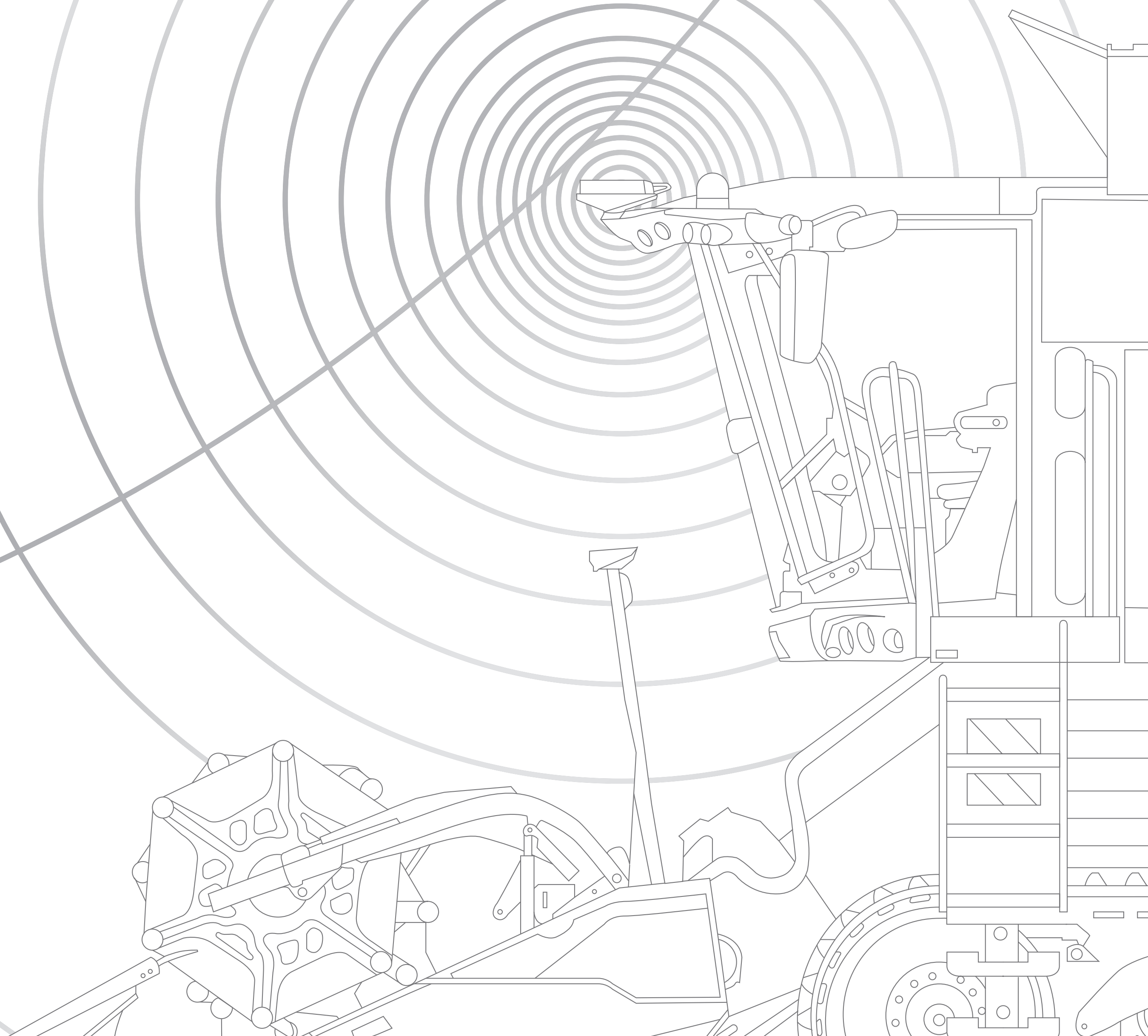
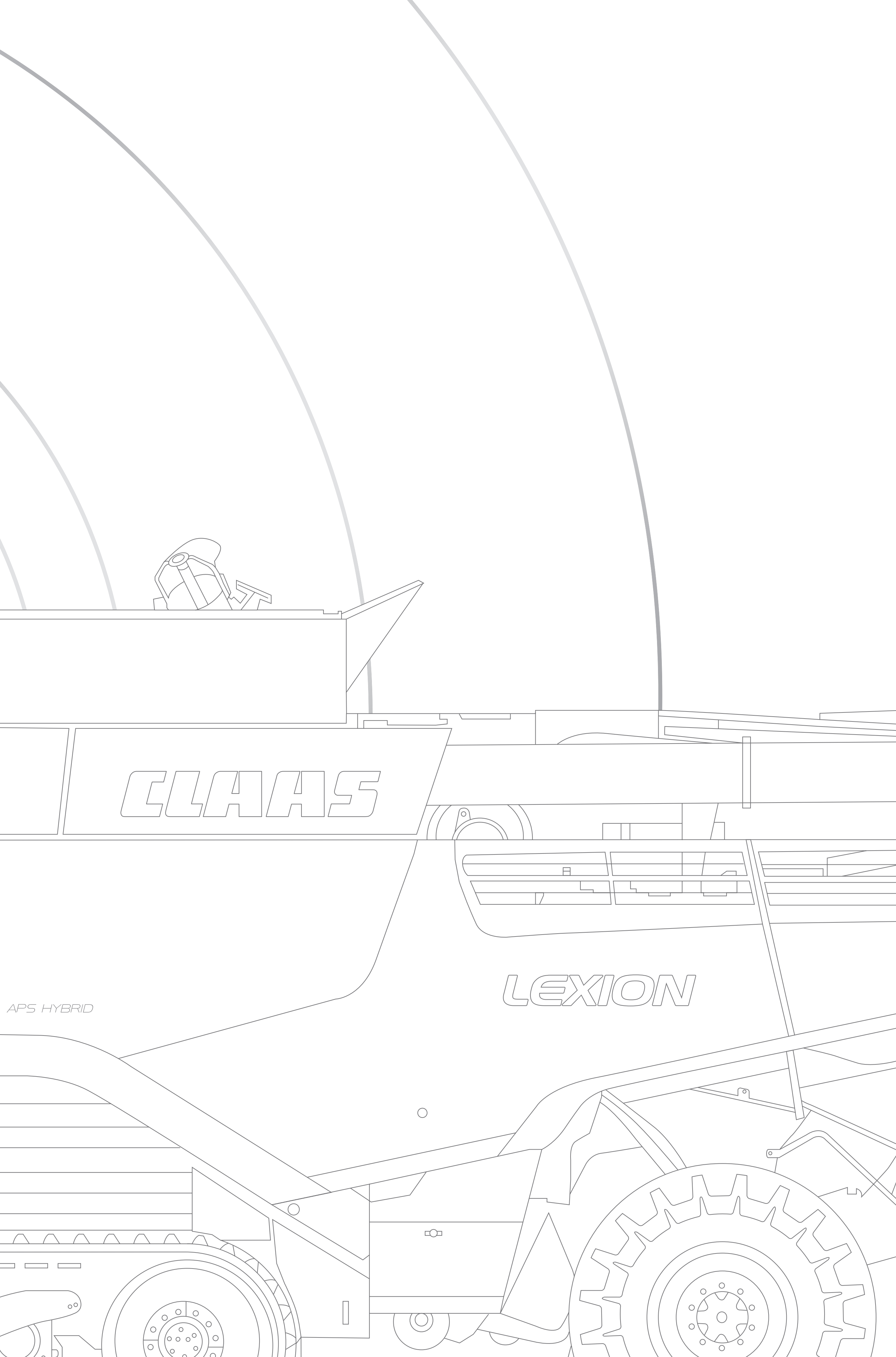
Implementing Ideas

2014 Annual Report




CLAAS
LEXION
APS HYBRID

CLAAS Group Overview

Financial Indicators (IFRS)

in € million	2014	2013	Change in %
Financial Performance			
Net sales	3,823.0	3,824.6	0.0
EBITDA	327.9	420.5	- 22.0
EBIT	194.4	334.7	- 41.9
Income before taxes	155.1	295.3	- 47.5
Net income	113.1	212.3	- 46.7
Research and development costs [1]	212.3	197.0	7.8
Free cash flow	- 136.9	82.1	- 266.7
Financial Position			
Equity	1,183.2	1,226.7	- 3.5
Capital expenditure [2]	173.4	172.4	0.6
Total assets	3,113.1	2,925.9	6.4
Employees			
Employees as at the balance sheet date [3]	11,407	9,697	17.6
Personnel expenses	627.0	594.0	5.6

[1] Before capitalized and amortized development costs

[2] Including development costs recognized as an asset

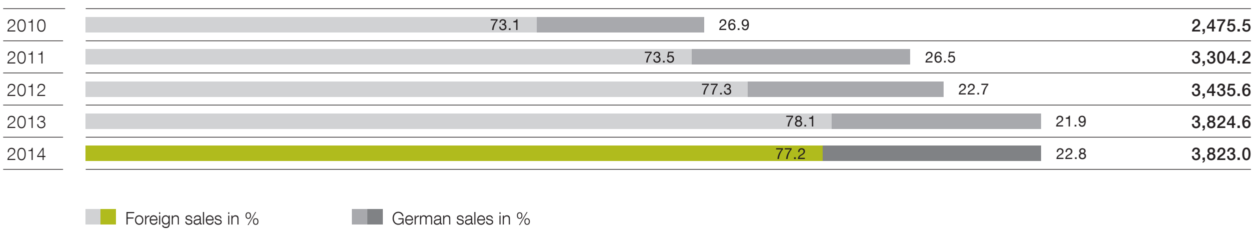
[3] Including trainees

Sales by Region

in € million / in % compared to prior year

Sales per Year

in € million



“The world needs modern, productive machinery to cope with the ever-increasing demand for biomass for food, energy, and industrial use.”

Lothar Kriszun

Implementing Ideas

Good ideas are supposed to pack a punch. What good is a developer's ingenious solution if it never leaves the computer? What good is an idea if language barriers prevent it from taking the world by storm, or if no one is willing to take a financial risk to make it reality? More than 100 years of company history bear witness to how CLAAS has succeeded time and time again in making the right ideas an innovative part of everyday life – with perseverance and the willingness to take risks.

When August Claas was unable to find a German agricultural machinery manufacturer to work with him to develop the first combine for European harvesting conditions, he said: "Then we'll just do it ourselves." In 1953, CLAAS launched the first self-propelled combine. In the years that followed, CLAAS grew to become Europe's leading combine specialist through technological leadership and excellent customer service.

The report on tractor strategy in this Annual Report provides a current example. Because the market did not already offer an infinitely variable transmission that met the company's standards, CLAAS got to work developing its own solution six years ago. Series production recently started at the company's plant in Paderborn, Germany.

Sometimes it takes a strong partner with a different point of view to make ideas reality. A feature story in this Annual Report takes an up-close look at just such a case: a joint development project with Deutsche Telekom in the field of Farming 4.0.

Agricultural technology is set to continue its dynamic evolution. There is still tremendous potential waiting to be tapped in Eastern European and Asian growth markets, and mature markets remain strong. But what strategy is the right one for which local market? We report on capacity expansion in the Russian city of Krasnodar and the first steps toward integrating Chinese agricultural machinery manufacturer Jinyee following its takeover by CLAAS, as well as on the production of a marketing video in the U.S. and the expansion of the dealer network in Italy.

Good ideas are the lifeblood of a business. As a family-owned company, we will continue to work with boldness and persistence on transforming good ideas into successful projects and products that allow us to secure the future of CLAAS.

On Track
Shifting Gears
Expansion
Farming 4.0

On Track

Agricultural technology is an industry with growth potential. Lothar Kriszun is convinced of that, which is why the new Spokesman of the Executive Board sees good opportunities for CLAAS to exploit its strengths and expand in the future – even in times of economic crisis. CLAAS plans to invest in new products, modern production systems, and widening its distribution network to do just that. Backed by a wealth of experience, expertise, and innovative spirit, CLAAS will continue to prevail as the driving force of agricultural technology.

The geopolitical situation is unstable. How do you rate the long-term market drivers for CLAAS? Will things remain on an upward trend?

L. Kriszun The fundamental conditions for growth in the agricultural machinery industry remain stable. The world needs modern, productive machinery to cope with the ever-increasing demand for biomass for food, energy, and industrial use. Agriculture is the industry of the 21st century!

What challenges dominated the past fiscal year?

L. Kriszun This past year, 2014, was a challenging one for us. It started out at a relatively normal level, but several important markets cooled down considerably over the course of the year. Prices for agricultural products such as wheat and corn dropped significantly, and the quality differed greatly from region to region due to the mediocre summer. Both factors put pressure on our customers' earnings.

The core agricultural technology markets are likely to see negative developments. What does that mean for CLAAS?

L. Kriszun Short-term fluctuations are completely normal in agricultural technology. We are a robust family-owned company, and we will continue to build on our strengths, even in times of economic crisis. To do this, we are investing in new products and developing our distribution networks so that we can provide even better customer service. At the same time, our internationalization strategy is progressing thanks to the integration of the Chinese agricultural machinery manufacturer Jinyee and the completion of our factory in Krasnodar, Russia.

The company must be flexible enough to cope with falling demand, as is the case at the moment. That's why we scrutinize the efficiency of our structures and processes at times like these.

"We are a robust family-owned company, and we will continue to build on our strengths, even in times of economic crisis."

Lothar Kriszun

You are still responsible for the Tractor Division.
How is this division going to develop in the future?

L. Kriszun With just eleven years in the tractor business, CLAAS is still something of a newcomer. Nevertheless, we have earned ourselves a respectable position in this market. Our concepts and technologies can compete with the best in the market today. And thanks to our first-class sales and service, CLAAS tractors are a viable alternative, and more and more customers are opting for our tractors.
The tractor business remains one of our strongest growth drivers.

Where are the future priorities in terms of technological developments?
Will the focus be more on hardware or software?

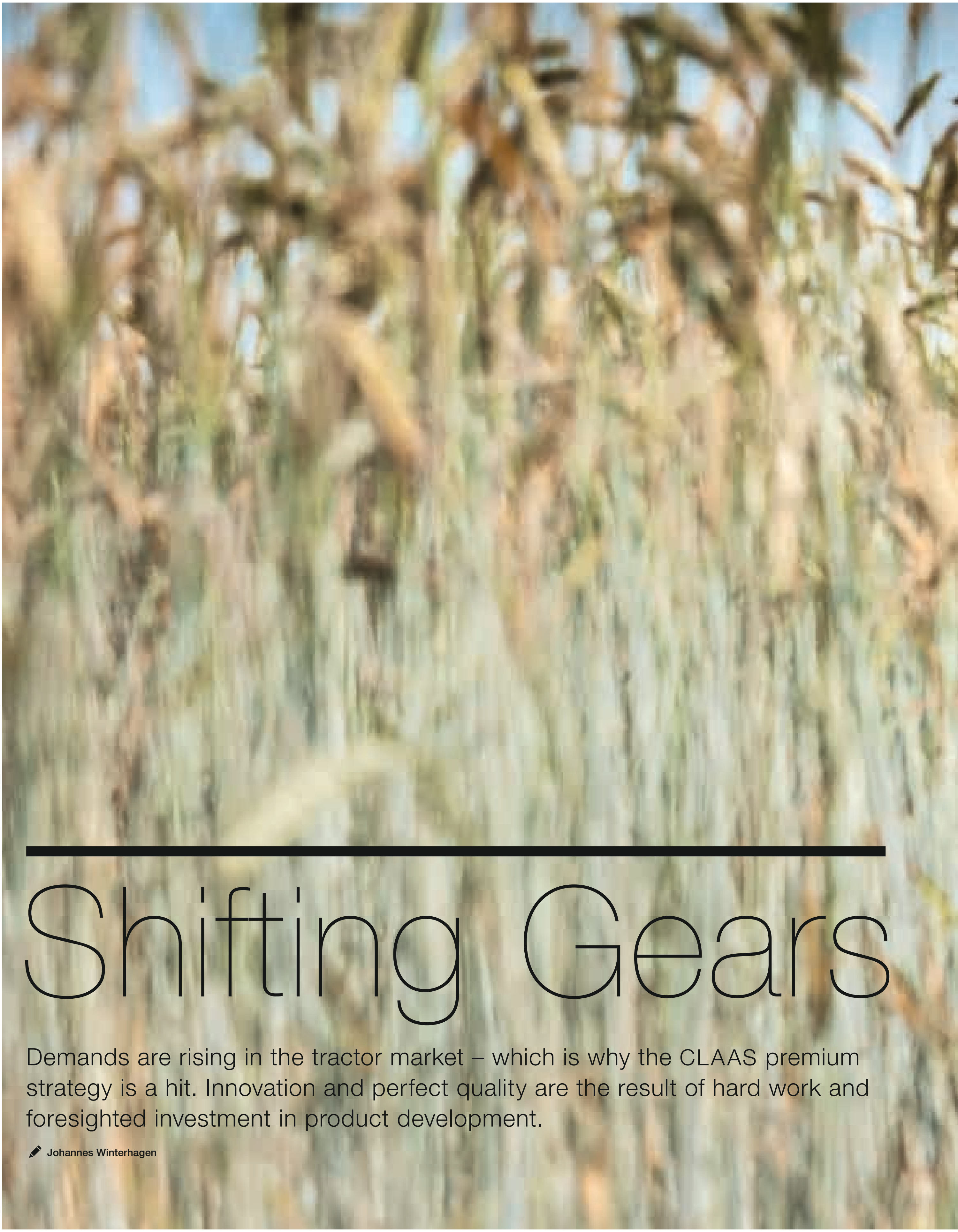
L. Kriszun Software is becoming increasingly important. CEMOS AUTOMATIC has been a huge success for CLAAS. This technology allows customers to fully utilize the installed capacity of our combine harvesters, which again significantly reduces the cost per ton of producing crops.
It is becoming increasingly important to have networked work processes in the production chain. This has implications not only for the machines and the hardware and software in their electronics systems, but also for running the whole farm.
Two major decisions at CLAAS take this development into account.
Thanks to a new subsidiary, CLAAS E-Systems, we are currently creating the best possible structures for the development of electrical systems, electronics, and software.
CLAAS achieved a milestone in the development of farm management systems in the summer with start-up funding for and investment in 365 Farmnet GmbH, Berlin, Germany. As a result, farmers now have a vendor-independent, web-based solution covering all management processes in agricultural operations for the first time.

You need talented young staff to be able to grow.
Is CLAAS on the right path here?

L. Kriszun People make CLAAS! And CLAAS is an attractive employer for young talents who want to work on the goal of improving global food supply! CLAAS is a value-oriented family-owned company with a highly international status, which offers its employees a variety of development opportunities. This is something I can confirm from my own experience.

Lothar Kriszun

Born in 1952; holds a business degree; has held various positions within the CLAAS Group since 1981, including Sales Manager for operations in Westphalia, Managing Director for CLAAS Production Engineering, Management Spokesperson for CLAAS Self-propelled harvesting machines; Executive Vice President for Sales for the CLAAS Group; since July 2011 responsible within the Group Executive Board for the Tractor Division.



Shifting Gears

Demands are rising in the tractor market – which is why the CLAAS premium strategy is a hit. Innovation and perfect quality are the result of hard work and foresighted investment in product development.

Johannes Winterhagen

"We've launched a com-pletely new model every six months, on average."

Alexander Reinhardt

Fiscal year 2014 was just a few weeks old when the news spread like wildfire throughout the company: The new AXION 800 had just won CLAAS the coveted "Tractor of the Year" award in the premium-tractor category – one of the industry's highest honors. "That's exactly where we wanted to be," Alexander Reinhardt, Head of Product Management for tractors, explains with obvious pride. Like many other CLAAS employees, Reinhardt grew up on a farm. The native of Germany is now based in Vélizy, a suburb of Paris, France. He has been a part of the team involved in the business' expansion for almost ten years. "We've launched a completely new model every six months, on average." Today, CLAAS provides a full range of products for farmers – from 72 hp universal tractors to large 520 hp tractors – as well as special models, such as tractors with an especially narrow track for use in vineyards. "We focus on serving the premium price segment," Reinhardt says.

CLAAS Tractors has significantly expanded its development department in recent years with this lofty aspiration in mind. Its efforts have increasingly been devoted to electronics, with the aim of making farmers' lives easier while saving fuel and increasing productivity by allowing implements to communicate directly with the tractor. Electronics have a wide range of capabilities, such as automatically changing a tractor's speed to suit the current task and the actual soil conditions without any help from the operator (see the report on "Farming 4.0" on page 20). And no programming is necessary. "Ideally, implements and tractors should automatically recognize and work with each other, just like today's computers and printers," Reinhardt explains. Operators still have the option to change settings manually on a touch-sensitive display screen in the cab. In recent years, the company has been hard at work in Vélizy amassing the expertise necessary for such developments.

As important as a high level of comfort and a top-of-the-line look are in the premium sector, fuel consumption remains a make-or-break selling point. This is especially the case when it comes to applications that involve a great deal of transport, such as harvesting energy crops, which often need to be transported directly from the field to a biogas plant. A tractor's transmission has a major influence on its fuel consumption. The transmission's

The Center of Progress

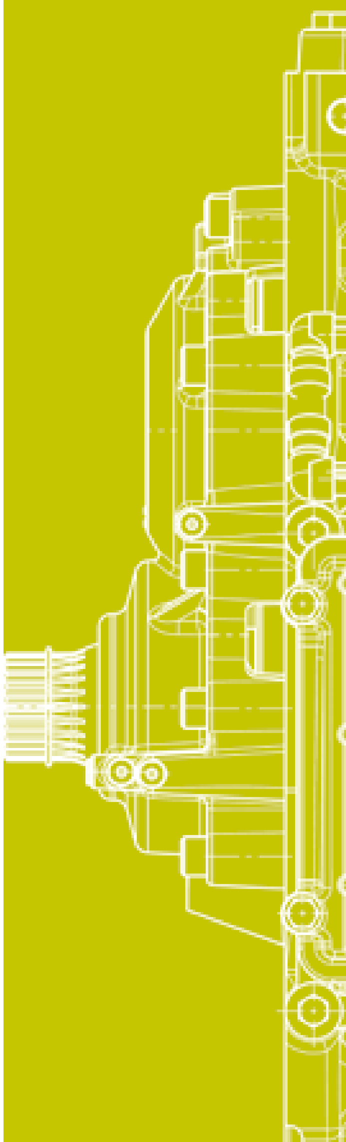
More than 300 engineers are working on the tractor of the future at the development center in Vélizy alone. There is enough work to go around, such as finding ways to meet the increasingly strict emissions standards that tractors face. One of the reasons why the AXION 800 won the "Tractor of the Year" award is because it is the first one on the market to fulfill the strict Stage IV-4 guidelines, even though compliance will not become mandatory until 2015.

timing should always allow an engine to operate in the range that offers the best specific fuel consumption. A transmission should ideally also offer an unlimited number of speeds. At the same time, shifting gears should not interrupt a tractor's traction, especially when it is being used with heavy equipment in the field. Infinitely variable transmissions are the solution to this quandary. Series production of the first infinitely variable transmission developed by CLAAS is scheduled to start at the company's plant in Paderborn, Germany in fall 2014.

"We didn't find a transmission on the market that met our needs," Division Head Jan-Willem Verhorst says, explaining the six years of development and the eight-figure investment in production. At first glance, the design of the CLAAS transmission is no different than that of other tractor transmissions found on the market. It takes the torque produced by the engine and either mechanically channels it directly to the output shaft, or transmits it using hydrostats: hydraulic units that are capable of setting oil into motion or transforming oil flow into mechanical rotation. The amount of oil that flows from one hydrostat to another is infinitely variable – and determines the amount of torque transmitted. What makes the solution, marketed as "CMATIC," so special is the way it shifts between the two gears that are necessary to provide the full range of speeds, based solely on the change in the flow of forces rather than a separate mechanical intervention. In the second gear, shifting is provided by an additional planetary gear that is triggered automatically when the flow of oil between the hydrostats is reversed.

The invention – the brainchild of hard engineering work and the subject of several patents – offers tangible benefits for farmers. Now there is no longer an interruption in traction when the engine shifts gears. Even experienced trade journalists were forced to admit after the first demonstration that they had not noticed when the engine changed gears. The transmission's design makes it possible to idle safely on a hill, even without using the brake, and then start moving again without a jolt simply by using the accelerator. The CMATIC is also designed for operation at a maximum speed of 50 km/h with a low torque of just 1,500 rpm, helping save precious fuel when on the road.

The timing of the entire powertrain also has a significant impact on a tractor's fuel efficiency. Most of the work to set the powertrain's timing is done at a test center in Trangé, France, a suburb of Le Mans. First opened in 2012, the test center is now undergoing a 6 million euro expansion to add two high-tech test benches for new drives. "Until now, we've usually outsourced most of this kind of work to service providers," Jean-Marc Laurence, who is in charge of testing, says. A prototype is currently being put



through its paces on the second new test bench. “Ready?” Laurence asks. A coworker at the controls gives a thumbs-up – and the tractor starts to shake, rattle, and roll. With a force of up to 50,000 newtons, four hydraulic pistons pass momentum on to the tires, simulating a trip over rocky, uneven ground. Sensors installed on the chassis and the cab measure the motion. The data is used not only to improve comfort in the operator’s cab, but also to extend the durability and lifespan of the tractor. “Such test benches make it possible for us to shorten the time needed for development, without sacrificing the quality of our products,” Laurence says.

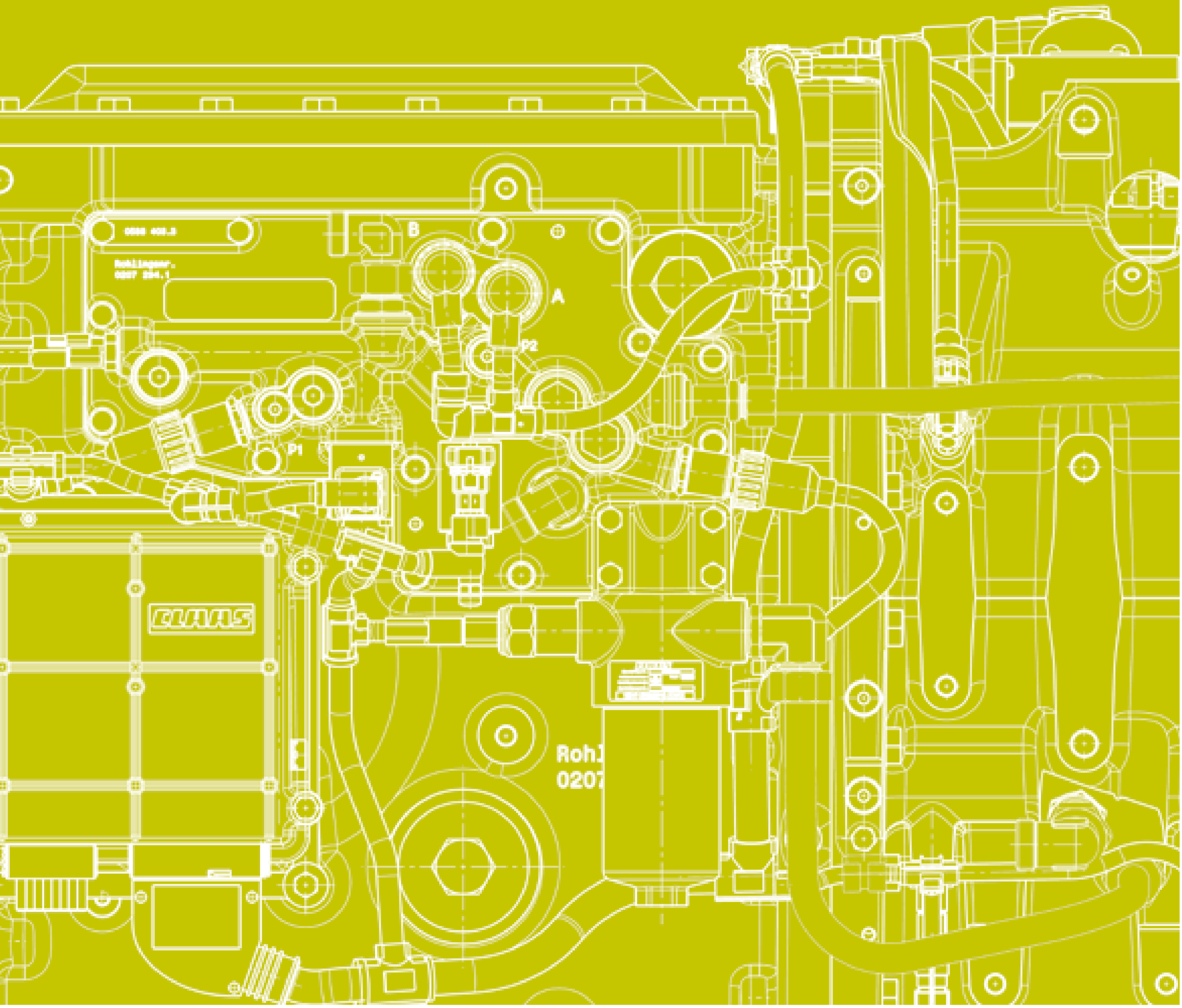
Quality is also the number-one priority for Aldric Pavec, who is in charge of the tractors’ assembly at the main production facility in Le Mans. With a critical glance, he walks past the assembly line where 11,000 tractors are completed every year. “Every model is assembled on this line, with very few exceptions,” Pavec says. CLAAS is constantly working on enhancing the production process to avoid higher defect rates as a result of the growing diversity of the model range. Pavec is currently experimenting with pre-assembling components for the next step in the process outside the line, like a father who lays out his child’s Legos for the next picture in the instructions.

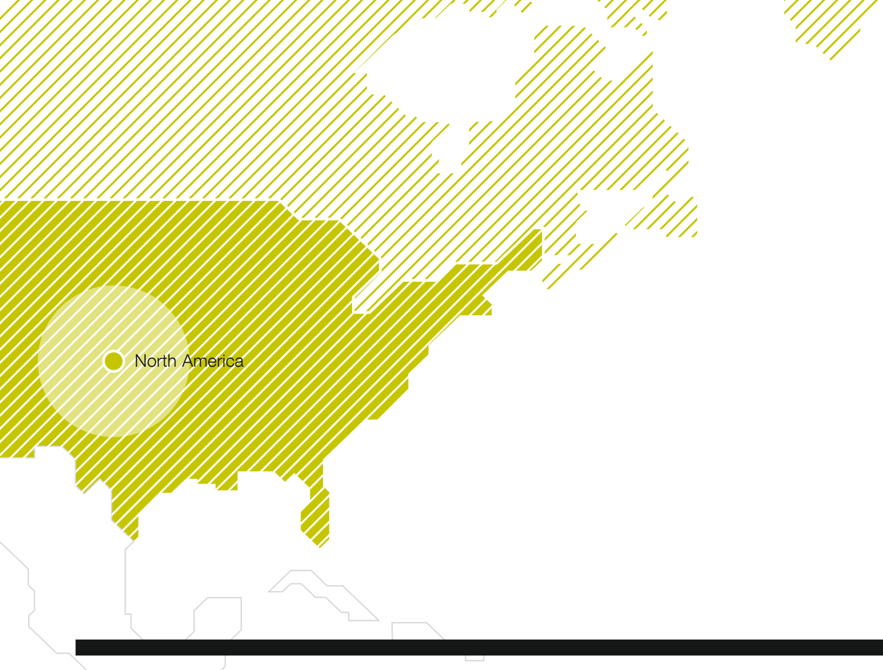
An important milestone in ensuring consistent premium assembly quality was achieved around two years ago, when the plant set up its “Market Gate”: a separate small hall at the end of the assembly line where every tractor is tested thoroughly and brought up to a premium delivery standard before it leaves the factory. CLAAS developed the test criteria in cooperation with its own dealers. “In a demanding market, ‘premium’ also means that it looks good,” Pavec explains.

Customers appreciate the company’s development and production efforts. Whereas some three out of four CLAAS tractors were sold in France just ten years ago, 68 percent of them are exported today. “And this is just the beginning,” Reinhardt promises. The company plans to venture into new markets in the near future.

0-50 km/h

Without interrupting traction:
The new CMATIC infinitely variable transmission





Expansion

A new production building in Krasnodar. A XERION tractor at the top of a 4,000-meter peak in Colorado. Chinese and German experts working together on the banks of the Yellow River to develop a new combine. CLAAS is expanding its position in the world's markets.

Dirk Böttcher

"The world is the market" has been the philosophy at CLAAS for many decades. Back in the 1980s, Helmut Claas prepared the ground for the company's first business ventures in China. In Russia, CLAAS was the first western manufacturer to set up a production site.

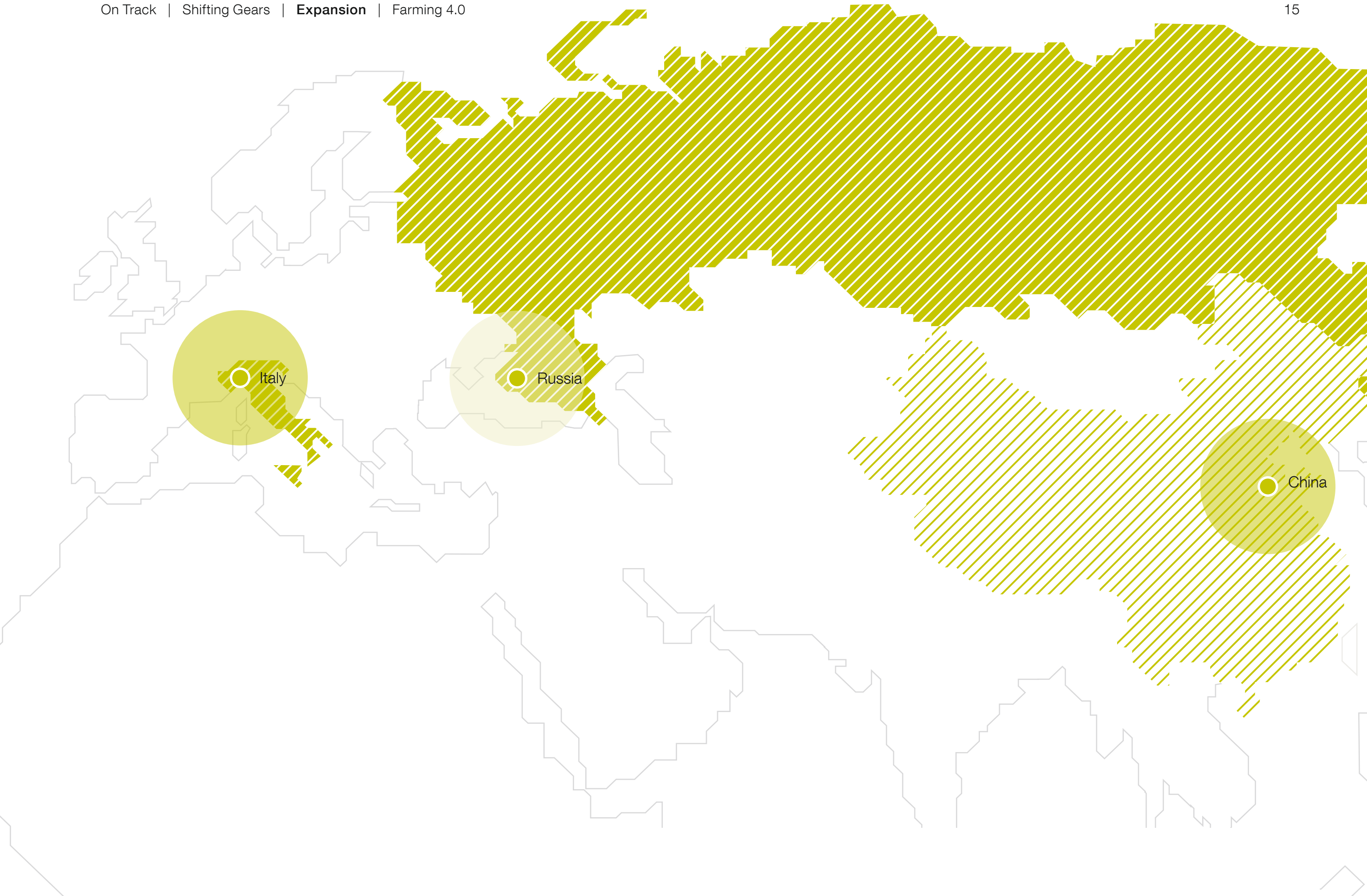
Business expansion continues today. CLAAS now generates 80 percent of its sales in Europe and Russia. Asia's markets are among those with potential for the future, and CLAAS has set the stage for growth in China by taking over the agricultural machinery manufacturer Shandong Jinyee Machinery. Export business is already booming in China. Demand for the JAGUAR forage harvester, for example, is growing by leaps and bounds. Rising prosperity means higher dairy and meat consumption, which increases the number of livestock held, which in turn require more animal feed. Thanks to its products designed to make harvesting easier, CLAAS is profiting from this chain of growth.

New Markets

In China, CLAAS plans to repeat the success of the JAGUAR with combines. The current market volume is a whopping 90,000 machines a year. When it comes to performance, efficiency, and sustainability, the LEXION goes beyond setting the bar in this segment. This product also makes CLAAS the only manufacturer in China to offer harvesting technology featuring tracks, which is an advantage in many of the country's agricultural regions.

CLAAS adapts its business expansion strategy in China to meet regional conditions, which can vary greatly. In the northern part of the country – where large farms dominate the landscape, just like in Russia or Eastern Europe – CLAAS markets top-of-the-line technology such as the LEXION. Agriculture in central China, however, is focused on rice cultivation on smaller plots of land. CLAAS and CLAAS Jinyee have worked together to develop new products locally for these regions.

Jinyee, an agricultural equipment company based in the up-and-coming business hub of Gaomi, is China's leader when it comes to quality and has an extensive dealer network that offers broad coverage. CLAAS contributes its technology expertise to the partnership, while Jinyee brings with it a wealth of experience in mass production. Efforts are under way to establish the machinery service and spare parts business, both of which have so far been underdeveloped in China, in addition to the joint development and production of new agricultural machinery geared toward the needs of Chinese customers.



Confidence in Krasnodar

Expanding a market usually calls for long-term strategies and tremendous patience in making plans a reality. The expansion of the plant in Krasnodar, Russia, is an issue that goes well beyond mere business considerations due to factors such as the geopolitical situation. The tensions between Russia and Ukraine dominate the region's discourse. CLAAS remains dedicated to its commitment to promoting sustainable agricultural development in the region, as evidenced by the news that the company intends to go ahead with its plans to open a paint shop in Krasnodar. Production is slated to start at the new workshop on schedule in the second half of 2015.

"The new factory is 'concrete' proof of our commitment to the Russian market," says Dr. Ralf Bendisch, Director of the site in Krasnodar, Russia. "We are continuing full speed ahead with our construction plans and in the same quality as before." The people of Krasnodar are watching the activities of CLAAS with great interest. CLAAS is a major investor and employer in the region. Meanwhile, customers are looking for the security that they will still be able to get spare parts tomorrow for the machines they buy today.

The current events do not place a question mark over the excellent long-term outlook for this region. Ralf Bendisch has faith in the long-term strategy: "A decade ago, we bought ten hectares of land, including 3.8 hectares for the production hall, making us the first foreign manufacturer to build a factory in Russia. Five years later, we were once again looking for land to develop. Now we're expanding the factory to 38 hectares, ten times the size of the original production facility."

New Products

Enormous potential also still lies waiting to be tapped in established markets. CLAAS is currently investing in its global dealer network and is expanding its product portfolio. In North America, for example, CLAAS sells more than 500 combines a year – an impressive figure, considering that its market share is just 4 percent, illustrating the possibilities this market offers.

CLAAS has correspondingly high hopes for marketing the XERION, its prestige product and the key to getting its foot in the door in the North American tractor market. The XERION has been "Americanized" with a wide range of extras, from the ladder into the cab to the software in the cockpit, to help the company achieve this goal. Selected dealers have been chosen to launch the tractor, and presentations at regional agricultural technology exhibitions were held to support sales efforts. For the first time, CLAAS also produced a sales video in the U.S.

In North America, a tractor's main selling point is its power. The XERION also scores points for safety and efficiency. With diesel prices also on the rise in the U.S., fuel consumption has become a key figure for farmers. CLAAS machines use up to 20 percent less fuel than the American competitors.

But change is also in the air. A new generation of well-educated farmers is currently making its way to the top, bringing with it greater openness toward new cultivation methods and machinery.

For CLAAS, this also means tremendous potential for the expansion of its business in the future.

CLAAS Acting Local
People make markets. Four examples of employees who are making CLAAS great worldwide. →

Close to the customer, Italian style: CLAAS projects a modern, professional image here in Vercelli, halfway between Turin and Milan.

"Being close to the customer is the key to our success."

1 An interview with Paolo Tencone about the CLAAS dealer network.

CLAAS is investing worldwide in its dealer network. What is your focus in Italy?

The foundation for all activities is knowing our end customers inside and out. The customer always experiences CLAAS and their local dealer as a team. Sales today also call for a modern approach to communication and sales structures geared toward the various products and customer segments.

What makes Italian customers so special?

In Italy, there's a difference between the major customers in the north, who have state-of-the-art fleets, and the small farmers who grow top-quality products, such as rice, wine, fruits, or vegetables. Both want perfectly designed products and an efficient sales network close to home. That's the reason why we have so many dealers. Being close to the customer is the key to our success.

Where do you see the strengths of the dealers in your region?

CLAAS and the Italian dealers share a tremendous amount of harvesting machinery expertise. After sales and customer support have also traditionally been part of our successful core activities.

How difficult is it to implement a global strategy on a regional level?

A strategy defines the direction and the goal. We decide locally how we intend to achieve them and with what measures. We focus on results and adapt the strategy to local needs.

What do you pay particular attention to when you visit a dealer?

The atmosphere! How they present the machines. How professionally organized the workshop is, the tools they use. And, of course, whether the customer can expect to find friendly experts there.

What does a CLAAS dealer stand for in the customer's eyes?

Style and design must say "CLAAS" loud and clear. Part of this means that spare parts are presented clearly for the customer to see, whereas the workshop is located in a separate part of the building. And everything has to be clean and tidy, of course. People like that.

Paolo Tencone

With CLAAS since: 1989
Education: Master's degree in business management
Current job: Regional Director South Europe and Managing Director of CLAAS Italia

The expansion of the CLAAS factory in Krasnodar, Russia, is making good progress.

Roman Prokuratov knows his construction site like the back of his hand.

2

For Roman Prokuratov, moving to Russia was like taking a step back into his past.

Roman Prokuratov likes to take the long way to work in the morning. The slight detour takes him past the huge construction site at CLAAS in Krasnodar, Russia. “Before I turn the corner,” Prokuratov says, “I like to imagine that we’re already working in the new factory.”

Under his leadership, this dream is quickly becoming reality. CLAAS is investing more than 100 million euros in the expansion of the production facility that will be equipped with state-of-the-art manufacturing and assembly technology. To oversee the expansion of the factory in Krasnodar on behalf of CLAAS, Prokuratov and his family returned to the place he left for Germany 17 years ago. Back then, he could not imagine a future for him and his family in Krasnodar.

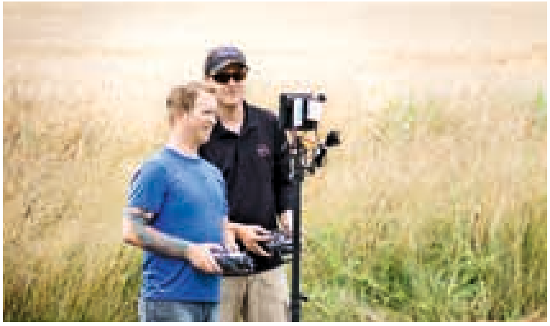
In Germany, he started working on an assembly line in a factory and went to school in his spare time. At the age of 29, he became head of production at a company that manufactured office furniture. He lived in the beautiful Bavarian town of Rosenheim, which is why he speaks German with an Upper Bavarian accent when he says: “My family and I led a wonderful life. Everything was perfect: the Alps, the town, a good job.” But there was still something missing, no matter how he looked at it. A challenge? Or maybe his Russian home – one that he visited for a week once a year and had long since become foreign to him?

Everyone told him he was crazy when he said he wanted to go back to Russia. The challenge he is tackling on behalf of CLAAS is a mammoth one. The Russian general contractor employs up to 1,000 construction workers on the building site. And then there are the planners, representatives of governmental authorities, and architects. In this situation, the company is lucky to have someone like Prokuratov on its side – someone who understands both mentalities and languages and is able to deal with blue-collar workers and high-ranking civil servants. “German efficiency and the Russian soul come together at CLAAS in Krasnodar,” Prokuratov says. “It’s an excellent and successful mix.”

So where is his home: Rosenheim or Krasnodar? Roman Prokuratov ponders the question. “I don’t know,” he says. “It’s both.” He tells an anecdote about a trip to the supermarket. “The people heard my Bavarian accent when I was speaking Russian and asked me where I was from. I told them: ‘I’m from Krasnodar, but my accent is from Germany.’”

Roman Prokuratov

With CLAAS since: 2011
Education: Degree in economics from Kuban State University
Current job: Head of Plant Expansion; Technical Director since October 1, 2014



Shooting the XERION marketing video at an altitude of 4,000 meters in the U.S. state of Colorado was a real challenge for everyone involved – with an amazing result.

A camera drone was used to shoot the XERION video. The drone pilot and the cameraman were able to keep an eye on the action on the screen.

3 John Schofield on shooting the first XERION marketing video in North America

When I saw the first scenes for the XERION marketing video, I thought: "Wow, that's big!" The XERION cuts an impressive figure, even compared to the traditionally mighty 4x4 tractors from North America. That is important in our market. Tractors here win people over with size and power for towing heavy equipment.

The XERION is the first tractor on the market that was not built in America just for Americans. To win farmers over for this product, we made a marketing video in North America for the first time in the history of CLAAS. We chose Pikes Peak in Colorado as the location for the video – one of the few mountains over 4,500 meters in North America and the site of a well-known annual auto race to the summit. We wanted to demonstrate the power of the XERION by showing that it was possible to take on this race in a tractor.

But the first thing we had to do was get past the gates at the entrance to the national park. The typical American dual wheels made the XERION too wide to fit through. So we took off a set of wheels and put them back on once we were inside the park. Rain and fog ruined the first day of shooting on the Pikes Peak Highway... And the second day, too. Ultimately, the crew still managed to capture some incredible footage in these inclement conditions. The XERION made it to the top without any problems despite the awful weather. The resulting video is now a major draw at every agricultural technology exhibition. It shows the tractor with its incredible power, its resilience in the face of any type of weather, its efficiency, and – of course – its awesome look. We also use this video in training sessions for farmers and dealers because it presents a lot of features that are part of the package especially created for the North American market. The XERION America is a very American tractor.

The Pikes Peak park rangers were so impressed by the video shoot that they wanted to order a XERION for themselves. They plan to use it in winter to clear snow on the pass and for fieldwork.

John Schofield

With CLAAS since: 2011
Education: Bachelor of Journalism, University of Nebraska-Lincoln (cum laude)
Current job: North American Marketing Coordinator

China

Reinforcement on its way: Pre-assembled modules on their way to final assembly at the new CLAAS subsidiary in China – by tractor.

Ma Jinying knows the Chinese agricultural equipment market inside out.

4 Integration under way: Interview with Ma Jinying, CEO of CLAAS Jinyee Agricultural Machinery

In your opinion, what benefits have materialized in the first months of the partnership with CLAAS?

The agricultural equipment market in China is currently characterized by major changes that affect every player. The incredible growth in unit numbers goes hand in hand with rapid technological changes. This makes CLAAS – with its top-of-the-line technology, quality management methods, and process technology – an even more valuable partner today. Jinyee has a mature corporate culture that has helped make the company the market leader in certain product segments. In return, we are supplying an extensive dealer network and an unusually service-oriented culture for a Chinese company to support the market entry of CLAAS.

What are customers saying about this German-Chinese partnership?

The dealer network and the customers have high expectations. They want the new company to make top-quality technological products from CLAAS more appropriate for a wider market in China. The focus here is on hydraulics and control technology.

How are the Chinese and German employees at CLAAS Jinyee getting along, and what is the working environment like?

This is a very important issue, especially right now in the integration phase when German-Chinese teams of experts are busy working on a number of projects. To speed things up, we started this integration process even before the negotiations had been completed, and we have already made great progress in core areas such as finance, research and development, and production. The intended result of this process is an organizational structure that harnesses the expertise of mixed teams in Germany and China. Going through challenging times together as well creates a closer connection. Right now, not only are the Chinese employees consistently improving their English skills through hard work in the evening and on the weekend, but also their German colleagues of all ages, who had never before been to China, are now often able to say a few sentences in Chinese. I have also been pleased to see that the Germans are so very capable of having a good time. That's something I didn't know before. Here in Gaomi, we now have our first beer garden.

Ma Jinying

With CLAAS since: 2014
Education: High-school diploma
Current job: General Director of Jinyee Agricultural Equipment since its privatization in 2003; CEO of CLAAS Jinyee Machinery (Shandong) Co. Ltd. since January 2014; responsible for sales, human resources, and government relations.

Farming 4.0

The Internet of Things is becoming a reality. Machines are improving work processes and easing their operators' workloads. In the world of agriculture, we use the term "Farming 4.0" instead of "Industry 4.0." In the summer of 2013, CLAAS and Deutsche Telekom began testing ways to make harvesting processes more efficient by automating routine tasks that operators of combine harvesters, tractors, and trucks perform at a company in Saxony-Anhalt. The systems are based on rapid machine-to-machine communication and secure data management. Evidence that Farming 4.0 is the future of agriculture first became apparent in the 2014 harvest season.

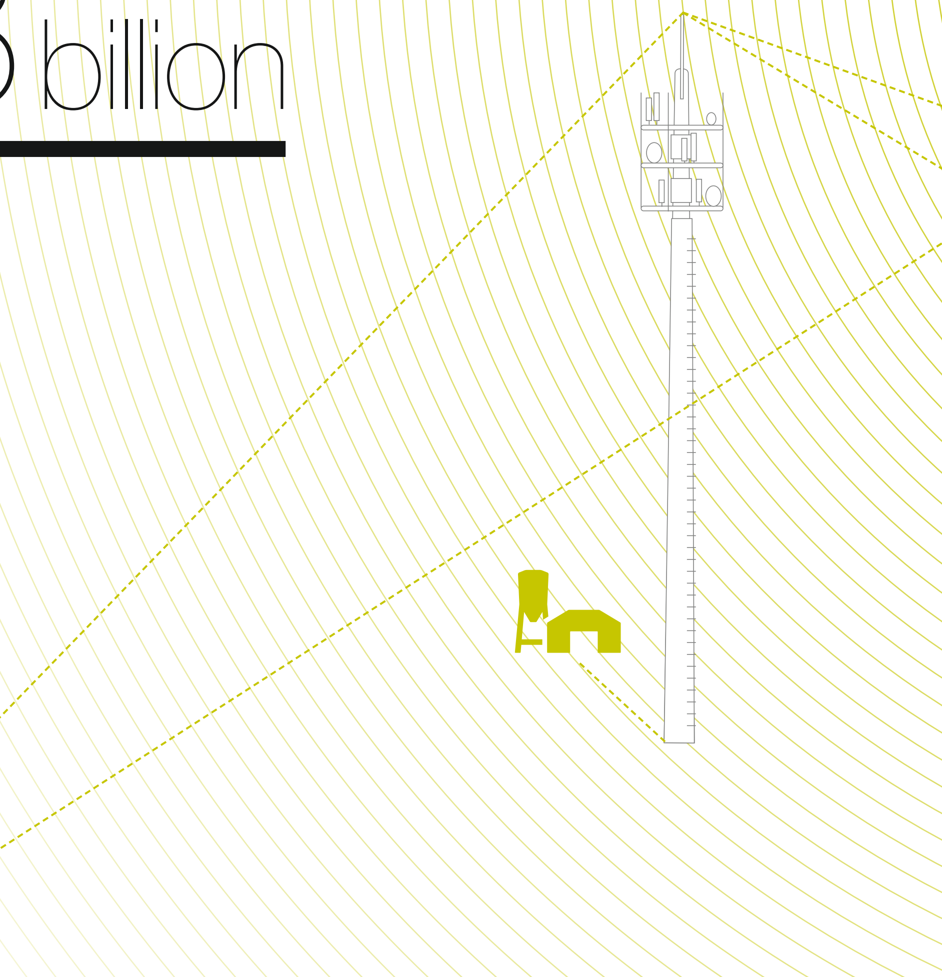
Jörg Huthmann

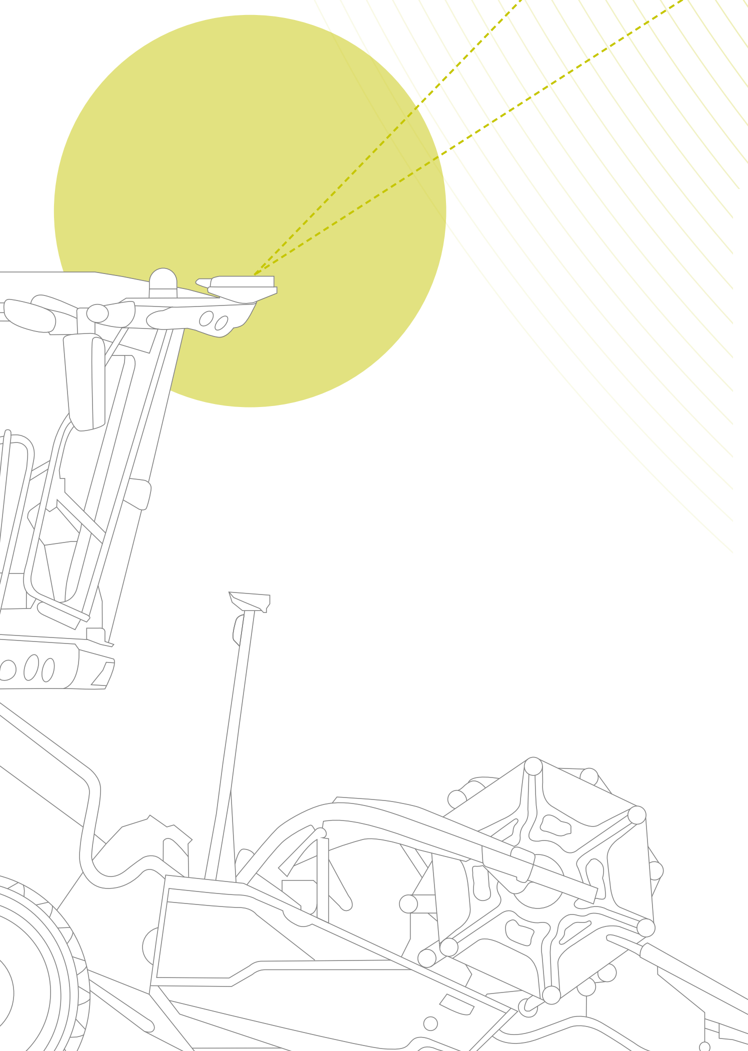
Efficient Harvesting

The evolution of technology in agriculture has reached new heights. In the era of Industry 4.0, intelligent machines communicate with each other and align work processes without any manual effort.

$ 208 billion

This is the amount that an American market research institute has estimated will be invested in agricultural technologies in the year 2018.



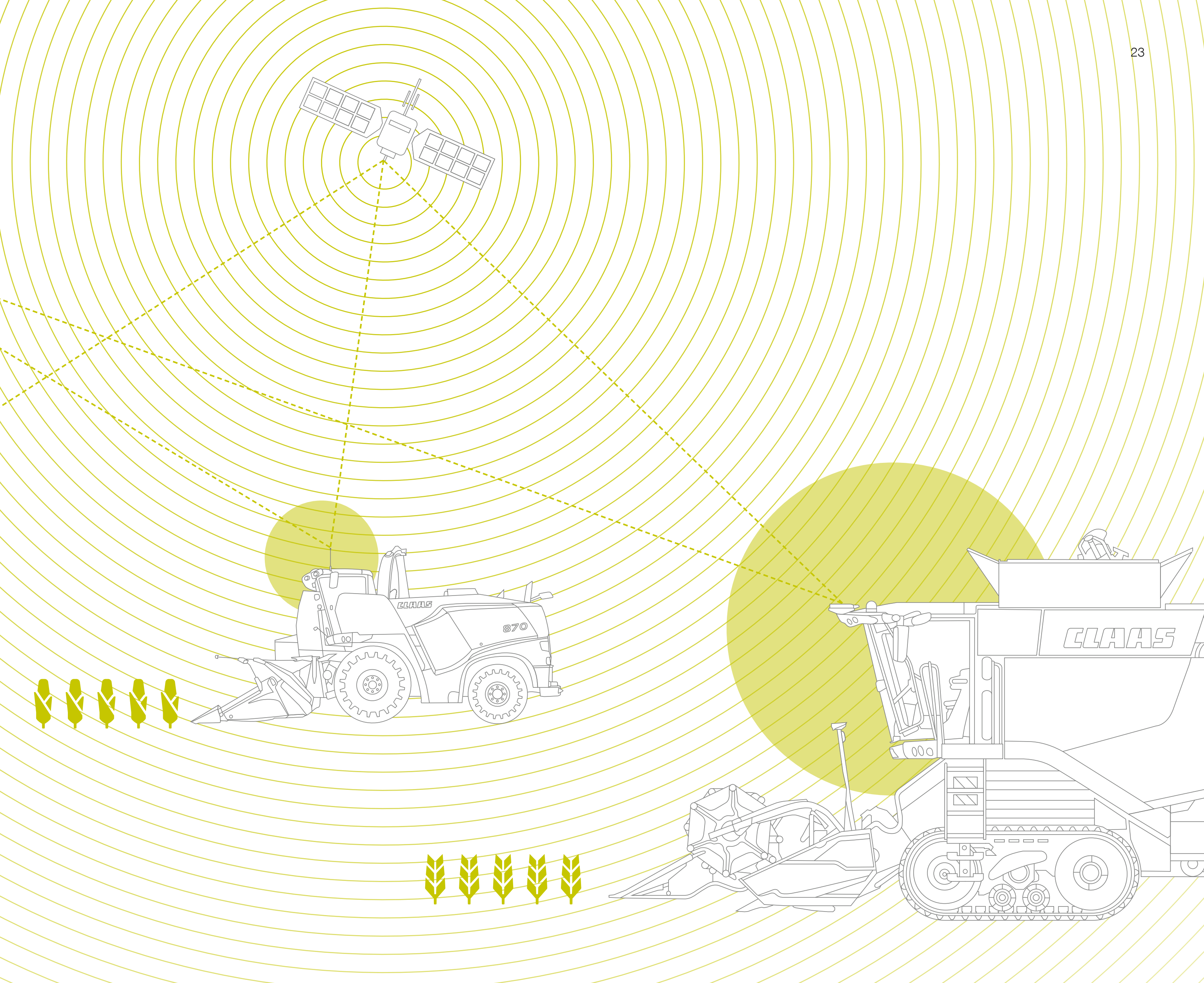


Farming 4.0 – More Intelligent Harvesting

The tailgate of the SUV parked at the side of the wheat field is wide open. Marcel Möhsner pours a handful of wheat grains into a measuring instrument the size of a small suitcase that lies open in the trunk. The sample is ground before being compressed in a moisture sensor. Four combine harvester drivers and the drivers of the trailer and transfer vehicles crane their necks to try to get a glimpse of the display. The head of the agricultural operation then turns around and announces what everyone wants to hear: "14.3." There are murmurs of approval from all those present. Then, the drivers all return to their cabins: 14.3 percent residual moisture is good. It means the crops are now ready for storage. The harvest can begin.

Harvesting like Never Before

The system is perfect. The four new CLAAS LEXION 780 TerraTrac combine harvesters at the agricultural production and trading cooperative APH in Hinsdorf, Saxony-Anhalt, show what they can do. The machines thresh between 60 and 80 tons of wheat per hour, working alongside each other at equal distances staggered along the full width of their headers.



The grain tanks are full after ten minutes in operation and need to be emptied. At exactly the right time and position, a tractor with a trailer attached drives in parallel to one of the combine harvesters, whose discharge auger swivels out, emptying the threshed grain into the trailer. The harvesting process is not interrupted at any time. The machines never stop. The tractor then carries the crop to the edge of the field, where it is loaded onto a truck that transports it to a silo. This process is repeated throughout the harvest, often for ten or more hours a day, seven days a week. Harvesting has never been so efficient and conserved resources so well.

Marcel Möhsner is now standing next to his SUV with the orange flashing light on the roof. It was just half an hour ago that he led the entire harvest fleet to the first plot of arable land for that day and measured the residual moisture content of the grain. This first plot of land is 230 hectares in size. That's 2.3 million square meters, or well over 300 soccer fields. It's warm and dry, and no rain has been forecast. Ideal harvesting conditions. However, there is tension in the air. In a few weeks' time, they will find out whether the work of a whole year has paid off. A fact that Marcel Möhsner is all too aware of. And that is why he is glad that the machines he is currently watching are equipped with state-of-the-art technology.

Cutting Edge thanks to IT

So how can combine harvesters, tractors, and trucks work in perfect harmony? The expertise for this perfect timing lies in a nondescript aluminum die cast housing the size of a cigar box. The box processes different sensor data, such as GPS, and computes the values to ensure that information is exchanged accurately. All parties can see the information they need on their tablets in real time. The data is chiefly transmitted to each user via Deutsche Telecom's LTE mobile network. It goes without saying that the data is protected. The cloud computing servers are also located in Germany. If the G4 / LTE network isn't available, the box also supports many other communication standards, enabling direct machine-to-machine communication.

"The entire harvest is less stressful now because the processes work in perfect harmony. And that makes life easier for our staff." Marcel Möhsner's verdict on the trial runs with the new CLAAS technology is clear. He is also aware of the tangible economic benefits. A more than 5 percent increase in efficiency in the harvesting process is a gain that can be measured in real money thanks to lower fuel consumption, soil conservation, and less overtime. Speed and precision are also improved. Because bad

Good user interfaces are intuitive to use. With CLAAS, easy-to-understand symbols make using the software a breeze.

weather can ruin the best harvest, farmers who can get their crops off the field with a perfectly coordinated machine park have less risk and more time for other work. And when other agricultural operations are still threshing, APH Hinsdorf is already cultivating the soil after harvesting.

Fast forward. We are now near Aschersleben, which is about an hour west of Hinsdorf by car. The weather in the Harz region is perfect. The fields in this hilly landscape lie at an average altitude of 300 meters. The harvest here began two weeks later than in Hinsdorf. Although the geographical conditions here affect the growth of plants, the processes are the same. Christian Rusch has connected one of the tablets that provide the combine harvester and tractor drivers with information to his laptop and has changed some of the settings. “It should work now.” As he says this, he puts the tablet back into the cabin of the LEXION 770. Rusch, who has a PhD in mechanical engineering, is in his element – literally. Intelligent networking of agricultural machinery was the subject of his PhD thesis. He is now putting many years of development into practice in these ongoing trials. Besides, it’s also sort of a home game for him because he was born and raised just an hour’s drive from here.

The gray aluminum box he is holding is one from the first preliminary series and supports all common communication standards, such as mobile transmission, WLAN, and Bluetooth. If all connections are interrupted, the box is intelligent enough to continue working with existing data. “When we were developing the system, we made sure that we incorporated appropriate technology for all possible scenarios. It’s a lot easier not to fit a module in the box or to switch one off than it is to face the arduous task of developing and adding something in retrospect.” The result is a kind of Swiss Army knife for Farming 4.0. The box is full of suitable tools that the user can choose from. Intelligent networking requires standardized interfaces. The CLAAS development engineers also use current industry standards to set benchmarks in this field. After all, European and American agricultural machinery manufacturers adopted standards very early on, putting them one step ahead of other industries. And that is now paying off.

Most farmers have been familiar with the term “Precision Farming” for many years. Manufacturers of agricultural machinery – like the family-owned CLAAS company – have for years been providing the expertise behind the ability to position tractors and harvesting machinery with GPS technology to within 2 centimeters above the agricultural land, spread fertilizer and crop protection products only where they are needed based on measurements from the last harvest, and analyze and improve the efficiency of machinery using telemetry data. CLAAS made its first attempts to introduce IT to agriculture back in the 1980s. Today, the company does much more than just build machines; it also generates growth in the field of services. Consolidating all the company’s digital activities into a single independent limited company was one consequence of this growth strategy – the initial funding and participation in 365 FarmNet GmbH was another.

on field[1] on farm[2] on track[3] on board[4]

365FarmNet – The Software that Does It All

365FarmNet is the first vendor-independent software to feature apps for all working processes and an intuitive modular design. Eleven high-profile vendors of agricultural technology and services contribute to the software – and that number is constantly rising. Each company offers apps in its area of expertise.

Farmers and contractors can work with 365FarmNet straight out of the box to manage, plan, document, or analyze their work. The system is browser-based, meaning it can be used with any operating system on practically any recent PC, smartphone, tablet, or notebook. Once basic data, such as a field database (a register of the land under cultivation), has been entered into the system, farmers and contractors can use apps from various vendors to precisely plan and perform any job that needs to be done – from soil preparation and sowing seeds to crop protection and harvesting. 365FarmNet processes up-to-the-minute weather information as well as data on the prior year's yields, pest infestations, and soil quality. Users only pay for the apps they actually use. At the same time, the vendors go the extra mile to ensure data protection. No one is allowed to see a farm's data unless farmers or contractors grant their explicit consent.

365FarmNet is more than just an alternative to having a wide range of different software packages that are usually incompatible. It simplifies and improves agricultural working processes and reduces the time and effort needed for administrative tasks. Less red tape and paperwork means more time out in the field and in the stall. And the system creates transparency at the touch of a button when it comes to meeting the increasingly strict accountability and reporting requirements every company faces.

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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 2014. 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 in 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, as well as the plans for the year 2015 and for the medium term, including a program aimed at improving income.

The Supervisory Board discussed business developments in Asia, with a special focus on China in view of the acquisition of the Chinese agricultural machinery manufacturer Jinyee in January 2014. In addition, the Supervisory Board talked about the current situation in Eastern Europe and the impact on the business activities of CLAAS in the region. The Supervisory Board also heard reports about the status of the expansion of the plant in Krasnodar, Russia, and the consolidation of the Group's electronics development activities in CLAAS E-Systems. 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 Köhler, 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, 2014, as well as the management reports for CLAAS KGaA mbH and the CLAAS Group, were audited by Deloitte & Touche GmbH, Dusseldorf, the auditors elected at the annual general meeting on January 9, 2014, and appointed by the Supervisory Board. The statements and reports received an unqualified audit opinion on November 24, 2014.

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 their 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 10, 2014, 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 2013/2014 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 high level of personal commitment during fiscal year 2014.

Helmut Claas and Cathrina Claas-Mühlhäuser

The challenge in the new fiscal year will be to react flexibly to the changing and occasionally difficult market situation in various regions while achieving the targets for profitability and sustainable growth by making greater efforts to increase the efficiency of products, structures, and processes.

Harsewinkel, December 10, 2014

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

Lothar Kriszun**
Thomas Böck (starting 10/14)**
Theo Freye (until 09/14)**
Hermann Garbers (until 09/14)**
Hans Lampert**
Hermann Lohbeck (starting 10/14) **
Jan-Hendrik Mohr**
Henry Puhl**

** Executive Board of Helmut Claas GmbH

Authorized Company Representatives

Gerd Hartwig
Stefan Belda

Foreword by the Executive Board

Dear Business Partners,

Following new record highs for global agricultural technology in 2013, markets cooled in 2014. Growth momentum failed to materialize, especially in Western Europe. Development declined in South America and Eastern Europe, where economic and political uncertainty spread.

In a significantly smaller overall market, we succeeded in keeping sales – at €3.82 billion – on par with the prior year while continuing to increase our market share in core products such as combines and tractors. We recorded positive sales development in Asia and North America in particular. Earnings before taxes were impacted in the past fiscal year by higher costs for adapting engines to meet new emission standards and by the events in Eastern Europe as well as the corresponding risk-provisioning measures.

However, the long-term driving forces in the markets for our industry remain intact. Demand for agricultural commodities, which stems from the increasing global population and rising prosperity, continues to grow, and agricultural machinery is becoming more and more efficient and better connected. But what ways are there to increase efficiency throughout the entire agricultural production process? CLAAS E-Systems, in which we have consolidated our electronics and software expertise, will help us answer this question in the future. In October, around 150 employees started working there on automation, steering, terminal, display, and app technology, as well as telemetry and data management.

We are also cooperating with external partners to make progress in the fields of efficiency and networking. This summer, we continued working on our joint Industry 4.0 development project with Deutsche Telekom under harvesting conditions. As part of this project, a variety of machines were connected using an LTE mobile network and the harvesting process was coordinated with the help of the transmitted data.

We launched a number innovations – such as the new generation of TUCANO combines and the new MAX CUT cutterbar for forage harvesting – to continue expanding our market position. At the same time, we expanded our line of tractors to include a series of newly developed 4-cylinder machines that are highly versatile.

In 2014, we also focused on investing in the expansion of our international business. Our new sales organization was launched in six regions around the world in October to help bring us closer to customers and do a better job of seizing development opportunities in the individual markets. In China – the largest and fastest-growing agricultural equipment market in Asia – we completed the acquisition of Shandong Jinyee Machinery Manufacture Co. Ltd., with more than 1,200 employees, at the start of 2014. We were able to present technology from CLAAS and Jinyee at a joint booth for the first time ever at the International Agricultural Machinery Exhibition in Wuhan, China.

The increased international focus is also reflected in capital expenditure, which increased slightly once again to €173 million. In addition to the targeted realization of our extensive plant expansion in Krasnodar, Russia, the focus was also on North America, among other places, where the central warehouse for spare parts is being expanded in Columbus, Ohio.

We expect development to decline in fiscal year 2015. It is currently not possible to foresee the impact of the political and economic situation in countries such as Ukraine, Russia, or Argentina and the consequences for markets in Eastern Europe and

Lothar Kriszun
Spokesman of the Executive Board of CLAAS KGaA mbH

Latin America. However, global agricultural equipment production will continue to be high overall.

We know how to deal with such cyclical fluctuations in demand, and we remain dedicated to pursuing our strategic targets. We will enhance our efficiency with Fit 4 Growth, an internal “fitness program,” to generate further growth and satisfactory return on sales even when market momentum is weak.

CLAAS, a family-owned company, is in good shape. More than 11,000 committed employees from Omaha to Beijing make sure of that every day. We succeeded in working together to make many ideas a reality this past fiscal year thanks to an intensive dialogue of partnership between us, our suppliers, our sales partners, and our financial partners. On behalf of the Group Executive Board, I would like to thank everyone involved from the bottom of my heart.

Cooperation with the employee representatives, the Supervisory Board, and the Shareholders’ Committee was once again focused on targets and the future. Finally, our tremendous gratitude goes out to our customers, who placed their trust in us once more in the 101st year of our company’s history.

Yours sincerely,

Lothar Kriszun
Spokesman of the Executive Board
of CLAAS KGaA mbH

Executive Board of the CLAAS Group

Jan-Hendrik Mohr
Sales

Dr. Henry Puhl
Grain Harvest

Hermann Lohbeck
Forage Harvesting

Lothar Kriszun
Tractors
Spokesman of the Executive
Board of CLAAS KGaA mbH

Hans Lampert
Finance and Controlling

Thomas Böck
Technology
and Systems

Group Management Report

Group Management Report

Strategy

CLAAS – A market leader in agricultural equipment
Agriculture is an industry generally shaped by sustainable growth: Agricultural production must rise to meet the demands of global population growth as well as increasing demand for higher-quality foodstuffs and for raw materials in both production and energy generation. As most of the arable land available for sustainable yields is already in use and freshwater resources are limited, the supply situation is becoming increasingly challenging. But this is where highly efficient agricultural machinery comes in, allowing farmers to work productively and harvest “more from less.”

CLAAS has had a deep understanding of agricultural processes for over a century now and knows what is needed out in the field. The machinery, systems, and services CLAAS offers provide solutions for agricultural operations in all four corners of the world. CLAAS stands for “ensuring a better harvest,” and this provides the blueprint for our five strategic directions:

Outperform in traditional markets
The largest and most important market for CLAAS is and always has been Europe. The Company has expanded its market position in its core European markets and is a market leader in the harvesting technology market: Every second combine sold in Germany comes from Harsewinkel. Our market shares in European tractor markets have also developed positively and are set to increase even further moving forward. With its complete range of tractor models, CLAAS now offers customers an even wider range of attractive agricultural equipment.

Generate regional growth
CLAAS offers farmers all over the world machinery and services that are tailored to their requirements. But CLAAS also guarantees the necessary customer proximity through an intelligent distribution and production network. For instance, in North America, the world’s largest combine market, combines are produced that meet the requirements of U.S. farmers. CLAAS continues to press ahead with the expansion of its Russian combine and tractor production site in Krasnodar, with the aim of generating a higher degree of value added in Russia. CLAAS is committed to this strategy, even in times of political and financial uncertainty. Through the acquisition of Chinese agricultural machinery manufacturer Jinyee, CLAAS has laid the foundations for major expansion in its Chinese business, which will put it in the position to play a role in the rise in mechanization there.

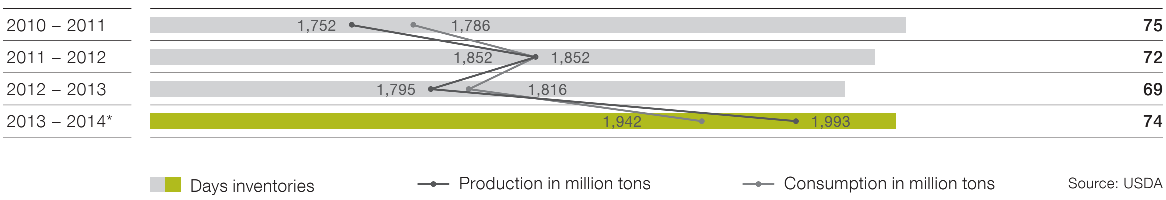
Enhance differentiation power
CLAAS is a premium provider of global importance and invests a great deal in research and development. Farmers and contractors are able to choose from a range of innovative and highly efficient products. But innovation is not just about machinery, it goes much further than that. There has been a great deal of interest in the 365 FarmNet concept since its unveiling at the Agritechnica 2013. The unique concept consists of a manufacturer-independent farm management information system that “thinks” as a farmer would. Together with its partners, CLAAS shows that the future of agriculture lies in intelligent and networked systems.

Drive top-performing efficiency
As CLAAS products benefit customers in every regard, an increasing number of farmers and contractors are opting for them. This is reflected in CLAAS Group sales in the past. The key is to continue to increase efficiency and ensure that CLAAS remains robust, profitable, and on firm financial footing. Key levers here are an optimized global production network, which guarantees flexibility and keeps costs low, further population growth as a result of additional internationalization, and constant improvement of margins.

Expanding CLAAS competencies
International growth is only possible if the right employees have access to the required expertise and are deployed in the right places. The continuous optimization of all divisional structures and processes and the focus on qualified personnel, with an emphasis on inspiring employees in their work and providing them with targeted support, are contributing to making this strategy a success.

Grain Production and Consumption

from July 1 to June 30



*Estimate (as of October 2014)

Industry Trends

Economic environment

The euro zone recorded marginally positive growth again in fiscal year 2014 in the wake of the global financial crisis. The U.S. economy also performed well, even though the International Monetary Fund (IMF) adjusted its growth forecast for the U.S. in 2014 down to 1.7%. According to the IMF, growth in emerging economies remains stable at roughly 5%. The IMF believes that the Chinese economy will grow by approximately 7% in 2014. The economic situation in Eastern Europe was dominated by the political backdrop in Ukraine and events in Crimea. Sanctions imposed on Russia led the IMF to reduce its forecast for economic growth in the country by 1.1 percentage points to just 0.2% in October 2014.

Investments in the global agricultural equipment industry have risen by 10% year on year since the crisis started in 2009. In the past fiscal year, the general mood in the agricultural industry has been increasingly negative. As a result, Verband Deutscher Maschinen und Anlagenbau e.V. (VDMA), the German Engineering Federation, expects global industrial production to fall by 7% year on year to €90 billion in 2014.

In crop year 2013/14, which, in contrast to the CLAAS fiscal year, ended on June 30, global crop production (excluding rice) rose by 11% year on year to 1,993 million tons, according to the U.S. Department of Agriculture (USDA). This was due to the increase in global arable land by over 540 million hectares, as well as the favorable cultivation and growing conditions in the most important harvest regions. Substantial declines in the price of grain and oilseed has caused agricultural incomes to fall on an increasing basis. By contrast, global rice production only rose marginally to 476 million tons.

Industrial commodity prices continued their moderate downward trend in fiscal year 2014. Oil price volatility was low, with prices remaining at a stable, high level until August 2014 on account of the strong euro. By contrast, a significant downward trend in the price of oil was evident toward the end of the fiscal year.

Regional development

The market volume of agricultural equipment in Western Europe declined slightly in the reporting year compared with the past fiscal year. In France, there has been a major downturn in the investment climate following a strong 2013. However, markets in Spain and the United Kingdom were able to recover. The German agricultural equipment market remained at the prior-year level. The mild winter and the early start to the vegetation period created optimal growing conditions in many regions of Western Europe. Despite positive harvest yields, falling crop prices caused agricultural incomes to fall.

Agricultural equipment markets in Central Europe also experienced slightly negative development, although the markets remain at a high level. Key factors in this trend were uncertainty in the Polish agricultural equipment market caused by changes to the country's subsidization policy. Crop production in Central Europe may have reached an all-time high, but agricultural incomes fell due to a decline in crop prices.

Eastern Europe's agricultural equipment markets declined significantly. In addition, Eastern European currencies have lost a great deal of value, a trend exacerbated by the political situation in Ukraine. This has caused agricultural equipment imports to become more expensive. In Russia, a raft of protectionist policies from the government is having a further negative impact on the country's market situation. These measures include limiting certain agricultural equipment procurement subsidies to companies with purely Russian shareholders.

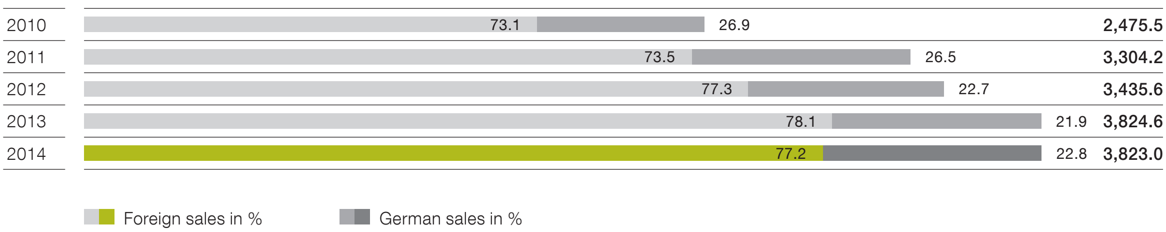
The North American agricultural equipment market declined slightly following several years of growth. The markets for combines and larger tractors performed substantially worse, with the reduction in used machinery inventories in the United States hitting sales of new machines.

In Latin America, agricultural equipment markets showed substantially negative tendencies after their upward trajectories of the last few years. Argentina may have posted a record soya harvest, but political and economic problems coupled with major devaluation of the Argentinean currency led to reluctance among investors to commit. In Brazil, lower prices for agricultural commodities in spite of favorable harvests led to declines in agricultural incomes.

Asian agricultural equipment markets declined slightly year on year. India's market had dropped sharply in recent years due to long dry periods, but a sufficiently heavy monsoon boosted demand to such an extent in the summer of 2013 that sales of harvesting machinery very quickly normalized in fiscal year 2014. China used the drop in crop prices to build up strategic inventories. The Chinese agricultural equipment market experienced some lateral development due to signs of saturation, although demand for some harvesting products was particularly strong. The Chinese agricultural technology market also responded cautiously to lower subsidy payments. Compounding this issue is the fact that subsidies are paid directly to end customers and no longer to dealers, creating structural changes in the distribution system.

Sales per Year

in € million



Financial Performance

Sales

Sales stable on par with the prior year's high level

The CLAAS Group generated net sales of €3,823.0 million in fiscal year 2014, on par with the prior year's high level of €3,824.6 million, despite the difficult market environment. Sales would even have been up slightly year on year if it had not been for the negative currency effects. The share of sales generated outside Germany remained more or less unchanged at 77.2% (prior year: 78.1%).

The acquisition of Chinese agricultural machinery manufacturer Shandong Jinyee Machinery Manufacturing Co. Ltd. (Jinyee) also contributed to this stable sales development. The company, which now operates under the name CLAAS Jinyee Agricultural Machinery (Shandong) Co. Ltd. (CLAAS Jinyee), has been included in the consolidated financial statements of the CLAAS Group since January 1, 2014. The company manufactures and sells harvesting machinery in China and boosts CLAAS activities in Asia.

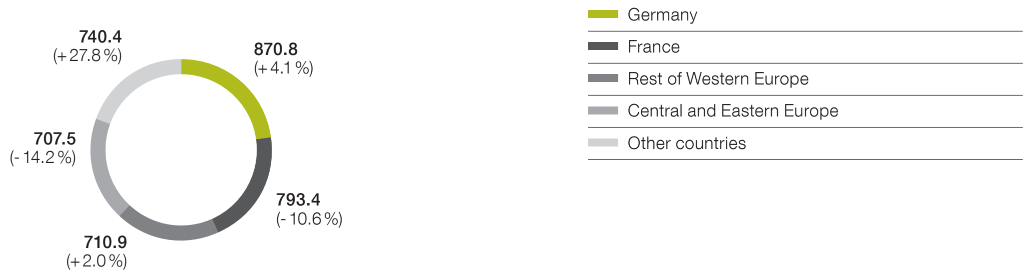
Following the high sales growth seen in recent years in terms of harvesting machinery and tractors, ongoing uncertainty about future economic and political developments in some Eastern European and Latin American markets curbed the willingness of customers to invest in the agricultural equipment market. Nevertheless, CLAAS maintained its market position in most product groups, and even expanded it in others.

Demand for CLAAS combine harvesters was high in the reporting year, albeit down slightly on the prior year. Western Europe continued to be the most important sales market, although regional demand varied. The combine harvester market continues to grow in importance in Asia, while the markets in Eastern Europe and Latin America were impacted by geopolitical developments.

Tractors are a key source of sales in the CLAAS Group, after combine harvesters. The 100,000th CLAAS tractor rolled off the assembly line at the CLAAS tractor factory in the French city of Le Mans in March 2014. Following years of strong double-digit growth, an overall weak market saw sales in this product group fall slightly for the first time since 2010, although the sales volume was still on a high level. But this did not stop CLAAS from expanding its market position in Western Europe, its core market.

Sales by Region

in € million / in % compared to prior year



Forage harvester sales were up slightly on the very strong prior-year level. CLAAS has been the global market leader in forage harvesters for many years. Demand for our premium product was particularly encouraging in China.

Although down slightly on the very positive prior-year level, demand for forage harvesting machinery and balers remained stable. These product groups maintained their strong market positions – and the forage harvesting machinery even expanded its market position – while the market environment remained stable.

Total sales of spare parts, accessory components, and used machinery rose further year on year, as did sales in the service business. The share of these in total sales continues to grow in importance.

Regional differences in sales development

Sales in Western Europe, the most important agricultural equipment market for CLAAS, were more or less on par with the prior year at €2,375.1 million (prior year: €2,420.4 million). This region alone made up approximately 62.1% of total sales (prior year: 63.3%).

Germany and France, the countries in Western Europe with the highest sales figures, together contributed 43.5% to total sales (prior year: 45.1%); nevertheless, growth varied from one country to the next. Sales in Germany rose by approximately 4.1% to €870.8 million. Following years of double-digit growth, sales in France, on the other hand, fell by some 10.6%, but were still high at €793.4 million.

Sales generated in the Rest of Western Europe increased by 2.0% to €710.9 million; however, growth varied from one country to the next. The United Kingdom, Italy, and Spain were among the regions with the highest sales figures.

Although total sales generated in the Central and Eastern European countries fell to €707.5 million year on year following strong growth in prior years, sales were still up significantly overall as against the high level seen in 2011 (€624.2 million). The Eastern European countries were primarily responsible for the drop in sales, with developments in the Russian Federation and Ukraine, and particularly the ongoing political uncertainties in the latter, playing a key role. The share of total CLAAS Group sales contributed by Central and Eastern Europe fell from 21.6% to 18.5% year on year.

Income Statement (Summary)

	2014		2013	
	in € million	in %	in € million	in %
Net sales	3,823.0	100.0	3,824.6	100.0
Gross profit on sales	920.2	24.1	977.1	25.5
Operating income	184.4	4.8	332.4	8.7
Financial result	-29.3	-0.8	-37.1	-1.0
Income before taxes	155.1	4.1	295.3	7.7
Net income	**113.1**	**3.0**	**212.3**	**5.6**

Sales generated outside Europe increased by 27.8% to a total of €740.4 million; however, here, too, growth varied from country to country. Sales generated in North America, Africa, and Asia – mainly in India, Japan, and especially China – developed particularly well, which is not least the result of successfully developing our own distribution structures and the acquisition of Chinese agricultural machinery manufacturer Jinyee. The positive development in these regions fully offset the sales drops in other non-European countries, such as in Argentina.

Earnings

Operating income down considerably to €184.4 million year on year
While net sales were on par with the prior year, cost of sales increased by 1.9% to €2,902.8 million, primarily due to a change in the product and country mix as well as higher expenses for the implementation of new emission standards. Personnel expenses and the depreciation of property, plant and equipment also rose. A growing after-sales business, in particular, had a positive impact. Overall, gross profit on sales declined year on year from €977.1 million to €920.2 million, corresponding to a gross profit margin of 24.1% (prior year: 25.5%).

Selling, general, and administrative expenses rose by a total of some €23.2 million, or 4.8%, against the prior-year period to €511.5 million. The costs contain the expenses for the further expansion of sales structures in Europe and Asia in order to strengthen and systematically expand market positions in these regions. The ratio of selling expenses and general and administrative expenses to total sales rose from 12.7% to 13.4%. A cost-cutting and efficiency program was therefore implemented at the end of the fiscal year.

Research and development investments totaled €212.3 million (prior year: €197.0 million). Research and development expenses after adjustment for capitalized and amortized development costs amounted to €190.4 million in the reporting year (prior year: €181.2 million). These expenses include expenses relating to the development and renewal of the CLAAS product portfolio as well as those for the implementation of new emission standards. The share of research and development expenses in net sales amounted to 5.0% (prior year: 4.7%); the capitalization ratio was 19.2% (prior year: 19.6%).

Functional costs include the amortization of intangible assets and depreciation of property, plant and equipment of €79.7 million (prior year: €75.8 million).

Expense Structure by Functional Cost

	2014		2013	
	in € million	in %	in € million	in %
Net sales	3,823.0	100.0	3,824.6	100.0
Cost of sales	2,902.8	75.9	2,847.5	74.5
Selling expenses	402.3	10.5	383.8	10.0
General and administrative expenses	109.2	2.9	104.5	2.7
Research and development expenses	190.4	5.0	181.2	4.7

Other operating income, which is the balance of other operating income and other operating expenses, amounted to €-33.9 million (prior year: €24.7 million). The positive effect from the reversal of provisions no longer needed in their entirety was offset by increases in expenses from the measurement of receivables and an impairment for the facility under construction in Krasnodar, Russia. This measurement covers risks that could arise from future economic and political developments in Eastern Europe. All in all, we are sticking to our strategy for this region and will continue to drive forward the expansion of the production site in Krasnodar as planned.

Operating income fell to €184.4 million (prior year: €332.4 million) due to the influences described above.

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 €-29.3 million (prior year: €-37.1 million). The interest rate portion for pension obligations has been recorded in “net interest income/loss” since fiscal year 2014. Prior-year figures have been adjusted accordingly. The performance of the individual components making up the financial result varied: While “income from investments, net” was up on the prior year at €11.9 million (prior year: €8.9 million), “interest expense and income from securities, net” was on par with the prior-year level at €-26.9 million. The other financial result increased by €6.5 million to €-14.3 million, mainly due to foreign exchange gains and losses. The sharp devaluation of currencies in almost all emerging markets resulted in negative valuation effects for the Group companies in the affected regions. This was offset by foreign exchange gains of a firmer US dollar as well as other European currencies in relation to the euro, particularly at the end of the fiscal year.

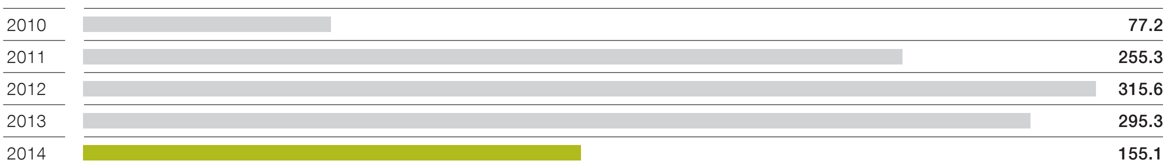
Return on sales of 4.1%
Income before taxes amounted to €155.1 million on the back of the above-mentioned developments (prior year: €295.3 million). The past fiscal year included a negative special effect from the impairment of property, plant and equipment. The return on sales before income taxes amounted to 4.1% (prior year: 7.7%). The CLAAS Group generated EBIT of €194.4 million in fiscal year 2014 (prior year: €334.7 million). The development of sales and earnings is in line with our expectations at the beginning of the fiscal year.

At €113.1 million, the Group’s net income was down €99.2 million on the prior year. The Group tax rate fell slightly year on year, from 28.1% to 27.1%; the return on sales after tax amounted to 3.0% (prior year: 5.6%).

Earnings per share, which relates to the net income attributable to the shareholders of CLAAS KGaA mbH, amounted to €37.37 after €70.48 in the prior year.

Income before Taxes

in € million



Cash Position

Cash Flows

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Cash flows from operating activities down year on year

In fiscal year 2014, CLAAS generated cash flows of €50.4 million from operating activities (prior year: €247.6 million). Net income was reduced in part due to an increase in depreciation, amortization and impairment losses. A rise in the level of funds tied up in working capital and a change in provisions also had a negative effect. The increase in working capital was mainly a result of the storage of engines, which leads to a lag between balance sheet recognition and usage in production. Therefore, this effect on cash flows will be partially reversed in the coming year.

Cash flows from investing activities resulted in outflows of €165.4 million (prior year: outflows of €280.8 million). This year-on-year decrease was primarily caused by the purchases and sales of securities executed in the context of the framework of liquidity management; in total, these resulted in inflows of €21.9 million (prior year: outflows of €115.3 million). Furthermore, capital expenditure for investments in affiliates and investments resulted in a €20.3 million year-on-year increase in outflows. This mainly relates to the acquisition of Jinyee.

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Cash flows from financing activities amounted to €-33.0 million in the reporting year after €18.0 million in the prior year, and was mainly the result of proceeds from and the repayment of loans and bonds; in total, these resulted in outflows of €28.3 million. The second tranche of the US private placement with a nominal value of $110 million in particular led to inflows from financing activities in the prior year.

Cash earnings, an indication of the Group's internal financing power, amounted to €235.9 million (prior year: €276.3 million). The €40.4 million decrease was primarily due to reduced income. This was offset by the year-on-year rise in depreciation, amortization and impairment. The cash flow-to-sales ratio amounted to 6.2% (prior year: 7.2%).

Free cash flow totaled €-136.9 million (prior year: €82.1 million). This change is primarily the result of the above-mentioned effects from operating activities and in particular the storage of engines.

Statement of Cash Flows (Summary)

in € million	2014	2013
Cash and cash equivalents at beginning of year	**516.4**	**536.5**
Cash flows from operating activities	50.4	247.6
Cash flows from investing activities	-165.4	-280.8
Cash flows from financing activities	-33.0	18.0
Effect of foreign exchange rate changes on cash and cash equivalents	1.3	-4.9
Change in cash and cash equivalents	**-146.7**	**-20.1**
Cash and cash equivalents at end of year	**369.7**	**516.4**

Free Cash Flow

in € million	2014	2013
Cash flows from operating activities	**50.4**	**247.6**
Net capital expenditure in intangible assets, property, plant and equipment, borrowings and investments	-187.3	-165.5
Free cash flow	**-136.9**	**82.1**

Liquidity and Financing

Solid liquidity position

As of the reporting date, the CLAAS Group had liquidity of €699.2 million (prior year: €863.7 million) that was mainly invested in time deposits and call money as well as short-term securities. As of September 30, 2014, the CLAAS Group also had financing commitments of €1,055.9 million (prior year: €837.0 million), of which €612.2 million (prior year: €496.4 million) had not been drawn.

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 maturity up to 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 still amounted to $40.0 million. In August 2012, CLAAS undertook an additional US private placement of $300.0 million; this bond was paid out in two tranches in August ($190.0 million) and November 2012 ($110.0 million). The bond matures in 2022 and has a coupon of 3.98% and 4.08% p.a. respectively. The purpose of the bond is to serve the long-term financing of the CLAAS Group.

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Financial liabilities also include a 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.

In addition to bilateral credit facilities from banks of €312.2 million (prior year: €246.4 million), CLAAS also has access to a flexible syndicated loan of €300.0 million with a term until 2019 to provide additional funding.

Net Liquidity

in € million	Sept. 30, 2014	Sept. 30, 2013
Cash and cash equivalents	369.7	516.4
Securities	329.5	347.3
Liquid assets	**699.2**	**863.7**
Financial liabilities*	616.5	476.3
Net liquidity	**82.7**	**387.4**

*excluding derivative financial instruments

The subordinated perpetual securities that had been classified as equity at that time in the amount of €80.0 million were called at the earliest possible time in August 2014. This means that this equity capital instrument was changed into a current financial liability. It was repaid in October 2014.

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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 €180.8 million as of September 30, 2014 (prior year: €134.1 million).

Net liquidity at €82.7 million

CLAAS again reported high levels of capital expenditure in fiscal year 2014. This, together with a rise in the level of funds tied up in working capital and a reduction in earnings, resulted in a €164.5 million drop in liquidity to €699.2 million. At the same time, financial liabilities increased by €140.2 million to €616.5 million, and is mainly due to the payment obligation for the subordinated perpetual securities that had been classified as equity in the prior year as well as the rise in liabilities to banks from the first-time inclusion of CLAAS Jinyee in the CLAAS Group. Net liquidity as of the reporting date amounted to a total of €82.7 million (prior year: €387.4 million).

The influences described reduced the share of liquid assets in total assets to 22.5% (prior year: 29.5%), though they remained on a high level. The Company's solid liquidity position is also reflected in the cash ratio, which amounted to 54.9% as of September 30, 2014 (prior year: 86.4%). The primary reason for the year-on-year change in the cash ratio was the lower level of liquid assets in combination with higher current liabilities.

Balance Sheet (Summary)

	Sept. 30, 2014		Sept. 30, 2013	
	in € million	in %	in € million	in %
Non-current assets	942.5	30.3	820.4	28.0
thereof: intangible assets	(196.8)	(6.3)	(140.3)	(4.8)
thereof: property, plant and equipment	(486.2)	(15.6)	(460.0)	(15.7)
Current assets	2,170.6	69.7	2,105.5	72.0
thereof: inventories	(934.9)	(30.0)	(729.7)	(24.9)
thereof: trade receivables	(314.4)	(10.1)	(289.4)	(9.9)
thereof: liquid assets	(699.2)	(22.5)	(863.7)	(29.5)
Total assets	**3,113.1**	**100.0**	**2,925.9**	**100.0**
Equity	1,183.2	38.0	1,226.7	41.9
Non-current liabilities	656.1	21.1	700.0	23.9
thereof: financial liabilities	(280.0)	(9.0)	(350.8)	(12.0)
thereof: provisions	(306.8)	(9.9)	(273.0)	(9.3)
Current liabilities	1,273.8	40.9	999.2	34.2
thereof: trade payables	(240.9)	(7.7)	(207.3)	(7.1)
thereof: provisions	(494.3)	(15.9)	(521.9)	(17.8)
Total equity and liabilities	**3,113.1**	**100.0**	**2,925.9**	**100.0**

Financial Position

Total Group assets rise to €3,113.1 million
The prior-year figures were adjusted to improve comparability due to the retrospective application of the amended IAS 19. This resulted in a €45.3 million rise in pension obligations for fiscal year 2013, while equity was reduced by €24.3 million as of the end of fiscal year 2013. Other assets were also increased by €8.6 million. None of the other effects from the adjustment were of any significance.

Total Group assets rose by €187.2 million year on year to €3,113.1 million.

Non-current assets increased by a total of €122.1 million to €942.5 million, with their share in total assets up slightly year on year at 30.3% (prior year: 28.0%).

Intangible assets in the amount of €196.8 million (prior year: €140.3 million) include development costs recognized as an asset of €141.8 million (prior year: €116.1 million). The lion's share of the €70.7 million in additions in the fiscal year was attributable to development costs recognized as an asset and the goodwill from the Jinyee interest (prior year: €49.8 million). The amortization and impairment of intangible assets amounted to €25.2 million (prior year: €26.0 million).

please refer to page 90 f.

Property, plant and equipment increased by €26.2 million to €486.2 million. A total of €123.0 million (prior year: €123.3 million) was invested in fiscal year 2014, mainly in the expansion and modernization of production sites in Russia, China, North America, France, and Germany. Changes in the scope of consolidation also resulted in a €20.1 million rise in property, plant and equipment. Depreciation and impairment on property, plant and equipment amounted to €108.4 million (prior year: €57.3 million). The depreciation, amortization and impairment losses for fiscal year 2014 include the special effect from the €49.9 million impairment for the production site under construction in Krasnodar, Russia. This impairment has no effect on the planned completion of this plant.

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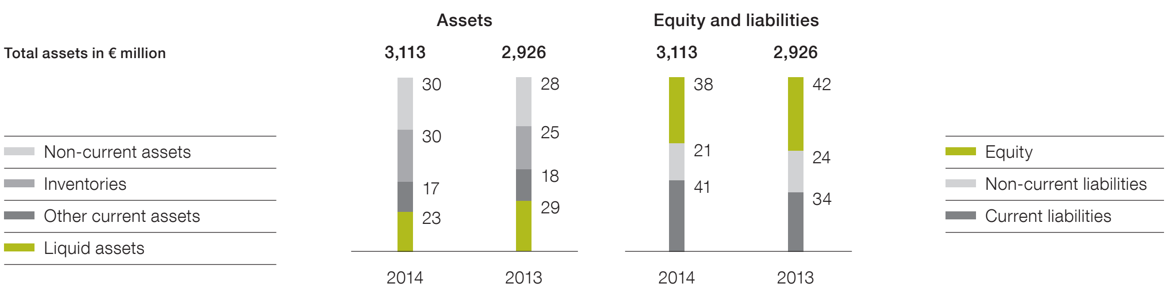
Balance Sheet Structure

in %



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Equity-accounted investments and other investments (€84.7 million) mainly related to investments in CLAAS Financial Services companies. This figure is up €6.5 million year on year and was primarily driven by earnings contributions.

Current assets increased by a total of €65.1 million year on year to €2,170.6 million as of the balance sheet date; at the same time, their share of total assets fell from 72.0% in the prior year to 69.7%.

Inventories totaled €934.9 million (prior year: €729.7 million). The rise was mainly due to changes in raw materials, consumables, and supplies due to engine storage as well as the first-time inclusion of CLAAS Jinyee. The increase in inventories also resulted in a rise in working capital, which increased by €154.5 million, or 18.3%, year on year to €998.1 million. The share of working capital in increased total assets rose to 32.1% (prior year: 28.8%).

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Trade receivables increased by €25.0 million to €314.4 million. Average receivables turnover amounted to 7.9% (prior year: 7.6%). At 43 days, the average Days Sales Outstanding (DSO) adjusted for ABS receivables was up slightly on the prior-year figure of 39 days.

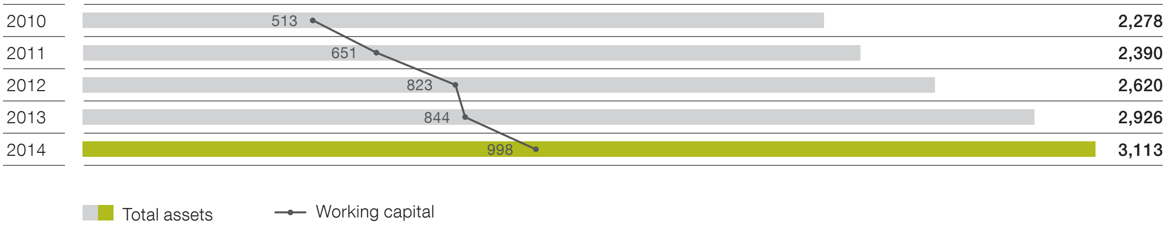
Liquid assets, which are composed of cash and cash equivalents plus current securities, fell by €164.5 million to €699.2 million (prior year: €863.7 million). At 22.5%, their share in increased total assets was down against the prior year (29.5%).

Equity-to-assets ratio at 38.0%

Equity of the CLAAS Group as of September 30, 2014 decreased by €43.5 million to €1,183.2 million year on year, mainly due to the termination of the subordinated perpetual securities that had been classified as equity (€80 million) in August 2014, the retrospective adjustments from the initial application of the amended IAS 19 as well as the dividend payments. Net income of €113.1 million, corresponding to return on equity of 9.6% (prior year: 17.3%), had a positive effect. The equity-to-assets ratio, that is to say, the share of equity in total assets, amounted to 38.0% (prior year: 41.9%), while total Group assets rose by 6.4%.

Non-current liabilities decreased by a total of €43.9 million, or 6.3%, to €656.1 million, primarily due to the reclassification of non-current financial liabilities to current financial liabilities. This was offset by an increase in pension provisions.

Working Capital to Total Assets
in € million



Pension provisions as of the reporting date amounted to €263.3 million (prior year: €231.7 million). This was primarily due to the reduction of the discount rate for pension obligations.

Current liabilities increased by a total of €274.6 million to €1,273.8 million, primarily due to the increase in financial liabilities, trade payables and bills, and was offset by a decrease in provisions.

The rise in financial liabilities was due to the reclassification of non-current financial liabilities to current financial liabilities as well as, in particular, higher liabilities to banks and the repayment obligation following the termination of the subordinated perpetual securities that had been classified as equity at that time. The increase in liabilities to banks is essentially due to the first-time inclusion of CLAAS Jinyee in the CLAAS Group.

Trade payables amounted to €240.9 million, up €33.6 million on the prior year (€207.3 million).

Current provisions fell by a total of €27.6 million to €494.3 million. This was largely due to decreased income taxes as well as sales and personnel commitments.

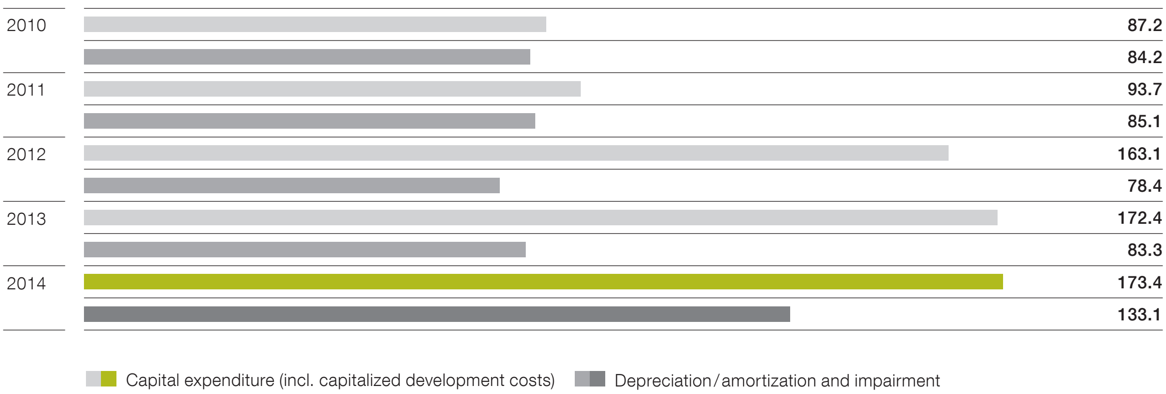
The share of current and non-current provisions in total equity and liabilities amounted to 25.8% (prior year: 27.1%).

Sound asset and capital structure
Non-current assets were covered by long-term financing, consisting of equity and non-current liabilities, at a ratio of 195.2% as of the balance sheet date (prior year: 234.9%). Non-current assets plus 50.0% of inventories were financed by long-term financing at a ratio of 130.5% (prior year: 162.6%). These figures demonstrate that the CLAAS Group continues to have a sound 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 remains stable year on year at €173.4 million

Capital expenditure of the CLAAS Group was up slightly year on year at €173.4 million. This includes major investments in production sites, new technologies and products. More than half of capital expenditure was made abroad. Capital expenditure exceeded depreciation, amortization and impairment (€133.1 million). The ratio of capital expenditure to sales stood at 4.5% (prior year: 4.5%). Including financial investments, CLAAS invested a total of €196.3 million in fiscal year 2014 (prior year: €175.7 million). The acquisition of a stake in Chinese agricultural equipment manufacturer Jinyee also played a major part in the increase in investments.

Investment in property, plant, and equipment was focused on the expansion and modernization of production sites, particularly those in Russia, China, North America, France, and Germany. The extension of the facility in Krasnodar, Russia is set to be completed next year on schedule. In China, following the initial consolidation of Jinyee, investment was focused on expanding infrastructure and modernizing production facilities. In Columbus, U.S., the spare parts warehouse has been expanded in line with the structural requirements of ever-increasing activity in the U.S. market.

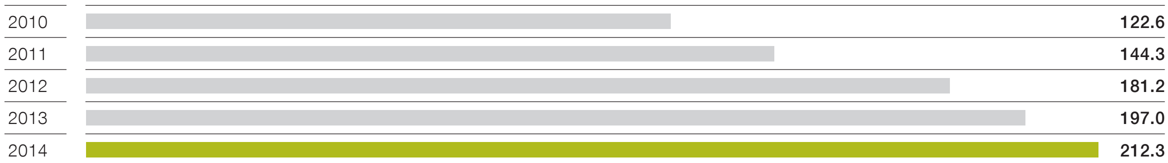
CLAAS also invested in standardizing the market presence of its global distribution and dealer network.

As in the prior year, investments in the testing and production of new products made within the scope of the extensive development program, accounted for a major share of capital expenditure.

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

Research and Development Costs*

in € million



*Before capitalized and amortized development costs.

Research and Development

Research and development are a key success

Research and development have always been top priority at CLAAS. Our research is about anticipating trends, customer wishes, and the future requirements of agricultural equipment; research is implemented from the development phase right through to series production. Our aim is to offer customers innovative products that are tailored to their requirements and offer optimum comfort and intelligent technological solutions for efficient agricultural processes.

A key factor in the success of our products is the competency, creativity, and motivation of our employees in research and development. On September 30, 2014, 1,246 people (prior year: 1,109) were employed in research and development at CLAAS; this accounts for 10.9% of the total workforce.

The number of patents is a reflection of our innovation and long-term competitiveness. As in the prior year, CLAAS filed patents for 110 developments in fiscal year 2014. CLAAS therefore has over 3,500 active patents worldwide.

€212.3 million for research and development

CLAAS plays an active role in shaping agricultural equipment of the future with pioneering innovations. That's why CLAAS once again made major investment of €212.3 million (prior year: €197.0 million) in research and development in fiscal year 2014. Development costs of €40.8 million (prior year: €38.6 million) were capitalized, equating to an R&D capitalization ratio of 19.2% (prior year: 19.6%). The amortization and impairment of capitalized development costs amounted to €19.0 million (prior year: €22.8 million) in the reporting year. The ratio of research and development costs to sales recognized in profit and loss remained at a high level of 5.6% (prior year: 5.2%). These focused on new models and developments in the area of combines and tractors. Furthermore, CLAAS also worked systematically on the implementation of new engine emission standards.

Innovative products and developments

The most important combine projects are related to the development of our premium products LEXION and TUCANO and their successor models. The new TUCANO is set to be launched in three separate models during an early sales program in late summer. When it comes to design, comfort, and operation, TUCANO has been given the components and features usually reserved for higher power ranges. A key difference to the previous TUCANO is the new turret auger on the grain tank, which can increase the discharge rate by an average of 30%. In addition, the TUCANO's threshing performance was also improved.

There have also been some major new developments in relation to cutterbars. The new VARIO 930 and 770 cutterbars have an infinitely adjustable cutterbar table with integrated rapeseed plates. This allows the rapeseed plates to be operated quickly and simply from the cab.

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

The new JAGUAR 900 and 800 forage harvesters were successfully launched into the market. Each series offers high-performance engines that comply with Tier 4i emission regulations. With the spacious and comfortable CLAAS VISTA CAB offering excellent visibility in all directions and excellent soundproofing as well as the CEBIS on-board information system for simple operation and quick control of all key machinery data, coupled with EASY features for straightforward data communications and a reduced operator workload, CLAAS has once again raised the bar when it comes to comfort and ease of operation. In addition, a new hydraulic system and the automatic engine adjustment generated by DYNAMIC POWER mean that the JAGUAR forage harvester can provide the optimal amount of power exactly when it is needed.

After countless innovations for tractors in the performance segment above 140 hp in the last few years, CLAAS also proved its innovative mindset in the performance segment below 140 hp in the prior fiscal year. The new ARION 400 has been given a complete overhaul and offers the right tractor for any purpose with six different models with a performance range between 85 and 140 hp and a whole series of optional features. It is the first tractor in the 85 to 140 hp performance range that meets Tier 4f emissions regulations.

In the new ELIOS 240, CLAAS also unveiled a brand-new tractor that can reach places that are inaccessible to conventional tractors thanks to its low center of gravity and low overall height. The ELIOS 240 is the ideal solution for transportation using light trailers as well as for use with narrow forage harvesting machinery. It is available in four different models with a performance range from 75 to 103 hp, all of which meet Tier 4i emissions regulations.

FARMING 4.0 is a pilot project between CLAAS and Deutsche Telekom; it has already entered the second phase of testing after initial trials. The FARMING 4.0 project is about developing software that reduces the workload for operators of machinery. The aim is to allow machines to communicate with each other to ensure improved and more efficient processes.

The CLAAS forage harvesting technology range has been further refined to meet customer requirements. The brand-new MAX CUT mower bars enlarge cutting area and ensure optimal cutting quality. The mower bars also ensure optimum crop flow, with extra-wide skids with a spoiler effect making sure the crop stays clean. ACTIVE FLOAT hydropneumatic suspension guarantees the best possible feed quality while reducing fuel consumption. Brand-new DISCO mowers, from the compact CONTOUR rear mower to the high-end DISCO AUTOSWATHER and all DISCO F / FC / FRC models are now equipped with the new MAX CUT mower bars. This enables our customers to work with even greater precision and efficiency.

Design awards
Three CLAAS models, the AXION 800, the JAGUAR 800, and the SCORPION 9055-7044 telescopic loader, were awarded the prestigious “iF product design award 2014” for their outstanding design quality by an international jury of experts. The AXION 800 model already won the “Machine of the Year 2014” and “Tractor of the Year 2014” awards last year. In February 2014, CLAAS also received the “iF gold award” in the “Automotive” category for the design of the machine.

Purchasing

Fiscal year 2014 was also shaped by declining commodity prices, a situation CLAAS capitalized on in its production materials purchasing. Major price reductions were secured, particularly in purchasing steel and rubber products. In addition, the temporarily more robust euro also bolstered purchasing in countries with different currencies.

CLAAS has developed its 2020 purchasing strategy in order to sustain the major contribution purchasing makes to the success of the Company. Key goals include the establishment of best practices in agricultural engineering in relation to processes, organization, employees, and performance, securing particularly innovative contributions from suppliers, and locking in the superior quality and competitive costs for products and services. CLAAS defined key parameters and measures and set up a number of different projects in order to achieve these strategic goals.

In the reporting year, we set up an International Purchasing Office near Shanghai, which has already been able to support the first wave of purchasing projects. Even more, purchasing activities have been expanded further, particularly in Turkey and in North America (localization and local sourcing).

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

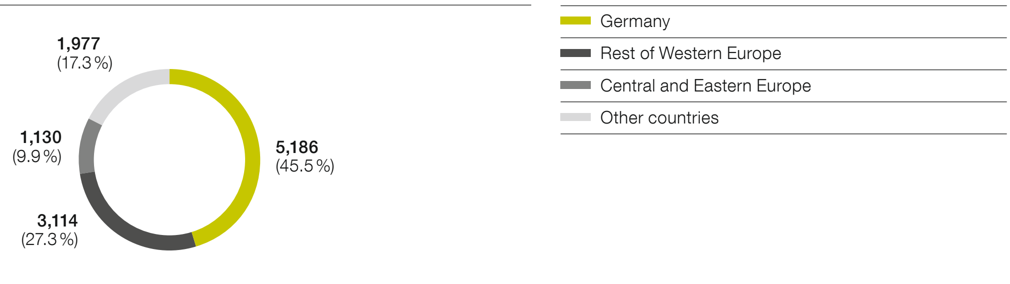
In logistics purchasing, the newly developed concept for the distribution of forage harvesting machinery was successfully implemented. Aside from cost savings, we also anticipate major improvements in logistics and inventory management. In the outbound segment, the sales partner “collection” model has been discontinued. This has allowed goods volumes to be pooled, creating cost benefits, and a workable logistics process to be guaranteed right through to the customer.

Major investment projects were pushed forward in non-production materials purchasing. These include the expansion of the Russian site, with substantial investment in manufacturing materials.

In addition, CLAAS is implementing a comprehensive marketplace concept that will be a major addition to the existing electronic catalogues.

With the aim of improving contract management, we have introduced brand-new software that allows purchasing employees at all CLAAS sites to perform quick and significant analysis of the entire purchasing volume of the CLAAS Group.

Employees by Region



Employees

A long-term outlook
A long-term mindset and appreciation are absolutely paramount at a family-owned business like CLAAS. The Company's corporate culture is shaped by employees' emotional bond to CLAAS products, commitment that goes above and beyond usual standards, and future-oriented thinking and actions.

Continuity and responsibility are key factors in human resources at CLAAS, which foster employees' trust in the Company and lay the foundations for safe jobs and professional development.

CLAAS Group continues to grow
As of September 30, 2014, the CLAAS Group employed a total of 11,407 people (prior year: 9,697), 54.5% of which (prior year: 48.7%) outside of Germany. The year-on-year rise largely resulted from the acquisition of Chinese agricultural equipment company Jinyee, which has over 1,200 employees, and further expansion of sales activities. This resulted in further internationalization at CLAAS. The lion's share of employees outside of Germany, 22.2%, are employed in France, followed by China (11.4%) and Hungary (5.9%).

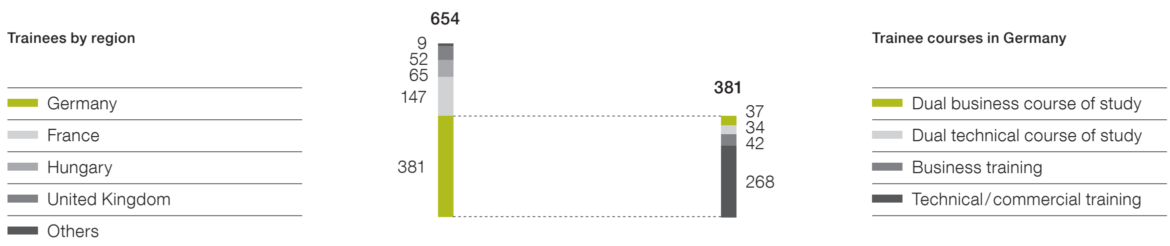
please refer to page 112

Our corporate group features a balanced age structure and low level of employee fluctuation. In Germany, the average age as of the reporting date stood at 40, and 39 in other European companies.

Personnel expenses rose in fiscal year 2014 by 5.6% to €627.0 million (prior year: €594.0 million). This equates to a share in Group sales of 16.4% (prior year: 15.5%). The year-on-year rise was largely the result of the initial consolidation of CLAAS Jinyee as part of the CLAAS Group.

Securing new talent
Finding qualified young talent and internal personnel development are especially important for CLAAS. Systematic training and personnel development are key elements in the implementation of the CLAAS strategy. 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, Hungary, the United Kingdom, and India. A total of 654 people were in vocational training throughout the Company at the end of the fiscal year (prior year: 565).

Trainees



The ratio of trainees to full-time equivalents in Germany was 7.3% (prior year: 7.2%). This has been at a constantly high level for many years.

Technology companies such as CLAAS must constantly work to improve the expertise of their employees. At CLAAS, this is achieved through a Group-wide seminar and training program with personnel development measures that are tailored to the respective target groups. The focus is on developing methods individually along with specialist knowledge and social competence as well as working to promote intercultural cooperation on an international basis. Project managers and other management executives also have the chance to take part in individual development programs.

International expansion of personnel development and marketing

The role of CLAAS as an employer is promoted internally and externally through systematic personnel marketing. Activities are offered for the widest range of employees. By maintaining close contact with technical colleges and universities in a number of different countries, CLAAS fosters the interest of up-and-coming students in a variety of technical and business-related fields in the Company. A targeted mixture of measures enables the Company to attract highly qualified students on a regular basis.

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

In a study commissioned by trendence Institut GmbH, Berlin, Germany, CLAAS was named in the top 100 employers in Germany in the German Engineering Edition 2014 for the fifth year in a row; it is currently in 31st position (prior year: 56th). It makes us proud that CLAAS received the Employer Branding Award 2014 in the category “Best University Marketing.”

As part of the international trainee program, which is geared toward promoting and planning for the next generation of talent, a total of 60 students have the chance to prepare for a management position at CLAAS. As a program designed especially for the CLAAS Group, it is offered at a national level, focusing on various topics.

The focus in the United States is on sales, while France, Russia, India, and Hungary focus on engineering. The program is complemented by targeted “on-the-job” education and tailor-made training, the use of personal mentors, and regular development meetings. CLAAS will continue to use this trainee program moving forward to uncover and support the best talent in the world and safeguard the next generation of CLAAS employees.

Fair remuneration and fringe benefits

CLAAS fosters loyalty among its employees by means of versatile and challenging roles and attractive remuneration packages. International remuneration analysis and regular salary reviews are the basis for a performance- and market-oriented pay structure with interesting fringe benefits.

Aside from the chance to invest salary components into pension products, all employees can also become silent partners at CLAAS through CMG Claas-Mitarbeiterbeteiligungs-Gesellschaft mbH.

CLAAS is highly conscious of the challenge of balancing family and work. Flextime and part-time models and the opportunity to work from a home office environment enable many employees, particularly in European companies, to balance their working lives with individual requirements.

Activities to promote and maintain employee health at CLAAS is a key part of the overall concept of forward-looking human resources, especially in view of the demographic change taking place.

Risks and Opportunities

Internal control and risk management system

As a globally active corporate group, CLAAS is subject to various types of risk. Systematically identifying, measuring, and adequately responding to these risks at an early stage are key components of the CLAAS risk management system. 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 endanger 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 for external reporting, 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, evaluated, and documented on an ongoing basis. Risk assessment takes place over a period of at least two years; however, some risks are identified and monitored that extend over a longer time frame. The management report usually covers a period of twelve months. Risks are assessed on the basis of the probability of occurrence of an estimated maximum liability risk before the implementation of countermeasures.

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 within the scope of training courses 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 processes at companies in Germany and abroad. It determines whether legal requirements and internal instructions are being adhered to, and 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. Internal audit activities, such as annual and audit planning, documentation of audit activities and results, reporting, and follow-up measures, are supported by audit software.

More detail on the main risks and opportunities is provided below:

Market 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. In view of global demand trend for agricultural equipment, markets in Asia and Central and Eastern Europe are of particular importance for the CLAAS Group. These markets have huge potential; however, CLAAS sales activities are hampered in some countries in these regions on account of the prevailing market conditions there. These include customs barriers, minimum requirements relating to the share of local manufacturing, or political insecurity. At the same time, there are opportunities that go above and beyond current planning that can emerge from quicker growth in markets with a comparatively low level of mechanization. Risks and opportunities are managed centrally by monitoring and evaluating market-related indicators in conjunction with the risks of specific countries.

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 in response to changing customer requirements and reactions from competitors.

Research and development risk
Along with controlled risk-taking, acting entrepreneurially at CLAAS also involves dealing in depth with all risks along the value-added chain. With innovation cycles becoming increasingly shorter, research and development plays a pivotal role. The aim is to ensure that innovative and technically mature products are developed and brought to market for the benefit of customers. Risks from possible mistakes in development, increased start-up costs for new products, or delays to product launches are counteracted through the systematic expansion and ongoing monitoring of research and development activities. At the same time, these activities safeguard the technology edge of CLAAS and therefore its competitive advantage. For a comprehensive description of these activities, please see the “Research and development” section. CLAAS counteracts the risk that products may not be developed within the planned time frame, at sufficient levels of quality, or at the specified costs by continuously and systematically monitoring the progress of all projects using a clearly defined development process.

Purchasing risks
On the procurement market, risks arise from supplier outages and quality issues, as well as from the availability and price of commodities such as steel. Suppliers are carefully selected in order to avoid any delays or quality problems. What's more, suppliers are subject to systematic technical and financing auditing.

Production risk
In the CLAAS 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. In addition, advantageous insurance contracts protect CLAAS from the effects of production outages. 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 predefined standards of quality.

Personnel risk
CLAAS has a constant need for highly qualified specialists and management executives. CLAAS does not see itself exposed to risks arising from a shortage of certain types of employees on the labor market and resulting delays in finding successors for critical positions. With its personnel strategy, CLAAS focuses above all on junior staff advancement as well as systematic training and personnel development. Aside from dual study programs, the CLAAS junior staff advancement and succession planning trainee program ensures a steady supply of highly qualified employees. In addition, CLAAS also offers measures to promote and maintain employee health. For a comprehensive description of personnel activities, please see the "Employees" section.

IT risk
Business processes at CLAAS are supported by high-performance, state-of-the-art IT systems. 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. In order to avoid disruption, CLAAS places particular importance on standardized hardware and software environments, the integrity and safety of data, and on permissions management. Reliable data backup systems are completed by systematic and varied employee training.

Legal risk

CLAAS is exposed to all manner of risks relating to tax, competition, patent, and liability regulations and legislation. If necessary, decisions at the CLAAS Group are only made after intensive legal advice, so as to avoid these risks. Selected risks are transferred to insurance companies by means of global master policies and national framework agreements on a uniform basis across the Group.

Financial risk

The CLAAS Group is exposed to risks and opportunities from changes to exchange rates and interest rates on account of its business activities. On the procurement side, the CLAAS Group is exposed to commodity risk and risk related to its ability to ensure supplies. Credit risks that could result from payment default or delayed payments are minimized through effective receivables management, close cooperation with banks, and credit insurance. Liquidity risk can result from a significant decline in operating business performance or as a result of the risk categories mentioned above. These risks are identified for the entire CLAAS Group and measured, monitored, and managed centrally by Group Treasury. The hedging instruments primarily used are foreign exchange outrights and options, as well as cross-currency swaps and interest rate swaps. The risk management software in use enables independent evaluations, performance measurement, and forward-looking scenario simulations of financial instruments. CLAAS is fully compliant with the risk management requirements the EMIR directive (European Market Infrastructure Regulation) imposed by the European Parliament and the European Council on non-financial counterparties below the clearing threshold.

CLAAS counters potential liquidity risks by maintaining sufficient financing commitments and cash and cash equivalents as well as through its ABS program and international cash management strategy.

please refer
to page 105 ff.

Risk management in relation to financial instruments as well as the quantifying of concluded hedging instruments is explained in Notes 36 and 37 of the consolidated financial statements.

Strategic refinancing risks are managed at CLAAS by a relatively long duration target for drawn borrowings.

In the area of dealer and sales financing, the CLAAS policy of following a captive financing model only to a limited extent has only 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.

Overall risk assessment
According to the information we are aware of today, there are currently no risks that could endanger the existence of the CLAAS Group or any of its major subsidiaries as going concerns, either individually or in conjunction with other risks.

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, 2014, or that are subject to disclosure requirements.

Outlook

Economic environment
Macroeconomic development is likely to hinge on geopolitical developments around the world, with regional development expected to be varied. 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. By contrast, total economic output in the U.S. is set to rise by 3%. Economic growth of over 5% is anticipated in emerging markets. In Eastern Europe, economic growth is only expected to reach 1% due to forecasts in Russia. Asia remains the driving force of the global economy with expected growth of almost 7%.

The U.S. Department of Agriculture forecasts that global crop production (including rice) will remain stable in the upcoming crop year 2014/2015; the forecast for 2014/2015 stands at 2,469 million tons. High production volumes will intensify pricing pressure on the markets, which is why farmers' incomes are expected to fall from their current high levels in many regions.

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. Despite the quota increases since 2009, the abolition of the milk quota in March 2015 could have a structural effect on the agricultural industry.

Further development in the Eastern European agricultural equipment market will strongly depend on the political and economic frameworks. The political situation in Ukraine as well as the progressive protectionism being practiced by Russia is likely to negatively impact the markets. There is currently no way to foresee the further development and possible consequences of these effects.

The North American agricultural equipment market remains at a high level, but is likely to continue to decline slightly moving forward. Falling corn and soya prices could lead to losses among farmers and may continue to limit willingness to invest, especially in high-performance agricultural machinery.

Agricultural equipment markets in Latin America are likely to decline after the extremely positive harvests of prior years. In Argentina, political and economic uncertainty will have a negative impact on willingness to invest in agricultural equipment. In Brazil, rising inflation coupled with high interest on loans could lead to reticence in terms of investment.

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

All in all, CLAAS assesses the market trend as slightly negative for the coming fiscal year. It is currently not possible to foresee the impact of political and economic developments in countries such as Ukraine, Russia, or Argentina and the consequences for markets in Eastern Europe and Latin America. However, global agricultural equipment production is set to remain at a high level overall. Rising crop production volumes (including rice) could cause prices to fall even further, which is also likely to have implications for agricultural incomes. However, the positive framework for the agricultural industry with rising demand for agricultural commodities, which stems from population growth and rising prosperity, will – barring any short-term fluctuations – remain in the long term.

General risks result from, among other things, unforeseen climatic influences, political unrest, and trade bans, as well as the budgetary and debt crisis affecting a number of countries in the euro zone. Risks also arise from the volatility of procurement prices for energy, steel, and other commodities, as well as from the performance of currencies significant to CLAAS, such as the U.S. dollar, the British pound, and the Russian ruble. We monitor these risks carefully and take appropriate measures where necessary.

Stable business performance expected

Given this market assessment, we expect sales and overall business performance to remain stable year on year thanks to our solid market position. That being said, trade sanctions, financial sanctions, and other sanctions imposed against the Russian Federation by the European Union, the U.S., and other countries, as well as countermeasures taken by the Russian Federation in relation to the European Union, mean that negative effects on the sales, income, and assets of the CLAAS Group cannot be ruled out. We will continue to systematically pursue our strategy and strengthen the position of our products in the growth markets Eastern Europe and Asia. Our investment volume is expected to remain at 2014 levels, although we will respond flexibly to changing market conditions. The development of innovative products and intelligent technologies will continue apace in the current fiscal year. However, it will take a certain amount of time for the expenses associated with such development work to be recouped by the corresponding revenues. The measures already implemented to increase efficiency and reduce costs are expected to have a positive impact on income. We anticipate income before taxes to remain stable year on year in fiscal year 2015.

Consolidated Financial Statements

Consolidated Income Statement*

of the CLAAS Group for the fiscal year from October 1, 2013 to September 30, 2014

in € '000	Note	2014	2013
Net sales	(7)	3,822,961	3,824,646
Cost of sales	(8)	-2,902,730	-2,847,528
Gross profit on sales		**920,231**	**977,118**
Selling expenses	(9)	-402,349	-383,804
General and administrative expenses	(10)	-109,176	-104,481
Research and development expenses	(11)	-190,436	-181,184
Other operating income	(12)	73,013	65,898
Other operating expenses	(13)	-106,893	-41,149
Operating income		**184,390**	**332,398**
Income from investments accounted for using the equity method, net		11,133	7,905
Income from other investments, net		733	947
Interest expense and income from securities, net		-26,870	-25,217
thereof: interest and similar expenses		(-39,230)	(-39,454)
Other financial result		-14,252	-20,744
Financial result	(14)	**-29,256**	**-37,109**
Income before taxes		**155,134**	**295,289**
Income taxes	(15)	-42,029	-82,947
Net income		**113,105**	**212,342**
thereof: attributable to shareholders of CLAAS KGaA mbH		112,102	211,429
thereof: attributable to minority interests		1,003	913

*Prior-year figures adjusted due to the initial application of the amended IAS 19

Consolidated Statement of Comprehensive Income*

of the CLAAS Group for the fiscal year from October 1, 2013 to September 30, 2014

in € '000	2014	2013
Net income	**113,105**	**212,342**
Items to be reclassified subsequently to profit or loss		
Net unrealized gains/losses from currency translation	-4,789	-14,403
Net unrealized gains/losses from securities	2,760	1,421
Net unrealized gains/losses from derivative financial instruments	-17,245	-3,990
Items never to be reclassified to profit or loss		
Remeasurements of defined benefit pension plans	-20,527	-7,087
Other comprehensive income, after taxes	**-39,801**	**-24,059**
Comprehensive income	**73,304**	**188,283**
thereof: attributable to shareholders of CLAAS KGaA mbH	72,301	187,418
thereof: attributable to minority interests	1,003	865

*Prior-year figures adjusted due to the initial application of the amended IAS 19

Consolidated Balance Sheet*

of the CLAAS Group as of September 30, 2014

in € '000	Note	Sept. 30, 2014	Sept. 30, 2013	Oct. 1, 2012
Assets				
Intangible assets	(16)	196,785	140,330	115,881
Property, plant and equipment	(17)	486,231	459,987	404,287
Investments accounted for using the equity method	(18)	80,751	74,828	66,319
Other investments		3,917	3,375	2,888
Deferred tax assets	(19)	130,703	97,902	83,202
Tax assets		3,679	5,444	7,246
Other financial assets	(22)	19,768	21,758	28,276
Other non-financial assets	(23)	20,680	16,788	13,282
Non-current assets		**942,514**	**820,412**	**721,381**
Inventories	(20)	934,905	729,683	682,141
Trade receivables	(21)	314,374	289,350	294,375
Tax assets		12,891	8,788	7,944
Other financial assets	(22)	162,898	164,551	125,100
Other non-financial assets	(23)	46,357	49,452	36,345
Securities	(24)	329,521	347,283	230,705
Cash and cash equivalents	(25)	369,673	516,413	536,506
Current assets		**2,170,619**	**2,105,520**	**1,913,116**
Total assets		**3,113,133**	**2,925,932**	**2,634,497**
Equity and liabilities				
Subscribed capital		78,000	78,000	78,000
Capital reserves		38,347	38,347	38,347
Other reserves		1,061,891	1,027,550	876,665
Subordinated perpetual securities		-	78,616	78,616
Equity before minority interests		**1,178,238**	**1,222,513**	**1,071,628**
Minority interests		4,978	4,227	5,114
Equity	(26)	**1,183,216**	**1,226,740**	**1,076,742**
Financial liabilities	(27)	280,018	350,816	310,400
Silent partnership	(28)	36,434	33,154	29,800
Deferred tax liabilities	(19)	2,378	3,640	2,614
Other financial liabilities	(29)	30,348	38,301	26,428
Other non-financial liabilities	(30)	195	1,144	778
Pension provisions	(31)	263,338	231,664	210,564
Other provisions	(32)	43,416	41,316	45,035
Non-current liabilities		**656,127**	**700,035**	**625,619**
Financial liabilities	(27)	336,476	125,498	123,255
Trade payables		240,917	207,302	162,720
Tax liabilities		1,439	496	1,473
Other financial liabilities	(29)	125,370	78,200	86,779
Other non-financial liabilities	(30)	75,296	65,790	57,195
Income tax provisions	(32)	18,887	35,694	22,003
Other provisions	(32)	475,405	486,177	478,711
Current liabilities		**1,273,790**	**999,157**	**932,136**
Total equity and liabilities		**3,113,133**	**2,925,932**	**2,634,497**

*Prior-year figures adjusted due to the initial application of the amended IAS 19; for more information, please see Note 6 in the notes to the consolidated financial statements

Consolidated Statement of Cash Flows

of the CLAAS Group for the fiscal year from October 1, 2013 to September 30, 2014

in € '000	2014	2013
Net income	**113,105**	**212,342**
Amortization / impairment of intangible assets and depreciation / impairment of property, plant and equipment	133,565	83,250
Income from investments accounted for using the equity method, net, if non-cash	- 11,133	- 7,905
Change in non-current provisions	4,546	4,393
Change in deferred taxes	- 17,295	- 11,119
Other non-cash expenses (+) / income (-)	13,086	- 4,684
Cash earnings	**235,874**	**276,277**
Change in current provisions	- 38,648	27,382
Income from the disposal of non-current assets and securities	- 2,038	1,916
Change in working capital	- 129,366	- 41,133
thereof: inventories	(- 160,235)	(- 61,879)
thereof: trade receivables	(- 4,083)	(- 1,876)
thereof: trade payables	(- 8,335)	(45,977)
Other change in assets / equity and liabilities, if not investing or financing activities	- 15,445	- 16,868
Cash flows from operating activities	**50,377**	**247,574**
Payments for investments in		
Intangible assets and property, plant and equipment (net of development costs recognized as an asset)	- 128,622	- 130,939
Shares of fully consolidated companies and investments	- 22,718	- 2,395
Borrowings	- 52,281	- 55,339
Receipts from disposals / divestments		
Intangible assets and property, plant and equipment	5,526	1,016
Shares of fully consolidated companies and investments	2,496	351
Borrowings	52,541	63,963
Additions to development costs recognized as an asset	- 44,223	- 42,164
Change in securities	21,854	- 115,290
Cash flows from investing activities	**- 165,427**	**- 280,797**
Proceeds from the increase in loans and the issuance of bonds	399,812	181,572
Repayment of bonds and loans	- 428,117	- 142,291
Repayment of lease liabilities	- 740	- 253
Proceeds from silent partnership	3,279	3,355
Change in liabilities to shareholders	29,901	13,874
Payment to minority shareholders	- 610	- 987
Subordinated perpetual securities payout	- 5,361	- 6,096
Dividend payments	- 31,200	- 31,200
Cash flows from financing activities	**- 33,036**	**17,974**
Net change in cash and cash equivalents	**- 148,086**	**- 15,249**
Effect of foreign exchange rate changes on cash and cash equivalents	1,346	- 4,844
Cash and cash equivalents at beginning of year	516,413	536,506
Cash and cash equivalents at end of year	**369,673**	**516,413**

Consolidated Statement of Changes in Equity*

of the CLAAS Group as of September 30, 2014

			Other reserves								
			Retained earnings		Accumulated other comprehensive income						
in € '000	Subscribed capital	Capital reserves	Accumulated profit	Remeasurements of defined benefit pension plans	Foreign currency translation	Securities	Derivative financial instruments	Subordinated perpetual securities	Equity before minority interests	Minority interests	Equity
Balance as of Oct. 1, 2012	**78,000**	**38,347**	**918,960**	**-18,189**	**-23,078**	**2,364**	**-3,392**	**78,616**	**1,071,628**	**5,114**	**1,076,742**
Net income	-	-	211,429	-	-	-	-	-	211,429	913	212,342
Other comprehensive income	-	-	-	-7,087	-14,355	1,421	-3,990	-	-24,011	-48	-24,059
Comprehensive income	**-**	**-**	**211,429**	**-7,087**	**-14,355**	**1,421**	**-3,990**	**-**	**187,418**	**865**	**188,283**
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
Other changes	-	-	773	-	-	-	-	-	773	-	773
Balance as of Sept. 30, 2013	**78,000**	**38,347**	**1,093,856**	**-25,276**	**-37,433**	**3,785**	**-7,382**	**78,616**	**1,222,513**	**4,227**	**1,226,740**
Net income	-	-	112,102	-	-	-	-	-	112,102	1,003	113,105
Other comprehensive income	-	-	-	-20,527	-4,789	2,760	-17,245	-	-39,801	-	-39,801
Comprehensive income	**-**	**-**	**112,102**	**-20,527**	**-4,789**	**2,760**	**-17,245**	**-**	**72,301**	**1,003**	**73,304**
Dividend payments	-	-	-31,200	-	-	-	-	-	-31,200	-609	-31,809
Subordinated perpetual securities payout	-	-	-5,361	-	-	-	-	-	-5,361	-	-5,361
Consolidation adjustments	-	-	-15	-	-	-	-	-	-15	357	342
Other changes	-	-	-1,384	-	-	-	-	-78,616	-80,000	-	-80,000
Balance as of Sept. 30, 2014	**78,000**	**38,347**	**1,167,998**	**-45,803**	**-42,222**	**6,545**	**-24,627**	**-**	**1,178,238**	**4,978**	**1,183,216**

*Prior-year figures adjusted due to the initial application of the amended IAS 19; for more information, please see Note 6 in the notes to the consolidated financial statements

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 2014 (October 1, 2013 to September 30, 2014). 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 24, 2014 by the Executive Board of CLAAS KGaA mbH. Approval of the consolidated financial statements by the Supervisory Board is planned for December 10, 2014 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 21 (prior year: 20) German and 40 (prior year: 36) foreign companies over which CLAAS KGaA mbH exercises direct or indirect control. In the year under review, 9 (prior year: 3) companies were consolidated for the first time. In fiscal year 2014, 11 (prior year: 10) companies were accounted for using the equity method.

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

Newly Established Companies, Investments in Companies and Divestments

The following companies were newly established and investments acquired in companies in fiscal year 2014:

- CLAAS América Latina Representação Ltda., Porto Alegre/Brazil, newly established company
- Canada West Harvest Centre Inc., Kelowna/Canada, newly established company
- CLAAS Agricultural Machinery Private Limited, New Delhi/India, newly established company
- Etablissements Mouchard S.A.S., Les Authieux Ratieville/France, acquired interest of 35%
- Shandong Jinyee Machinery Manufacturing Co. Ltd., Gaomi/China, acquired interest of 85%

On January 23, 2014, CLAAS acquired an 85% interest in Chinese agricultural machinery manufacturer Shandong Jinyee Machinery Manufacturing Co. Ltd. at a purchase price of €22.1 million, paid in the form of cash and cash equivalents. The company manufactures and sells harvesting machinery in China and will boost our activities in Asia. CLAAS has the right to purchase the remaining interests. This transaction also saw CLAAS assume non-current and current assets of €132.3 million as well as non-current and current liabilities of €129.3 million. A total of €11.9 million of the acquired assets serve to hedge the company's financial liabilities.

Goodwill of €19.6 million is mainly based on the expected future economic benefits.

The company, which now operates under the name CLAAS Jinyee Agricultural Machinery (Shandong) Co. Ltd. (CLAAS Jinyee), has been included in the consolidated financial statements of the CLAAS Group since January 1, 2014. CLAAS now holds 97.3% of the shares in this company following the capital increase in February 2014. CLAAS Jinyee has contributed €114.5 million to the sales and €1.9 million to the earnings of the CLAAS Group since its first-time inclusion.

Effects from changes in the scope of consolidation have been stated in the notes to the consolidated financial statements in the event that these are of particular importance.

There were no material divestments in fiscal year 2014.

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.

Business combinations are accounted for using the acquisition method. If the purchase price exceeds the revalued prorated net assets of the acquired subsidiary, the difference is capitalized as goodwill and subject to an annual impairment test. Any differences arising on the liabilities side are reported as other operating income.

First-time consolidation and deconsolidation are generally undertaken on the date of transfer of control.

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 / €	
		2014	**2013**	**Sept. 30, 2014**	**Sept. 30, 2013**
British pound	GBP	0.82	0.84	0.78	0.84
Hungarian forint	HUF	306.97	295.03	310.62	297.33
Indian rupee	INR	82.61	75.13	77.78	84.75
Polish zloty	PLN	4.18	4.20	4.18	4.23
Russian ruble	RUB	47.42	41.50	50.01	43.80
Ukrainian hryvnia	UAH	14.55	10.71	17.12	11.08
U.S. dollar	USD	1.35	1.31	1.26	1.35
Chinese renminbi	CNY	8.33	8.13	7.76	8.28

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 three 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 5.1% p.a. (prior year: 5.6% p.a.).

Impairment

Impairment tests are carried out either once a year or upon indication of impairment to assess if the value in use of a cash generating unit (CGU) or an asset is lower than its present value. 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 8.9% p.a. and 10.1% p.a. (prior year: 11.6% p.a. and 12.1% 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. 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 are 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 way of 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 provisions are recorded for defined benefit 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.

Provisions for defined benefit plans are based on the actuarial present value of the respective obligation; this is measured using 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 valuation assumptions vary according to the economic conditions of the country in which the pension plans are administered. In Germany, the life expectancy used to calculate the obligation is based on the 2005G K. Heubeck mortality tables. Comparable bases are used in the other countries.

Pension provisions are derived from the balance of the actuarial present value of the defined benefit obligations and the fair value of the plan assets available to cover the pension obligation. The service cost is included in the functional costs in the consolidated income statement. Net interest is included in the financial result.

Actuarial gains and losses on the remeasurement of the net pension liability or net assets are fully recognized in the fiscal year in which they occur. They are recognized directly in other reserves. They will not be recognized in profit or loss in subsequent periods.

The interest rates used for discounting purposes are determined annually as of the balance sheet date on the basis of high-quality, fixed-rate corporate bonds matching the pension payments.

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, it was not assumed that the underlying assumptions and estimates would be subject to material changes.

6. Amendments to Accounting Policies and New Financial Reporting Standards

The following revised and supplemented or newly issued IFRS 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 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
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 13	Fair Value Measurement	Jan. 1, 2013	Jan. 1, 2013	Immaterial
IFRS 7	Financial Instruments: Disclosures (Offsetting Financial Assets and Financial Liabilities)	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
Improvements to IFRSs	Annual Improvement Project 2009 - 2011	Jan. 1, 2013	Jan. 1, 2013	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 16/IAS 38	Acceptable Methods of Depreciation and Amortization	Jan. 1, 2016	No	Immaterial
IAS 16/IAS 41	Agriculture: Bearer Plants	Jan. 1, 2016	No	None
IAS 19	Employee Benefits: Accounting for Employee Contributions to Defined Benefit Plans	July 1, 2014	No	Immaterial
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	Jan. 1, 2014	Immaterial
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	Jan. 1, 2014	Jan. 1, 2014	Immaterial
IFRS 7/IFRS 9	Financial Instruments: Disclosures (Mandatory Effective Date and Transition Disclosures)	Jan. 1, 2018	No	Immaterial
IFRS 9	Financial Instruments: Revision and Replacement of All Existing Standards (Classification and Measurement)	Jan. 1, 2018	No	May change classification and measurement of financial instruments
IFRS 10	Consolidated Financial Statements	Jan. 1, 2013	Jan. 1, 2014	Immaterial
IFRS 10/ IFRS 12/IAS 27	Investment Entities	Jan. 1, 2014	Jan. 1, 2014	Immaterial
IFRS 10-12	Transition Guidance for IFRS 10, IFRS 11 and IFRS 12	Jan. 1, 2013	Jan. 1, 2014	Immaterial
IFRS 11	Joint Arrangements	Jan. 1, 2016	No	Immaterial
IFRS 12	Disclosure of Interests in Other Entities	Jan. 1, 2013	Jan. 1, 2014	Immaterial
IFRS 14	Regulatory Deferral Accounts	Jan. 1, 2016	No	None
IFRS 15	Revenue from Contracts with Customers: New Revenue Recognition Standard	Jan. 1, 2017	No	Immaterial
IFRIC 21	Levies	Jan. 1, 2014	June 17, 2014	Immaterial
Improvements to IFRSs	Annual Improvement Project 2010-2012	July 1, 2014	No	Immaterial
Improvements to IFRSs	Annual Improvement Project 2011-2013	July 1, 2014	No	Immaterial

Amendments to IAS 19 “Employee Benefits”

CLAAS applied the IASB amendments to IAS 19 “Employee Benefits” – as issued in June 2011 – with retrospective effect starting at the beginning of fiscal year 2014. The prior year was adjusted accordingly. CLAAS previously used the corridor method, which is no longer permitted under the revised standard. As a result, actuarial losses must be recognized in full in the consolidated balance sheet and lead to a rise in pension provisions as well as a fall in equity. Actuarial gains and losses now also have to be recognized directly in other comprehensive income, meaning that the consolidated income statement will remain free from the effects of the amortization of the amount exceeding or falling short of the corridor. In addition, the expected return on plan assets and the interest expense on the defined benefit obligations will be replaced by net interest. Interest income on plan assets is to be calculated at a rate based on the discount rate for pension obligations.

Furthermore, due to the change to the definition of termination benefits, the top-up payments guaranteed within the scope of pre-retirement part-time work agreements now need to be accrued through installments as other long-term employee benefits. At CLAAS, this results in a slight decrease in obligations from pre-retirement part-time work agreements.

The retrospective first-time application of the revised IAS 19 has the following material effects on the consolidated balance sheet items:

in € '000	Sept. 30, 2013	Oct. 1, 2012
Deferred taxes, balance	11,051	8,012
Other non-current assets	8,623	4,909
Equity	- 24,343	- 18,029
Pension provisions	45,332	31,176

The retrospective first-time application of the revised IAS 19 had no material effects on the consolidated income statement. The following table shows the effects of the changed presentation of the interest portion of the pension obligations on the prior year's functional costs:

in € '000	2013
Cost of sales	2,491
Selling expenses	1,283
General and administrative expenses	2,990
Research and development expenses	935
Net interest income/loss	- 7,699

Had the old version of IAS 19 been used in fiscal year 2014, pension provisions and similar obligations would have been down by €64.5 million, while equity would have been up by approximately €44.8 million.

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 €91.5 million (prior year: €95.2 million).

9. Selling Expenses

Selling expenses comprise expenses for advertising and marketing activities, agent commission, 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	2014	2013
Research and development costs (total)	- 212,252	- 197,035
Development costs recognized as an asset	40,793	38,609
Amortization / impairment of development costs recognized as an asset	- 18,977	- 22,758
Research and development expenses recognized in the income statement	**- 190,436**	**- 181,184**
R&D capitalization ratio (in %)	19.2	19.6

*Prior-year figures adjusted due to the initial application of the revised IAS 19

12. Other Operating Income

in € '000	2014	2013
Release of provisions	34,028	37,216
Grants and subsidies	6,750	5,685
Measurement of receivables	4,137	4,880
Insurance compensation	6,159	1,602
Disposal of intangible assets and property, plant and equipment	4,657	547
Rental and leases	500	418
Pass-through costs	1,335	392
Miscellaneous income	15,447	15,158
Other operating income	**73,013**	**65,898**

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

13. Other Operating Expenses

in € '000	2014	2013
Impairment of property, plant and equipment	-49,908	-6,120
Measurement of receivables	-12,054	-5,162
Personnel expenses	-4,473	-4,744
Fees, charges, and insurance premiums	-2,981	-2,620
Disposal of intangible assets and property, plant and equipment	-1,333	-1,253
Miscellaneous expenses	-36,144	-21,250
Other operating expenses	**-106,893**	**-41,149**

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

14. Financial Result

Income from Investments, Net

in € '000	2014	2013
Income from investments accounted for using the equity method, net	11,133	7,905
thereof: income from investments accounted for using the equity method	(13,179)	(10,894)
thereof: expenses from investments accounted for using the equity method	(-2,046)	(-2,989)
Income from other investments, net	733	947
Income from investments, net	**11,866**	**8,852**

Interest Expense and Income from Securities, Net*

in € '000	2014	2013
Interest expense	-36,414	-36,121
thereof: Profits transferred under a partial profit transfer agreement (CMG)	(-2,538)	(-4,330)
Non-current provisions	-7,856	-7,788
Capitalization of borrowing costs	5,040	4,558
Finance leases	-	-103
Interest and similar expenses	**-39,230**	**-39,454**
Interest income	13,453	15,545
Income from other securities and loans, net	-1,093	-1,308
Interest expense and income from securities, net	**-26,870**	**-25,217**

*Prior-year figures adjusted due to the initial application of the revised IAS 19

"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", €13.4 million (prior year: €15.4 million) is attributable to financial instruments not recognized at fair value through profit or loss. Of the "interest expense", €36.4 million (prior year: €32.0 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	2014	2013
Miscellaneous financial expenses	-5,559	-4,412
Miscellaneous financial income	13	7
Foreign exchange gains and losses, net	-8,706	-16,339
Other financial result	**-14,252**	**-20,744**

In the past fiscal year, "miscellaneous financial expenses" included €0.5 million (prior year: €0.3 million) in fees relating to financial instruments. As in the prior year, no impairment was recognized for financial assets, excluding trade receivables, in fiscal 2014.

15. Income Taxes

in € '000	2014	2013
Germany	- 46,637	- 76,462
Foreign countries	- 11,600	- 17,913
Current income taxes	**- 58,237**	**- 94,375**
Germany	- 7,637	1,709
Foreign countries	23,845	9,719
Deferred income taxes	**16,208**	**11,428**
Income taxes	**- 42,029**	**- 82,947**

The underlying income tax rates for foreign companies were between 18.0% and 39.0% (prior year: between 19.0% and 39.0%).

The following amounts are included in equity due to deferred taxes being offset:

in € '000	Sept. 30, 2014	Sept. 30, 2013
Securities	- 1,373	- 757
Derivative financial instruments	10,059	3,015
Currency effects	1,745	-
Deferred taxes offset in accumulated other comprehensive income	**10,431**	**2,258**
Remeasurements of defined benefit pension plans	19,743	11,433
Deferred taxes in other reserves	**30,174**	**13,691**

Income taxes in the reporting period were €3.0 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:

	2014		2013	
	in € '000	in %	in € '000	in %
Income before taxes	155,134	-	295,289	-
Theoretical tax expense	**- 44,989**	**29.0**	**- 85,634**	**29.0**
Differences in foreign tax rates	4,701	- 3.0	2,527	- 0.8
Tax effects from prior years	1,452	- 1.0	- 3,828	1.3
Non-taxable income and non-deductible expenses	- 5,221	3.4	- 2,140	0.7
Associated companies accounted for using the equity method	3,245	- 2.1	2,292	- 0.8
Effects from changes in tax rates	98	- 0.1	39	0.0
Other consolidation effects	- 1,383	0.9	2,049	- 0.7
Miscellaneous	68	0.0	1,748	- 0.6
Effective tax expense	**- 42,029**	**27.1**	**- 82,947**	**28.1**

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	Finance leases	Total
Cost						
Balance as of Oct. 1, 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**
Currency translation	32	-	-	270	-	302
Changes in scope of consolidation	10,496	- 1,237	-	72	-	9,331
Additions	4,800	20,240	602	44,223	800	70,665
Disposals	- 18,213	-	-	- 1,822	-	- 20,035
Government grants	-	-	-	- 149	-	- 149
Reclassifications	929	-	- 701	-	-	228
Balance as of Sept. 30, 2014	**50,664**	**68,335**	**642**	**204,117**	**800**	**324,558**
Amortization / impairment						
Balance as of Oct. 1, 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**
Currency translation	35	-	-	-	-	35
Changes in scope of consolidation	118	- 1,237	-	59	-	- 1,060
Additions (amortization)	5,411	-	-	16,325	89	21,825
Additions (impairment)	301	420	-	2,652	-	3,373
Disposals	- 18,185	-	-	- 1,822	-	- 20,007
Government grants	-	-	-	- 279	-	- 279
Balance as of Sept. 30, 2014	**29,188**	**36,188**	**-**	**62,308**	**89**	**127,773**
Net carrying amount						
Balance as of Sept. 30, 2013	**11,112**	**12,327**	**741**	**116,150**	**-**	**140,330**
Balance as of Sept. 30, 2014	**21,476**	**32,147**	**642**	**141,809**	**711**	**196,785**

Additions to the cost of intangible assets amounted to €70.7 million (prior year: €49.8 million) and included capitalized borrowing costs of €3.4 million (prior year: €3.5 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. This resulted in a €0.4 million goodwill impairment, which was recognized in other operating income.

For development costs recognized as an asset, the required impairment test led to an impairment loss totaling €2.7 million (prior year: €1.3 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, 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**
Currency translation	956	1,164	- 69	- 4,474	- 45	- 2,468
Changes in scope of consolidation	12,825	4,267	- 77	- 285	-	16,730
Additions	12,392	22,107	19,025	69,446	-	122,970
Disposals	- 2,186	- 10,387	- 15,404	- 188	-	- 28,165
Reclassifications	12,456	17,360	8,602	- 38,646	-	- 228
Balance as of Sept. 30, 2014	**362,850**	**441,593**	**233,191**	**90,332**	**1,934**	**1,129,900**
Depreciation / impairment						
Balance as of Oct. 1, 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**
Currency translation	593	741	235	-	- 38	1,531
Changes in scope of consolidation	- 1,041	211	- 483	-	-	- 1,313
Additions (depreciation)	10,077	27,925	19,736	-	138	57,876
Additions (impairment)	-	583	-	49,908	-	50,491
Disposals	- 1,277	- 10,074	- 14,639	-	-	- 25,990
Reclassifications	-	120	- 120	-	-	-
Balance as of Sept. 30, 2014	**137,036**	**309,075**	**145,843**	**49,908**	**1,807**	**643,669**
Net carrying amount						
Balance as of Sept. 30, 2013	**197,723**	**117,513**	**80,000**	**64,479**	**272**	**459,987**
Balance as of Sept. 30, 2014	**225,814**	**132,518**	**87,348**	**40,424**	**127**	**486,231**

Additions to the cost of assets under construction included €1.6 million (prior year: €1.1 million) in capitalized borrowing costs.

Property, plant and equipment was impaired by €50.5 million in fiscal year 2014 (prior year: €6.1 million). An impairment loss of €49.9 million had to be recognized on the production site under construction in Krasnodar, Russia, due to the changed market assessments. This impairment loss was presented in other operating income. Impairment losses are generally recognized as cost of sales.

As in the prior year, the CLAAS Group did not pledge any property, plant and equipment as collateral for liabilities. As of September 30, 2014, contractual obligations to purchase items of property, plant and equipment amounted to €26.6 million (prior year: €61.3 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	2014	2013
Revenues	584,512	601,418
Income before taxes	37,507	31,119
Assets	2,369,269	2,100,332
Liabilities	2,153,496	1,903,383

Revenues include income and expenses, net, provided by financing activities of €52.6 million (prior year: €47.3 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, 2014		Sept. 30, 2013	
in € '000	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	611	42,607	881	33,870
Property, plant and equipment	15,944	15,267	6,029	13,600
Inventories	39,556	486	39,279	501
Receivables and assets	6,794	5,698	6,005	5,031
Provisions	110,721	2,495	98,111	2,155
Liabilities	17,084	196	6,080	440
Loss carryforwards	28,117	-	19,818	-
Gross amount	**218,827**	**66,749**	**176,203**	**55,597**
Valuation allowance	-23,753	-	-26,344	-
Netting out	-64,371	-64,371	-51,957	-51,957
Carrying amount	**130,703**	**2,378**	**97,902**	**3,640**

*Prior-year figures adjusted due to the initial application of the revised IAS 19

The tax loss carryforwards at Group level in the amount of €83.6 million (prior year: €58.1 million) may be carried forward until fiscal 2017 or later. Of this amount, €68.4 million (prior year: €49.0 million) was assessed as non-realizable. Due to lack of recoverability, a valuation allowance has been recognized for €23.4 million (prior year: €16.6 million) of deferred tax assets on loss carryforwards and €0.4 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 €0.5 million in the reporting year (prior year: €3.3 million).

20. Inventories

in € '000	Sept. 30, 2014	Sept. 30, 2013
Raw materials, consumables and supplies	313,572	159,135
Work in progress	52,778	63,891
Finished goods and merchandise	645,818	570,827
Payments made on account	3,913	5,683
Advanced payments received	- 81,176	- 69,853
Inventories	**934,905**	**729,683**

Impairment losses on inventories in the amount of €7.7 million (prior year: €1.4 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, 2014	Sept. 30, 2013
Gross carrying amount	**337,537**	**306,123**
Valuation allowance	- 23,163	- 16,773
Net carrying amount	**314,374**	**289,350**

The impairment of trade receivables changed as follows:

in € '000	2014	2013
Impairment at beginning of year	**16,773**	**18,696**
Changes in scope of consolidation	- 466	-
Utilization	- 397	- 895
Reversal of / addition to impairment loss, net	7,053	- 867
Currency translation	200	- 161
Impairment at end of year	**23,163**	**16,773**

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

in € '000	Sept. 30, 2014	Sept. 30, 2013
Neither past due nor impaired	212,722	217,454
Not impaired but past due as per the following time frames:		
up to 30 days	68,533	36,475
31 to 60 days	10,882	10,356
61 to 90 days	6,318	7,091
more than 90 days	13,001	14,715
Trade receivables adjusted individually for impairment	2,918	3,259
Trade receivables	**314,374**	**289,350**

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 €180.8 million (prior year: €134.1 million).

In some cases, the CLAAS Group retains the share of the sold receivables as part of these sales; this is balanced out under certain circumstances by future credits or netting. The resulting assets amounted to €66.4 million as of the balance sheet date (prior year: €54.5 million).

As part of these sales, the CLAAS Group recognized assets of €13.6 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 €21.7 million (prior year: €19.8 million).

22. Other Financial Assets

in € '000	Current	Non-current	Sept. 30, 2014	Current	Non-current	Sept. 30, 2013
Borrowings	-	18,327	18,327	-	20,008	20,008
Receivables from investments	56,543	-	56,543	66,043	-	66,043
Derivative financial instruments	2,420	-	2,420	5,910	124	6,034
Creditors with a debit balance	7,491	-	7,491	6,902	-	6,902
Loan receivables	1,551	-	1,551	1,923	-	1,923
Interest receivables	997	-	997	2,404	-	2,404
Miscellaneous	93,896	1,441	95,337	81,369	1,626	82,995
Other financial assets	**162,898**	**19,768**	**182,666**	**164,551**	**21,758**	**186,309**

23. Other Non-financial Assets*

in € '000	Current	Non-current	Sept. 30, 2014	Current	Non-current	Sept. 30, 2013
Prepaid expenses	10,197	-	10,197	8,381	-	8,381
Other taxes	33,547	-	33,547	38,894	1	38,895
Surplus related to funded benefit obligations	-	11,372	11,372	-	12,524	12,524
Miscellaneous	2,613	9,308	11,921	2,177	4,263	6,440
Other non-financial assets	**46,357**	**20,680**	**67,037**	**49,452**	**16,788**	**66,240**

*Prior-year figures adjusted due to the initial application of the revised IAS 19

24. Securities

A total of €201.5 million (prior year: €236.2 million) of current securities (€329.5 million; prior year: €347.3 million) was attributable to funds.

Of the current securities held at the beginning of the fiscal year, securities with historical costs of €272.9 million were disposed of during the fiscal year (prior year: €134.4 million). As a result of these disposals, gains and losses from exchange rate changes of €-0.4 million initially recognized in equity (prior year: €-0.2 million) were recognized in foreign exchange gains and losses for the current period. Furthermore, €2.8 million from the changes in value of current securities were recognized directly in other comprehensive income (prior year: €1.4 million).

Securities totaling €6.2 million (prior year: €12.2 million) are pledged as collateral in order to meet the legal requirements of the German Partial Retirement Act (AltTZG).

25. Cash and Cash Equivalents

in € '000	Sept. 30, 2014	Sept. 30, 2013
Checks, cash in hand and bank balances	244,836	456,467
Cash equivalents	124,837	59,946
Cash and cash equivalents	**369,673**	**516,413**

Cash and cash equivalents include proceeds from trade receivables transferred under the ABS program with a total value of €21.7 million (prior year: €19.8 million) that are not freely disposable and are to be transferred to other contracting parties (cash held in trust). Bill guarantees mean that a total of €23.4 million (prior year: €0.0 million) is not freely disposable.

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.

The consolidated statement of changes in equity presents the development of equity as well as detailed information as to changes in retained earnings and accumulated other comprehensive income.

The subordinated perpetual securities that had been classified as equity at that time were terminated at the earliest possible time in August 2014 (€78.6 million). This means that this equity capital instrument was changed into a current financial liability. It was repaid in October 2014.

The dividend distributed to shareholders for fiscal year 2013 amounted to €31.2 million (prior year: €31.2 million).

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, 2014	Current	Non-current	Sept. 30, 2013
Bonds	31,666	237,492	269,158	29,551	251,182	280,733
Liabilities to banks	74,599	-	74,599	29,592	3,204	32,796
Schuldscheindarlehen	53,500	-	53,500	-	53,500	53,500
Shareholder loans	96,469	42,376	138,845	66,161	42,782	108,943
Lease payables	242	150	392	194	148	342
Subordinated perpetual securities	80,000	-	80,000	-	-	-
Financial liabilities	**336,476**	**280,018**	**616,494**	**125,498**	**350,816**	**476,314**

The table below shows details of the privately placed bonds:

		Sept. 30, 2014		Sept. 30, 2013	
	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	40,000	31,666	80,000	59,102
Bond 2012–2022	3.98 und 4.08	300,000	237,492	300,000	221,631

Interest on liabilities to banks is charged at rates of between 1.58% p.a. and 7.80% p.a. Of these liabilities, €40.8 million are secured (prior year: €6.4 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; €612.2 million of which was unutilized (prior year: €496.4 million).

in € '000	Current	Non-current	Sept. 30, 2014	Current	Non-current	Sept. 30, 2013
Bonds	31,666	237,492	269,158	29,551	251,182	280,733
Syndicated loans	-	300,000	300,000	250,000	-	250,000
Credit facilities from banks	298,272	55,000	353,272	249,783	3,000	252,783
Schuldscheindarlehen	53,500	-	53,500	-	53,500	53,500
Subordinated Perpetual Securities	80,000	-	80,000	-	-	-
Financing commitments	**463,438**	**592,492**	**1,055,930**	**529,334**	**307,682**	**837,016**

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 €9.7 million of the silent partnership can be terminated without cause as of September 30, 2015; additional termination-without-cause rights for €11.0 million apply between fiscal 2016 and 2019.

29. Other Financial Liabilities

in € '000	Current	Non-current	Sept. 30, 2014	Current	Non-current	Sept. 30, 2013
Bills payable	30,752	-	30,752	1,800	-	1,800
Liabilities to investments	23,557	11	23,568	21,363	-	21,363
Derivative financial instruments	32,883	23,728	56,611	14,532	35,934	50,466
Accrued interest	9,524	-	9,524	10,210	-	10,210
Miscellaneous	28,654	6,609	35,263	30,295	2,367	32,662
Other financial liabilities	**125,370**	**30,348**	**155,718**	**78,200**	**38,301**	**116,501**

The rise in bills payable is largely a result of the change in the scope of consolidation.

30. Other Non-financial Liabilities

in € '000	Current	Non-current	Sept. 30, 2014	Current	Non-current	Sept. 30, 2013
Deferred income	32,693	-	32,693	23,847	934	24,781
Other taxes	32,719	-	32,719	33,481	-	33,481
Social security	9,823	-	9,823	8,317	-	8,317
Miscellaneous	61	195	256	145	210	355
Other non-financial liabilities	**75,296**	**195**	**75,491**	**65,790**	**1,144**	**66,934**

31. Pension Provisions

The prior-year figures were adjusted to improve comparability due to the retrospective application of the amended IAS 19.

Defined Benefit Plans

The pension provisions in the CLAAS Group encompass both obligations from current pensions as well as vested rights from future retirement, disability and surviving dependents pensions. Pension obligations are normally based on the employees' length of service and remuneration levels. As a rule, defined benefit plans within the Group vary depending on the economic, tax and legal conditions in the respective countries. Individual agreements have been reached with the members of the Group Executive Board. The obligations from defined benefit plans for Group employees relate mainly to obligations in Germany, France, and the United Kingdom.

The pension plans have been closed in Germany since 2006, and since 2008 in the United Kingdom.

The defined benefit obligations are composed as follows:

in € '000/ Sept. 30, 2014	Defined benefit obligations (DBO)	Fair value of the plan assets	Net obligation
Germany	233,500	702	232,798
France	27,959	20	27,939
United Kingdom	57,775	69,147	- 11,372
Other countries	2,601	-	2,601
Carrying amount	**321,835**	**69,869**	**251,966**
thereof: pension provisions			263,338
thereof: other assets			11,372

in € '000/ Sept. 30, 2013	**Defined benefit obligations (DBO)**	**Fair value of the plan assets**	**Net obligation**
Germany	205,010	683	204,327
France	25,351	178	25,173
United Kingdom	46,714	59,238	- 12,524
Other countries	2,164	-	2,164
Carrying amount	**279,239**	**60,099**	**219,140**
thereof: pension provisions			231,664
thereof: other assets			12,524

The changes in the present value of the defined benefit obligations are composed as follows:

in € '000	**2014**	**2013**
Present value of the defined benefit obligations as of October 1	**279,239**	**258,264**
Current service cost	7,526	6,982
Interest cost	10,267	10,088
Actuarial gains and losses	31,424	15,090
Changes in scope of consolidation	- 870	-
Currency translation	3,580	- 2,232
Pension payments	- 9,889	- 9,513
Other	558	560
Present value of the defined benefit obligations as of September 30	**321,835**	**279,239**

The actuarial gains and losses largely result from the changes in financial assumptions.

The change in the fair value of the plan assets is shown in the table below:

in € '000	**2014**	**2013**
Fair value of the plan assets as of October 1	**60,099**	**55,969**
Interest income	2,927	2,389
Actuarial gains and losses	2,333	3,766
Employer contributions	1,049	1,034
Employee contributions	558	560
Currency translation	4,377	- 2,511
Pension payments from plan assets	- 1,474	- 1,108
Fair value of the plan assets as of September 30	**69,869**	**60,099**

The following amounts are recognized in comprehensive income for defined benefit plans:

in € '000	2014	2013
Current service cost	- 7,526	- 6,982
Interest cost	- 10,267	- 10,088
Interest income	2,798	2,389
Defined benefit plan components recognized in the income statement	**- 14,995**	**- 14,681**
Income from plan assets excluding amounts already included in interest	2,333	3,766
Actuarial gains and losses	- 31,424	- 15,090
Defined benefit plan components recognized directly in equity	**- 29,091**	**- 11,324**

Interest cost and interest income are included in the financial result. The service cost and the past service cost are reported as functional costs.

Total income from plan assets amounted to €5.3 million in fiscal year 2014 (prior year: €2.4 million).

The following material assumptions were used for the actuarial valuation of the defined benefit plans:

	Sept. 30, 2014			Sept. 30, 2013		
in %	**Germany**	**France**	**United Kingdom**	**Germany**	**France**	**United Kingdom**
Discount rate	2.75	2.75	4.00	3.45	3.45	4.55
Rate of salary increase	3.00	3.00	3.50	3.00	3.00	3.60
Rate of pension increase	2.00	-	2.40	2.00	-	2.40

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

	Sept. 30, 2014		Sept. 30, 2013	
	in € '000	**in %**	**in € '000**	**in %**
Equities	30,520	43.7	26,023	43.3
Bonds	35,295	50.5	30,290	50.4
Cash and cash equivalents	371	0.5	180	0.3
Other	3,683	5.3	3,606	6.0
Plan assets	**69,869**	**100.0**	**60,099**	**100.0**

The equity and bond items are held in the form of funds, for which redemption prices are determined on a regular basis. The equities and bonds included in the fund are quoted on active markets. The market value of the plan assets is largely determined by the capital market environment. Unfavorable equity and bond developments, in particular, could impact the market value. The investment risk is limited by the broad diversification of the bonds in the funds as well as the high quality of the obligor.

Plan assets are largely managed by a trust association in the United Kingdom under a trust agreement; this trust association stipulates, among other things, the principles and strategies for the investment activities.

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. The allocation of assets is kept within specific investment ranges with respect to the 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.

Were the other assumptions to remain unchanged, a change in the discount rate, as the material actuarial assumption, would have the following impact on the present value of the defined benefit obligations. Actual developments will likely differ.

in € '000	Sept. 30, 2014
Discount rate up 50 basis points	-27,110
Discount rate down 50 basis points	29,511

A rise or fall of 50 basis points in the rate of pension increase would have a comparable impact on the present value of the defined benefit obligation as the discount rate, provided that the other assumptions remain unchanged. The impact of a possible change in the rate of salary increase, on the other hand, would be insignificant.

In fiscal year 2015, the employer contribution to plan assets is expected to amount to €0.5 million.

The weighted average maturity of the defined benefit obligations was 17.6 years as of September 30, 2014.

In fiscal 2015, pension payments in the amount of €8.7 million are anticipated.

Defined Contribution Plans

Defined contribution plans are also in place in Germany and the U.S. in addition to the defined benefit plans. Furthermore, contributions were also made to national pension insurance institutions in Germany.

The total cost of the defined contribution plans can be broken down as follows:

in € '000	2014	2013
Defined contribution plans	1,059	945
National plans	23,156	20,629
Total cost of defined contribution plans	**24,215**	**21,574**

32. Income Tax Provisions and Other Provisions*

in € '000	Income tax provisions	Other provisions: Personnel commitments	Other provisions: Sales obligations	Other provisions: Miscellaneous obligations	Total other provisions	Total
Balance as of Oct. 1, 2013	**35,694**	**143,474**	**364,666**	**19,353**	**527,493**	**563,187**
Changes in scope of consolidation	-33	-328	4,277	3,195	7,144	7,111
Utilization	-25,168	-124,411	-228,998	-6,718	-360,127	-385,295
Reversals	-491	-2,784	-38,081	-1,419	-42,284	-42,775
Additions	9,167	118,642	251,771	8,916	379,329	388,496
Interest/change in interest rate	-	263	64	56	383	383
Currency translation	-282	208	6,396	279	6,883	6,601
Balance as of Sept. 30, 2014	**18,887**	**135,064**	**360,095**	**23,662**	**518,821**	**537,708**
thereof: non-current	-	15,336	20,556	7,524	43,416	43,416
thereof: current	18,887	119,728	339,539	16,138	475,405	494,292

*Prior-year figures adjusted due to the initial application of the revised IAS 19

Income tax provisions include current tax commitments.

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

A total of €8.3 million (prior year: €10.7 million) of the reversals is reported as functional costs.

Other Disclosures

33. Contingent Liabilities and Other Financial Obligations

Rental and lease expenses of €50.3 million were recorded in fiscal year 2014 (prior year: €41.9 million). Minimum lease payments will become due as follows for future obligations:

	Sept. 30, 2014		Sept. 30, 2013	
in € '000	Finance leases	Operating leases	Finance leases	Operating leases
Due within 1 year	244	37,222	215	29,949
Due within 1 to 5 years	152	51,707	162	44,841
Due after 5 years	-	31,072	-	20,326
Principal amount of minimum lease payments	**396**	**120,001**	**377**	**95,116**
Interest portion	-4		-35	
Present value of minimum lease payments	**392**		**342**	

Lease payments received under non-cancelable sublease agreements amounted to €15.1 million as of the reporting date, and proceeds from future minimum lease payments amounted to €22.0 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, guarantees, and other obligations of €20.9 million (prior year: €13.2 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, 2014	Sept. 30, 2013
Financial assets at fair value through profit or loss	127,257	65,980
thereof: cash equivalents	(124,837)	(59,946)
Loans and receivables	739,432	962,068
Available-for-sale financial assets	333,438	350,658
Financial liabilities at fair value through profit or loss	56,611	50,466
Financial liabilities measured at amortized cost	992,949	782,806

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 €616.5 million (prior year: €476.3 million), while the fair value is €615.3 million (prior year: €470.0 million). The entire amount was attributable to Level 2 of the fair value hierarchy.

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 13:

- 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, 2014			Sept. 30, 2013		
in € '000	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Cash equivalents	124,837	-	-	59,946	-	-
Securities	329,521	-	-	347,283	-	-
Derivative financial instruments	-	2,420	-	-	6,034	-
Financial assets at fair value	**454,358**	**2,420**	**-**	**407,229**	**6,034**	**-**
Derivative financial instruments	-	56,611	-	-	50,466	-
Financial liabilities at fair value	**-**	**56,611**	**-**	**-**	**50,466**	**-**

Net Gains or Losses on Financial Instruments

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

in € ’000	2014	2013
Financial assets or financial liabilities at fair value through profit or loss	-13,616	116
Loans and receivables	14,230	-6,269
Available-for-sale financial assets	-949	-1,208
Financial liabilities measured at amortized cost	-13,548	-6,805
Net gains or losses on financial instruments	**-13,883**	**-14,166**

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 2014.

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

	Sept. 30, 2014		Sept. 30, 2012	
in € '000	Assets	Liabilities	Assets	Liabilities
Forward exchange transactions	1,270	18,608	3,179	2,137
thereof: cash flow hedges	(22)	(10,129)	(713)	(1,748)
Foreign currency options	943	5,482	2,855	1,396
thereof: cash flow hedges	(404)	(-)	(1,068)	(-)
Other currency hedging instruments	-	32,179	-	46,177
thereof: cash flow hedges	(-)	(32,179)	(-)	(46,177)
Interest rate swaps	-	342	-	621
thereof: cash flow hedges	(-)	(67)	(-)	(83)
Other	207	-	-	135
thereof: cash flow hedges	(-)	(-)	(-)	(-)
Derivative financial instruments	**2,420**	**56,611**	**6,034**	**50,466**
thereof: current	2,420	32,883	5,910	14,532
thereof: non-current	-	23,728	124	35,934

The cash flows from 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 (€-17.2 million; prior year: €-4.0 million) were recognized directly in equity as other comprehensive income in fiscal year 2014.

The changes in value of cash flow hedges reclassified from equity to foreign exchange gains and losses in the fiscal year amounted to €-1.3 million (prior year: €-2.0 million).

This item also included hedge ineffectiveness of €-1.5 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 very good credit quality.

Credit risk is identified, monitored, and managed for the entire CLAAS Group by the relevant decentralized 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.

The maximum risk of default on trade receivables is derived from the carrying amounts recognized in the balance sheet. The risk of default is covered by write-downs. No single client was responsible for a material share 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, almost all 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. As in the prior year, no collateral was called on in fiscal 2014.

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. These must have at least a BBB 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. The impact of counterparty risks on the market value is quantified using the credit value adjustment. 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, 2014, the maximum risk in the event of utilization amounted to €4.2 million (prior year: €1.5 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 5% (prior year: 3% to 15%).

Liquidity Risk

The CLAAS Group employs a number of measures to effectively counter 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, 2014	2015	2016	2017	2018	2019	From 2020	Total
Financial liabilities	359,944	9,691	9,539	9,539	9,539	327,998	726,250
Silent partnership	9,697	2,550	2,747	2,801	2,861	15,778	36,434
Trade payables	240,917	-	-	-	-	-	240,917
Bills payable	30,752	-	-	-	-	-	30,752
Liabilities to investments	23,557	11	-	-	-	-	23,568
Derivative financial instruments	33,033	22	-	-	-	-	33,055
Miscellaneous financial liabilities	28,654	6,609	-	-	-	-	35,263
Payments due	**726,554**	**18,883**	**12,286**	**12,340**	**12,400**	**343,776**	**1,126,239**

in € '000/Sept. 30, 2013	2014	2015	2016	2017	2018	From 2020	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
Miscellaneous financial liabilities	30,295	2,367	-	-	-	-	32,662
Payments due	**424,819**	**117,635**	**14,627**	**11,722**	**11,750**	**342,303**	**922,856**

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, British pounds, Polish zlotys, Hungarian forints, 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, 2014		Sept. 30, 2013	
in € '000	Equity	Profit or loss	Equity	Profit or loss
Actual fair value	**-9,717**	**-8,145**	**33**	**1,464**
Fair value in the event of an exchange rate increase of 10%	**13,035**	**2,933**	**16,093**	**8,058**
U.S. dollar	3,214	1,713	4,394	4,893
British pound	6,217	4,675	7,256	5,656
Polish zloty	4,755	2,532	4,244	2,275
Hungarian forint	-1,625	-3,018	-913	-2,518
Other	474	-2,969	1,112	-2,248
Fair value in the event of an exchange rate decrease of 10%	**-27,556**	**-31,538**	**-10,508**	**-14,971**
U.S. dollar	-11,842	-12,368	-962	-4,132
British pound	-11,653	-17,148	-6,479	-12,356
Polish zloty	-2,714	-4,719	-4,215	-6,212
Hungarian forint	1,743	1,455	2,004	2,243
Other	-3,090	1,242	-856	5,486

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 presentation 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 €1.2 million (prior year: €1.3 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 impact 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	2014	2013
Interest paid	36,668	35,864
Interest received	6,353	7,232
Dividends received	7,542	1,278
Income taxes paid	73,500	77,705

39. Personnel Expenses and Employees

	2014	2013
Wage earners	4,910	4,212
Salary earners	5,277	4,728
Trainees	599	498
Average number of employees	**10,786**	**9,438**

The personnel expenses reported in the income statement under functional costs amounted to €627.0 million (prior year: €594.0 million). The rise in the average number of employees is mainly due to the acquisition of Jinyee.

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 and income before taxes.

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.

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

	External sales		Non-current assets*	
in € '000	**2014**	**2013**	**Sept. 30, 2014**	**Sept. 30, 2013**
Germany	870,814	836,469	892,546	794,918
France	793,424	887,003	425,800	408,978
Rest of Western Europe	710,883	697,000	67,504	57,616
Central and Eastern Europe	707,494	824,774	45,697	61,713
Other countries	740,346	579,400	157,613	85,885
Eliminations	-	-	-788,721	-699,248
CLAAS Group	**3,822,961**	**3,824,646**	**800,439**	**709,862**

*in accordance with the definition set out in IFRS 8; prior-year figures adjusted due to the initial application of the revised IAS 19

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	**2014**	**2013**	**2014**	**2013**
Supervisory Board and Shareholders' Committee remuneration	721	922	-	-
Services	211	203	-	-
Loans granted to CLAAS	85,661	65,388	53,183	43,556

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	**2014**	**2013**
Income	244,968	253,453
Expenses	260,180	237,654
Receivables	50,523	62,166
Liabilities	10,227	15,773

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	2014	2013
Current remuneration	5,680	6,597
Provisions for retirement benefits	177	145
Total Group Executive Board remuneration	**5,857**	**6,742**

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 CLAAS KGaA mbH / the Group Executive Board totaled €8.8 million (prior year: €8.2 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	2014	2013
Audit services	660	600
Other assurance services	28	40
Tax consulting services	35	267
Other services	16	167
Auditor’s fees	**739**	**1,074**

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:

- 365FarmNet Group GmbH & Co KG, Gütersloh
- CLAAS Anlagemanagement GmbH, Harsewinkel
- CLAAS E-Systems KGaA mbH & Co KG, Gütersloh
- CLAAS E-Systems Verwaltungs GmbH, Gütersloh
- 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, 2014 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	CLAAS Bordesholm GmbH, Bordesholm	EUR	1,000,000	61.4	5
8	CLAAS Braunschweig GmbH, Schwülper	EUR	1,000,000	100.0	5
9	CLAAS Hessen GmbH, Fritzlar	EUR	700,000	100.0	5
10	CLAAS Thüringen GmbH, Schwabhausen	EUR	1,300,000	100.0	5
11	CLAAS Weser Ems GmbH, Molbergen	EUR	1,500,000	100.0	5
12	CLAAS E-Systems KGaA mbH & Co KG, Gütersloh	EUR	117,600	100.0	1/2
13	CLAAS E-Systems Verwaltungs GmbH, Gütersloh	EUR	32,150	100.0	1
14	CLAAS Osteuropa Investitions GmbH, Harsewinkel	EUR	100,000	100.0	1
15	CLAAS Central Asia Investment GmbH, Harsewinkel	EUR	25,000	100.0	1
16	CLAAS Global Sales GmbH, Harsewinkel	EUR	2,000,000	100.0	1
17	CLAAS Service and Parts GmbH, Harsewinkel	EUR	2,000,000	100.0	1
18	CLAAS Anlagemanagement GmbH, Harsewinkel	EUR	25,000	100.0	1
19	365FarmNet Group GmbH & Co KG, Gütersloh	EUR	100,000	100.0	1
20	365FarmNet Verwaltungs GmbH, Gütersloh	EUR	25,000	100.0	1
21	365FarmNet GmbH, Gütersloh	EUR	25,000	100.0	19
Foreign companies					
22	CLAAS France Holding S.A.S., Paris/France	EUR	116,009,001	100.0	1
23	Usines CLAAS France S.A.S., Metz-Woippy/France	EUR	31,500,000	100.0	22
24	CLAAS France S.A.S., Paris/France	EUR	8,842,043	100.0	22
25	CLAAS Tractor S.A.S., Vélizy/France	EUR	56,850,829	100.0	22
26	CLAAS Réseau Agricole S.A.S., Vélizy/France	EUR	27,400,000	100.0	25
27	S@T-INFO S.A.S., Chalon-sur-Saône/France	EUR	77,260	100.0	22
28	CLAAS Holdings Ltd., Saxham/United Kingdom	GBP	1,000	100.0	1
29	CLAAS U.K. Ltd., Saxham/United Kingdom	GBP	101,100	100.0	28
30	Southern Harvesters Ltd., Saxham/United Kingdom	GBP	150,000	100.0	29
31	Anglia Harvesters Ltd., Saxham/United Kingdom	GBP	400,000	100.0	29
32	Western Harvesters Ltd., Saxham/United Kingdom	GBP	16,000	100.0	29
33	Eastern Harvesters Ltd., Saxham/United Kingdom	GBP	440,000	100.0	29
34	CLAAS Retail Properties Ltd., Saxham/United Kingdom	GBP	3,812,030	100.0	29
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., Törökszentmiklós/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	1,967,388	100.0	1
41	CLAAS Polska sp. z o.o., Poznań/Poland	PLN	5,000,000	100.0	1
42	CLAAS Romania Parts S.R.L., Afumați/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
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

No.	Company		Subscribed capital	Shareholding in %	Shareholding owned by company
46	CLAAS Greater China Holding Ltd., Hong Kong/China	HKD	357,593,500	100.0	1
47	CLAAS Jinyee Agricultural Machinery (Shandong) Co. Ltd., Gaomi/China	CNY	116,703,600	97.3	46
48	Heilongjiang Jinyee Machinery Co. Ltd., Daqing/China	CNY	5,000,000	97.3	47
49	CLAAS Argentina S.A., Sunchales/Argentina	ARS	35,500,000	100.0	1
50	CLAAS América Latina Representação Ltda., Porto Alegre/Brasil	BRL	600,000	100.0	1/16
51	CLAAS North America Holdings Inc., Omaha/Nebraska/USA	USD	700	100.0	1
52	CLAAS of America Inc., Omaha/Nebraska/USA	USD	100	100.0	51
53	CLAAS Omaha Inc., Omaha/Nebraska/USA	USD	100	100.0	51
54	Nebraska Harvest Center Inc., Wilmington/Delaware/USA	USD	1	100.0	51
55	CLAAS Canada Holdings Inc., Kelowna/Canada	CAD	1	100.0	1
56	Canada West Harvest Centre Inc., Kelowna/Canada	CAD	1	100.0	55
57	CLAAS India Private Ltd., Faridabad/India	INR	391,460,000	100.0	1
58	CLAAS Agricultural Machinery Private Limited, New Delhi/India	INR	201,000,000	100.0	1/17
59	OOO CLAAS, Krasnodar/Russia	RUB	93,368,880	99.0	14
Other companies consolidated pursuant to SIC-12					
60	CHW Fonds, Luxembourg/Luxembourg				
61	Mercator Purchasing S.A., Luxembourg/Luxembourg				
II. Investments accounted for using the equity method					
62	CLAAS GUSS GmbH, Bielefeld/Germany	EUR	4,680,000	44.4	1/3
63	Worch Landtechnik GmbH, Schora/Germany	EUR	55,000	39.0	5
64	TechnikCenter Grimma GmbH, Mutzschen/Germany	EUR	350,000	30.0	5
65	Mecklenburger Landtechnik GmbH Mühlengeez, Prüzen/Germany	EUR	1,000,000	25.1	5
66	CLAAS Financial Services S.A.S., Paris/France	EUR	44,624,768	39.9	1
67	CLAAS Finance Ltd., Basingstoke/United Kingdom	GBP	100	49.0	28
68	CLAAS Financial Services Ltd., Basingstoke/United Kingdom	GBP	8,600,000	49.0	29
69	CLAAS Financial Services LLC., San Francisco/California/USA	USD	0	34.0	52/66
70	G.I.M.A. S.A., Beauvais/France	EUR	8,448,500	50.0	25
71	Uz CLAAS Agro MChJ, Tashkent/Uzbekistan	UZS	9,865,210,000	49.0	15
72	Tingley Implements Inc., Lloydminster/Canada	CAD	1,092,000	33.3	52
III. Other significant shareholdings					
73	CS Parts Logistics GmbH, Bremen/Germany	EUR	1,550,000	50.0	17
74	Landtechnik Steigra GmbH, Steigra/Germany	EUR	615,000	15.1	5
75	LTZ Chemnitz GmbH, Hartmannsdorf/Germany	EUR	750,000	10.0	5
76	CLAAS Südostbayern GmbH, Töging am Inn/Germany	EUR	700,000	10.0	5
77	CLAAS Main-Donau GmbH & Co. KG, Vohburg/Germany	EUR	1,200,000	10.0	5
78	MD-Betriebs-GmbH, Munich/Germany	EUR	25,000	10.0	5
79	CLAAS Nordostbayern GmbH & Co. KG, Altenstadt an der Waldnaab/Germany	EUR	750,000	10.0	5
80	NOB-Betriebs-GmbH, Munich/Germany	EUR	25,000	10.0	5
81	CLAAS Württemberg GmbH, Langenau/Germany	EUR	800,000	10.0	5
82	James Gordon Ltd., Castle Douglas/United Kingdom	GBP	400,000	17.5	29
83	Sellars Agriculture Ltd., Oldmeldrum/United Kingdom	GBP	237,500	22.9	29
84	Pellenc Languedoc Roussillon S.A.S., Lézignan-Corbières/France	EUR	1,000,000	35.0	26
85	Etablissements Mouchard S.A.S., Les Authieux Ratieville/France	EUR	1,000,000	35.0	26
86	DESICO S.A., Buenos Aires/Argentina	ARS	13,333	10.0	49
87	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, 2014 and the Group management report were prepared by the Executive Board of CLAAS KGaA mbH on November 24, 2014. 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 24, 2014

Lothar Kriszun	Thomas Böck	Hans Lampert
Hermann Lohbeck	Jan-Hendrik Mohr	Dr. Henry Puhl

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, 2013 to September 30, 2014. 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 24, 2014

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Harnacke)
Wirtschaftsprüfer
(German Public Auditor)

(Bedenbecker)
Wirtschaftsprüfer
(German Public Auditor)

Locations

Canada

Kelowna
S Canada West Harvest Centre Inc.

USA

Columbus / Indiana
S CLAAS of America Inc.

Omaha / Nebraska
S CLAAS of America Inc.
P CLAAS Omaha Inc.

San Francisco / California
F CLAAS Financial Services LLC.

Wilmington / Delaware
S Nebraska Harvest Center Inc.

Brazil

Porto Alegre
S CLAAS América Latina Representação Ltda.

Argentina

Sunchales
S CLAAS Argentina S.A.

United Kingdom

Basingstoke
F CLAAS Financial Services Ltd.

Saxham
S CLAAS U.K. Ltd.

France

Le Mans
P CLAAS Tractor S.A.S.

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

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

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

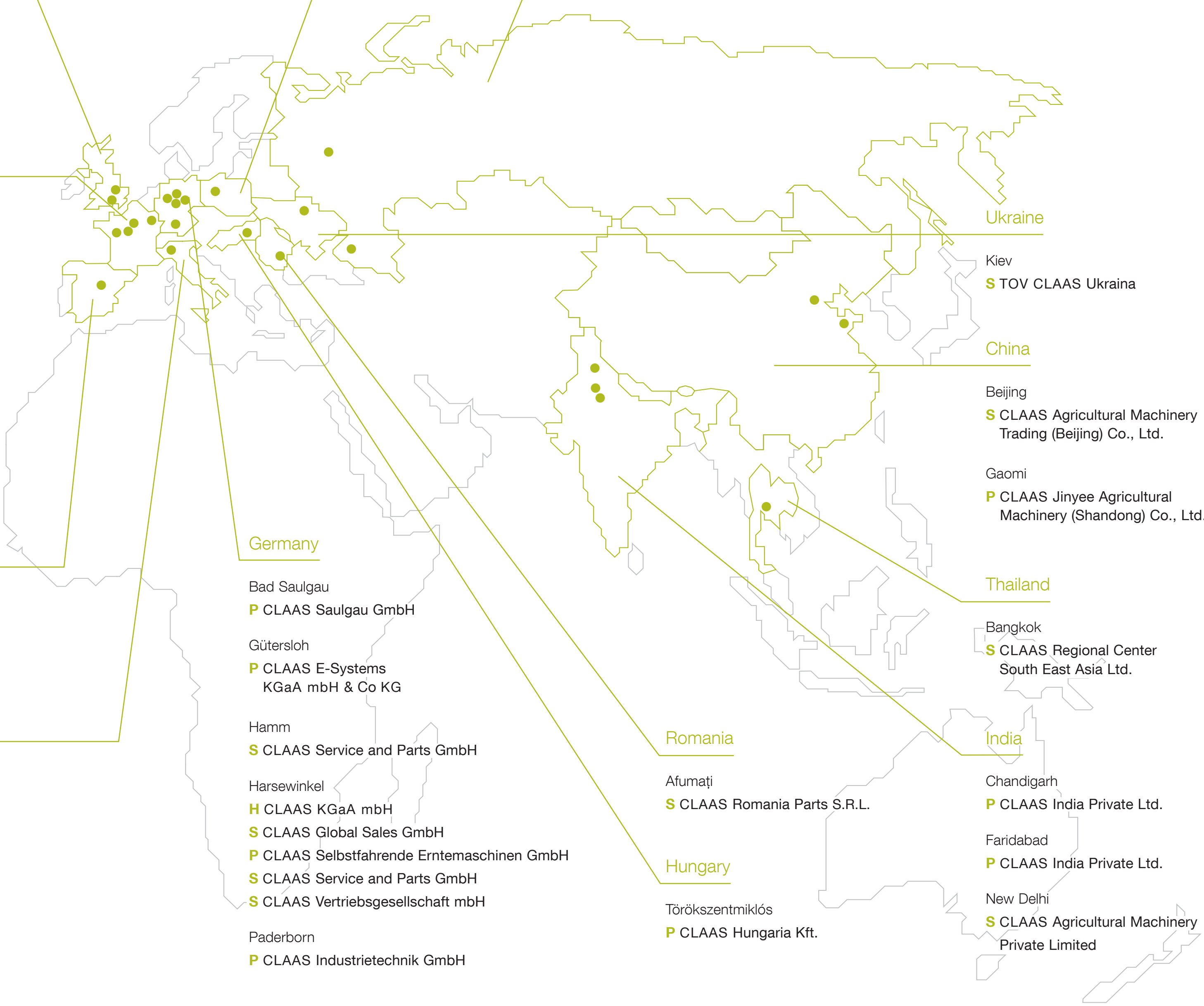
Spain

Madrid
S CLAAS Ibérica S.A.

Italy

Vercelli
S CLAAS Italia S.p.A.

P Product Company
S Sales Company
F Financing Company
H Holding – Management and Services



Poland

Poznań
S CLAAS Polska sp. z o.o.

Russia

Krasnodar
P OOO CLAAS

Moscow
S OOO CLAAS Vostok

Ukraine

Kiev
S TOV CLAAS Ukraina

China

Beijing
S CLAAS Agricultural Machinery Trading (Beijing) Co., Ltd.

Gaomi
P CLAAS Jinyee Agricultural Machinery (Shandong) Co., Ltd.

Germany

Bad Saulgau
P CLAAS Saulgau GmbH

Gütersloh
P CLAAS E-Systems KGaA mbH & Co KG

Hamm
S CLAAS Service and Parts GmbH

Harsewinkel
H CLAAS KGaA mbH
S CLAAS Global Sales GmbH
P CLAAS Selbstfahrende Erntemaschinen GmbH
S CLAAS Service and Parts GmbH
S CLAAS Vertriebsgesellschaft mbH

Paderborn
P CLAAS Industrietechnik GmbH

Romania

Afumați
S CLAAS Romania Parts S.R.L.

Hungary

Törökszentmiklós
P CLAAS Hungaria Kft.

Thailand

Bangkok
S CLAAS Regional Center South East Asia Ltd.

India

Chandigarh
P CLAAS India Private Ltd.

Faridabad
P CLAAS India Private Ltd.

New Delhi
S CLAAS Agricultural Machinery Private Limited

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

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	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Financial performance										
Net sales	3,823.0	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
Research and development costs[1]	212.3	197.0	181.2	144.3	122.6	124.8	113.8	109.6	100.3	78.9
EBITDA	327.9	420.5	426.1	377.5	200.3	230.0	385.6	312.0	246.4	186.7
EBIT	194.4	334.7	347.6	292.3	116.1	146.9	282.5	209.9	162.8	118.0
Income before taxes	155.1	295.3	315.6	255.3	77.2	112.3	248.1	175.8	130.7	86.4
Net income	113.1	212.3	232.7	181.8	51.5	73.4	169.3	114.8	80.9	54.7
Return on sales (in %)	4.1	7.7	9.2	7.7	3.1	3.9	7.7	6.6	5.6	4.0
Return on equity (in %)	9.6	17.3	21.3	20.9	6.3	9.5	23.2	19.0	16.1	11.3
Foreign sales (in %)	77.2	78.1	77.3	73.5	73.1	75.2	77.6	76.3	76.3	75.1
Cash flow / investments / amortization, depreciation, impairment										
Cash earnings	235.9	276.3	295.6	255.5	117.2	156.9	285.9	236.3	171.4	130.7
Cash flows from operating activities	50.4	247.6	115.1	244.5	300.5	-140.6	334.6	264.8	151.1	93.1
Free cash flow	-136.9	82.1	-84.2	156.5	215.8	-264.8	217.5	166.2	26.8	26.8
Capital expenditure[2]	173.4	172.4	163.1	93.7	87.2	125.2	115.1	101.4	84.3	70.7
Depreciation / amortization / impairment[3]	133.1	83.3	78.4	85.1	84.2	83.1	85.1	84.0	73.2	65.1
Asset / capital structure										
Non-current assets	942.5	820.4	707.3	586.4	561.6	579.1	522.8	493.3	501.9	473.9
thereof: development costs recognized as an asset	141.8	116.1	96.9	89.7	92.3	95.5	99.8	91.5	84.7	70.4
thereof: property, plant and equipment	486.2	460.0	404.3	337.6	330.5	322.4	281.0	257.6	260.8	243.9
Current assets	2,170.6	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
thereof: inventories	934.9	729.7	682.1	559.6	418.1	519.3	394.6	343.0	339.9	295.0
thereof: liquid assets	699.2	863.7	767.2	818.8	907.7	677.2	716.2	597.9	436.0	500.7
Equity	1,183.2	1,226.7	1,094.8	870.1	814.2	775.5	731.0	604.4	502.5	484.9
Equity-to-assets ratio (in %)	38.0	41.9	41.8	36.4	35.7	35.1	36.1	34.0	31.2	30.1
Non-current liabilities	656.1	700.0	593.5	497.3	720.6	766.2	503.8	541.4	545.4	499.2
Current liabilities	1,273.8	999.2	932.1	1,022.4	743.6	665.0	789.1	630.2	563.5	627.6
Total assets	3,113.1	2,925.9	2,620.4	2,389.8	2,278.4	2,206.7	2,023.9	1,776.0	1,611.4	1,611.7
Net liquidity	82.7	387.4	333.6	442.9	395.2	166.2	450.6	273.7	105.9	136.1
Working capital	998.1	843.6	822.7	650.9	512.6	692.8	474.8	420.2	413.7	443.9
Cash ratio (in %)	54.9	86.4	82.3	80.1	122.1	101.8	90.8	94.9	77.4	79.8
Equity and non-current liabilities to non-current assets (in %)	195.2	234.9	238.7	233.2	273.3	266.2	236.2	232.3	208.8	207.7
Employees										
Employees as of the balance sheet date[4]	11,407	9,697	9,077	9,060	8,968	9,467	9,100	8,425	8,191	8,134
Personnel expenses	627.0	594.0	548.1	540.4	489.0	522.8	514.9	472.8	455.7	433.1

[1] Before capitalized and amortized development costs

[2] Including development costs recognized as an asset

[3] Of intangible assets (excluding goodwill) and property, plant and equipment

[4] Including trainees

Products and Services

1 //


3 //

2 //

4 //

1 // Combines

- LEXION 780-740
- LEXION 670-620
- TUCANO 580/570
- TUCANO 450-320
- AVERO 240/160
- DOMINATOR 130
- CROP TIGER 40/30
- Attachments

2 // Forage harvesters

- JAGUAR 980-930
- JAGUAR 870-840
- Attachments

3 // Tractors

- XERION 5000-4000
- AXION 950-920
- AXION 850-810
- ARION 650-530
- ARION 640-620 C
- ARION 460-410
- AXOS 340-310
- ATOS 350-330
- ATOS 240-220
- ELIOS 240-210
- NEXOS 240-210
- TALOS 100/200

4 // Balers

- QUADRANT 3400-3200
- QUADRANT 2200 RC ADVANTAGE
- QUADRANT 2100
- QUADRANT 1150
- QUADRANT 4000
- ROLLANT 455/454 UNIWRAP
- ROLLANT 375/374 UNIWRAP
- ROLLANT 350/340
- VARIANT 385-360
- VARIANT 370/350

5 //

7 //

6 //

8 //

5 // Telehandlers

- SCORPION 9055-6030

6 // Forage harvesting machinery

- DISCO Disc mowers
- CORTO Drum mowers
- VOLTO Tedders
- LINER Swathers
- CARGOS 9600-9400
- CARGOS 8500-8300
- QUANTUM Loader wagons

7 // EASY – Efficient Agriculture Systems by CLAAS

- Steering systems
- Telemetry
- Machine optimisation
- Precision Farming
- AGROCOM software
- Services
- EASY Contacts
- EASY Training

8 // CLAAS Service and Parts

- Products for CLAAS Machines:
- Spare parts
- Accessories
- Supplies
- Agricultural technology equipment
- Service products

2015 Calendar – Important trade fair dates

February
SIMA / Paris / France

April
AGRISHOW / Ribeirão Preto / Brazil,
SIAM / Meknes / Morocco

May
GRASSLAND UK / Shepton Mallet / United Kingdom,
NAMPO Show / Bothaville / South Africa

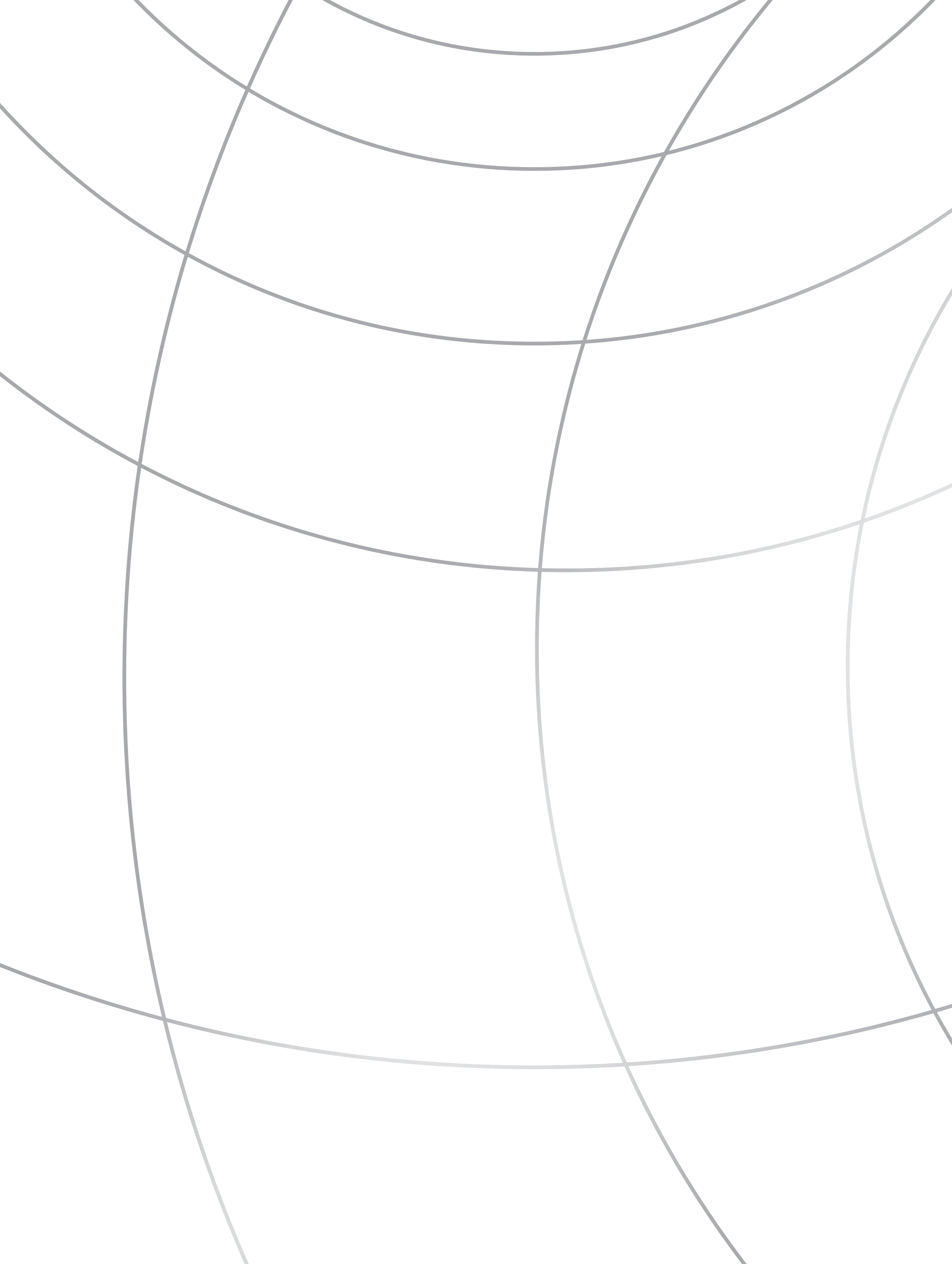
June
CEREALS / Boothby Graffoe / United Kingdom

July
RURAL / Palermo / Argentina

September
Farm Progess Show / Decatur, Illinois / USA,
AGROSHOW / Bednary / Poland

October
CIAME / Beijing / China

November
AGRITECHNICA / Hanover / Germany,
AUSTRO AGRAR / Tulln / Austria,
SITEVI / Montpellier / France,
JUGAGRO / Krasnodar / Russia



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