1,109.5**	**1,137.8**	**973.7**
Inventories	729.7	682.1	559.6	418.1	519.3	394.6	343.0	339.9	295.0	280.6
Other current assets	512.1	463.8	425.0	391.0	431.1	390.3	341.8	333.6	342.1	312.5
Liquid assets	863.7	767.2	818.8	907.7	677.2	716.2	597.9	436.0	500.7	380.6
Equity	**1,251.1**	**1,094.8**	**870.1**	**814.2**	**775.5**	**731.0**	**604.4**	**502.5**	**484.9**	**374.4**
Liabilities	**1,653.1**	**1,525.6**	**1,519.7**	**1,464.2**	**1,431.2**	**1,292.9**	**1,171.6**	**1,108.9**	**1,126.8**	**1,071.5**
Non-current liabilities	654.0	593.5	497.3	720.6	766.2	503.8	541.4	545.4	499.2	569.6
Current liabilities	999.1	932.1	1,022.4	743.6	665.0	789.1	630.2	563.5	627.6	501.9
Total assets	**2,904.2**	**2,620.4**	**2,389.8**	**2,278.4**	**2,206.7**	**2,023.9**	**1,776.0**	**1,611.4**	**1,611.7**	**1,445.9**
Key Performance Indicators										
Return on sales (in %)	7.7	9.2	7.7	3.1	3.9	7.7	6.6	5.6	4.0	1.9
EBITDA	412.8	426.1	377.5	200.3	230.0	385.6	312.0	246.4	186.7	142.4
EBIT	327.0	347.6	292.3	116.1	146.9	282.5	209.9	162.8	118.0	70.4
Return on equity (in %)	17.0	21.3	20.9	6.3	9.5	23.2	19.0	16.1	11.3	5.8
Return on assets (in %)	11.3	13.3	12.2	5.1	6.7	14.0	11.8	10.1	7.3	4.9
Cash earnings	276.3	295.6	255.5	117.2	156.9	285.9	236.3	171.4	130.7	94.2
Equity-to-assets ratio (in %)	43.1	41.8	36.4	35.7	35.1	36.1	34.0	31.2	30.1	25.9
Cash ratio (in %)	86.4	82.3	80.1	122.1	101.8	90.8	94.9	77.4	79.8	75.8
Equity and non-current liabilities to non-current assets (in %)	238.5	238.7	233.2	273.3	266.2	236.2	232.3	208.8	207.7	199.9
Working capital	843.6	822.7	650.9	512.6	692.8	474.8	420.2	413.7	443.9	368.1
Employees										
Employees as of the reporting date (including trainees)	9,697	9,077	9,060	8,968	9,467	9,100	8,425	8,191	8,134	8,127
Personnel expenses	594.0	548.1	540.4	489.0	522.8	514.9	472.8	455.7	433.1	416.8

Products and Services

1 //

3 //

2 //

4 //

1 // Combines

combine.claas.com

- LEXION 780-740
- LEXION 670-620
- TUCANO 480/470
- TUCANO 450-320
- AVERO 240/160
- DOMINATOR 130
- CROP TIGER 60/30
- Attachments

2 // Forage harvesters

harvester.claas.com

- JAGUAR 980-930
- JAGUAR 870-830
- JAGUAR Wood chopping

3 // Tractors

tractor.claas.com

- XERION 5000/4500/4000
- XERION 4000 SADDLE TRAC
- AXION 950-920
- AXION 850-810
- ARION 650-530
- ARION 640-610 C
- ARION 430-410
- AXOS 340-310
- ELIOS 230-210
- NEXOS 240-210
- TALOS 240-210
- TALOS 130/120

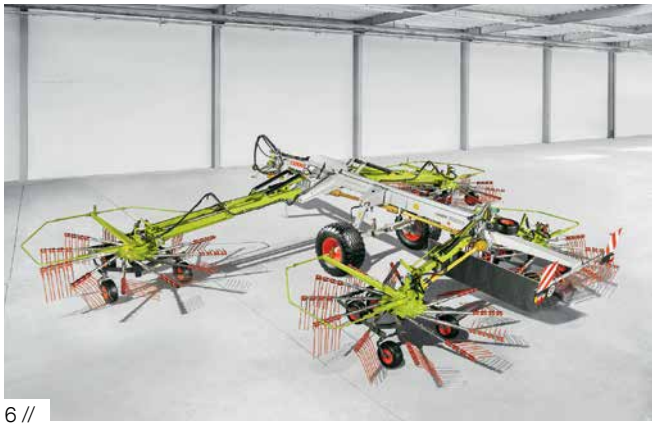
4 // Balers

baler.claas.com

- QUADRANT 3400-3200
- QUADRANT 2200 ADVANTAGE
- QUADRANT 2100
- QUADRANT 1150
- ROLLANT 455 UNIWRAP
- ROLLANT 375 UNIWRAP
- ROLLANT 350/340
- VARIANT 385-360
- VARIANT 370/350

5 //

7 //



6 //

8 //

5 // Telehandlers

telehandler.claas.com

- SCORPION 9055-7044
- SCORPION 7035-6030

6 // Forage harvesting machinery

forageharvesting.claas.com

- DISCO Disc mowers
- CORTO Drum mowers
- VOLTO Tedders
- LINER Swathers
- CARGOS Dual-purpose wagons
- QUANTUM Loader wagons

7 // EASY – Efficient Agriculture Systems by CLAAS

easy.claas.com

- Steering systems
- Telemetry
- Machine optimisation
- Precision Farming
- AGROCOM software
- Services

8 // CLAAS Service and Parts

service.claas.com

- Products for CLAAS Machines:
- Bale packaging materials
- Lubricants
- Batteries
- Camera systems
- Measuring instruments
- Workshop equipment
- Tires
- Fueling systems
- Front weights

2014 Calendar – Important trade fair dates

January
AGROmashEXPO/AgrárgépShow, Budapest/Hungary
Polagra Premiery, Poznań/Poland

February
Fieragricola, Verona/Italy
FIMA, Zaragoza/Spain

March
TECHAGRO, Brno/Czech Republic

May
Grassland & Muck, Stoneleigh Park,
Warwickshire/United Kingdom

June
Cereals, Chrishall Grange, Cambridge/United Kingdom
National Fieldays, Hamilton/New Zealand
DLG-Feldtage, Bernburg-Strenzfeld/Germany

August
Farm Progress Show, Boone, Iowa/USA

September
Innov-Agri, Outarville/France

October
AGROSALON, Moscow/Russia

November
EuroTier, Hanover/Germany
Agraria Wels, Wels/Austria

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