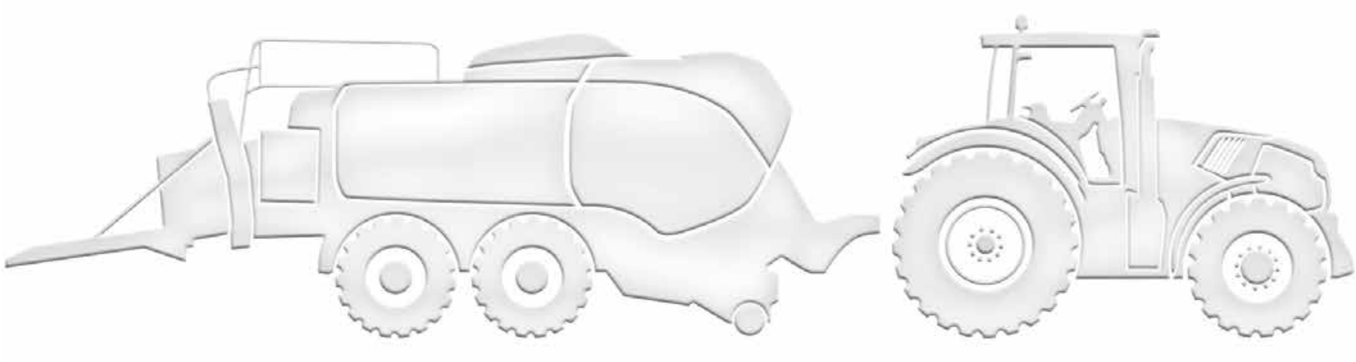
CLAAS



Expanding Strengths

2015 Annual Report

CLAAS Group Overview

Financial Indicators (IFRS)

in € million	2015	2014	Change in %
Financial Performance			
Net sales	3,838.5	3,823.0	0.4
EBITDA	310.5	327.9	- 5.3
EBIT	196.8	194.4	1.2
Income before taxes	157.7	155.1	1.7
Net income	105.7	113.1	- 6.5
Research and development costs [1]	203.0	212.3	- 4.4
Free cash flow	38.8	- 136.9	128.3
Financial Position			
Equity	1,231.0	1,183.2	4.0
Capital expenditure [2]	128.3	173.2	- 25.9
Total assets	3,343.2	3,113.1	7.4
Employees			
Employees as at the balance sheet date [3]	11,535	11,407	1.1
Personnel expenses	650.6	627.0	3.8

[1] Before capitalized and amortized development costs

[2] Including development costs recognized as an asset

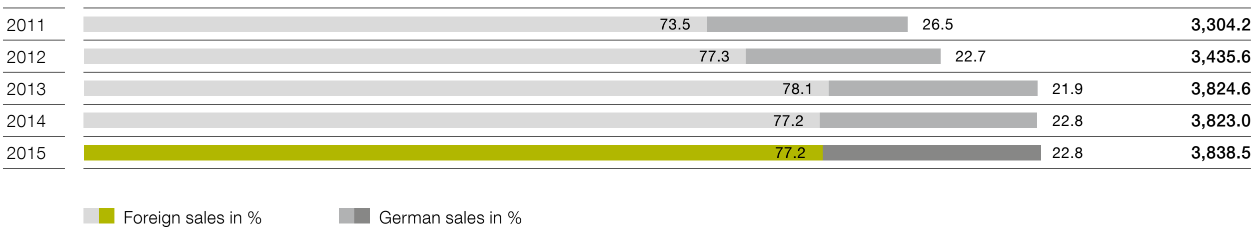
[3] Including apprentices

Sales by Region

in € million / in % compared to prior year

Sales per Year

in € million



“We managed to consolidate our strong position in the global competitive environment in 2015.”

Lothar Kriszun

Expanding Strengths

You read about it in how-to books on personal development: Focus on what you do really well, and work on expanding these skills. But what are those personal strengths?

For decades, CLAAS has been one of the world's leading manufacturers of agricultural machinery. Over 11,000 employees work every day toward the goal of increasing harvest yields and making agricultural processes more efficient overall. As the level of internationalization grows, so does cultural diversity. A family-owned company such as CLAAS has a highly integrating effect on new employees. It sees its greatest strength in the skills, dedication, and individual experience of each and every employee. The photographic journey at the start of this report shows how diverse and multifaceted the company is.

Expanding strengths takes courage, especially when doing so requires major investment. Because the potential for modernization in agriculture remains high, CLAAS has been gradually expanding its business in Russia since 1991. Recently, the company opened a new plant there. The factory is equipped with state-of-the-art production technology, as the report on the final phase of construction impressively illustrates.

Sometimes, it is disruptive technologies that lead to new market successes. More often than not, however, success is the result of extensive experience and the consistent, steady development of a top product. The LEXION series offers more than just the most powerful combine harvesters. With a history stretching back 20 years, it is also the series with the most experience, both in terms of development and real-life use. We asked an experienced farmer about the latest models from the 700 series. Read what he had to say.

Quality is one of the most important brand promises CLAAS makes. A new test center in France has been built with the aim of expanding this strength. A report explains how the test center can simulate the entire life cycle of a tractor in four weeks and how doing so benefits farmers.

For over 100 years, CLAAS has been intimately connected with agriculture. That is why our current communication campaign, "Excellent work," focuses on the people who make agriculture great. We share their values: a love of the land and nature, coupled with a passion for excellent machines.

The Power of Diversity

Vielfalt
diversité
vibhinnta
khwām tæk tā̀ng
разнообразие

More than 11,000 people work for CLAAS worldwide. Our employees come from different backgrounds. They are of different ages, and they work in a wide range of fields. The tremendous dedication and innovative ideas of each and every one of them are what set us apart and strengthen our company – day after day. This diversity comes to life at CLAAS and makes a lasting contribution to the company's success. Get to know a few of our colleagues on the following pages.

Dirk Böttcher, Alexandra Schröder, Cornelia Theisen

“How can you transform a German agricultural equipment producer into an internationally active group? I find helping shape this transformation inspiring and absolutely fascinating.”

Claudia Holtkemper (46)

Commercial Manager, CLAAS Selbstfahrende Erntemaschinen GmbH,
from Harsewinkel, Germany

The U.S., England, Romania, Hungary, Mexico … Claudia Holtkemper spent many years living and working abroad. In February 2015, the 46-year-old returned to Germany – and to her former employer. Years ago, after earning her degree in business administration in Münster, she went to work for CLAAS. Today, she is helping drive internationalization as the Managing Director of CLAAS Selbstfahrende Erntemaschinen GmbH. Her work covers a broad spectrum. From finance, controlling, IT, and purchasing, to sales, quality assurance, occupational health and safety, and facility planning, her decisions are crucial at every turn. Now back at home, this native of Westphalia continues to pursue her passion by exploring foreign countries and cultures on a regular basis. Her next trip to Latin America has already been booked.

"The chance to help shape CLAAS Tractor from the very start was an amazing motivator for me and offered me the opportunity to become part of a success story."

Christelle Cugnière (39)

Deputy Head of Purchasing, CLAAS Tractor, in Vélizy, France

As the child of farmers, Christelle Cugnière has known the name CLAAS since she was young. The relationship became a professional one in 2004, when the automotive engineer took a position as a project manager at Renault after three years in the United Kingdom. When CLAAS took over Renault Agriculture soon after that, the company made her an offer. Today, she is the Deputy Head of Purchasing at CLAAS Tractor, where she is in charge of the department for system components. She is also responsible for Group-wide purchasing of cabs and equipment operating concepts. This means that she works with suppliers from around the globe and makes sure that the company gets a good price on just the right number of top-quality products – from cabs to rims, and beyond.

"The challenge of leading German technology to success in Asia and leaving the competition in our dust excites and inspires me every day."

Benjamin Suchinda Punyaratabandhu Bhakdi (37)
Regional Director of CLAAS Global Sales for Southeast and East Asia,
Managing Director of the Southeast Asia Regional Center in Bangkok, Thailand

From an early age, Benjamin Bhakdi knew that he wanted to use his German and Thai roots to his advantage, which is why he moved from Münster to Laos and Thailand ten years ago, after studying agricultural economics. Before becoming the CLAAS country delegate in Bangkok in 2013, Khun (Mr.) Ben – as his colleagues call him – was in charge of projects in the agro-industrial sector. Since May 2015, the 37-year-old has been the Managing Director of the Southeast Asia Regional Center. The first step in his new position was a strategic realignment of operations in the region, with the goal of positioning machinery made in Harsewinkel as the leading technology in Asian markets. His 6-year-old is already on board: He is one of the biggest CLAAS fans in southeast Asia.

"Designing strategies, simplifying processes, solving problems, discovering new approaches – those are things that inspire me."

Bharti Teotia (24)

International Trainee in Product Management in Chandigarh, India

"Made in India" – Bharti Teotia's job is to make domestic products a success on the global market. One source of inspiration for her? Her time at the company's headquarters in Harsewinkel, where she is helping make Product Management at CLAAS even stronger. Generally speaking, the 24-year-old, who studied agricultural engineering, embodies an interest in experimentation and a passion for diversity. Since joining CLAAS India in 2012, she has worked on various projects and in a wide range of departments. As a result, she knows how things in one part of the company can affect other areas. In her spare time, Bharti Teotia – who also speaks a bit of German, in addition to Hindi, Punjabi, and English – enjoys being physically active. Here, too, she is a fan of diversity: cycling, hitting the gym, swimming, soccer …

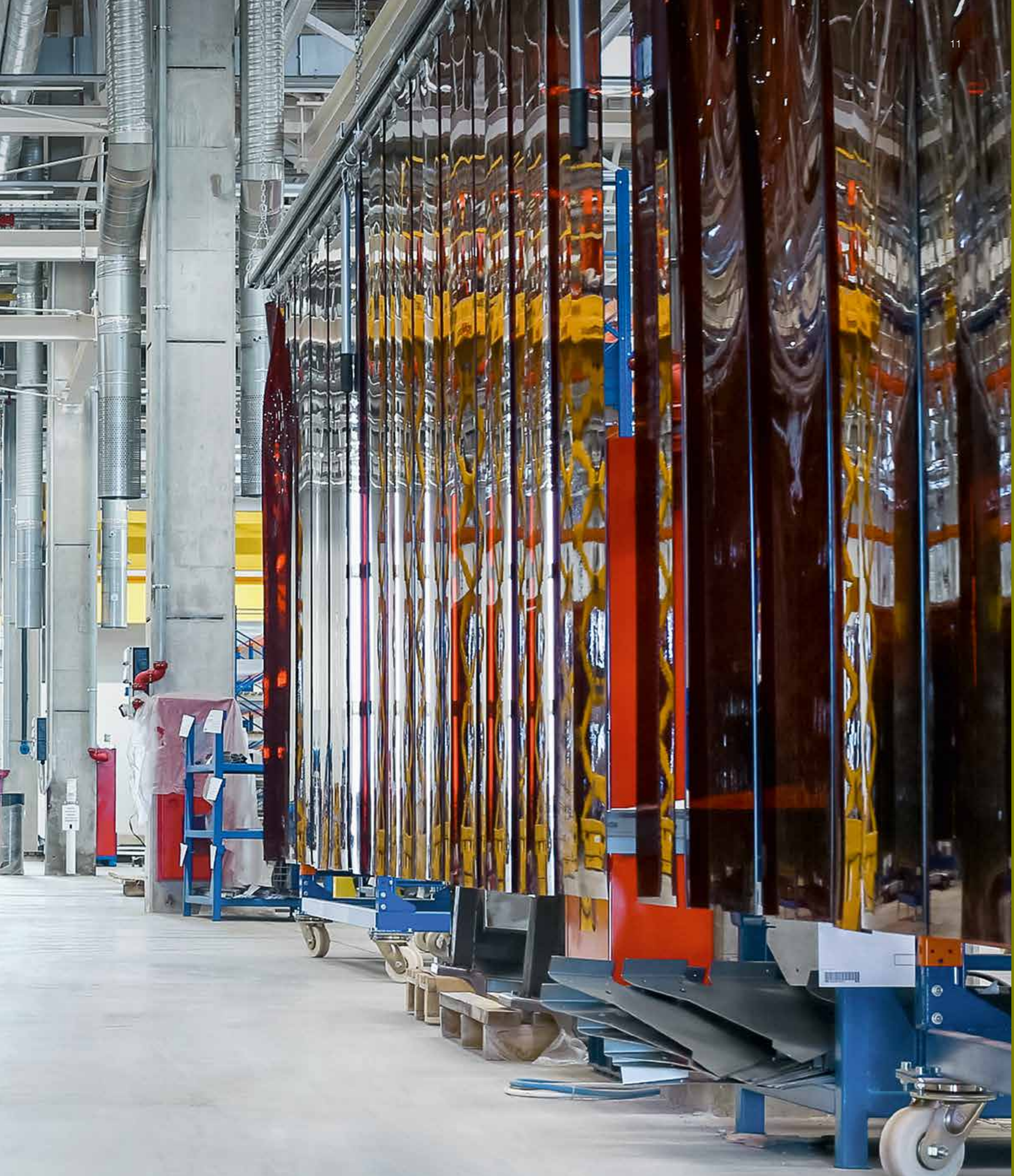
"Our goal is to make sure that our customers can drive every new CLAAS machine from the factory directly to the field, where they can put it to work right away."

Sergey Svir (31)

Head of Technical Services in Krasnodar, Russia

In 2009, Sergey Svir joined CLAAS in Krasnodar as a mechanic. Originally from a small village in the area, he studied agricultural equipment engineering. Today, he is the Head of Technical Services at the site in Russia. The tall, lean technician has an eye for detail. He is in charge of a team of nine employees and played a key role in the planning and construction of the new factory. He speaks excellent German – such as when he says he has a finger in every pie: Svir and his team are always on hand to guarantee optimal processes in logistics, the flow of materials, and assembly. Their constant goal? To make sure customers receive a high-quality product that they can drive directly from the factory to the field right when they want it. When he is not working, Svir – a keen mountain climber – enjoys nothing more than heading straight from the factory to the Caucasus Mountains.

Made in Russia



CLAAS has reached another important milestone in its international expansion. The impressive new factory just outside of Krasnodar shows that CLAAS has high aspirations in Russia. Since October 2015, this production site, which is one of the most modern of its kind in Europe, has been manufacturing Russian-made combine harvesters.

Dirk Böttcher

825

days of construction were necessary to build the new factory in Krasnodar, Russia. More than 250 companies were involved.

According to the plans, up to eight brand-new combine harvesters are to make their way through the wide factory gates every day by the time employees head home. Completely ready to go, the combines will wait there for their new owners to pick them up and take them directly to their fields to begin harvesting. Dr. Ralf Bendisch, Director of the site in Krasnodar, Russia, starts his tour of the new production facility at the end of the assembly line. He is standing in the space that has been set aside for final assembly, beyond the test center, in which every piece of harvesting machinery is thoroughly checked once again to ensure premium quality before the huge wheels are bolted on and the final touches made. Once this last step is completed, the combine harvester made in Russia will be ready for delivery.

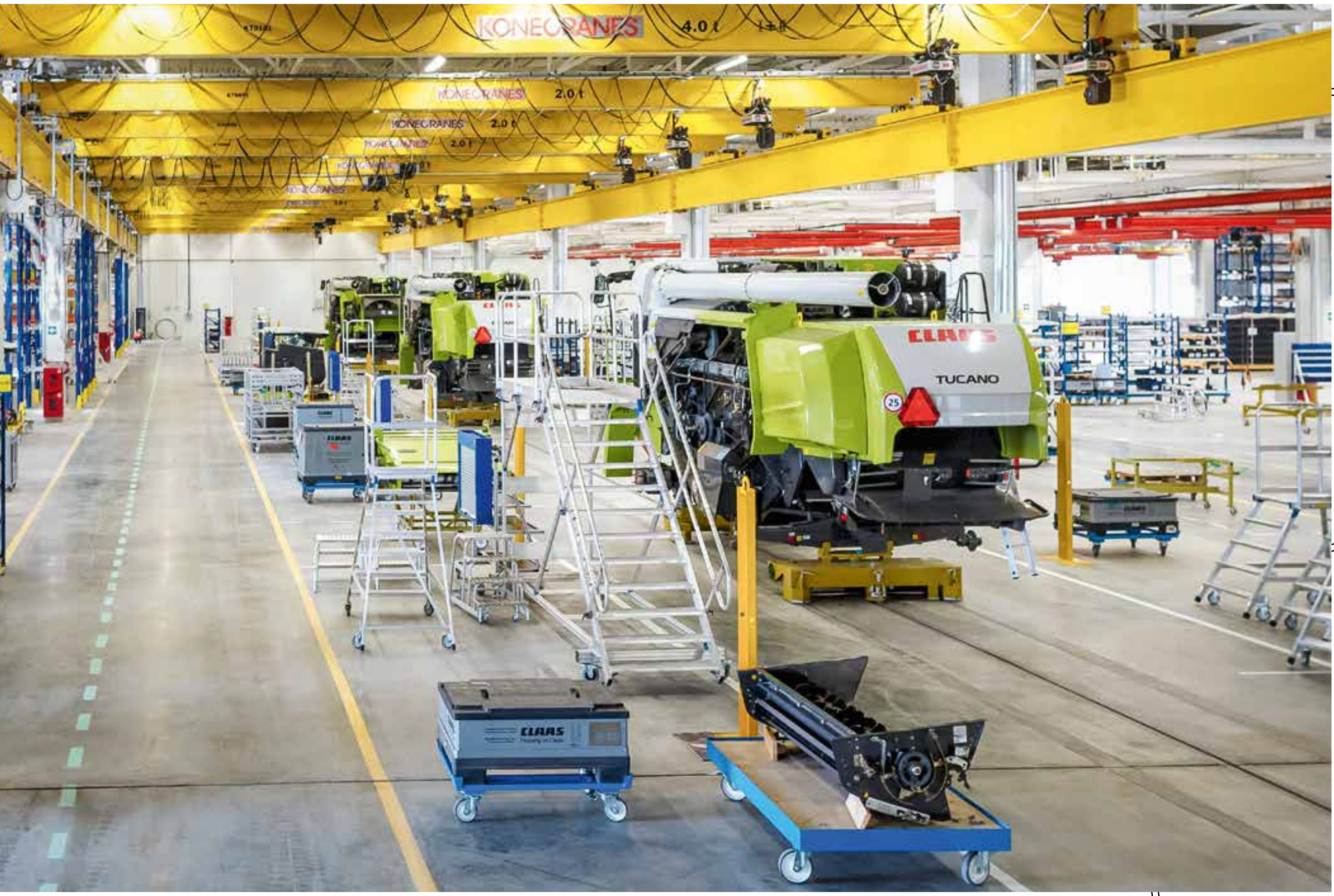
Well over 300 employees will work here. CLAAS is the only international manufacturer of combine harvesters and tractors to build its agricultural machinery for the Russian market entirely domestically, consolidating its leading market position over foreign competitors. Although CLAAS in Russia has long operated like a Russian company, which is reflected in the way it is perceived, the state-of-the-art production facility in the country will further strengthen this trust. Never before has CLAAS invested so much money in a production site outside of Harsewinkel.

Calm before the Storm

On this day in August, six weeks before operations commence, the final preparations for the start of production are under way in the huge halls. We seize the opportunity to walk through the quiet, not-yet-operational factory and capture the special moment that you could call the calm before the storm.

The empty assembly shop leaves plenty of room for the imagination to take flight, even though the gigantic spaces are already filling with equipment, machinery, and tools. Some parts of the facility, such as the metal and paint workshops, are already finished. Soon, once the new factory has been commissioned, the hard work of getting everything ready to go will be a mere memory. The factory is large enough to accommodate the famous Red Square – as well as two soccer fields. Beams of sunlight break through the windows, casting tangled abstract patterns on the functional shapes of the columns, aisles, equipment, and shelves. Tracks of rails in the floor show the path that 2,000 individual parts will take on their way to becoming a combine harvester. The components, weighing tons, will be literally blown through the hall, driven by a transport system based on air pressure.

Everywhere you look, construction workers are still busy. Welders send out sparks, and power screwdrivers hum. While construction continues in one part of the hall, CLAAS employees are preparing for their first day on the job in the part that has already been finished. They are bending, cutting, welding, and milling the first components. The factory is warming up. After three years of planning and construction, all signs are pointing to go.



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1 This is where the TUCANO combine harvester takes shape. The operator's cab and other attachments are assembled here. The entire vehicle is made up of around 2,000 individual parts, more than 700 of which are now manufactured in Krasnodar, Russia.

2 More than 8,000 metric tons of steel were processed at the construction site – enough to build a second Eiffel Tower. Before that, 35,000 trips were made by truck to transport more than 235,000 cubic meters of soil.

1 The start of the assembly line. Here is where the vehicles' bodies are welded. The welders received months of training in Krasnodar, Russia, and Harsewinkel, Germany, for this technologically challenging work.

"I learned a lot during the installation of the new machines. Now I'm looking forward to the moment when we finally commission them."

2 **Alexander Schangin (29),** Lead Electrician, was born on the Kamchatka Peninsula. He applied to CLAAS in 2013 when he heard that the company was looking for workers for the construction of a new factory.

300

kilometers of wiring have been laid to supply the modern automated production facility with enough electricity. The length would be enough to lay a wire from the top to the bottom of Berlin's TV tower 815 times.

3 This robot bends sheet metal fully automatically, with millimeter precision. As a result, workers no longer need to manually handle the heavy components.

35,350

square meters is the size of the factory – large enough to accommodate the famous Red Square and two soccer fields.

4 This state-of-the-art high-bay warehouse for small parts is operated by computer. Inside, it is equipped with movable shelves that work like paternoster elevators. Workers enter the serial number of the component they need, and the software transports the component within just a few seconds to a window where they can pick it up.

5 Dealing with welding pliers that are more than 1 meter long takes skill and practice. Thanks to the sophisticated steel structures, it is possible to move the many heavy components and tools through the entire factory and work on them while they are suspended, speeding up and simplifying the assembly process.

7 The last few meters in the production process. Once the gate opens, the completed combine harvester will literally be blown into the test center for final inspection. The machines and components, weighing tons, are moved through the factory on rails by air pressure of 6 to 7 bar.

6 A workplace for software programmers in the middle of the factory. The modern bending machines are computer-operated by IT experts.

1

“Attentiveness is my core competence. Every last detail has to be perfect for high quality.”

Veronika Prokhorova (26), Quality Assurance Engineer, moved the farthest to work for CLAAS in Krasnodar. Her hometown is 2,000 kilometers away – in Siberia.

Anticipation

By commissioning the new production facility, CLAAS is writing a new chapter in its history, with new machines and processes, as well as a new team. The new employees come from all over Russia. Some of them speak different languages and come from different professional backgrounds, but they all share one goal: They want to work as a team to produce agricultural machinery made by CLAAS in Krasnodar. They have received comprehensive training on location and in Harsewinkel, so that their future work lives up to the internationally applicable CLAAS quality standards. Many of the required professions and technologies were not available in Krasnodar until now. Some machines are even being used for the first time ever in Russia. High-tech work stations – such as the computer-operated laser machines that cut metal parts with the utmost precision, or the automated paint shop – are unique in the region. Because the machines are so exclusive, CLAAS will also be taking orders from companies from outside the industry in the future, making optimum utilization of production capacity a reality. Negotiations on bumper coating and the manufacturing of construction machinery are already being held. The plant also plans to supply components to Harsewinkel.

What is more, the new factory is confirmation of the company’s commitment to Russia, one of the largest agricultural markets of the future. The prospects are promising, despite the challenges of today. Special efforts are necessary to offer CLAAS agricultural machines, which are seen as premium products, at competitive prices. The reasons for this are the massive devaluation of the ruble as well as the one-sided subsidies for domestic vehicle manufacturers. CLAAS uses the euro as a basis for its prices in Russia. As a result of the current weakness of the ruble, its products are growing increasingly expensive. CLAAS will hedge the risks resulting from currency fluctuations on the financial market. However, political recognition as a domestic producer is of even greater importance. Until now, farmers have not been able to take advantage of national and regional subsidies for the purchase of CLAAS combine harvesters or tractors. While they can help cover up to 50 percent of the total investment amount, they are only available for the purchase of Russian models. The new factory further increases the extent of localization in production. Of the 2,000 parts found in a combine harvester, more than 700 are now manufactured in Krasnodar. This is a strong argument for considering CLAAS to be a domestic manufacturer whose products are eligible for subsidies.

Should this happen, the assembly line will soon become a busy place. That is something the employees at CLAAS are looking forward to. They cannot wait to start building combine harvesters.

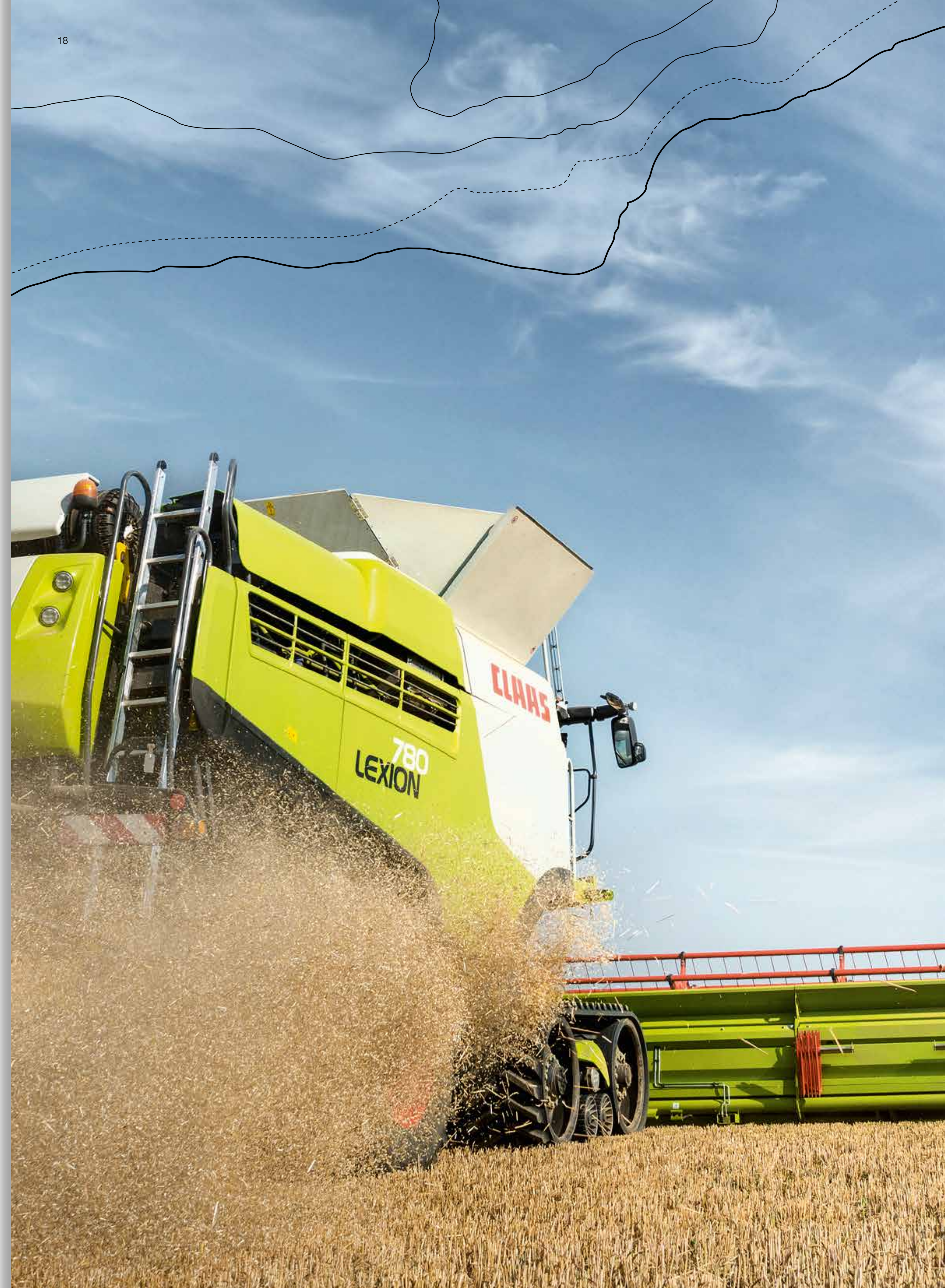
“My father helped build a new factory and later worked there. Now I am following in his footsteps.”

Rafail Kremcheev (35), Maintenance Engineer at the paint shop. The first day of operation at the new factory coincides with a special day in his life: October 1 is his birthday.

2

1 A system of rails built into the ceiling transports components into the paint shop and back out again. For laypeople, this process may seem confusing at first sight. But the computers make sure that every component is painted in the right color and ends up right where it is supposed to be in the assembly shop.

2 The paint shop is the most modern one found on the market right now. At full capacity utilization, it consumes 100 cubic meters of water a day. The treatment is so effective that the water coming out could theoretically be used to raise fish.


CLAAS
780
LEXION

The Measure of All Things

Will the grain harvest be a success or not? Harvesting technology often makes a decisive difference. With the new LEXION 700 series, CLAAS is unveiling a new generation of combine harvesters for the 2016 harvest season that features a host of major improvements, such as automated crop-flow control for increasing power and efficiency. A few preliminary series models of this CLAAS powerhouse were already out in the field in 2015.

Jörg Huthmann

“Technically speaking, there is simply nothing better. Our operators would also refuse to drive any other harvesting machines … And above all, our customers are very satisfied with the performance and quality.”

1

1 Axel Schmidt and his father: “The tractor has been a part of the family for decades. If it could talk, the stories it would tell.”

2 A clean cut and perfect soil conservation: The TERRA TRAC tracks from CLAAS prevent soil compaction. The precisely controlled front attachments, which have been subject to constant improvement, help ensure the best harvesting results.

Working for a year without knowing whether all your efforts are going to pay off. For arable farms, this feeling is normal. And with climate change making weather more and more unpredictable, the harvest season is growing shorter. The harvest has to be gathered quickly, without losses, and in a way that is as gentle as possible on the soil. This is not a problem with CLAAS LEXION combine harvesters. The machines are also capable of analyzing grain during the harvesting process to determine factors such as quality and residual moisture. The resulting data helps optimize the next sowing as well as fertilization and crop protection measures. This new generation of combine harvesters for the 2016 harvest season features a host of improvements, including a new straw-walker program and automated crop-flow control that reliably prevents combine harvesters from clogging.

July is the middle of the grain harvest season in the southern part of Lower Saxony. Schmidt, a contracting company from the local community of Adelebsen, has always worked with CLAAS harvesting machinery. Contractor Axel Schmidt knows the combine harvesters and foragers like the back of his hand. He coordinates a fleet that is made up of 23 large harvesting machines, including eleven foragers and twelve combine harvesters, all from CLAAS. This year, he is using the new flagships from the German agricultural equipment specialists. The two LEXION 770 TT combine harvesters and the LEXION 750 TT combine harvester are preliminary series models. The TT in the product names stands for TERRA TRAC and refers to the models’ special tracks. Although the series will not officially be available for sale until 2016, Axel Schmidt has always been a LEXION user and likes trying new

2

machines. His verdict leaves no doubt: “I love these machines. Maybe it’s also because I grew up with them.”

Besides this astonishingly emotional statement, Axel Schmidt also has very good objective arguments for the CLAAS machines: “Technically speaking, there is simply nothing better. Our operators would also refuse to drive any other harvesting machines. Plus it’s easy to get spare parts, and the dealer support is great. And above all, our customers are satisfied with the performance and quality.”

When Axel Schmidt talks about his work, it seems reasonable to suppose that he was born to take over the family company. But in his younger days, it was not quite as clear that he would one day become a contractor and enter the world of agriculture. After completing his vocational training in precision mechanics, he went on to study mechanical engineering. As he tells it, he spent his free time at his parents’ farm. Contracting was already a part of their business back then. “We kept expanding the contracting business,” he says. Today, the 42-year-old father of three runs the company with his brother Hartmuth. Axel and two employees take care of planning and scheduling, while Hartmuth and a few other members of staff look after the workshop.

In recent years, the company’s business has benefited from the growing trend among farmers to contract out harvesting and other activities, such as cultivation or sowing, to service providers.

Smaller farms have been doing so for a long time, because maintaining and constantly modernizing a proper fleet has never been worthwhile for them, not to mention the issue of hiring workers. A growing number of large farms are also placing their faith in the contractor’s experience and modern machinery. “All a question of doing the math,” Axel Schmidt says, referring to the depreciation period for his machines, which he feels is too long. “Ten to twelve years, that ties up lots of capital,” he adds.

In late July, the heat is on for farmers and contractors in Lower Saxony. A ten-day delay is a long time when it comes to the grain harvest. The weather is once again refusing to cooperate. Every hour in which the ripe grain is dry enough to be harvested is precious time. Right now, every combine harvester is out in the field. In the southern part of the state, the three new machines from CLAAS are showing what they are capable of, harvesting 5,500 hectares – or 55 square kilometers, most of them fields of wheat – in the contractor’s local area. Most of the large farms have been family-owned for many generations. Today, they work their land

“I love these machines.
Maybe it’s also because
I grew up with them.”

1

1 The 2016 LEXION generation: redefining the benchmark in harvesting technology.

626 hp

The top-of-the-line models from the new 700 LEXION series now have 626 hp at their disposal, thanks to Mercedes engines with 15.6 liters of displacement.

with the help of service providers like Axel and Hartmuth Schmidt, where sustainable farming was already a fundamental part of the company's mission before the word "sustainability" had been coined.

Even professionals have to take a close look to see the difference between the new LEXION combine harvesters and the previous generation from the outside. Luckily for the manufacturer, pictures of the disguised prototype were a rarity this time. Most of the changes were made under the hood, starting with the engines. The top-of-the-line models in the new 700 LEXION series now have 626 hp at their disposal, thanks to Mercedes engines with 15.6 liters of displacement – enough power for the toughest harvesting conditions, when even the most powerful equipment reaches its limits. The engines comply with Tier 4 emissions regulations, of course, and consume far less fuel than the previous generation. The new emission control device creates a bulge in the body on the right side of the combine harvester. For those in the know, this curve is a unique visual feature of the new LEXION generation.

Another feature is the new straw walker, which is located at the rear of the combine harvester, along with the chopper unit. The straw chopper, which was previously hydraulically powered, is now mechanical and can be adjusted to every conceivable material situation. It can even be remotely controlled from the operator's cab. The switch from hydraulic to mechanical power results in speed stability, even with moist straw, increasing overall output and performance.

Automated crop-flow control is yet another highlight among the many new ideas that have become reality in the 2016 LEXION generation. The automated system, which is controlled by a wide range of sensors, prevents the combine harvester from becoming blocked by taking up too much material, especially when being used by inexperienced operators. A malfunction of this nature would lead to an interruption in the harvesting process. Logically, all operators are interested in avoiding this situation. As a result, some harvest at a speed significantly slower than the actual limit, meaning that they do not make full use of the machines' true power. Automated crop-flow control prevents this, which is why the new LEXION generation can be operated at top speed without the risk of blocking. This also increases the power of the machines.

These and many other innovations come from a common source: constant, constructive dialogue between the manufacturer and users. When Axel Schmidt shares feedback about his own experiences and those of his operators with the new LEXION combine harvesters, CLAAS representatives listen very carefully. CLAAS dealer Markus Hilmer sums up in a single sentence what matters in harvesting: "It's all about speed."

Time Machine

1 Moving without motion: a tractor on the drive test bench in Trangé.

Out in the field, tractors are subject to tremendous forces. The new test benches at the CLAAS test center are capable of simulating these forces in a condensed time frame, making them essential development tools. Test engineers in Trangé, France, are also working on constantly improving the quality of tractors and agricultural machinery.

Johannes Winterhagen

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Just one little mouse click, and the ordeal begins. The prototype of a new generation of tractor has been placed on the test bench in such a way as to ensure that every wheel is on one of the four piston rods. Each of these rods generates a constant barrage of shocks, with forces equal to more than 200 kilos per square centimeter. This kind of abuse ages the tractor quickly. Three or four weeks of this kind of treatment are the equivalent of ten years of normal use. “We do this to simulate the sturdiness of the chassis in the face of forces that correspond with the challenging conditions in which the tractors are used,” Frédéric Cavoleau, Head of Testing and Validation at CLAAS Tractor, explains. He observes the process from the glassed-in control room above the test bench, a state-of-the-art four-cylinder system. Although the test is fully automated, a CLAAS engineer is always in attendance for safety reasons.

By contrast, the tractor on the neighboring test bench – separated only by a wall – looks to be taking a pleasurable spin. Despite lacking tires, and even though each of its wheels is hooked up to one of four 500-kilowatt electric motors, its drive system is being tested to measure its ability to function under real-life conditions. To do so, a driving-simulation program that takes inclines and other resistance factors into account controls the engine, transmission, and electric motors. “This way, we can make very precise predictions as to fuel consumption, for example, during the development phase,” Frédéric Cavoleau says.

Both test benches are located at the CLAAS test center in Trangé, France, near Le Mans. The test center celebrated its grand opening in 2012. CLAAS has invested 6.5 million euros in the test benches alone – an investment that is geared toward speeding up the development of new tractors. Achieving the goal of two to

1 An essential journey: CLAAS engineers test every new model under real-life conditions – on the road and in the field.

2 Shake it up: The hydropulse rig is used to test the tractors' durability and optimize comfort.

2

three new tractors per year is only possible with shorter development times. But to raise the quality with each generation, despite the faster process, it is necessary to bring the field to the laboratory and replace the field testing of yesterday with test-bench simulations. "It's not about doing away with tests," Frédéric Cavoleau says. "It's about combining the two things." As a result, the driving-simulation program for the piston rods is based on previous driving experiences in the field. And Europe is not the only place where CLAAS tractors are tested under real-life conditions. Testing is performed around the world, even in places such as New Zealand. "The important thing is to develop each tractor with the exact conditions in mind in which it will be used," according to Frédéric Cavoleau. Those conditions vary from series to series, and from market to market. The findings from the test benches are compared with actual field measurements and are evaluated. The resulting insights then allow CLAAS to improve the computer simulation of components and assemblies during the early phases of the development cycle.

In addition to the two large-scale test benches and field tests, the engineers at CLAAS are always developing specific testing methods geared toward making product innovations a reality. One example is the panoramic roof of the ARION 400, whose front windshield gives way at the top to a roof made of transparent polycarbonate. When working with the front loader, farmers now no longer have to turn their necks uncomfortably

200

kilos per square centimeter

The tractor is subject to tremendous forces on the test bench.

1

2

1 Working on the tractor: Engineers test both the machine and its ease of operation.

2 Working at the test bench: The tractor has to be lifted onto the test bench before testing can begin.

to keep an eye on their payload. Operators also enjoy a completely new sense of space when driving on fields and roads. Yet despite all the attention that this solution has been attracting, it was important to CLAAS that the transparent roof be just as safe as a roof made of steel. To achieve this objective, a 30-kilogram testing mass was shot at the polycarbonate pane from a height of several meters – without causing damage.

Trangé is a member of the network of test and validation centers of the CLAAS Group. The four-cylinder test bench is supported on a 900-metric-ton concrete slab that is separate from the building's actual foundation. This makes it possible to test vehicles weighing up to 50 metric tons, such as combines with a full payload. Future plans even call for the roller test bench to be connected with the advanced engineering teams at CLAAS Tractor in Paderborn to allow them to remotely test new software, such as transmission control systems, on a real tractor. It is a lot of engineering work that farmers ideally should never notice. The only thing they should notice is that they do not have to worry about the quality of their machinery.

A Tractor’s Life in Four Weeks

The test benches that CLAAS operates at its test center in Trangé are some of the most modern testing equipment for agricultural machinery in the world. The data recorded by dozens of measuring elements help ensure that the robustness, comfort, safety, and fuel consumption of CLAAS tractors meet customers’ expectations.

6.5
million euros

is the amount CLAAS has invested in the two new test benches at the test center in Trangé.

900
metric tons

is how much the concrete slab weighs that absorbs the shocks from the four-cylinder test bench.

210
bar

is the pressure exerted by the piston rods that are used to conduct the tests.

2,500
kilowatts

is the total output of the electric motors that are used on the roller test bench.

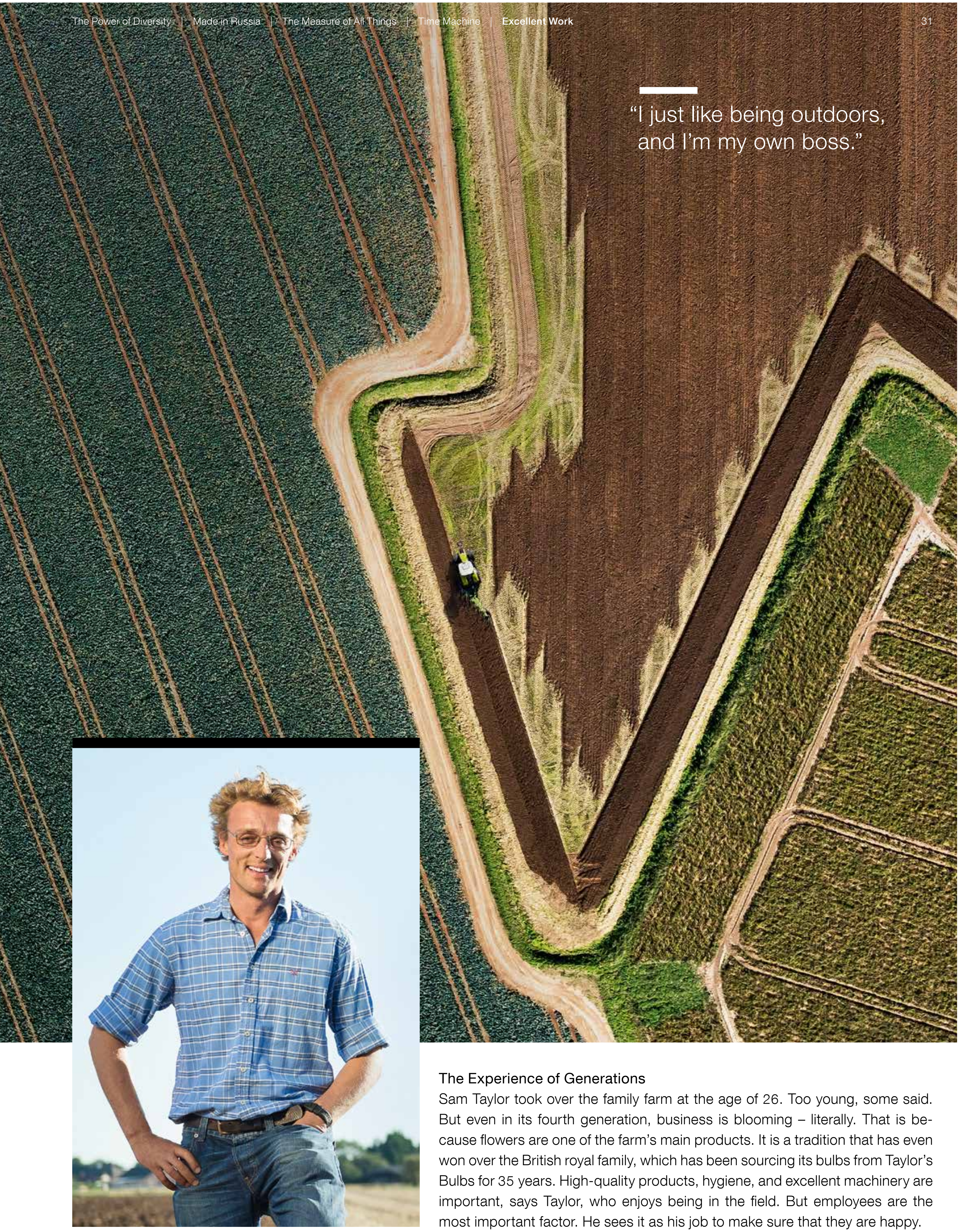
24
hours

a day is how long the test benches can operate under the precisely defined conditions.

Excellent Work.

A love of the land, a passion for their job and for nature, and a keen interest in machines is what unites Sam Taylor, Stefan Naef, Tormod Eitrheim, Peter zum Lande, and Jean Fréon. And there is something else, too: They are men who take pride in the physical work they do, come rain or shine.

The multimedia "Excellent work" campaign from CLAAS shines the spotlight on farmers and contractors from around the world. It aims for authenticity. The stories showcase the challenges and busy, hard-working everyday lives of those profiled, illustrated in unique images. Birds-eye photography captures the reader's attention and shows the precision and professionalism with which the farmers do their work, as well as their most important asset: the soil. New stories are constantly being added to the series, making it worth paying a regular visit to our online special: *tractor.claas.com*



> "I just like being outdoors, and I'm my own boss."

Sam Taylor
Farmer, United Kingdom

The Experience of Generations

Sam Taylor took over the family farm at the age of 26. Too young, some said. But even in its fourth generation, business is blooming – literally. That is because flowers are one of the farm's main products. It is a tradition that has even won over the British royal family, which has been sourcing its bulbs from Taylor's Bulbs for 35 years. High-quality products, hygiene, and excellent machinery are important, says Taylor, who enjoys being in the field. But employees are the most important factor. He sees it as his job to make sure that they are happy.

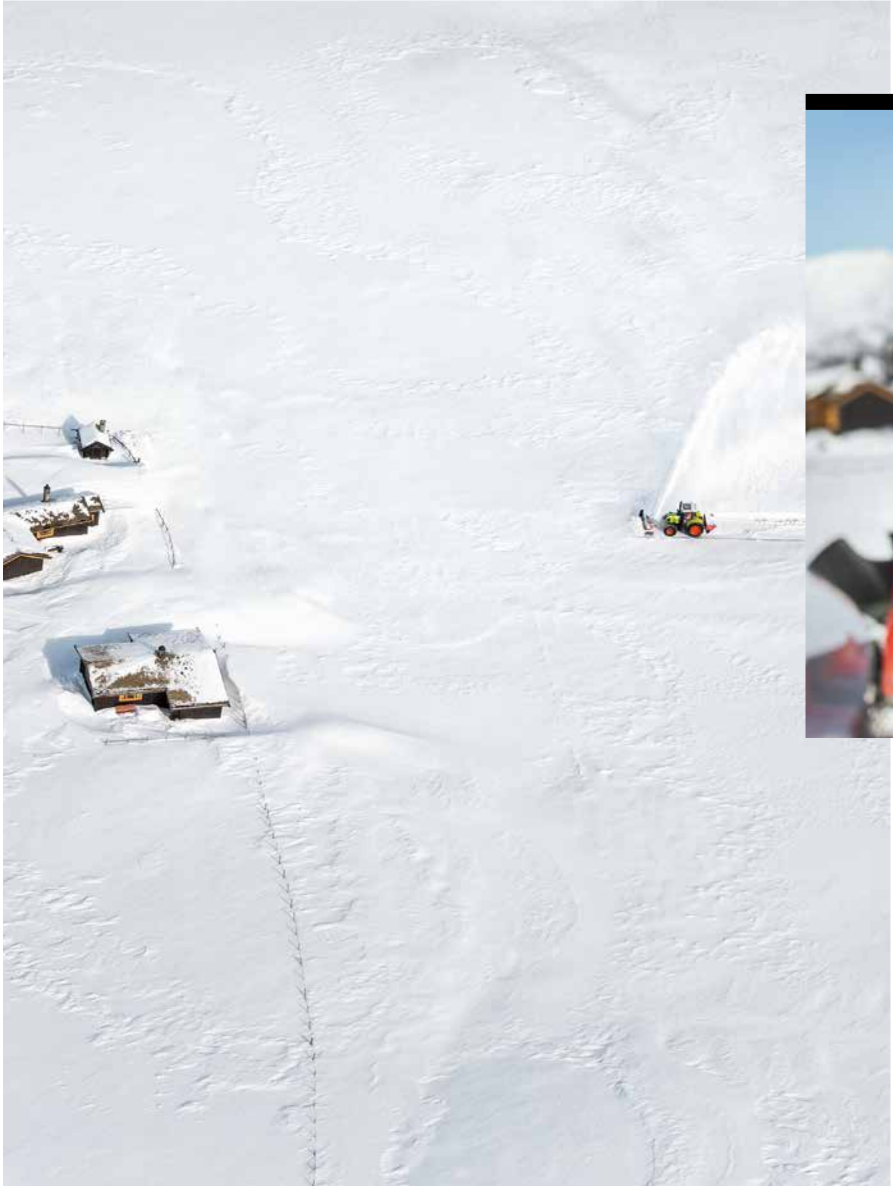
Stefan Naef
Farmer, Switzerland

With a Passion and a Love of Nature

Even as a child, Stefan Naef dreamed of being a dairy farmer in the Swiss mountains. The demands placed on milk production for cheese-making are extremely high. Mechanization cannot completely replace manual labor in the mountains, and the days are long. But his life with the animals and nature are the key to a deep sense of satisfaction for the 33-year-old. Excellent work? That means practically still being able to taste the hay when you go to bed at night.

Total Dedication, Day and Night

Tormod Eitrheim's world is white. The 47-year-old contractor lives in the Hemsedal ski area. During the winter season from October to May, he and his team work seven days a week, clearing snow and gritting roads – starting at 4 a.m., and at temperatures as low as minus 40 degrees Celsius. Only a select few are cut out for it. Heading out on heavy machinery to sort things out on the roads is a matter of the heart for this father of three. Excellent work is what gives every day a meaning, he says.



Tormod Eitrheim
Contractor, Norway

"Life is short, and it's important to do what you enjoy."

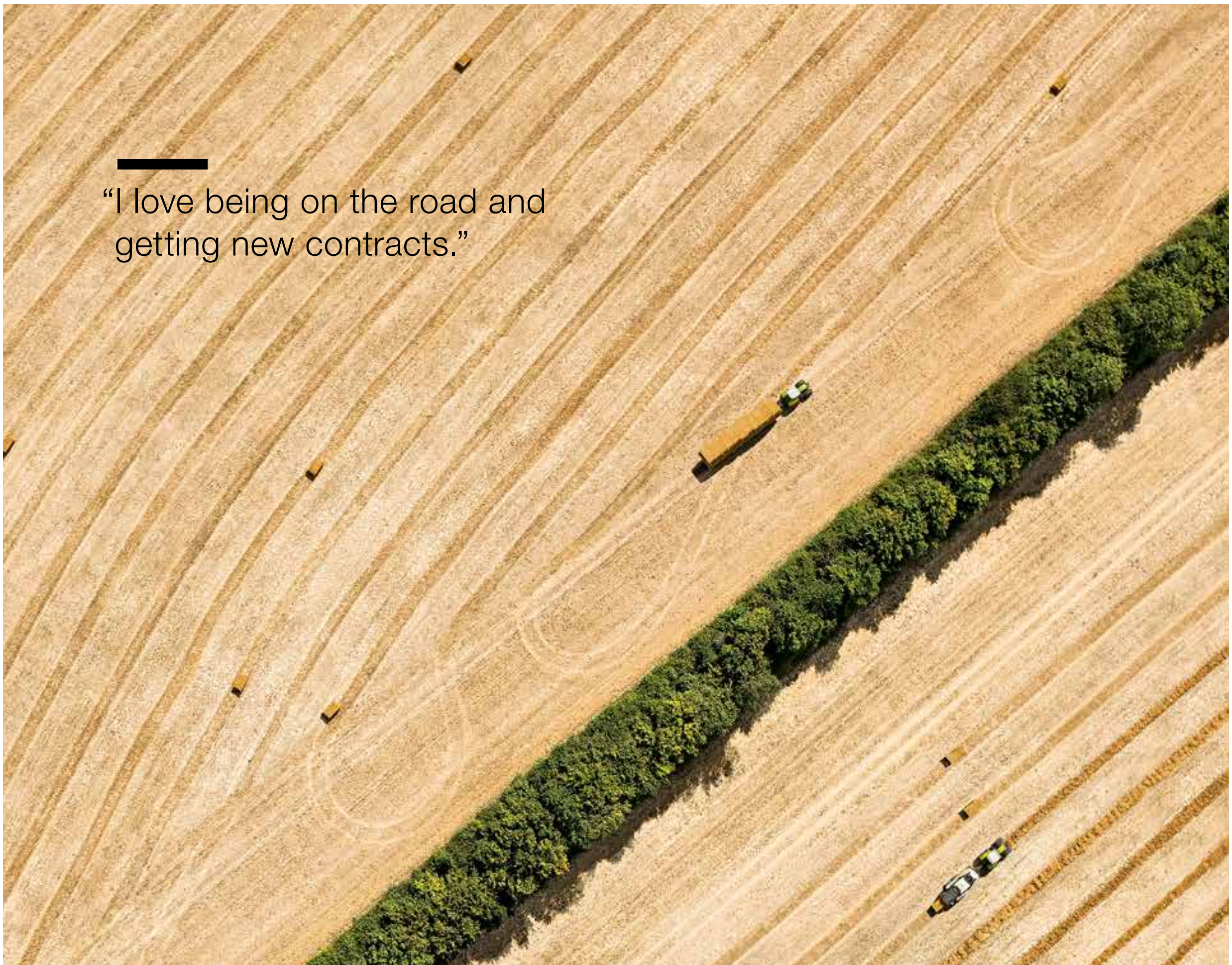
A Sense of the Environment and High-tech

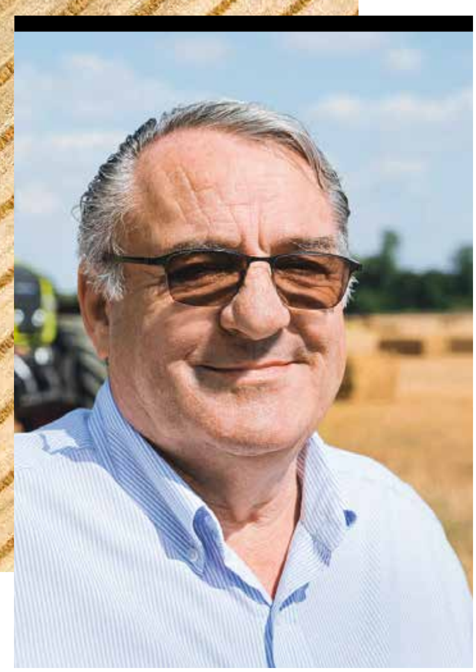
The zum Felde family has been growing fruit in the Lower Elbe region since the 18th century. A few years ago, Peter zum Felde converted his orchard from conventional to organic production. All machinery had to be fitted with low-compaction tires, wildflower strips had to be set up, and a new approach to crop protection taken. A difficult, time-consuming process. But when the 56-year-old walks past his apple trees today, he is proud that he will leave the next generation an orchard that operates economically and is able to feed a family – in cooperation with nature.

Peter zum Felde
Master gardener specializing in fruit growing, Germany

“I know every single one of my trees and visit them several times a year.”

“I love being on the road and getting new contracts.”





Jean Fréon
Entrepreneur and farmer, France

With Perfection and Complete Trust in Staff

Every year, Jean Fréon drives 150,000 kilometers to visit customers and secure contracts for his service company. But the 69-year-old – who started out in forestry and today manages an agriculture, dairy farming, and services company – loves nature. It is what calls the tune, regardless of schedules. For Fréon, excellent work has to do with efficient machinery, quality, and perfection. And with trust – trust that his employees do excellent work while their boss is on the road.

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Report of the Supervisory Board of CLAAS Kommanditgesellschaft auf Aktien mbH

Cathrina Claas-Mühlhäuser and Helmut Claas

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 2015. 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 2016 and for the medium term, including a program aimed at improving income.

The Supervisory Board discussed the CLAAS Group strategy, the further integration of the Chinese subsidiary CLAAS Jinyee, and business performance in Eastern Europe. In addition, the Supervisory Board heard reports about the completion of the new plant construction in Krasnodar, Russia, as well as the status of the Group's electronics development activities at CLAAS E-Systems. The Supervisory Board also studied a report regarding risk management at the CLAAS Group. The Supervisory Board discussed and resolved the setting of targets geared toward increasing the proportion of women in management positions.

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 (until January 2015), Michael Köhler, Ulrich Nickol (until January 2015), Jürgen Schmidt (Deputy Chairman), Carmelo Zanghi, Rainer Straube (starting in January 2015), and Kai Gieselmann (starting in January 2015).

The financial statements of CLAAS KGaA mbH and the consolidated financial statements of the CLAAS Group as of September 30, 2015, 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 8, 2015, and appointed by the Supervisory Board. The statements and reports received an unqualified audit opinion on November 24, 2015.

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 9, 2015, 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 2014/2015 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 2015.

The task at hand for the new fiscal year will be to continue expanding the market presence of CLAAS in the face of shrinking markets with the help of an attractive product range and high-performance production sites in key regions around the world. The discernible progress in increasing efficiency in all divisions must be secured going forward in order to achieve the goal of a sustainable contribution to improving profitability.

Harsewinkel, December 9, 2015

C. Claas-Mühlhäuser Helmut Claas

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
Kai Gieselmann*
Michael Köhler*
Gerd Peskes
Rainer Straube*
Heinrich Strotjohann*
Carmelo Zanghi*

* Employee representatives

Group Executive Board**

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

** Executive Board of Helmut Claas GmbH

Authorized Company Representatives

Stefan Belda
Gerd Hartwig

Foreword by the Executive Board

Dear Business Partners,

The global agricultural equipment market will shrink by around 10% this year. Western Europe expects to see a drop of around 8%. Only in Asia is demand stable.

In spite of these difficult conditions, we managed to raise sales slightly to a new all-time high of €3.83 billion, thereby consolidating our strong position in the global competitive environment.

Throughout it all, we are benefiting from a double-digit increase in sales outside of Europe. Sales posted particularly positive developments in North and South America. Performance in Europe was mixed, with a slight rise in sales in Germany standing in contrast to a decline in France. Income before taxes and return on sales were on par with the prior year despite negative special effects. Our Fit 4 Growth efficiency and cost-cutting program made a positive contribution to this development.

To continue improving our market position, we made targeted investments in the efficient use of resources and the expansion of our product portfolio.

At €203 million, spending on research and development remained high. The new LEXION is helping us to ensure that we remain at the top of the premium segment in the future when it comes to combine harvesters. A wide range of innovations now makes the optimum use of the machine even easier. The new 4D cleaning system and automated crop flow control are just some of the ideas that have been a hit with customers. Both technologies have been awarded medals ahead of Agritechnica. With the QUADRANT 5200 and 4200, we are writing a new chapter in the development of the square baler.

Electronics systems plus the accompanying information and communication technology are crucial issues for the future of CLAAS. The EASY on board app, for example, now makes it possible to control tractor attachments from a standard tablet.

Our tractor business demonstrates the path we have chosen for expanding our product range. Today, CLAAS offers ten product lines in this category and more than 100 tractor models with 70 to 540 hp. This goes hand in hand with the constant development of our sales and distribution network. Part of this is the conclusion of an exclusive sales and distribution agreement for our products with Konekesko, one of the leading machinery dealers in Finland and the Baltics. Following market launch in Finland, CLAAS tractors are now available in every European country.

The further internationalization of CLAAS also includes the expansion of our production sites. We are investing in locations where we have long-standing market experience and see sustainable prospects for the future. In early October, the most state-of-art agricultural equipment production site in Europe went online in Krasnodar, Russia. As a family-owned company, we think in the long term, beyond current political and economic challenges – just like our Russian service partners, who will invest around €40 million in their dealer network over the next three years.

For fiscal year 2016, we once again expect developments to decline. The negative trend in agricultural incomes is leading to a general reluctance to buy when it comes to agricultural equipment, especially in Western and Central Europe as well as in North America. In South America and Eastern Europe, areas of political

Lothar Kriszun
Spokesman of the CLAAS Group Executive Board and responsible for the Tractor Division

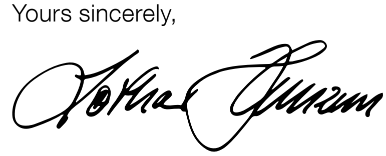
and economic instability are continuing to have a negative impact. Asia's agricultural equipment markets will be the only ones to see stable development.

Despite this market assessment, we expect the current fiscal year's sales to be on par with the prior year. We also anticipate stable business performance overall, thanks to our good position as regards products and services. The driving forces in the market that are relevant for us remain intact. Barring any short-term fluctuations, demand for agricultural commodities resulting from population growth and rising prosperity is set to increase constantly.

Thanks to the tremendous commitment of its employees around the globe, CLAAS has succeeded in expanding its strengths. Customers trust us in an environment that is often challenging for them. Cooperation with the employee representatives, the Supervisory Board, and the Shareholders' Committee is focused on targets. Our partners – from our suppliers to our sales and financial partners – are an important pillar.

This wide-ranging trust gives us powerful tailwind for the new fiscal year. On behalf of the entire Group Executive Board, I would like to thank everyone involved from the bottom of my heart.

Yours sincerely,



Lothar Kriszun
Spokesman of the CLAAS Group Executive Board
and responsible for the Tractor Division

Executive Board of the CLAAS Group

Dr. Henry Puhl
Grain Harvest

Hans Lampert
Finance and Controlling

Jan-Hendrik Mohr
Sales and Marketing

Lothar Kriszun
Spokesman of the CLAAS
Group Executive Board
Tractors

Hermann Lohbeck
Forage Harvesting

Thomas Böck
Technology
and Systems

Group Management Report

Group Management Report

Our Strategy

In a difficult market environment, with markets currently declining on a global scale, CLAAS is pursuing its strategy unswervingly. The agriculture sector is, in general, a growing industry: Agricultural production must rise to meet the demands of global population growth as well as increasing demand for higher-quality food and for raw materials in both production and energy generation. The use of more efficient agricultural equipment and improved services is the key to ensuring that agricultural productivity continues to rise, to make it possible to harvest “more from less” arable land.

As a harvesting specialist, CLAAS has always understood agricultural processes and knows what is needed out in the field. CLAAS machinery, systems, and services provide solutions for professional agricultural operations in all regions of the world. This provides CLAAS with the blueprint for five strategic directions:

Outperform in core markets
The largest and most important market for CLAAS is and always has been Europe. CLAAS has expanded its technological position in its core European markets and is a market leader in harvesting technology. The Tractor product group has also developed positively for CLAAS. As high-tech machines for attachments, large tractors from CLAAS are increasingly the intelligent link that helps ensure optimized process control. With ever more extensive and connected services, both local and digital, CLAAS is enabling customers to leverage their potential for efficiency.

Expand regional growth
Around the world, farmers receive machines that have been tailored to their needs with the quality standards of a premium manufacturer. For instance, in North America, combines are produced that meet the specific requirements of U.S. farmers. In Russia, the expansion of the production site was driven by the goal of establishing CLAAS as a local manufacturer. CLAAS laid the foundations for the significant expansion of its business in China by acquiring Chinese agricultural machinery manufacturer Jinyee in 2014. There is also potential for growth in many other regions of the world. Ways to continuously expand this potential include optimized sales and distribution structures, dealer activities, and regional partnerships.

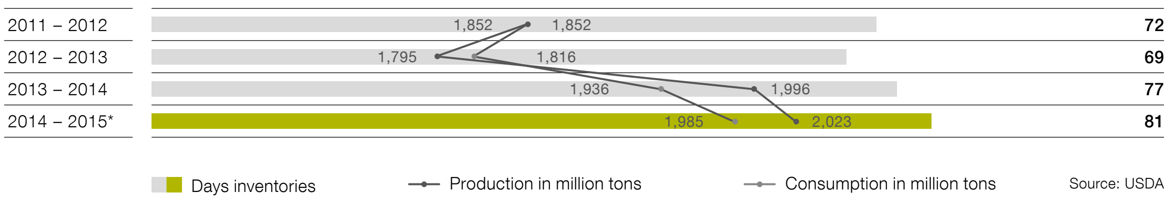
Enhance differentiation power
CLAAS is a premium provider and invests extensively in research and development. The product range, which has been significantly expanded in recent years, focuses on the needs of crop farming, dairy, and livestock operations, as well as those of contractors. CLAAS products stand out thanks to their power, quality, and efficiency. In addition to technology, CLAAS is also investing in the expansion of innovative service solutions. Reliability is a critical success factor in the harvesting process. Through its involvement in launching 365FarmNet, a manufacturer-independent farm management information system, CLAAS is also demonstrating that the future of farming – as part of “Farming 4.0” – lies in connected systems that transcend the boundaries of competition.

Drive top-performing efficiency
Within the framework of the Group-wide “Fit 4 Growth” program, CLAAS is stepping up with determination its efforts to reduce production costs while increasing efficiency in sales and administration. The goal is to achieve profitability targets in spite of a difficult market environment, thereby setting the stage for future growth.

Expand competencies
A highly dynamic environment coupled with growing internationalization at CLAAS is resulting in a constant string of new challenges for specialists and management executives. Their task is to provide customers with the best advice possible and support them while advancing innovation and progress. With this aim in mind, the Company offers a wide range of continuous employee training measures in key areas of competence to make the implementation of strategic and operating measures and targets a reality.

Grain Production and Consumption

from July 1 to June 30



*Estimate (as of October 2015)

Industry Trends

Economic conditions

In the 2015 calendar year, global economic growth slowed slightly compared to the prior year, according to International Monetary Fund (IMF) estimates. However, economic development in industrial countries was largely able to compensate for slowing growth in emerging markets. The euro zone once again recorded positive economic growth of 1.5%. With forecast growth of 2.6%, the U.S. economy also continued to develop positively. Favorable general financing conditions, the weak oil price, and better labor-market conditions are key factors behind these positive developments. In contrast, negative economic growth trends have surfaced in emerging markets, according to the IMF. Economic growth in China, for example, could fall below the 7% mark for the 2015 calendar year. However, economic output in India may once again improve slightly to 7.5%. Eastern Europe is currently in a recession that is primarily being caused by Russia's negative economic development. The Russian economy is forecast to shrink by 3.8% this year. The IMF expects the economy in Eastern Europe to contract by 2.7% overall (prior year: growth of 1.0%).

Investments in the global agricultural equipment industry rose by up to 10% year on year between the time the economic crisis started, in 2009, and 2013. In the past two fiscal years, however, the general mood in the agricultural industry has been increasingly negative. Verband Deutscher Maschinen- und Anlagenbau e.V. (VDMA), the German Engineering Federation, expects global sales development in the agricultural equipment sector to decline by 10% year on year to around €90 billion for the current year.

In crop year 2014/15, which, in contrast to the CLAAS fiscal year, ended on June 30, global crop production (excluding rice) rose by 1.3% year on year to the record high of 2,023 million tons, according to the U.S. Department of Agriculture (USDA). This was due to the favorable cultivation and growing conditions in the most important harvest regions as well as the increase in global arable land to over 545 million hectares. At times substantial declines in the price of grain and oilseed have caused agricultural incomes to fall on an increasing basis. Global rice production fell only marginally by 2 million tons to 476 million tons. The price of milk fell sharply during the past fiscal year by nearly 30% due to the abolition of the milk quota in the European Union (EU), lower demand in China, and the import restrictions in Russia.

Industrial commodity prices continued their downward trend in fiscal year 2015. Oil prices, which have plunged by up to 60%, are a particularly major factor in this development.

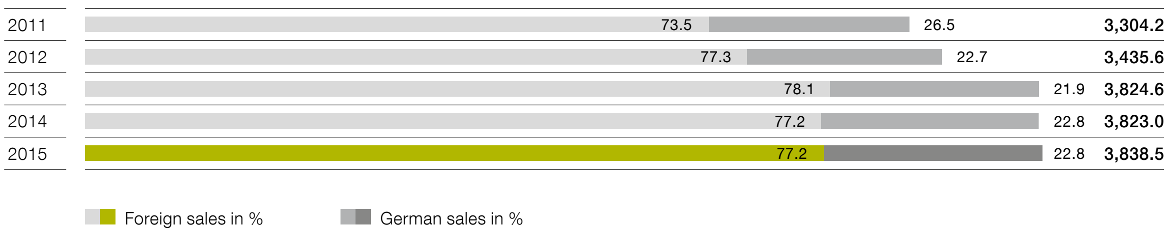
Regional industry developments
The agricultural equipment market volume in Western Europe declined by around 8% year on year (prior year: -2.3%) in the reporting year. The United Kingdom and Denmark saw a major downturn in the investment climate in the industry. A strong downward trend also started in France in 2014 and still continues. The German agricultural equipment market has been above average over the past three years. However, it recorded a decline during the past fiscal year, particularly in the market for tractors. The drop in demand started earlier in Southern European markets such as Spain and Italy. Meanwhile, there were first signs of very slight improvement in 2015. 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, lower harvest quality, and a severe drop in milk prices caused agricultural incomes to fall.

Agricultural equipment markets in Central Europe experienced slightly negative development, although the markets remain at a high level. But the extent of this development varied from market to market. While countries such as Poland or the Czech Republic saw a comparatively high level of stability, according to the VDMA, other markets, such as Hungary, recorded negative development on account of the preceding boom year. EU aid programs for 2014 through 2020 are not expected to take effect until the end of this year. However, farmers are making more and more investment decisions independently of these programs. Although grain production in Central Europe reached a new all-time high in the most recent crop year, agricultural incomes fell due to low grain prices.

Eastern Europe's agricultural equipment markets declined once again. The devaluation of Eastern European currencies led to a sharp rise in the cost of imports. The Russian currency in particular saw a dramatic loss in value against the euro in the final quarter of the 2014 calendar year. After a brief recovery in the first few months of the 2015 calendar year, the Russian ruble had lost around 50% of its value against the euro year on year as of September 30, 2015. In addition, a raft of protectionist policies from the Russian government is having a negative impact on the country's market situation. The production volume of the most important

Sales per Year

in € million



grains reached a record high this past fiscal year, especially in Russia. However, due to the introduction of export duties to safeguard domestic production, global markets were not an option for Russian farmers. This led to declining agricultural incomes on account of falling grain prices.

The North American agricultural equipment market declined by around 15% in the most recent fiscal year. The markets for combines and larger tractors performed substantially worse. Significant declines in the prices of grain, limited opportunities to treat the cost of acquisition for new machinery as operating expenses, and a steep increase in the price of land leases had a detrimental effect on agricultural incomes. The reduction in used machinery inventories in the United States also hit sales of new machines.

In Latin America, agricultural equipment markets continued to show negative tendencies. Argentina may have posted record soya and wheat harvests, but political and economic problems coupled with major devaluation of the Argentinean currency led to lower investments. In Brazil, lower prices for agricultural commodities in spite of favorable harvest yields led to declines in agricultural incomes.

Asian agricultural equipment markets remained on par year on year. In India, a weak monsoon led to a decline in demand for agricultural equipment. The Chinese market started out stable, following a downturn in the prior year. Good growing conditions in the key provinces of Henan and Shandong created a positive market trend. However, greater restraint among government subsidy programs, lower government purchasing prices, and uncertainty regarding the implementation of emissions regulations led to a drop in harvesting machinery sales.

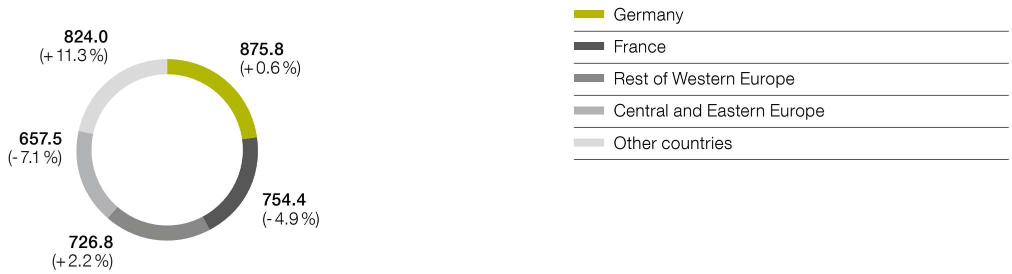
Financial Performance

Sales up year on year at €3,838.5 million

The CLAAS Group generated net sales of €3,838.5 million in fiscal year 2015; sales were therefore up slightly year on year from €3,823.0 million despite declining markets. Overall, the development of exchange rates, such as U.S. dollars, British pounds, or Russian rubles, in total also had a slightly positive impact on sales. The share of sales generated outside Germany remained unchanged at 77.2%.

Sales by Region

in € million / in % compared to prior year



Following the high sales growth seen between 2011 and 2013 in terms of harvesting machinery and tractors, sales remain stable at a high level. The ongoing uncertainty about future economic and political developments in some Eastern European and Latin American markets continued to curb the willingness of customers to invest in agricultural equipment. Nevertheless, CLAAS maintained its market position in most product groups, and even expanded it slightly in others, such as tractors.

In an overall declining market, demand for CLAAS combine harvesters was down only slightly on the solid prior-year figure. Western Europe continued to be the most important market, although regional demand varied. All told, the combine harvester market in Central and Eastern Europe developed positively. The non-European regions reported different and in some cases contrary trends.

Tractors are a key source of sales at the CLAAS Group, after combine harvesters. Despite a difficult market environment, sales in this product group were up year on year. In particular, sales generated in Central and Eastern Europe developed well. CLAAS was also in a position to expand its market position in Western Europe, its core market. And CLAAS has also become one of the most important tractor manufacturers in the rest of Europe.

CLAAS is the global market leader for forage harvesters. Sales in this product group have been very positive for many years and were up again year on year.

Although down slightly on the prior-year level, demand for CLAAS forage harvesting machinery and balers remained at a high level. CLAAS largely maintained its market positions in these product groups.

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 is continually growing in importance.

Significant increase in sales outside Europe

Sales in Western Europe, the most important agricultural equipment market for CLAAS, were more or less on par with the prior year at €2,357.0 million (prior year: €2,375.1 million). This region alone made up approximately 61.4% of total sales (prior year: 62.1%).

Income Statement (Summary)

	2015		2014	
	in € million	in %	in € million	in %
Net sales	3,838.5	100.0	3,823.0	100.0
Gross profit on sales	824.2	21.5	899.9	23.5
Operating income	164.0	4.3	184.4	4.8
Income from investments, net	14.0	0.3	11.8	0.3
Financial result	-20.3	-0.5	-41.1	-1.0
Income before taxes	157.7	4.1	155.1	4.1
Net income	**105.7**	**2.8**	**113.1**	**3.0**

Germany and France, the countries in Western Europe with the highest sales figures, together contributed 42.5% to total sales (prior year: 43.5%); nevertheless, growth varied from one country to the next. At €875.8 million, sales in Germany were on par with the high prior-year level (€870.8 million). Sales in France, on the other hand, fell by approximately 4.9% year on year, but were still on a high level at €754.4 million.

Sales generated in the Rest of Western Europe increased by 2.2% to a total of €726.8 million; however, growth varied from one country to the next. As in the prior year, the United Kingdom, Italy, and Spain recorded the highest sales figures.

Although total sales generated in the Central and Eastern European countries once again fell to €657.5 million year on year following strong growth between 2011 and 2013, sales were still at a good level. The share of total CLAAS Group sales contributed by Central and Eastern Europe fell from 18.5% to 17.1% year on year. The Eastern European countries were primarily responsible for the drop in sales, with developments in the Russian Federation as well as Turkmenistan and Uzbekistan in particular playing a key role, while sales in Ukraine rose.

Sales generated outside Europe increased by 11.3% to a total of €824.0 million; the share of total sales contributed by these countries rose to 21.5% (prior year: 19.4%), although contributions varied from country to country. Sales in North and South America, particularly in the United States, Canada, and Argentina, developed well, with the increase in Canada mainly due to the successful development of own distribution structures. The positive development in these regions fully offset the sales drops in other non-European countries, such as in Japan and China.

Operating income down to €164.0 million year on year

The cost of sales increased by €91.2 million to €3,014.3 million, with the share of these in net sales amounting to 78.5% (prior year: 76.5%). The rise in the cost of sales was mainly due to a change in the product and country mix, negative effects from the lower capacity utilization at production sites and inventory valuations, as well as higher expenses for the implementation of new emission standards. Personnel expenses and the depreciation of property, plant and equipment also rose. Lower commodity prices and a growing after-sales

Expense Structure by Functional Cost

	2015		2014	
	in € million	in %	in € million	in %
Net sales	3,838.5	100.0	3,823.0	100.0
Cost of sales	3,014.3	78.5	2,923.1	76.5
Selling and general and administrative expenses	485.0	12.6	491.2	12.8
Research and development expenses	187.3	4.9	190.4	5.0

business, in particular, had a positive impact. Overall, gross profit on sales declined year on year to €824.2 million from €899.9 million, corresponding to a gross profit margin of 21.5% (prior year: 23.5%).

Selling and general and administrative expenses fell by a total of some €6.2 million, or 1.3%, against the prior-year period to €485.0 million. Structural improvements and lower project costs led to a slight reduction in costs. Since fiscal year 2015, production-related logistics costs are reported under the cost of sales due to a stronger focus on functional costs. Prior-year figures have been adjusted accordingly. The ratio of selling expenses and general and administrative expenses to total sales fell from 12.8% to 12.6%, an initial result from the “Fit 4 Growth” efficiency and cost cutting program, which is designed to sustainably improve this ratio.

Research and development investments totaled €203.0 million (prior year: €212.3 million). Research and development expenses after adjustment for capitalized and amortized development costs amounted to €187.3 million in the reporting year (prior year: €190.4 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 EU emission standards. The share of research and development expenses in net sales amounted to 4.9% (prior year: 5.0%); the capitalization ratio was 20.1% (prior year: 19.2%).

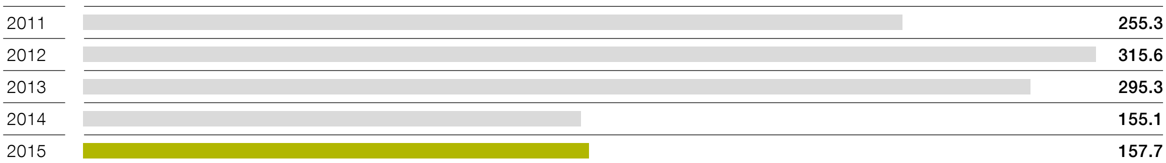
Functional costs include the amortization of intangible assets and depreciation of property, plant and equipment of €89.2 million (prior year: €79.7 million).

Other operating income, which is the balance of other operating income and other operating expenses, amounted to €12.1 million (prior year: €-33.9 million). The positive effect from the reversal of provisions no longer needed in their entirety was offset by an impairment for the facility in Krasnodar, Russia, which was under construction as of the balance sheet date; however, at €20.0 million, this amount was down considerably year on year (prior year: €49.9 million). This measurement covers risks that could arise from future economic and political developments in Eastern Europe. All in all, we are holding on to our strategy for this region. Pilot operations at the production site in Krasnodar, Russia, started on schedule in October 2015.

Operating income fell to €164.0 million (prior year: €184.4 million) due to the influences described above.

Income before Taxes

in € million



The financial result – which is made up of interest expenses and income from securities, net, as well as foreign exchange gains and losses and the other financial result – amounted to €-20.3 million (prior year: € 41.1 million). The strength of the U.S. dollar and the appreciation of other currencies in relation to the euro in particular had a positive impact. Although the Russian ruble recovered markedly following the massive devaluations in the first few months of the fiscal year until September 30, 2015, the year-on-year development of the Russian ruble over the course of the entire year resulted in negative valuation effects for the Group companies.

Return on sales of 4.1%

Income before taxes amounted to €157.7 million in view of the above-mentioned developments (prior year: €155.1 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: 4.1%). The CLAAS Group generated EBIT of €196.8 million in fiscal year 2015 (prior year: €194.4 million). The development of sales and earnings is in line with our expectations at the beginning of the fiscal year.

At €105.7 million, the net income of the Group was down €7.4 million on the prior year. The Group tax rate rose year on year, from 27.1% to 33.0%; the return on sales after tax amounted to 2.8% (prior year: 3.0%).

Earnings per share, which relates to the net income attributable to the shareholders of CLAAS KGaA mbH, amounted to €35.22 after €37.37 in the prior year.

Statement of Cash Flows (Summary)

in € million	2015	2014
Cash and cash equivalents at beginning of year	**369.7**	**516.4**
Cash flows from operating activities	156.5	50.4
Cash flows from investing activities	- 58.8	- 165.4
Cash flows from financing activities	113.0	- 33.0
Effect of foreign exchange rate changes on cash and cash equivalents	2.2	1.3
Change in cash and cash equivalents	**212.9**	**- 146.7**
Cash and cash equivalents at end of year	**582.6**	**369.7**

Free Cash Flow

in € million	2015	2014
Cash flows from operating activities	**156,5**	**50,4**
Net capital expenditure in intangible assets, property, plant and equipment, borrowings and investments	- 117,7	- 187,3
Free cash flow	**38,8**	**- 136,9**

Cash Position

Cash flows from operating activities at €156.5 million

In fiscal year 2015, CLAAS generated cash flows of €156.5 million from operating activities (prior year: €50.4 million). The positive effects of the fall in the level of funds tied up in working capital and a change in provisions were offset in part by a reduction in net income and a drop in depreciation, amortization, and impairment losses. Changes in other assets and liabilities also resulted in outflows.

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Cash flows from investing activities resulted in outflows of €58.8 million (prior year: outflows of €165.4 million). This year-on-year decrease was primarily caused by lower capital expenditure as well as the purchases and sales of securities executed in the context of the framework of liquidity management; in total, these resulted in inflows of €58.9 million (prior year: inflows of €21.9 million). Furthermore, capital expenditure for investments in affiliates and investments in the prior year resulted in an €18.5 million increase in outflows. This mainly related to the acquisition of Jinyee. There were no comparable events in fiscal year 2015.

Cash flows from financing activities amounted to €113.0 million in the reporting year after €-33.0 million in the prior year, mainly due to a €300.0 million Schuldscheindarlehen (German Private Placement) issued in the reporting period. This was partly offset by the scheduled repayment of the 2009 Schuldscheindarlehen (German Private Placement) and the subordinated perpetual securities.

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Free cash flow totaled €38.8 million (prior year: €-136.9 million). This change is primarily the result of the above-mentioned effects from operating activities and in particular the change in inventories.

Net Liquidity

in € million	Sept. 30, 2015	Sept. 30, 2014
Cash and cash equivalents	582.6	369.7
Securities	268.7	329.5
Liquid assets	**851.3**	**699.2**
Financial liabilities*	804.6	616.5
Net liquidity	**46.7**	**82.7**

*Excluding derivative financial instruments

Solid liquidity position
As of the reporting date, the CLAAS Group had liquidity of €851.3 million (prior year: €699.2 million) that was mainly invested in short-term securities. As of September 30, 2015, the CLAAS Group also had financing commitments of €1,252.2 million (prior year: €1,055.9 million), of which €600.1 million (prior year: €612.2 million) had not been drawn.

Stable and long-term refinancing
The U.S. private placements as well as the Schuldscheindarlehen (German Private Placement) issued in fiscal year 2015 are the largest individual financial liabilities items.

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In August 2012, CLAAS undertook a U.S. 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 bonds is to serve the long-term financing of the CLAAS Group.

CLAAS issued a €300.0 million Schuldscheindarlehen (German Private Placement) in February 2015 to refinance expiring transactions and for general corporate financing purposes. A total of three tranches with bullet maturity with fixed and variable interest rates were placed. The two tranches with a fixed interest rate of 0.99% p.a. (€200.0 million) and a variable interest rate (€50.0 million) mature in 2020. The third tranche (€50.0 million) has a fixed interest rate of 1.75% p.a. and matures in 2024.

Balance Sheet (Summary)

	Sept. 30, 2015		Sept. 30, 2014	
	in € million	in %	in € million	in %
Non-current assets	993.0	29.7	942.5	30.3
thereof: intangible assets	(212.4)	(6.4)	(196.8)	(6.3)
thereof: property, plant and equipment	(480.7)	(14.4)	(486.2)	(15.6)
Current assets	2,350.2	70.3	2,170.6	69.7
thereof: inventories	(873.1)	(26.1)	(934.9)	(30.0)
thereof: trade receivables	(366.9)	(11.0)	(314.4)	(10.1)
thereof: liquid assets	(851.3)	(25.5)	(699.2)	(22.5)
Total assets	**3,343.2**	**100.0**	**3,113.1**	**100.0**
Equity	1,231.0	36.8	1,183.2	38.0
Non-current liabilities	981.1	29.3	656.1	21.1
thereof: financial liabilities	(610.9)	(18.3)	(280.0)	(9.0)
thereof: provisions	(325.5)	(9.7)	(306.8)	(9.9)
Current liabilities	1,131.1	33.8	1,273.8	41.0
thereof: trade payables	(248.3)	(7.4)	(240.9)	(7.7)
thereof: provisions	(535.8)	(16.0)	(495.7)	(15.9)
Total equity and liabilities	**3,343.2**	**100.0**	**3,113.1**	**100.0**

In addition to bilateral credit facilities from banks of €300.1 million (prior year: €312.2 million), CLAAS also has access to a flexible syndicated loan of €300.0 million with a term until 2020 to provide additional funding.

CLAAS also uses the asset-backed securitization program (ABS) to sell trade receivables to a structured 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 helps to effectively reduce seasonal liquidity fluctuations. The volume of receivables transferred amounted to €221.8 million as of September 30, 2015 (prior year: €180.8 million).

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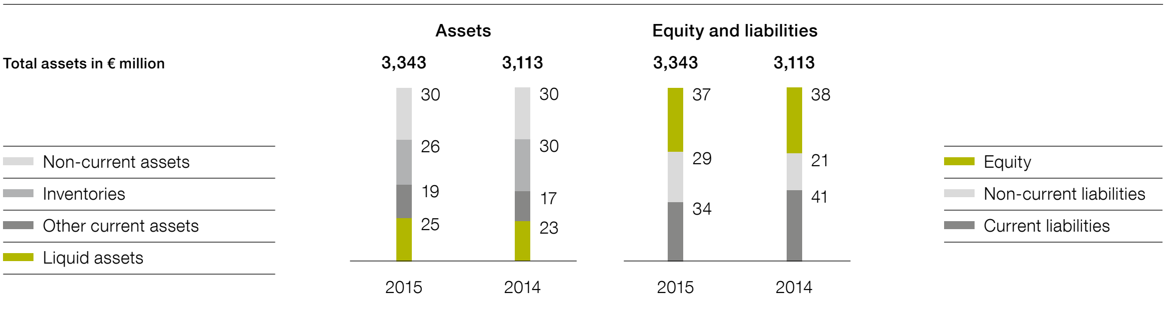
Net liquidity at €46.7 million

CLAAS again reported high levels of capital expenditure in fiscal year 2015, albeit less than in the prior year. This, together with the issuing of the Schuldscheindarlehen (German Private Placement) in February 2015 and the reduction in inventories, resulted in a €152.1 million rise in liquidity to €851.3 million. At the same time, financial liabilities increased by €188.1 million to €804.6 million, in turn mainly due to the issuing of the Schuldscheindarlehen (German Private Placement) as well as a rise in liabilities to banks. Net liquidity as of the reporting date amounted to a total of €46.7 million (prior year: €82.7 million).

The influences described increased the share of liquid assets in total assets to a high level of 25.5% (prior year: 22.5%).

Balance Sheet Structure

in %



Financial Position

Total Group assets rise to €3,343.2 million

Total Group assets rose by €230.1 million year on year to €3,343.2 million.

Non-current assets increased by a total of €50.5 million to €993.0 million; however, their share in total assets was down slightly year on year at 29.7% (prior year: 30.3%).

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Intangible assets in the amount of €212.4 million (prior year: €196.8 million) include development costs recognized as an asset of €160.9 million (prior year: €141.8 million) and goodwill of €32.1 million (prior year: €32.1 million). The development costs recognized as an asset in the reporting year amounted to €43.9 million (prior year: €44.1 million). The amortization and impairment of intangible assets amounted to €31.0 million (prior year: €24.9 million).

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Property, plant and equipment totaled €480.7 million (prior year: €486.2 million). A total of €77.8 million (prior year: €123.0 million) was invested in fiscal year 2015, mainly in the expansion and modernization of production sites in Russia, France, and Germany. Depreciation and impairment on property, plant and equipment amounted to €80.4 million (prior year: €108.4 million). The depreciation and impairment losses for fiscal year 2015 include the special effect from the €20.0 million impairment for the production site in Krasnodar, Russia, which was still under construction as of the reporting date.

Equity-accounted investments and other investments (€97.3 million) mainly related to investments in CLAAS Financial Services companies. This figure is up €12.6 million year on year and was primarily driven by earnings contributions.

The share of current assets in total equity and liabilities amounted to 70.3% (prior year: 69.7%).

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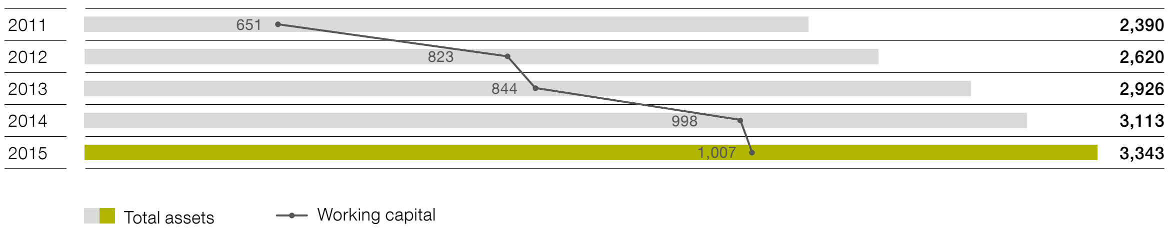
Inventories totaled €873.1 million (prior year: €934.9 million). The fall was mainly due to changes in raw materials, consumables, and supplies. Engine storage had resulted in higher inventories in this area in the prior year. There were no comparable events in fiscal year 2015. Working capital was more or less on par with the prior year at €1,007.2 million (prior year: €998.1 million). The share of working capital in increased total assets fell to 30.1% (prior year: 32.1%).

Working Capital to Total Assets
in € million



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Trade receivables increased by €52.5 million to €366.9 million. Average receivables turnover amounted to 8.9% (prior year: 7.9%). At 50 days, the average Days Sales Outstanding (DSO) adjusted for ABS receivables was up on the prior-year figure of 43 days.

Liquid assets, which are composed of cash and cash equivalents plus current securities, rose by €152.1 million to €851.3 million (prior year: €699.2 million). At 25.5%, their share in increased total assets was up against the prior year (22.5%).

Equity-to-assets ratio at 36.8%
Equity of the CLAAS Group as of September 30, 2015 increased by €47.8 million to €1,231.0 million year on year. Net income of €105.7 million, corresponding to return on equity of 8.6% (prior year: 9.6%), had a positive effect. However, equity was decreased by the distribution of the dividend for fiscal year 2014, the losses from the remeasurement of defined benefit pension plans that are recognized in retained earnings, as well as negative effects from currency translation. The equity-to-assets ratio, that is to say, the share of equity in total assets, amounted to 36.8% (prior year: 38.0%), while total Group assets rose by 7.4%.

Non-current liabilities increased by a total of €325.0 million, or 49.5%, to €981.1 million, mainly due to the issuing of the Schuldscheindarlehen (German Private Placement) in February 2015 as well as an increase in pension provisions.

Pension provisions as of the balance sheet date amounted to €284.9 million (prior year: €263.3 million). This was primarily due to the reduction of the discount rate for pension obligations from 2.75% to 2.20% in the euro zone.

Current liabilities decreased by a total of €142.7 million to €1,131.1 million, primarily due to the decrease in financial liabilities as well as bills, and were offset by an increase in provisions and a rise in trade payables.

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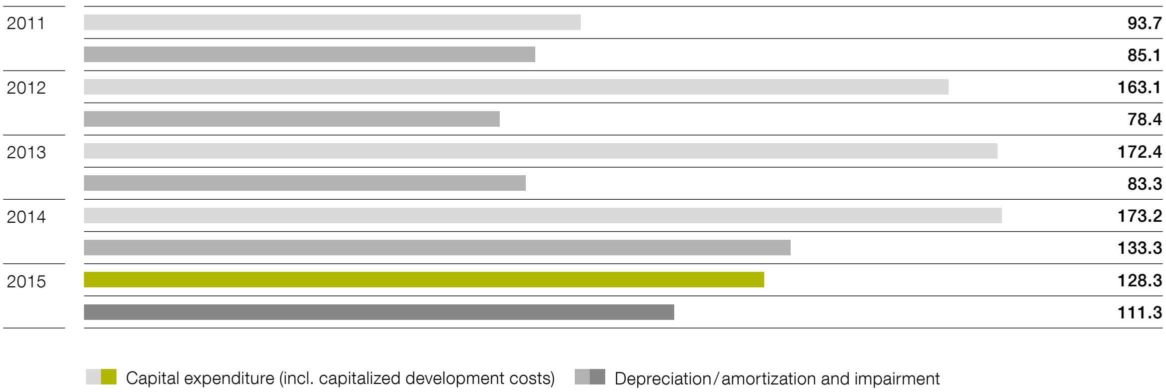
The fall in current financial liabilities was due to the scheduled repayment of the 2009 Schuldscheindarlehen (German Private Placement) and the privately placed bond from 2002 as well as to the partial repayment of shareholder loans. This was offset by an increase in liabilities to banks.

Capital Expenditure and Depreciation/Amortization and Impairment

in € million



Trade payables amounted to €248.3 million, up €7.4 million on the prior year (€240.9 million).

Current provisions rose by a total of €40.1 million to €535.8 million. This was largely due to increased income tax provisions as well as sales and personnel obligations.

As in the prior year, the share of current and non-current provisions in total equity and liabilities amounted to 25.8%.

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 222.8% as of the balance sheet date (prior year: 195.2%). Non-current assets plus 50.0% of inventories were financed by long-term financing at a ratio of 154.7% (prior year: 130.5%). 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.

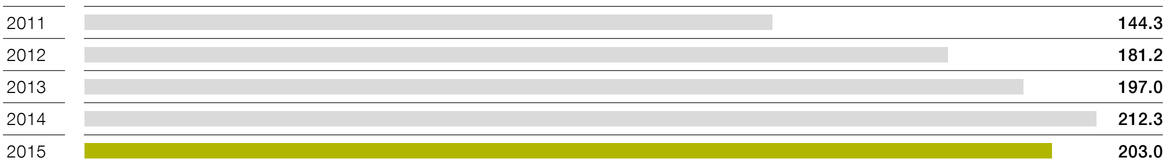
Capital Expenditure

Capital expenditure at €128.3 million

At €128.3 million, capital expenditure of the CLAAS Group in the reporting year was down considerably on the high prior-year figure of €173.2 million. This mainly includes investments in production sites, new technologies, and products. More than half of capital expenditure in this area was made abroad. Capital expenditure exceeded depreciation, amortization, and impairment (€111.3 million). The ratio of capital expenditure to sales stood at 3.3% (prior year: 4.5%). Including financial investments, CLAAS invested a total of €132.7 million in fiscal year 2015 (prior year: €196.3 million).

Research and Development Costs*

in € million



*Before capitalized and amortized development costs.

Investment mainly focused on the expansion and modernization of production sites, primarily in Russia, France, and Germany. The extension of the facility in Krasnodar, Russia, is set to be completed on schedule in fiscal year 2016. Two new test benches were added at the testing and validation center in Trangé, France, located near the tractor production site in Le Mans, France. The testing and validation center is one of the most modern and capable facilities in the European agricultural machinery sector.

Some of the investments in Germany were used to expand logistics activities, for example to further modernize warehousing technology at the site in Hamm, Germany, so as to further optimize the global spare parts supply business. Investments were also made in IT infrastructure.

Investment also focused on expanding the 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 combine harvesters, forage harvesters, and forage harvesting machinery.

Research and Development

Research and development are a key success

Companies in the agricultural industry need to develop technology and products in a rapidly changing market environment. CLAAS has long invested in the research and development of new products so as to secure its competitiveness in the long term. Our aim is to offer customers innovative products that are tailored to their requirements and offer optimum comfort and intelligent technological solutions for more efficient agricultural processes.

Key factors in the success of our products are the expertise, creativity, and motivation of our employees in research and development. On September 30, 2015, a total of 1,217 people (prior year: 1,246) were employed in research and development at CLAAS; this accounts for 10.6% of the total workforce.

The number of patents is a reflection of our innovation and growth. CLAAS filed patents for 129 developments in fiscal year 2015, and therefore has over 3,700 active patents worldwide.

€203.0 million for research and development

CLAAS once again made a major investment of €203.0 million (prior year: €212.3 million) in research and development in fiscal year 2015. Development costs of €40.7 million (prior year: €40.8 million) were capitalized, equating to an R&D capitalization ratio of 20.1% (prior year: 19.2%). The amortization and impairment of capitalized development costs amounted to €25.0 million (prior year: €19.0 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 5.3% (prior year: 5.6%). Investment focused on the development of new models as well as developments in the area of harvesting machinery and tractors. Furthermore, CLAAS also worked systematically on adapting products in order to meet the 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.

A new range of tractors in the performance segment below 140 hp was introduced in fiscal year 2015 with the launch of the ATOS. It is available with either three or four cylinders and in a total of six different models with a performance range from 76 hp to 109 hp. In the tractor portfolio, the ATOS is ranked below the ARION 400 model and complements the existing portfolio. All ATOS models meet Tier 4i emissions regulations.

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

CLAAS also added an additional 6-meter ORBIS front attachment for the JAGUAR, a self-propelled forage harvester. The new model was designed especially for the harvesting of normal and low-growing crops. The new ORBIS 600 SD features the tried and tested combination of small and large discs already in use with other models.

Since the start of the past fiscal year, CLAAS has also been offering a transport system integrated in the ORBIS 750 and 900 corn front attachment, meaning that it can be used immediately when needed. Forage harvesting efficiency is boosted thanks to more comfortable and safer transport as well as operators no longer needing to carry out set-up procedures.

Shredlage technology was added to the CLAAS Multi-Crop Cracker during the reporting year. This technology is also available for the self-propelled JAGUAR forage harvester; it can be installed at the factory or retrofitted. The unique construction of the LorenCut rollers in the Multi-Crop Cracker means that while the length of the corn plant cut is increased, the corn kernels are still split into a number of parts. The physical effectiveness of silage is improving and boosting starch digestibility. Shredlage technology benefits both producers and the entire dairy industry.

The CLAAS forage harvesting technology range has been further expanded. There are two models of the new DISCO 1100 disc mower with maximum working widths of 10.70 meters – the C BUSINESS and the RC BUSINESS. The DISCO 1100 BUSINESS is fully ISOBUS-compatible and offers the customer convenient operating functionality. Accordingly, all of the important functions can be assigned to the ISOBUS function buttons of the tractor. CLAAS also offers its customers the option of controlling the DISCO 1100 C/RC BUSINESS using a commercially available tablet thanks to its EASY on board app. Nine new mowers for front and rear attachment with cutting widths between 2.60 meters and 3.40 meters were also added. This means that the professional mowing technology of CLAAS is also available to smaller farm operations.

The new CLAAS CARGOS 9000 is a dual-purpose wagon offering many benefits in the larger wagon category. The CARGOS 9000 was completely redeveloped and has been equipped with the assembly developed for the CARGOS 8000. Thanks to the new CLAAS double blades in the lowerable cutting floor, the hydraulically folding scraper floor, the modular tandem or tridem chassis, and many other special features, the CARGOS is currently the most state-of-the-art dual-purpose wagon on the market.

These days, it is difficult to imagine modern agriculture without information technology. At the CeBIT 2015 exhibition, three agricultural machinery manufacturers, CLAAS, GEA Farm Technologies, and Amazone, united with new software company 365FarmNet from Berlin to jointly demonstrate how agricultural operations can be made simpler, more productive, and more environmentally friendly through across-the-board digitalization of farm processes. The farmer can document the performance of his or her farm both in the field and in the barn. As a cloud-based solution, 365FarmNet provides the required mobility and networking for this. For the first time, even small farms can now be managed with one software program, from dairy through to arable operations.

The CLAAS EASY on board app allows customers to control all implements, regardless of manufacturer, using a commercially available tablet. The EASY on board app can currently be used to control the following products: ROLLANT 455, 454, and 375 UNIWRAP; dual-purpose wagon series CARGOS 8000 and 9000; swathers LINER 3600 and 4000; as well as disc mowers DISCO 1100 C/RC BUSINESS, 9400 C DUO, 9200 C BUSINESS, and 9200 C AS.

Awards
CLAAS was awarded with a gold medal for the PANORAMIC cab concept on the ARION 400 tractor at the French SIMA 2015 exhibition. The new TUCANO and the DISCO 9200 mower were both crowned “Machine of the Year 2015” by French agricultural magazine “Terre-net”.

The new LEXION 700 series was crowned “Machine of the Year 2016” at the AGRITECHNICA 2015 exhibition. The jury awarded five silver medals for the technical innovations of the CLAAS engineers, including the 4D cleaning in the new LEXION 700, which allows the full operating and cleaning potential of the combine harvester to be utilized even on longitudinal and lateral slopes. Automatic crop flow monitoring will, in future, assist the driver to operate the machine at its optimal performance level. With the CLAAS field route optimization system, it is now possible for the first time to specifically optimize working passes for every field. Prizes were also awarded for the MCC MAX, a new conditioning system for corn silage, as well as for an automatic press control system in the new CLAAS square balers.

Purchasing

Fiscal year 2015 was again shaped by declining commodity prices, which positively impacted purchase prices at CLAAS. As in the prior year, major reductions – some of which were market related – were secured, particularly in purchasing steel and rubber products. The weaker euro did not yet have a material effect on the purchase prices of products from U.S. dollar states. However, the development of exchange rates is expected to have a negative impact in fiscal year 2016. Production material purchasing volumes were examined within the scope of the "CLAAS Super Saver Project" to counter these effects as well as the risks of rising commodity prices in the medium term. The various measures defined at product group level, such as producing greater cost transparency or the use of additional bundling effects, will have a positive impact on profitability. The medium-term measures will be implemented as part of the CLAAS 2020 purchasing strategy.

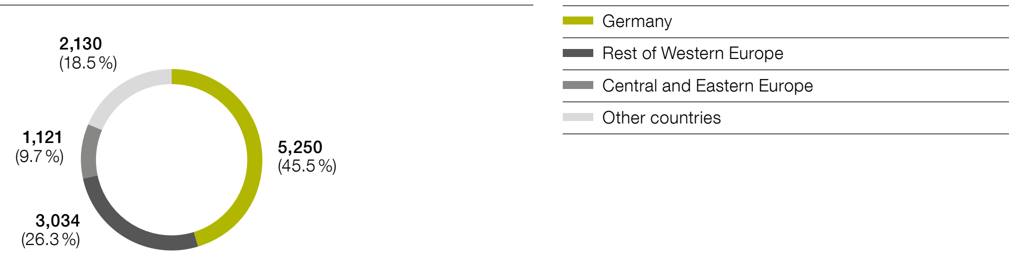
Global sourcing was a key purchasing lever in fiscal year 2015, and will be continued in fiscal year 2016.

Savings were realized in logistics purchasing due to market-related factors as well as the bundling of truck shipments to Eastern Europe (inbound and outbound). The entire inbound section for the existing suppliers was put out to tender. Activities also focused on improving logistics processes, such as by switching from special to standard truck shipments for tractors, or by optimizing goods issue processes at the site in Harsewinkel, Germany. Furthermore, logistics processes were improved in the United States, thereby bringing about cost savings.

Various investment projects were pushed forward in non-production materials purchasing; particularly the extension of the facility in Russia.

Targeted cost savings measures allowed savings to be made throughout the entire CLAAS Group. Demand management also identifies and utilizes savings potential.

Employees by Region



Employees

A long-term outlook
As a family-owned company, CLAAS is characterized by long-term and future-oriented thinking and actions. The corporate culture of the Company is shaped by employees' emotional bond to the Company and its products, commitment that goes above and beyond usual standards, and a future-oriented strategy.

Human resources activities at CLAAS, which are systematic and focus on continuity, lay the foundations for safe jobs and professional development. This fosters employees' trust in the Company.

CLAAS Group continues to grow
As of September 30, 2015, the CLAAS Group employed a total of 11,535 people (prior year: 11,407), 54.5% of which outside of Germany, as in the prior year. The year-on-year rise largely resulted from the increase in the number of employees in China as well as the further expansion of sales activities. The lion's share of employees outside of Germany, 21.5%, are employed in France, followed by China (12.5%) and Hungary (5.5%).

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Personnel expenses rose in fiscal year 2015 by 3.8% to €650.6 million (prior year: €627.0 million). This equates to a share in Group sales of 16.9% (prior year: 16.4%). The year-on-year rise is mainly due to the increase in the number of employees worldwide.

The ratio of apprentices to full-time equivalents in Germany was 7.8% (prior year: 7.3%). This has been at a constantly high level for many years.

The CLAAS Group features a balanced age structure and low level of employee fluctuation. In Germany, the average age of employees as of the reporting date stood at 41 (prior year: 40), and 40 (prior year: 39) in other European companies.

Apprentices

Securing and supporting new talents
Vocational training at CLAAS provides an essential basis for qualified new talents and has long been one of the top priorities of the Company. Systematic internal personnel development is a key element 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 678 people were in vocational training throughout the Company at the end of the fiscal year (prior year: 654).

Not only the expertise of their employees, but also the promotion of creativity, independent working, and the conscious taking of responsibility by new talent are vital for technology companies such as CLAAS. Personnel development measures that are tailored to the respective target groups also include a Group-wide seminar and training program. 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. Management executives and project managers also have the chance to take part in individual development programs.

International expansion of personnel development and marketing
Recruiting, training, and retaining dedicated and motivated employees plays an essential role in the success of the Company. The Company therefore aims to implement personnel marketing activities to maintain or even increase awareness of CLAAS as an attractive employer of professionals. We achieve this through the high level of credibility, effectiveness, and consistency of our bundle of measures. Our international activities include both the strategic communication and placement of our personnel marketing as well as building up sustainable and long-term relationships with universities and colleges, thereby attracting highly qualified students for the Group on a regular basis.

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

In a study by the trendence Institut, CLAAS was again named in the top 100 employers in Germany in the “German Engineering Edition 2015”; it is currently in 36th place. CLAAS was named in the “German Business Edition” for the first time in fiscal year 2015; as a new entrant, the Company is in 61st place. Furthermore, CLAAS was named a “MINT Minded Company” in the reporting year. This award confirms that students of mathematics, IT, the natural sciences, and technology regard CLAAS as being a particularly attractive employer.

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. These measures are complimented by "on-the-job" education, tailor-made training, 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 wage and salary reviews are the basis for a performance- and market-oriented pay structure with attractive fringe benefits.

Aside from the chance to invest salary components into pension products, all domestic employees can also participate in the economic performance of CLAAS through CMG Claas-Mitarbeiterbeteiligungs-Gesellschaft mbH.

Our committed and motivated employees are essential to the success of the Company. A work-life balance is therefore vital to employees' job satisfaction and for the success of CLAAS. We offer many of the employees the option of flextime and part-time models and the opportunity to work from a home office environment.

Activities to promote and maintain employee health at CLAAS have been key part of the overall concept of forward-looking personnel management for many years.

Equal opportunities and diversity
CLAAS supports and promotes an appropriate representation of both genders within the Group. Management understands diversity to encompass various complementary individual profiles, as well as work and life experience, at both national and international levels.

Making up approximately 13% of the workforce in Germany and more than 16% in countries outside Europe, the proportion of women at CLAAS is up considerably on the average for the agricultural equipment industry. This is due in part to the participation of the Company in long-term support measures for young people, such as MINT in Germany, and the deliberate recruitment of students in international trainee programs or for direct entry positions. This aims to at least stabilize or, if possible, increase the number of women in management positions. In this context, the Supervisory Board is aiming to maintain the 8.3% share of women as a minimum. The Supervisory Board believes that considering qualified women when appointing members to the Supervisory Board is the responsibility of all those entitled to nominate and elect board members.

It will not be possible to increase the number of women among the members of the Supervisory Board until June 30, 2017 due to the terms of the current members. The same also applies to the Executive Board of CLAAS KGaA mbH (Group Executive Board). The number of women here is not expected to rise for the time being on account of the contractual agreements made with the Managing Directors. The proportion of women in the first two management hierarchies below the Group Executive Board is expected to at least remain stable at the current levels of 12.5% and 8.3%, respectively.

Risks and Opportunities

Internal control and risk management system

As a globally active corporate group, CLAAS is subject to various types of risk. Taking preventative measures to counter possible risks, as well as 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.

Within 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 details on the main risks and opportunities are provided below:

Market risk

The risk landscape of CLAAS is affected by variations in harvest yields and decisions on agricultural policies in addition to intense competition in the industry. In view of global demand trends for agricultural equipment in particular, 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, payment restriction, or political and economic 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 key competitive advantages. 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 possible delays or quality problems. What is 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 international trainee program ensures that highly qualified employees can be trained within the Company. 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 foreign exchange controls, 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 interest rate swaps. The risk management software in use enables independent evaluations, performance measurement, and forward-looking scenario simulations of the utilized 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 measures liquidity development on an ongoing basis in the form of daily, weekly, and monthly reports with an increasing level of detail. Potential liquidity risks are countered by maintaining sufficient financing commitments and cash and cash equivalents as well as through its ABS program and international cash management strategy.

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Risk management in relation to financial instruments as well as the quantifying of concluded hedging instruments is explained in Notes 35 and 36 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 has been followed to a limited extent. This has paid off. The risk mix has remained sustainable thanks to the close integration of CLAAS Financial Services companies into the risk reporting system of a major European commercial bank known for its conservative approach, and the practice of concentrating primarily on business with end consumers.

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, 2015, or that are subject to disclosure requirements.

Outlook

Economic frameworks
Macroeconomic development is likely to hinge on geopolitical developments around the world, with regional development expected to be varied. The International Monetary Fund (IMF) estimates in October 2015 that global economic output measured according to gross domestic product will rise by around 3.6% in 2016. How positive growth will ultimately be, will depend on economic developments in emerging markets, which are currently reporting falling growth rates. Russia was the first country to be hit by an economic slump, followed

by Brazil, and now the greatest source of hope, China, too. Russia is currently in a period of deep recession: The Russian economy slumped by 3.8% in 2015, and the forecast for 2016 is a further decline of approximately 0.6%. China remains the driving force of the global economy, with expected growth of 6.3%. This would, however, be the country's weakest growth rate in 25 years. In Latin America, countries such as Brazil or Argentina are only slowly recovering from recession; current forecasts predict slightly positive growth at a low level. By contrast, total economic output in the U.S. is set to rise by approximately 2.8%. While a weak euro is boosting exports in Europe, growth continues to be hampered by the debt crisis. The IMF estimates that economic output in the euro zone will rise by 1.6%.

As is often the case, agriculture has its own economic cycle. The U.S. Department of Agriculture (USDA) forecast in November 2015 that global crop production (including rice) will decline in the upcoming crop year 2015/2016; the forecast stands at 2,476 million tons. This slight drop is due to lower corn and rapeseed production volumes. On the other hand, the USDA estimates that the wheat harvest will set a new record at 733 million tons. Wheat prices could fall again on account of overproduction that has been sustained for the past three harvests. Corn prices, in contrast are expected to rise slightly on account of a drop in production and stable consumption. The rise in the price of land leases and falling wheat prices will further hit agricultural incomes in the current crop year 2015/2016. A comparatively sharp drop in incomes is expected for dairy and processing farm operations. Milk prices remain under pressure in 2016 due to weak demand from China, the Russian import ban, and the abolition of the milk quota in the EU. Pork prices also remain low due to excess supply. Overall, most regions are expected to report weaker profitability of agricultural operations, which is why the agricultural equipment market will remain strained in the coming year.

Regional industry developments

The markets in Western Europe will continue to decline overall. The effects from lower revenues from cereal production in crop year 2015/2016 and the drop in milk and pork prices continue to send agricultural prices south. The forecast for the development of wheat prices in the current crop year continues to be negative on account of high production volumes. Farmers could therefore react to poorer earnings expectations by cutting back on spending.

Market development in Central Europe will also decline. But despite this, markets in Central Europe remain at a high level due to rising subsidy payments and a great need to catch up in terms of mechanization.

Further development in the Eastern European agricultural equipment markets will strongly depend on the local political and economic frameworks. Agricultural incomes in Russia are on the rise due to the effects of the country's protectionist measures. However, farmers are faced with a sharp rise in input costs and high financing costs for investments. The Ukrainian agricultural equipment market, on the other hand, has recovered slightly in the current year. Following the slump in the wake of Russian import restrictions, the Ukraine–European Union Association Agreement further stimulated the market for agricultural products, possibly resulting in an increase in agricultural technology investments. Overall, agricultural equipment markets in Eastern Europe will remain at a low level.

The North American agricultural technology market will continue to decline in the current fiscal year, mainly due to the sharp drop in agricultural incomes. This development is due only in part to low grain prices, but price pressure is particularly strong in terms of the price of land leases. Continued high numbers of used machinery impact sales of new machinery.

Agricultural equipment markets in Latin America remain at a low level after the steep declines of prior years. In Argentina, political and economic uncertainty will continue to have a negative impact on willingness to invest in agricultural equipment. In Brazil, high inflation coupled with high interest on loans and restrictive aid programs are leading to reticence in terms of investment.

Asian agricultural technology markets will see stable development in the current 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. But despite this, agricultural sentiment is being curbed in particular by macroeconomic developments in emerging markets.

All in all, CLAAS assesses the global market trend as slightly negative for fiscal year 2016. The negative trend in agricultural incomes and the effects of the political and economic crises in emerging markets are leading to a general reluctance to buy when it comes to agricultural equipment. However, the framework conditions for the agricultural industry with rising demand for agricultural commodities, stemming 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 continued strained public budgets affecting a number of European countries. 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. Following the completion of the facility in Krasnodar, Russia, the investment volume in 2016 is expected to be down on 2015 levels, although changing market conditions can be flexibly responded to. 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 in the prior year 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 2016.

Consolidated Financial Statements

Consolidated Income Statement*

of the CLAAS Group for the fiscal year from October 1, 2014 to September 30, 2015

in € '000	Note	2015	2014
Net sales	(7)	3,838,460	3,822,961
Cost of sales		-3,014,219	-2,923,029
Gross profit on sales		**824,241**	**899,932**
Selling expenses	(8)	-379,859	-382,050
General and administrative expenses	(8)	-105,158	-109,176
Research and development expenses	(9)	-187,334	-190,436
Other operating income	(11)	84,051	73,013
Other operating expenses	(11)	-71,975	-106,893
Operating income		**163,966**	**184,390**
Income from investments accounted for using the equity method, net	(12)	12,935	11,133
Income from other investments, net	(12)	1,117	733
Financial result	(13)	-20,326	-41,122
thereof: interest and similar expenses		(-39,114)	(-39,230)
Income before taxes		**157,692**	**155,134**
Income taxes	(14)	-52,035	-42,029
Net income		**105,657**	**113,105**
thereof: attributable to shareholders of CLAAS KGaA mbH		104,882	112,102
thereof: attributable to minority interests		775	1,003

*Prior-year figures adjusted; for more information, please see Note 6 in the notes to the consolidated financial statements

Consolidated Statement of Comprehensive Income

of the CLAAS Group for the fiscal year from October 1, 2014 to September 30, 2015

in € '000	2015	2014
Net income	**105,657**	**113,105**
Items to be reclassified subsequently to profit or loss		
Net unrealized gains/losses from currency translation	-14,255	-4,789
Net unrealized gains/losses from securities	-10,525	2,760
Net unrealized gains/losses from derivative financial instruments	9,960	-17,245
Items never to be reclassified to profit or loss		
Remeasurements of defined benefit pension plans	-11,217	-20,527
Other comprehensive income, after taxes	**-26,037**	**-39,801**
Comprehensive income	**79,620**	**73,304**
thereof: attributable to shareholders of CLAAS KGaA mbH	78,845	72,301
thereof: attributable to minority interests	775	1,003

Consolidated Balance Sheet

of the CLAAS Group as of September 30, 2015

in € '000	Note	Sept. 30, 2015	Sept. 30, 2014
Assets			
Intangible assets	(15)	212,372	196,785
Property, plant and equipment	(16)	480,666	486,231
Investments accounted for using the equity method	(17)	93,318	80,751
Other investments		3,957	3,917
Deferred tax assets	(18)	149,672	130,703
Tax assets		1,862	3,679
Other financial assets	(21)	27,001	19,768
Other non-financial assets	(22)	24,197	20,680
Non-current assets		**993,045**	**942,514**
Inventories	(19)	873,134	934,905
Trade receivables	(20)	366,880	314,374
Tax assets		9,389	12,891
Other financial assets	(21)	179,995	162,898
Other non-financial assets	(22)	69,400	46,357
Securities	(23)	268,710	329,521
Cash and cash equivalents	(24)	582,640	369,673
Current assets		**2,350,148**	**2,170,619**
Total assets		**3,343,193**	**3,113,133**
Equity and liabilities			
Subscribed capital		78,000	78,000
Capital reserves		38,347	38,347
Other reserves		1,109,536	1,061,891
Equity before minority interests		**1,225,883**	**1,178,238**
Minority interests		5,160	4,978
Equity	(25)	**1,231,043**	**1,183,216**
Financial liabilities	(26)	610,914	280,018
Silent partnership	(27)	39,727	36,434
Deferred tax liabilities	(18)	2,166	2,378
Other financial liabilities	(28)	2,586	30,348
Other non-financial liabilities	(29)	152	195
Pension provisions	(30)	284,943	263,338
Other provisions	(31)	40,599	43,416
Non-current liabilities		**981,087**	**656,127**
Financial liabilities	(26)	193,642	336,476
Trade payables		248,287	240,917
Other financial liabilities	(28)	71,189	125,370
Other non-financial liabilities	(29)	82,105	75,296
Income tax provisions	(31)	34,732	20,326
Other provisions	(31)	501,108	475,405
Current liabilities		**1,131,063**	**1,273,790**
Total equity and liabilities		**3,343,193**	**3,113,133**

Consolidated Statement of Cash Flows

of the CLAAS Group for the fiscal year from October 1, 2014 to September 30, 2015

in € '000	2015	2014
Net income	**105,657**	**113,105**
Amortization/impairment of intangible assets and depreciation/impairment of property, plant and equipment	111,616	133,565
Income from investments accounted for using the equity method, net, if non-cash	-12,935	-11,133
Change in non-current provisions	3,333	4,546
Change in deferred taxes	-18,751	-17,295
Other non-cash expenses (+)/income (-)	9,311	13,086
Cash earnings	**198,231**	**235,874**
Change in current provisions	30,498	-38,648
Income from the disposal of non-current assets and securities	-10,193	-2,038
Change in working capital	702	-129,366
thereof: inventories	(72,679)	(-160,235)
thereof: trade receivables	(-44,448)	(-4,083)
thereof: trade payables	(-747)	(-8,335)
Other change in assets/equity and liabilities, if not investing or financing activities	-62,761	-15,445
Cash flows from operating activities	**156,477**	**50,377**
Payments for investments in		
Intangible assets and property, plant and equipment (net of development costs recognized as an asset)	-83,079	-128,622
Shares of fully consolidated companies and investments	-4,164	-22,718
Borrowings	-38,632	-52,281
Receipts from disposals/divestments		
Intangible assets and property, plant and equipment	7,215	5,526
Shares of fully consolidated companies and investments	-	2,496
Borrowings	44,907	52,541
Additions to development costs recognized as an asset	-43,886	-44,223
Change in securities	58,861	21,854
Cash flows from investing activities	**-58,778**	**-165,427**
Proceeds from the increase in loans and the issuance of bonds	651,972	399,812
Repayment of bonds and loans	-493,346	-428,117
Repayment of lease liabilities	-1,165	-740
Proceeds from silent partnership	3,292	3,279
Change in liabilities to shareholders	-15,903	29,901
Payment to minority shareholders	-593	-610
Subordinated perpetual securities payout	-	-5,361
Dividend payments	-31,200	-31,200
Cash flows from financing activities	**113,057**	**-33,036**
Net change in cash and cash equivalents	**210,756**	**-148,086**
Effect of foreign exchange rate changes on cash and cash equivalents	2,211	1,346
Cash and cash equivalents at beginning of year	369,673	516,413
Cash and cash equivalents at end of year	**582,640**	**369,673**

Consolidated Statement of Changes in Equity

of the CLAAS Group as of September 30, 2015

			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, 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**
Net income	-	-	104,882	-	-	-	-	-	104,882	775	105,657
Other comprehensive income	-	-	-	-11,217	-14,255	-10,525	9,960	-	-26,037	-	-26,037
Comprehensive income	**-**	**-**	**104,882**	**-11,217**	**-14,255**	**-10,525**	**9,960**	**-**	**78,845**	**775**	**79,620**
Dividend payments	-	-	-31,200	-	-	-	-	-	-31,200	-593	-31,793
Consolidation adjustments	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-	-	-
Balance as of Sept. 30, 2015	**78,000**	**38,347**	**1,241,680**	**-57,020**	**-56,477**	**-3,980**	**-14,667**	**-**	**1,225,883**	**5,160**	**1,231,043**

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"). The Company is registered in the commercial register of Gütersloh, Germany, District Court under the number HRB 3027. CLAAS, a family-owned company, is a global producer and vendor of agricultural equipment and software solutions for farming applications.

These consolidated financial statements of the CLAAS Group were prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the additional requirements of German commercial law pursuant to Section 315a of the German Commercial Code (HGB). Prior-year figures were determined in accordance with the same principles.

The consolidated financial statements consist of the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of cash flows, the consolidated statement of changes in equity, as well as the notes to the consolidated financial statements. To improve the clarity of presentation, individual items within the consolidated balance sheet and the consolidated income statement have been combined. These items are presented separately and explained in the notes to the consolidated financial statements. The consolidated income statement was prepared using the cost of sales method of accounting.

Please refer to Notes 5 and 6 for details on the accounting policies, including amendments to accounting policies.

The consolidated financial statements have been presented in euros (€). Unless stated otherwise, amounts are stated in thousands of euros (€ '000).

These consolidated financial statements relate to the fiscal year from October 1, 2014 to September 30, 2015.

The consolidated financial statements were prepared on November 24, 2015 by the Executive Board of CLAAS KGaA mbH. Approval of the consolidated financial statements by the Supervisory Board is planned for December 9, 2015 at the scheduled Supervisory Board meeting.

2. Scope of Consolidation

The companies included in the scope of consolidation are all significant companies, including the structured entities that are directly or indirectly controlled by CLAAS KGaA mbH. Control exists if CLAAS KGaA mbH has power over the investee on the basis of voting rights or other rights, it has rights to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee.

Structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. Within the CLAAS Group, this applies to investment fund CHW Fonds as well as financing company Mercator Purchasing S.A., both registered in Luxembourg; these companies are included in the consolidated financial statements as structured entities.

Associates are entities over which CLAAS has significant influence but does not have control or joint control of the entities' financial and operating policies. Associates are accounted for using the equity method.

Where CLAAS shares control of an entity together with a partner, it must be specified whether the entity is a joint operation or a joint venture. In a joint venture, the parties that have joint control have rights to the net assets of the arrangement. As a rule, joint ventures are accounted for using the equity method. A joint operation exists when the parties that have joint control have direct rights to the assets and obligations for the liabilities. In this case, the prorated assets and liabilities as well as the prorated income and expenses are to be recognized as a rule. The joint operations included in the consolidated financial statements as of the reporting date have no material impact on the consolidated financial statements and are accounted for using the equity method.

Investments in subsidiaries, in joint ventures, or in associates considered to be immaterial from the point of view of the Group are accounted for in accordance with IAS 39.

A breakdown of the scope of consolidation is presented in the following table:

	Sept. 30, 2015	Sept. 30, 2014
Consolidated subsidiaries	**63**	**61**
thereof: domestic companies	(21)	(21)
thereof: foreign companies	(42)	(40)
Investments accounted for using the equity method	**12**	**11**
thereof: domestic companies	(5)	(4)
thereof: foreign companies	(7)	(7)

Please see Note 42 for a complete list of the shareholdings of the CLAAS Group.

Newly Established Companies, Investments in Companies, and Divestments

There were no material newly established companies, investments in companies, and divestments in fiscal year 2015.

3. Consolidation Principles

The financial statements of entities included in the consolidated financial statements have been prepared using the uniform accounting policies relevant for the CLAAS Group. As a rule, the financial statements are prepared as of the balance sheet date of the consolidated financial statements. Where country-specific laws demand otherwise, subsidiaries whose fiscal years do not end on September 30 prepare interim financial statements as of this date.

Business combinations are accounted for using the acquisition method when the Group obtains control. 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.

All receivables and payables, income and expenses, as well as intercompany gains and losses between the consolidated entities are eliminated within the scope of the consolidation.

Investments in associates and joint ventures are accounted for using the equity method. The interests are initially recognized at cost. Possibly acquired goodwill is not reported separately, but is instead included in the value of the investment. After initial measure, the consolidated financial statements include the share of the income until such time as the significant influence or joint control ends.

4. Foreign Currency Translation

Transactions in foreign currency are recognized at the relevant exchange rates on the transaction date. In subsequent periods, financial assets and liabilities denominated in foreign currencies are translated at the exchange rates on the balance sheet date. The exchange rate gains and losses incurred until the balance sheet date from the measurement of financial assets and liabilities are recognized as profit or loss in the income statement.

The assets and liabilities of foreign companies with functional currencies that do not match the Group currency are translated into euros at the daily closing price on the balance sheet date. Equity items are translated using historic rates. The expenses and income of foreign companies are translated into euros at the corresponding average exchange rate for the fiscal year. Differences resulting from currency translations are recognized directly in equity as other comprehensive income.

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

		Average rate/€		Closing rate/€	
		2015	2014	Sept. 30, 2015	Sept. 30, 2014
British pound	GBP	0.74	0.82	0.74	0.78
Chinese renminbi	CNY	7.12	8.33	7.10	7.76
Indian rupee	INR	72.37	82.61	73.41	77.78
Polish zloty	PLN	4.17	4.18	4.24	4.18
Russian ruble	RUB	65.51	47.42	73.25	50.01
Hungarian forint	HUF	308.82	306.97	313.32	310.62
U.S. dollar	USD	1.14	1.35	1.12	1.26

5. Accounting Policies

Intangible Assets

Intangible assets with finite useful lives are capitalized at cost and, dependent on their expected useful lives, amortized over a period of generally three to ten years on a straight-line basis. Useful lives are assessed each year.

The amortization of concessions, industrial and similar rights and assets, and licenses in such rights is reported under cost of sales. Amortization and impairments of capitalized development costs are recognized as research and development expenses.

Goodwill is accounted for at cost less any accumulated impairment losses, and is tested for impairment annually, as well as when there are indications of a possible impairment. Impairment losses are recognized as other operating expenses.

Property, Plant and Equipment

Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses. 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 – with the exception of land and similar rights – 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 25 years. Depreciation and impairment losses are generally recognized as expenses for the period.

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 average capitalization rate of the CLAAS Group is applied. The borrowing cost rate for the reporting period is 4.5% p.a. (prior year: 5.1% p.a.).

Impairment

Goodwill as well as assets that are not available for use are not amortized, but are instead tested for impairment annually as of the balance sheet date. Assets subject to amortization are tested for impairment if there are indications that the carrying amount of the asset is lower than its recoverable amount. The recoverable amount of an asset is the higher of its value in use and the fair value less costs to sell. The recoverable amount is determined for each individual asset unless assets have been combined into a cash generating unit. The value in use is based on the present value of the expected future cash flows. If the value in use is less than the carrying amount, an impairment loss is immediately recognized as profit or loss. Any subsequent increases in value are accounted for by attributing the value to the cash generating unit 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 8.3% p.a. and 12.1% p.a. (prior year: 8.9% p.a. and 10.1% 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 associates and joint ventures accounted for using the equity method are initially recognized at cost and then in subsequent periods in the amount of the adjusted prorated share in equity. 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. Goodwill is included in the carrying amount of the companies accounted for using the equity method. Impairment occurs when the recoverable amount of the investment accounted for using the equity method is lower than its carrying amount.

At the time of addition and in subsequent periods, other investments are generally carried at fair value provided that these amounts can be determined reliably. No fair value could be determined for the other investments as of the reporting date; as a result, these were measured at cost less accumulated impairment losses. An impairment loss will be recognized as profit or loss on other investments if there are indicators for impairment.

Impairment losses or reversals of impairment losses on investments accounted for using the equity method and other investments are recognized as profit or loss in income from investments, net.

Deferred Taxes

Deferred taxes are recognized on temporary differences between the IFRS and tax balance sheets of the individual companies, including differences arising from consolidation processes and related to yet unused tax losses and tax credits.

Deferred taxes are measured in accordance with the tax rates and tax regulations that are in force as of the balance sheet date or have been passed in principle and whose validity is expected as of the date of settlement. Deferred tax assets will only be recognized if it is probable that the entity will have taxable income against which the temporary differences can be utilized. A tax rate of 29.0% (prior year: 29.0%) was used to calculate deferred taxes in Germany. This tax rate consists of the domestic corporate income tax, the solidarity surcharge on corporate income tax, as well as trade tax. Country-specific tax rates are used to calculate the deferred taxes of the foreign companies.

Deferred tax liabilities for temporary differences related to investments in subsidiaries and investments accounted for using the equity method 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. Financial instruments are recognized as soon as CLAAS becomes a party to the contractual provisions for the financial instrument. As a rule, the day on which the financial instrument is concluded is key to how it is reported. Financial instruments recognized as financial assets or financial liabilities are generally not netted, and are only netted when a legal right to offset exists at that time and there is an intention to settle on a net basis.

CLAAS classified non-derivative financial assets and liabilities using the four measurement categories provided for in IAS 39: financial assets or financial liabilities at fair value through profit or loss, loans and receivables, available-for-sale financial assets, and financial liabilities measured at amortized cost. The classification of the financial instruments is dependent on the purpose for which they were acquired.

The categories generally do not include derivative financial instruments designated as hedging instruments. However, derivatives with hedging relationships were classified as “financial assets and financial liabilities at fair value through profit or loss” 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 as profit or loss. At CLAAS, the fair value option is applied provided a financial instrument contains one or more embedded derivatives. Changes in the value of such items are included in the financial result shown on the income statement.

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 as 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 as profit or loss.

As in the prior year, no impairment was recognized for financial assets, excluding trade receivables.

Inventories

Inventories are recognized at the lower of cost and net realizable value. The net realizable value is derived from the expected disposal income less costs still to be incurred. The cost of raw materials, consumables, and supplies, as well as merchandise is calculated using the average cost method. The cost of internally generated work in progress and finished goods includes direct materials and labor as well as production-related overheads and production-related administrative expenses based on normal capacity utilization. Borrowing costs are not included in the cost.

Receivables and Other Financial Assets

Receivables and other financial assets are recognized at fair value, which, in the case of current receivables and other financial assets, corresponds to the 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 selected trade receivables to a structured company of the CLAAS Group or other financial institutions on a revolving or non-recurring basis. The structured company is an asset-backed securitization (ABS) company that refinances itself in the capital market. Receivables are derecognized when the risks and rewards associated with the receivables are transferred to a third party and the cash inflow from the sale is ensured. These receivables will continue to be carried on the balance sheet provided that the risks and rewards associated with the receivables – particularly credit risks and default risks – remain in the CLAAS Group.

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. At CLAAS, securities designated as financial assets are generally classified as “available for sale.” In exceptional circumstances, the fair value option may be applied to securities. This means that financial assets may, on initial recognition, be measured at fair value through profit or loss, if doing so would significantly reduce or eliminate an accounting mismatch.

They are recognized at fair value or market price.

In the case of securities classified as “available for sale,” unrealized gains or losses on the measurement are recognized directly in equity as other comprehensive income until the securities are disposed of, taking into account deferred taxes. When exercising the fair value option, gains and losses from the valuation are recognized as profit or loss in the income statement.

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. At CLAAS, cash equivalents are classified as “at fair value through profit or loss.” Changes in fair value are recognized directly as profit or loss in income from securities, net. 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 foreign exchange outrights and options, as well as interest rate swaps.

At the time of acquisition and in subsequent periods, derivative financial instruments are recognized at fair value. Changes in present value are recognized as profit or loss in other financial result 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 as profit or loss in the income statement or directly in equity as 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.

The fair values of the derivative financial instruments used for hedging purposes are presented in Note 35.

Cash flow hedges are used to hedge against the risks of fluctuations in 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 as profit or loss. The ineffective portion of such changes in value is recognized directly as profit or loss in other financial result 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 as 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 equity in other reserves. They will not be recognized as 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 for the present legal or constructive obligations of the CLAAS Group 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.

Provisions for obligations arising from sales largely include warranty obligations. Provisions for warranties are recognized at the time of sale of the products in question or the rendering of the corresponding services. Assumptions must be made as to the type and scope of future warranty and policy cases as well as possible special inspections in order to determine the amount of this provision. These estimates are largely based on historic expectations. Provisions are regularly adjusted in line with new information.

Provisions are measured at the best estimate of the amount required to settle the present obligation at the balance sheet date. Significant, non-current other provisions are discounted. Increases in provisions resulting from a pure addition of accrued interest are recognized as profit or loss in interest expenses for the period.

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

The ordinary business operations of the CLAAS Group involve the sale of agricultural equipment products and services. All income relating to the ordinary business operations, less sales deductions such as cash discounts and price reductions, are presented as net sales. All other income is classified as other operating income or interest income. Net sales, other operating income, and interest income are generally recognized upon completion of delivery or service and transfer of risk to the customer.

Cost of Sales

Cost of sales comprises the cost of goods sold, the cost of the sold merchandise as well as the expenses for outgoing freight and production-related logistics costs.

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 criteria for the recognition of internally generated intangible assets are fulfilled.

The cost comprises all costs directly attributable to the development process plus the relevant development-related overheads. Borrowing costs are capitalized as a part of the cost if conditions are met. Amortization is undertaken on a straight-line basis as of the start of production over the expected useful life of the product, usually between six and ten years.

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 costs.

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 profit or loss as other operating 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 IFRSs and interpretations were required to be applied for the first time in the past fiscal year:

Standard/interpretation		Effective date IASB	Effective date EU	Impact on CLAAS
IAS 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 10	Consolidated Financial Statements	Jan. 1, 2013	Jan. 1, 2014	Immaterial
IFRS 11	Joint Arrangements	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 12	Disclosure of Interests in Other Entities	Jan. 1, 2013	Jan. 1, 2014	Immaterial
IFRIC 21	Levies	Jan. 1, 2014	June 17, 2014	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 1	Presentation of Financial Statements	Jan. 1, 2016	No	None
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	Feb. 1, 2015	Immaterial
IAS 27	Equity Method in Separate Financial Statements (amendment to IAS 27)	Jan. 1, 2016	No	None
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/IAS 28	Sales or Contributions of Assets Between an Investor and its Associate/Joint Venture	Jan. 1, 2016; postponement planned	No	Immaterial
IFRS 10/IAS 28	Investment Entities: Applying the Consolidation Exception	Jan. 1, 2016	No	None
IFRS 11	Accounting for the Acquisition of an Interest in a Joint Operation (amendment to IFRS 11)	Jan. 1, 2016	No	Immaterial
IFRS 14	Regulatory Deferral Accounts	Jan. 1, 2016	No	None
IFRS 15	Revenue from Contracts with Customers: New Revenue Recognition Standard	Jan. 1, 2018	No	Immaterial
Improvements to IFRSs	Annual Improvement Project 2010 – 2012	July 1, 2014	Feb. 1, 2015	Immaterial
Improvements to IFRSs	Annual Improvement Project 2011 – 2013	July 1, 2014	Jan. 1, 2015	Immaterial
Improvements to IFRSs	Annual Improvement Project 2012 – 2014	Jan. 1, 2016	No	Immaterial

Presentation of the Consolidated Income Statement

To improve the clarity of presentation, interest expense and income from securities, net and the other financial result within the consolidated income statement have been combined in the financial result. These items are presented separately and explained in the notes to the consolidated financial statements.

Change in the Presentation in the Consolidated Income Statement

Production-related logistics costs of €22.4 million have been reported under the cost of sales since the start of the fiscal year due to a stronger focus on functional costs. These costs had previously been included in selling expenses (prior year: €20.3 million). Prior-year figures have been adjusted accordingly.

Notes to the Consolidated Income Statement

7. Net Sales

Net sales pertained almost exclusively to the delivery of goods. Sales by region can be broken down as follows:

in € ’000	2015	2014
Germany	875,750	870,814
France	754,387	793,424
Rest of Western Europe	726,801	710,883
Central and Eastern Europe	657,512	707,494
Other countries	824,010	740,346
Net sales	**3,838,460**	**3,822,961**

8. Selling Expenses and General and Administrative Expenses*

in € ’000	2015	2014
Selling expenses	-379,859	-382,050
General and administrative expenses	-105,158	-109,176
Selling expenses and general and administrative expenses	**-485,017**	**-491,226**

*Prior-year figures adjusted

Selling expenses comprise expenses for advertising and marketing activities, agent commissions, as well as personnel expenses and administrative material costs of the sales division. 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 point of view of the Group they constitute selling expenses.

9. Research and Development Expenses

in € ’000	2015	2014
Research and development costs (total)	-203,033	-212,252
Development costs recognized as an asset	40,726	40,793
Amortization/impairment of development costs recognized as an asset	-25,027	-18,977
Research and development expenses recognized in the income statement	**-187,334**	**-190,436**
R&D capitalization ratio (in %)	20.1	19.2

10. Personnel Expenses and Employees

The personnel expenses reported in the income statement under functional costs amounted to €650.6 million (prior year: €627.0 million). The average number of employees in the fiscal year is as follows:

	2015	2014
Wage earners	5,312	4,910
Salary earners	5,576	5,277
Apprentices	614	599
Average number of employees	**11,502**	**10,786**

11. Other Operating Income and Expenses

Other Operating Income

in € ’000	2015	2014
Release of provisions	39,992	34,028
Grants and subsidies	4,142	6,750
Measurement of receivables	3,648	4,137
Insurance compensation	3,326	6,159
Disposal of intangible assets and property, plant and equipment	1,612	4,657
Pass-through costs	809	1,335
Rental and leases	358	500
Miscellaneous income	30,164	15,447
Other operating income	**84,051**	**73,013**

Other Operating Expenses

in € ’000	2015	2014
Impairment of property, plant and equipment	-19,989	-49,908
Measurement of receivables	-10,461	-12,054
Personnel expenses	-6,063	-4,473
Fees, charges, and insurance premiums	-2,471	-2,981
Disposal of intangible assets and property, plant and equipment	-460	-1,333
Miscellaneous expenses	-32,531	-36,144
Other operating expenses	**-71,975**	**-106,893**

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

12. Income from Investments, Net

in € '000	2015	2014
Income from investments accounted for using the equity method, net	12,935	11,133
thereof: impairment losses on investments accounted for using the equity method	(-2,085)	(-)
Income from other investments, net	1,117	733
Income from investments, net	**14,052**	**11,866**

13. Financial Result

in € '000	2015	2014
Interest expense	-37,474	-36,414
thereof: profits transferred under a partial profit transfer agreement (CMG)	(-3,220)	(-2,538)
Non-current provisions	-6,850	-7,856
Capitalization of borrowing costs	5,210	5,040
Interest and similar expenses	**-39,114**	**-39,230**
Interest income	9,589	13,453
Income from other securities and loans, net	9,128	-1,093
Interest expense and income from securities, net	**-20,397**	**-26,870**
Other financial result	71	-14,252
Financial result	**-20,326**	**-41,122**

Payments based on the performance of the CLAAS Group with respect to the silent partnership of CMG Claas-Mitarbeiterbeteiligungs-Gesellschaft mbH are included in “profits transferred under a partial profit transfer agreement (CMG).”

Interest expenses and income are the result of financial assets and liabilities allocated to the following measurement categories:

in € '000	2015	2014
Loans and receivables	6,333	8,191
Available-for-sale financial assets	3,323	5,267
Financial liabilities measured at amortized cost	-32,331	-31,379
Interest expenses and income	**-22,675**	**-17,921**

The other financial result can be broken down as follows:

in € '000	2015	2014
Foreign exchange gains and losses, net	7,698	-8,706
Miscellaneous financial income and expenses, net	-7,627	-5,546
Other financial result	**71**	**-14,252**

The other financial result includes fees for financial instruments of €0.5 million (prior year: €0.5 million).

14. Income Taxes

in € '000	2015	2014
Germany	-58,146	-46,637
Foreign countries	-13,580	-11,600
Current income taxes	**-71,726**	**-58,237**
Germany	1,503	-7,637
Foreign countries	18,188	23,845
Deferred income taxes	**19,691**	**16,208**
Income taxes	**-52,035**	**-42,029**

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

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

in € '000	Sept. 30, 2015	Sept. 30, 2014
Securities	-396	-1,373
Derivative financial instruments	5,991	10,059
Currency effects	-3,167	1,745
Deferred taxes offset in accumulated other comprehensive income	**2,428**	**10,431**
Remeasurements of defined benefit pension plans	24,471	19,743
Deferred taxes in other reserves	**26,899**	**30,174**

Income taxes in the reporting period were €6.3 million higher than the theoretical tax expense that would have resulted from the application of the domestic Group tax rate of 29.0% (prior year: 29.0%) on income before taxes.

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

	2015		2014	
	in € '000	in %	in € '000	in %
Income before taxes	157,692		155,134	
Theoretical tax expense	**-45,731**	**29.0**	**-44,989**	**29.0**
Differences in foreign tax rates	1,252	-0.8	547	-0.4
Tax effects from prior years	-570	0.4	1,452	-0.9
Non-taxable income and non-deductible expenses	-153	0.1	-2,611	1.7
Accounting for investments accounted for using the equity method	3,843	-2.4	3,245	-2.1
Effects from changes in tax rates	42	0.0	98	-0.1
Impact of tax losses	-9,378	5.9	3,087	-2.0
Other consolidation effects	-1,655	1.0	-1,383	0.9
Miscellaneous	315	-0.2	-1,475	1.0
Effective tax expense	**-52,035**	**33.0**	**-42,029**	**27.1**

Notes to the Consolidated Balance Sheet

15. Intangible Assets

in € '000	Concessions, industrial and similar rights and assets, and licenses in such rights	Goodwill	Payments made on account	Development costs recognized as an asset	Total
Cost					
Balance as of Oct. 1, 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	5,600	20,240	602	44,074	70,516
Disposals	-18,213	-	-	-1,822	-20,035
Reclassifications	929	-	-701	-	228
Balance as of Sept. 30, 2014	**51,464**	**68,335**	**642**	**204,117**	**324,558**
Currency translation	963	-	-	-9	954
Additions	6,008	-	605	43,886	50,499
Disposals	-6,370	-	-	-22,103	-28,473
Reclassifications	-85	-	-556	-	-641
Balance as of Sept. 30, 2015	**51,980**	**68,335**	**691**	**225,891**	**346,897**
Amortization/impairment					
Balance as of Oct. 1, 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)	5,500	-	-	16,046	21,546
Additions (impairment)	301	420	-	2,652	3,373
Disposals	-18,185	-	-	-1,822	-20,007
Balance as of Sept. 30, 2014	**29,277**	**36,188**	**-**	**62,308**	**127,773**
Currency translation	22	-	-	-	22
Additions (amortization)	5,998	-	-	22,536	28,534
Additions (impairment)	237	-	-	2,212	2,449
Disposals	-1,749	-	-	-22,103	-23,852
Reclassifications	-401	-	-	-	-401
Balance as of Sept. 30, 2015	**33,384**	**36,188**	**-**	**64,953**	**134,525**
Carrying amounts					
Balance as of Sept. 30, 2014	**22,187**	**32,147**	**642**	**141,809**	**196,785**
Balance as of Sept. 30, 2015	**18,596**	**32,147**	**691**	**160,938**	**212,372**

The impairment tests for existing goodwill did not result in an impairment loss (prior year: €0.4 million).

Development costs of €43.9 million (prior year: €44.1 million) were capitalized and include capitalized borrowing costs of €3.2 million (prior year: €3.4 million). For development costs recognized as an asset, the required impairment test led to an impairment loss totaling €2.2 million (prior year: €2.7 million). The corresponding impairment losses are recognized as research and development costs. 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.

16. 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, 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**
Currency translation	2,374	2,185	-725	-19,466	-9	-15,641
Additions	5,177	16,399	12,486	42,403	1,350	77,815
Disposals	-1,426	-17,736	-8,590	-124	-831	-28,707
Reclassifications	5,460	18,991	4,082	-27,892	-	641
Balance as of Sept. 30, 2015	**374,435**	**461,432**	**240,444**	**85,253**	**2,444**	**1,164,008**
Depreciation/impairment						
Balance as of Oct. 1, 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**
Currency translation	708	1,170	149	-15,833	-9	-13,815
Additions (depreciation)	10,008	29,672	20,560	-	124	60,364
Additions (impairment)	-	-	-	19,989	-	19,989
Disposals	-1,299	-17,083	-8,053	-	-831	-27,266
Reclassifications	-9	417	-7	-	-	401
Balance as of Sept. 30, 2015	**146,444**	**323,251**	**158,492**	**54,064**	**1,091**	**683,342**
Carrying amounts						
Balance as of Sept. 30, 2014	**225,814**	**132,518**	**87,348**	**40,424**	**127**	**486,231**
Balance as of Sept. 30, 2015	**227,991**	**138,181**	**81,952**	**31,189**	**1,353**	**480,666**

Additions to the cost of assets under construction included €2.0 million (prior year: €1.6 million) in capitalized borrowing costs.

Property, plant and equipment was impaired by €20.0 million in fiscal year 2015 (prior year: €50.5 million). Due to the changed market assessments, an impairment loss of €20.0 million had to be recognized on the production site in Krasnodar, Russia, that was still under construction as of the reporting date. The carrying amount of the property, plant and equipment in Krasnodar, Russia, totaled €9.4 million as of September 30, 2015. 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, 2015, contractual obligations to purchase items of property, plant and equipment amounted to €9.0 million (prior year: €26.6 million).

17. Investments Accounted for Using the Equity Method

The following table shows the summarized financial data on associates and joint ventures accounted for using the equity method that are immaterial for the CLAAS Group, both individually and in total:

	Associates		Joint ventures	
in € '000	**2015**	**2014**	**2015**	**2014**
At equity result	1,042	778	11,893	10,355
Carrying amount of investments accounted for using the equity method	12,863	11,016	80,455	69,735

Investments accounted for using the equity method mainly relate to investments in CLAAS Financial Service companies, which provide financing solutions for investments in CLAAS machines.

18. Deferred Taxes

	Sept. 30, 2015		Sept. 30, 2014	
in € '000	**Deferred tax assets**	**Deferred tax liabilities**	**Deferred tax assets**	**Deferred tax liabilities**
Intangible assets	2,722	46,055	611	42,607
Property, plant and equipment	17,508	17,406	15,944	15,267
Inventories	44,589	2,699	39,556	486
Receivables and assets	16,370	11,627	6,794	5,698
Provisions	127,454	1,782	110,721	2,495
Liabilities	2,822	777	17,084	196
Loss carryforwards	56,293	-	28,117	-
Gross amount	**267,758**	**80,346**	**218,827**	**66,749**
Valuation allowance	-39,906	-	-23,753	-
Netting out	-78,180	-78,180	-64,371	-64,371
Carrying amount	**149,672**	**2,166**	**130,703**	**2,378**

The tax loss carryforwards at Group level in the amount of €186.5 million (prior year: €83.6 million) may be carried forward until fiscal year 2018 or later. Of this amount, €139.2 million (prior year: €68.4 million) was assessed as non-realizable. Due to lack of recoverability, a valuation allowance has been recognized for €39.9 million (prior year: €23.4 million) of deferred tax assets on loss carryforwards.

The utilization of tax loss carryforwards, on which deferred tax assets had not yet been recognized, resulted in a positive effect of €0.2 million in the reporting year (prior year: €0.5 million).

19. Inventories

in € '000	Sept. 30, 2015	Sept. 30, 2014
Raw materials, consumables and supplies	201,466	313,572
Work in progress	47,084	52,778
Finished goods and merchandise	680,766	645,818
Payments made on account	20,711	3,913
Advanced payments received	-76,893	-81,176
Inventories	**873,134**	**934,905**

Impairment losses on inventories in the reporting year in the amount of €39.1 million (prior year: €14.0 million) were recognized as profit or loss in cost of sales. As in the prior year, inventories were not pledged as security for liabilities.

20. Trade Receivables

in € '000	Sept. 30, 2015	Sept. 30, 2014
Gross carrying amount	**398,558**	**337,537**
Impairment	-31,678	-23,163
Net carrying amount	**366,880**	**314,374**

The impairment of trade receivables changed as follows:

in € '000	2015	2014
Impairment at Oct. 1	**23,163**	**16,773**
Changes in scope of consolidation	-	-466
Utilization	-1,149	-397
Reversal of/addition to impairment loss, net	9,329	7,053
Currency translation	335	200
Impairment at Sept. 30	**31,678**	**23,163**

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

in € '000	Sept. 30, 2015	Sept. 30, 2014
Neither past due nor impaired	243,929	212,722
Not impaired but past due as per the following time frames:		
up to 30 days	73,676	68,533
31 to 60 days	11,210	10,882
61 to 90 days	8,619	6,318
more than 90 days	23,116	13,001
Trade receivables adjusted individually for impairment	6,330	2,918
Trade receivables	**366,880**	**314,374**

The amount of interest income received on impaired financial assets was insignificant. Please see Note 36 for disclosures on existing credit risks 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 €221.8 million (prior year: €180.8 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 €72.8 million as of the balance sheet date (prior year: €66.4 million).

As part of these sales, the CLAAS Group recognized assets of €15.7 million (prior year: €13.6 million) as of the reporting date for the partially retained provisions for risk of default. The financial liabilities associated with the sales amounted to €18.7 million (prior year: €21.7 million).

21. Other Financial Assets

in € '000	Current	Non-current	Sept. 30, 2015	Current	Non-current	Sept. 30, 2014
Borrowings	-	16,605	16,605	-	18,327	18,327
Receivables from investments	57,166	-	57,166	56,543	-	56,543
Derivative financial instruments	9,000	9,173	18,173	2,420	-	2,420
Creditors with a debit balance	4,928	-	4,928	7,491	-	7,491
Loan receivables	1,907	-	1,907	1,551	-	1,551
Interest receivables	2,268	-	2,268	997	-	997
Miscellaneous	104,726	1,223	105,949	93,896	1,441	95,337
Other financial assets	**179,995**	**27,001**	**206,996**	**162,898**	**19,768**	**182,666**

22. Other Non-financial Assets

in € '000	Current	Non-current	Sept. 30, 2015	Current	Non-current	Sept. 30, 2014
Prepaid expenses	13,103	-	13,103	10,197	-	10,197
Other taxes	53,854	-	53,854	33,547	-	33,547
Surplus related to funded benefit obligations	-	11,462	11,462	-	11,372	11,372
Miscellaneous	2,443	12,735	15,178	2,613	9,308	11,921
Other non-financial assets	**69,400**	**24,197**	**93,597**	**46,357**	**20,680**	**67,037**

23. Securities

A total of €123.4 million (prior year: €201.5 million) of current securities (€268.7 million; prior year: €329.5 million) was attributable to funds.

Of the current securities held at the beginning of the fiscal year, securities with historical costs of €241.4 million were disposed of during the fiscal year (prior year: €272.9 million). As a result of these disposals, gains and losses from exchange rate changes of €-0.3 million initially recognized directly in equity (prior year: €-0.4 million) were recognized as profit or loss in foreign exchange gains and losses, net for the current period. Furthermore, €-10.5 million from the changes in value of current securities were recognized directly in equity in other comprehensive income (prior year: €2.8 million).

Securities totaling €3.1 million (prior year: €6.2 million) are pledged as collateral in order to meet the legal requirements of the German Partial Retirement Act (AltTZG).

24. Cash and Cash Equivalents

in € '000	Sept. 30, 2015	Sept. 30, 2014
Checks, cash in hand and bank balances	230,983	244,836
Cash equivalents	351,657	124,837
Cash and cash equivalents	**582,640**	**369,673**

Cash and cash equivalents include proceeds from trade receivables transferred under the ABS program with a total value of €18.7 million (prior year: €21.7 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 €6.4 million (prior year: €23.4 million) is not freely disposable. Furthermore, there were drawing restrictions on cash and cash equivalents of €16.2 million in Argentina due to a sharp year-on-year increase in foreign exchange controls.

25. 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 dividend distributed to shareholders for fiscal year 2014 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 balance sheet of the CLAAS Group. 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.

26. Financial Liabilities

in € '000	Current	Non-current	Sept. 30, 2015	Current	Non-current	Sept. 30, 2014
Bonds	-	268,697	268,697	31,666	237,492	269,158
Liabilities to banks	112,340	-	112,340	74,599	-	74,599
Schuldscheindarlehen (German Private Placement)	-	300,000	300,000	53,500	-	53,500
Shareholder loans	80,951	41,991	122,942	96,469	42,376	138,845
Lease payables	351	226	577	242	150	392
Subordinated perpetual securities	-	-	-	80,000	-	80,000
Financial liabilities	**193,642**	**610,914**	**804,556**	**336,476**	**280,018**	**616,494**

The table below shows details of the privately placed bonds and the Schuldscheindarlehen (German Private Placement):

	Nominal volume	Carrying amount Sept. 30, 2015	Coupon in %	Due
Bond 2012	$300,000,000	€268,697,000	3.98 and 4.08	2022
Schuldscheindarlehen (German Private Placement) 2015	€250,000,000	€250,000,000	0.99 and 1.75	2020 and 2024
Schuldscheindarlehen (German Private Placement) 2015	€50,000,000	€50,000,000	variable, based on the Euribor	2020

Interest on liabilities to banks denominated in various currencies is charged at rates of between 1.56% p.a. and 6.60% p.a. Of these liabilities, €0.2 million are secured (prior year: €40.8 million). The unsecured liabilities to banks are attributable in part to very current liabilities in connection with the ABS program.

CLAAS settled the Schuldscheindarlehen (German Private Placement) from 2009 as scheduled in the past fiscal year.

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; €600.1 million of which was unutilized (prior year: €612.2 million).

in € '000	Current	Non-current	Sept. 30, 2015	Current	Non-current	Sept. 30, 2014
Bonds	-	268,697	268,697	31,666	237,492	269,158
Syndicated loans	-	300,000	300,000	-	300,000	300,000
Credit facilities from banks	383,533	-	383,533	298,272	55,000	353,272
Schuldscheindarlehen (German Private Placement)	-	300,000	300,000	53,500	-	53,500
Subordinated perpetual securities	-	-	-	80,000	-	80,000
Financing commitments	**383,533**	**868,697**	**1,252,230**	**463,438**	**592,492**	**1,055,930**

27. Silent Partnership

The silent partnership of the employee participation company, CMG Claas-Mitarbeiterbeteiligungs-Gesellschaft mbH (CMG), 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 €9.6 million of the silent partnership can be terminated without cause as of September 30, 2016; additional termination-without-cause rights for €11.4 million apply between fiscal years 2017 and 2020.

28. Other Financial Liabilities

in € '000	Current	Non-current	Sept. 30, 2015	Current	Non-current	Sept. 30, 2014
Bills payable	14,222	-	14,222	30,752	-	30,752
Liabilities to investments	19,687	-	19,687	23,557	11	23,568
Derivative financial instruments	6,749	42	6,791	32,883	23,728	56,611
Accrued interest	2,720	-	2,720	9,524	-	9,524
Miscellaneous	27,811	2,544	30,355	28,654	6,609	35,263
Other financial liabilities	**71,189**	**2,586**	**73,775**	**125,370**	**30,348**	**155,718**

29. Other Non-financial Liabilities

in € '000	Current	Non-current	Sept. 30, 2015	Current	Non-current	Sept. 30, 2014
Deferred income	39,922	-	39,922	32,693	-	32,693
Other taxes	33,146	-	33,146	32,719	-	32,719
Social security	8,976	-	8,976	9,823	-	9,823
Miscellaneous	61	152	213	61	195	256
Other non-financial liabilities	**82,105**	**152**	**82,257**	**75,296**	**195**	**75,491**

30. Pension Provisions

Defined Benefit Plans

The pension provisions within 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, 2015	Defined benefit obligations (DBO)	Fair value of the plan assets	Net obligation
Germany	250,871	702	250,169
France	31,789	-	31,789
United Kingdom	63,707	75,169	-11,462
Other countries	2,985	-	2,985
Carrying amount	**349,352**	**75,871**	**273,481**
thereof: pension provisions			284,943
thereof: other assets			11,462

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

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

in € '000	2015	2014
Present value of the defined benefit obligations as of October 1	**321,835**	**279,239**
Current service cost	9,207	7,526
Interest cost	9,565	10,267
Actuarial gains and losses	15,494	31,424
Past service cost, curtailments and settlements	220	-
Changes in scope of consolidation	-	-870
Currency translation	3,334	3,580
Pension payments	-10,935	-9,889
Other	632	558
Present value of the defined benefit obligations as of September 30	**349,352**	**321,835**

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	2015	2014
Fair value of the plan assets as of October 1	**69,869**	**60,099**
Interest income	2,918	2,927
Actuarial gains and losses	-608	2,333
Employer contributions	860	1,049
Employee contributions	576	558
Currency translation	3,972	4,377
Pension payments from plan assets	-1,716	-1,474
Fair value of the plan assets as of September 30	**75,871**	**69,869**

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

in € '000	2015	2014
Current service cost	-9,207	-7,526
Past service cost	-220	-
Interest cost	-9,565	-10,267
Interest income	2,918	2,798
Defined benefit plan components recognized in the income statement	**-16,074**	**-14,995**
Income from plan assets excluding amounts already included in interest	-608	2,333
Actuarial gains and losses	-15,494	-31,424
Defined benefit plan components recognized directly in equity	**-16,102**	**-29,091**

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 €2.3 million in fiscal year 2015 (prior year: €5.3 million).

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

	Sept. 30, 2015		Sept. 30, 2014	
in %	Germany	Other	Germany	Other
Discount rate	2.20	2.47	2.75	3.00
Rate of salary increase	3.00	2.82	3.00	3.10
Rate of pension increase	1.75	-	2.00	-

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

	Sept. 30, 2015		Sept. 30, 2014	
	in € '000	in %	in € '000	in %
Equities	26,667	35.2	30,520	43.7
Bonds	40,777	53.7	35,295	50.5
Cash and cash equivalents	756	1.0	371	0.5
Other	7,671	10.1	3,683	5.3
Plan assets	**75,871**	**100.0**	**69,869**	**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 obligors.

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, 2015	Sept. 30, 2014
Discount rate up 50 basis points	-30,893	-27,110
Discount rate down 50 basis points	32,267	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 2016, the employer contributions to plan assets are expected to amount to €0.5 million.

The weighted average maturity of the defined benefit obligations was 18.6 years as of September 30, 2015 (prior year: 17.6 years).

In fiscal year 2016, pension payments in the amount of €9.3 million are anticipated.

Defined Contribution Plans

Defined contribution plans are also in place in Germany and North America 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	2015	2014
Defined contribution plans	1,350	1,059
National plans	23,517	23,156
Total cost of defined contribution plans	**24,867**	**24,215**

31. Income Tax Provisions and Other Provisions

		Other provisions				
in € '000	Income tax provisions	Personnel obligations	Sales obligations	Miscellaneous obligations	Total other provisions	Total
Balance as of Oct. 1, 2014	**20,326**	**135,064**	**360,095**	**23,662**	**518,821**	**539,147**
Utilization	-8,419	-113,992	-165,956	-7,231	-287,179	-295,598
Reversals	-380	-3,490	-40,919	-1,811	-46,220	-46,600
Additions	23,320	119,185	210,161	15,376	344,722	368,042
Interest/change in interest rate	-	203	3	37	243	243
Currency translation	-115	187	10,608	525	11,320	11,205
Balance as of Sept. 30, 2015	**34,732**	**137,157**	**373,992**	**30,558**	**541,707**	**576,439**
thereof: non-current	-	16,046	16,147	8,406	40,599	40,599
thereof: current	34,732	121,111	357,845	22,152	501,108	535,840

Income tax provisions include current tax obligations.

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

A total of €6.2 million (prior year: €8.3 million) of the reversals is reported as functional costs.

Other Disclosures

32. Contingent Liabilities and Other Financial Obligations

Rental and lease expenses of €51.5 million were recorded in fiscal year 2015 (prior year: €50.3 million). Minimum lease payments will become due as follows for future obligations:

	Sept. 30, 2015		Sept. 30, 2014	
in € '000	**Finance leases**	**Operating leases**	**Finance leases**	**Operating leases**
Due within 1 year	370	42,069	244	37,222
Due within 1 to 5 years	235	61,609	152	51,707
Due after 5 years	-	40,232	-	31,072
Principal amount of minimum lease payments	**605**	**143,910**	**396**	**120,001**
Interest portion	-28		-4	
Present value of minimum lease payments	**577**		**392**	

Lease payments received under non-cancelable sublease agreements amounted to €18.9 million as of the reporting date, and proceeds from future minimum lease payments amounted to €26.2 million.

Finance lease and operating lease obligations 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 €10.9 million (prior year: €20.9 million), since the likelihood of risk is considered low.

33. 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 results of operations of the CLAAS Group will occur beyond the risks reflected in liabilities and provisions in the financial statements.

34. Additional Disclosures on Financial Instruments

Carrying Amounts of Financial Assets and Liabilities by Categories

in € '000	Sept. 30, 2015	Sept. 30, 2014
Financial assets at fair value through profit or loss	389,749	127,257
thereof: cash equivalents	(351,657)	(124,837)
thereof: fair value option	(19,919)	(-)
Loans and receivables	786,681	739,432
Available-for-sale financial assets	272,667	333,438
Financial liabilities at fair value through profit or loss	6,791	56,611
Financial liabilities measured at amortized cost	1,159,553	992,949

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 €804.6 million (prior year: €616.5 million), while the fair value is €805.6 million (prior year: €615.3 million). The entire amount was attributable to Level 2 of the fair value hierarchy.

Fair Value Hierarchy

The market 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, 2015			Sept. 30, 2014		
in € '000	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Cash equivalents	351,657	-	-	124,837	-	-
Securities	268,710	-	-	329,521	-	-
Derivative financial instruments	-	18,173	-	-	2,420	-
Financial assets at fair value	**620,367**	**18,173**	**-**	**454,358**	**2,420**	**-**
Derivative financial instruments	-	6,791	-	-	56,611	-
Financial liabilities at fair value	**-**	**6,791**	**-**	**-**	**56,611**	**-**

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	2015	2014
Financial assets or financial liabilities at fair value through profit or loss	12,347	-13,616
Loans and receivables	15,416	14,230
Available-for-sale financial assets	9,310	-949
Financial liabilities measured at amortized cost	-23,004	-13,548
Net gains or losses on financial instruments	**14,069**	**-13,883**

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 as 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 23.

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

35. Derivative Financial Instruments and Hedge Accounting

Hedge accounting is not used for some derivative financial instruments. The changes in fair value for these derivatives are recognized as 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 2015.

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

	Sept. 30, 2015		Sept. 30, 2014	
in € '000	Assets	Liabilities	Assets	Liabilities
Forward exchange transactions	14,105	6,000	1,270	18,608
thereof: cash flow hedges	(11,235)	(646)	(22)	(10,129)
Foreign currency options	4,068	261	943	5,482
thereof: cash flow hedges	(2,036)	(-)	(404)	(-)
Other currency hedging instruments	-	-	-	32,179
thereof: cash flow hedges	(-)	(-)	(-)	(32,179)
Interest rate swaps	-	42	-	342
thereof: cash flow hedges	(-)	(42)	(-)	(67)
Others	-	488	207	-
thereof: cash flow hedges	(-)	(-)	(-)	(-)
Derivative financial instruments	**18,173**	**6,791**	**2,420**	**56,611**
thereof: current	9,000	6,749	2,420	32,883
thereof: non-current	9,173	42	-	23,728

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 (€10.0 million; prior year: €-17.2 million) were recognized directly in equity as other comprehensive income in fiscal year 2015.

The changes in value of cash flow hedges reclassified from equity to foreign exchange gains and losses, net in the fiscal year amounted to €-7.3 million (prior year: €-1.3 million).

The ineffective portion from cash flow hedges, which was recognized as profit or loss in foreign exchange gains and losses, net, amounted to €-0.5 million (prior year: €-1.5 million).

36. 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 has defined principles for managing credit risk across the Group. 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 total trade receivables of the CLAAS Group.

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. Collateral of €0.4 million (prior year: €0.0 million) was called on during the fiscal year.

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 financial instruments are used exclusively 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, 2015, the maximum risk in the event of utilization amounted to €4.2 million (prior year: €4.2 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 a default probability of 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 26) and cash and cash equivalents as well as on the ABS program (see Note 20) and international cash management. Liquidity trends are monitored intensively on an ongoing basis in the form of daily, weekly, and monthly analyses and reports with an increasing level of detail; 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, 2015	2016	2017	2018	2019	2020	From 2021	Total
Financial liabilities	209,027	14,215	14,085	14,224	264,366	405,357	921,274
Silent partnership	9,607	2,710	2,767	2,825	3,097	18,721	39,727
Trade payables	248,287	-	-	-	-	-	248,287
Bills payable	14,222	-	-	-	-	-	14,222
Liabilities to investments	19,687	-	-	-	-	-	19,687
Derivative financial instruments	6,976	181	173	173	173	-	7,676
Miscellaneous	27,811	2,544	-	-	-	-	30,355
Payments due	**535,617**	**19,650**	**17,025**	**17,222**	**267,636**	**424,078**	**1,281,228**

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	28,654	6,609	-	-	-	-	35,263
Payments due	**726,554**	**18,883**	**12,286**	**12,340**	**12,400**	**343,776**	**1,126,239**

Currency Risk

The international focus of the CLAAS Group means that its operating business and financial transactions are exposed to risks of exchange rate differences, mainly arising from fluctuations in the value of the U.S. dollar, British pound, Polish zloty, Hungarian forint, Russian ruble, and Chinese renminbi against the euro. In the operating business, currency risk mainly arises when net sales are realized in a currency different from that of the associated costs (transaction risk). To effectively counter the effect of exchange rate fluctuations, CLAAS pursues central currency management under the purview of the Group Treasury department.

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, 2015		Sept. 30, 2014	
in € '000	Equity	Profit or loss	Equity	Profit or loss
Actual fair value	**3,452**	**335**	**-9,717**	**-8,145**
Fair value in the event of an exchange rate increase of 10%	**23,847**	**10,204**	**13,035**	**2,933**
U.S. dollar	9,137	3,984	3,214	1,713
British pound	7,659	3,675	6,217	4,675
Polish zloty	5,693	2,331	4,755	2,532
Hungarian forint	-827	-460	-1,625	-3,018
Other	2,185	674	474	-2,969
Fair value in the event of an exchange rate decrease of 10%	**-11,401**	**-14,421**	**-27,556**	**-31,538**
U.S. dollar	-5,908	-5,435	-11,842	-12,368
British pound	-3,703	-6,965	-11,653	-17,148
Polish zloty	-2,190	-2,139	-2,714	-4,719
Hungarian forint	1,274	172	1,743	1,455
Other	-874	-54	-3,090	1,242

Furthermore, the conversion of the net assets of foreign subsidiaries located outside the euro zone and their income and expenses (translation risk) also entail currency risks; these risks are not generally 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 Group 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 €2.5 million (prior year: €1.2 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.

37. 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	2015	2014
Interest paid	35,595	36,668
Interest received	6,479	6,353
Dividends received	7,600	7,542
Income taxes paid	52,423	73,500

38. Related Party Disclosures

Related parties are associates and joint ventures accounted for using the equity method as well as persons who can exercise significant influence on the CLAAS Group. The latter includes the members of the Group Executive Board, the Supervisory Board, and the Shareholders’ Committee, as well as the members of the Claas families.

The following table shows the extent of the business relationships of the CLAAS Group with related parties:

in € ’000	2015	2014
Income	258,498	244,968
Expenses	255,334	260,180
Receivables	58,927	50,523
Liabilities	16,181	10,227

The receivables mainly relate to interest-bearing loans issued and the liabilities primarily to trade payables.

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

The members of the Claas family granted loans totaling €122.9 million in the reporting year (prior year: €138.8 million); of this amount, €81.0 million (prior year: €96.5 million) is due within one year.

The CLAAS Group did not conclude any other material transactions with related parties.

All transactions with related parties were conducted on an arm's length basis.

The remuneration paid to members of the Supervisory Board and the Shareholders' Committee totaled €0.8 million in fiscal year 2015 (prior year: €0.7 million).

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

in € '000	2015	2014
Current remuneration	5,155	5,680
Provisions for retirement benefits	89	177
Total Group Executive Board remuneration	**5,244**	**5,857**

Retirement benefits were paid to former members of the Executive Board of CLAAS KGaA mbH / the Group Executive Board in the amount of €0.6 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 €10.8 million as of the balance sheet date (prior year: €8.8 million).

39. 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	2015	2014
Audit services	642	660
Other assurance services	42	28
Tax consulting services	21	35
Other services	15	16
Auditor's fees	**720**	**739**

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.

40. 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

41. 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, 2015 or that are subject to disclosure requirements.

42. List of Shareholdings

No.	Company and registered office		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 countries					
22	CLAAS France Holding S.A.S., Paris/France	EUR	231,009,001	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	99,779,006	100.0	22
26	CLAAS Réseau Agricole S.A.S., Paris/France	EUR	27,400,000	100.0	25
27	S@T-INFO S.A.S., Chalon-sur-Saône/France	EUR	108,729	100.0	22
28	CLAAS Global Sales Western Europe S.A.S., Paris/France	EUR	250,000	100.0	16
29	CLAAS Holdings Ltd., Saxham/United Kingdom	GBP	1,000	100.0	1
30	CLAAS U.K. Ltd., Saxham/United Kingdom	GBP	101,100	100.0	29
31	Southern Harvesters Ltd., Saxham/United Kingdom	GBP	150,000	100.0	30
32	Anglia Harvesters Ltd., Saxham/United Kingdom	GBP	400,000	100.0	30
33	Western Harvesters Ltd., Saxham/United Kingdom	GBP	16,000	100.0	30
34	Eastern Harvesters Ltd., Saxham/United Kingdom	GBP	440,000	100.0	30
35	CLAAS Retail Properties Ltd., Saxham/United Kingdom	GBP	100	100.0	30
36	CLAAS Italia S.p.A., Vercelli/Italy	EUR	2,600,000	100.0	1
37	CLAAS Agricoltura S.R.L., Milan/Italy	EUR	600,000	100.0	36
38	CLAAS Ibérica S.A., Madrid/Spain	EUR	3,307,500	100.0	1
39	CLAAS Hungaria Kft., Törökszentmiklós/Hungary	HUF	552,740,000	100.0	1
40	OOO CLAAS Vostok, Moscow/Russia	RUB	4,000,000	100.0	1
41	TOV CLAAS Ukraina, Kiev/Ukraine	UAH	1,967,388	100.0	1
42	CLAAS Polska sp. z o.o., Poznań/Poland	PLN	5,000,000	100.0	1
43	CLAAS Regional Center South East Europe S.R.L., Afumaţi/Romania	RON	1,268,540	100.0	1
44	CLAAS Regional Center South East Asia Ltd., Bangkok/Thailand	THB	1,000,000	100.0	1
45	CLAAS East Asia Holding Ltd., Hong Kong/China	HKD	27,209,996	100.0	1
46	CLAAS Agricultural Machinery Trading (Beijing) Co. Ltd., Beijing/China	CNY	20,000,000	100.0	45
47	CLAAS Greater China Holding Ltd., Hong Kong/China	HKD	357,593,500	100.0	1

				Shareholding	
No.	Company		Subscribed capital	in %	owned by company
48	CLAAS Jinyee Agricultural Machinery (Shandong) Co. Ltd., Gaomi/China	CNY	116,703,600	97.3	47
49	CLAAS Jinyee Agricultural Machinery (Heilongjiang) Co. Ltd., Daqing/China	CNY	5,000,000	97.3	48
50	CLAAS Argentina S.A., Sunchales/Argentina	ARS	35,500,000	100.0	1
51	CLAAS América Latina Representação Ltda., Porto Alegre/Brazil	BRL	600,000	100.0	1 / 16
52	CLAAS North America Holdings Inc., Omaha/Nebraska/USA	USD	700	100.0	1
53	CLAAS of America Inc., Omaha/Nebraska/USA	USD	100	100.0	52
54	CLAAS Omaha Inc., Omaha/Nebraska/USA	USD	100	100.0	52
55	Nebraska Harvest Center Inc., Wilmington/Delaware/USA	USD	1	100.0	52
56	CLAAS Global Sales Americas Inc., Wilmington/Delaware/USA	USD	1,000	100.0	16
57	CLAAS Canada Holdings Inc., Kelowna/Canada	CAD	1	100.0	1
58	Canada West Harvest Centre Inc., Kelowna/Canada	CAD	1	100.0	57
59	CLAAS India Private Ltd., Faridabad/India	INR	400,725,410	100.0	1
60	CLAAS Agricultural Machinery Private Limited, New Delhi/India	INR	201,000,000	100.0	16 / 17
61	OOO CLAAS, Krasnodar/Russia	RUB	93,368,880	99.0	14
62	CHW Fonds, Luxembourg/Luxembourg				
63	Mercator Purchasing S.A., Luxembourg/Luxembourg				
II. Associates accounted for using the equity method					
64	CLAAS GUSS GmbH, Gütersloh/Germany	EUR	6,680,000	44.4	1 / 3
65	Worch Landtechnik GmbH, Schora/Germany	EUR	55,000	39.0	5
66	Mecklenburger Landtechnik GmbH Mühlengeez, Prüzen/Germany	EUR	1,000,000	25.1	5
67	CLAAS Finance Ltd., Basingstoke/United Kingdom	GBP	100	49.0	29
68	CLAAS Financial Services LLC., San Francisco/California/USA	USD	0	34.0	53 / 71
III. Joint ventures and joint operations accounted for using the equity method					
69	TechnikCenter Grimma GmbH, Mutzschen/Germany	EUR	350,000	30.0	5
70	Fricke Landtechnik GmbH, Demmin/Germany	EUR	1,000,000	25.1	5
71	CLAAS Financial Services S.A.S., Paris/France	EUR	44,624,768	39.9	1
72	CLAAS Financial Services Ltd., Basingstoke/United Kingdom	GBP	8,600,000	49.0	30
73	G.I.M.A. S.A.S., Beauvais/France	EUR	8,448,500	50.0	25
74	Uz CLAAS Agro MChJ, Tashkent/Uzbekistan	UZS	2,124,190,000	49.0	15
75	Tingley Implements Inc., Lloydminster/Canada	CAD	1,092,000	33.3	53
IV. Other significant shareholdings					
76	CS Parts Logistics GmbH, Bremen/Germany	EUR	1,550,000	50.0	17
77	Landtechnik Steigra GmbH, Steigra/Germany	EUR	615,000	15.1	5
78	LTZ Chemnitz GmbH, Hartmannsdorf/Germany	EUR	750,000	10.0	5
79	CLAAS Südostbayern GmbH, Töging am Inn/Germany	EUR	700,000	10.0	5
80	CLAAS Main-Donau GmbH & Co. KG, Vohburg/Germany	EUR	1,200,000	10.0	5
81	MD-Betriebs-GmbH, Munich/Germany	EUR	25,000	10.0	5
82	CLAAS Nordostbayern GmbH & Co. KG, Altenstadt an der Waldnaab/Germany	EUR	750,000	10.0	5
83	NOB-Betriebs-GmbH, Munich/Germany	EUR	25,000	10.0	5
84	CLAAS Württemberg GmbH, Langenau/Germany	EUR	800,000	10.0	5
85	James Gordon Ltd., Castle Douglas/United Kingdom	GBP	390,000	17.9	30
86	Sellars Agriculture Ltd., Oldmeldrum/United Kingdom	GBP	237,500	22.9	30
87	Pellenc Languedoc Roussillon S.A.S., Lézignan-Corbières/France	EUR	1,000,000	35.0	26
88	Etablissements Mouchard S.A.S., Les Authieux Ratieville/France	EUR	1,000,000	35.0	26
89	DESICO S.A., Buenos Aires/Argentina	ARS	13,333	10.0	50
90	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, 2015 and the Group management report were prepared by the Executive Board of CLAAS KGaA mbH on November 24, 2015. 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, 2015

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, 2014 to September 30, 2015. 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 afore-mentioned 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, 2015

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Bedenbecker)
Wirtschaftsprüfer
(German Public Auditor)

(Dr. Brüggemann)
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.

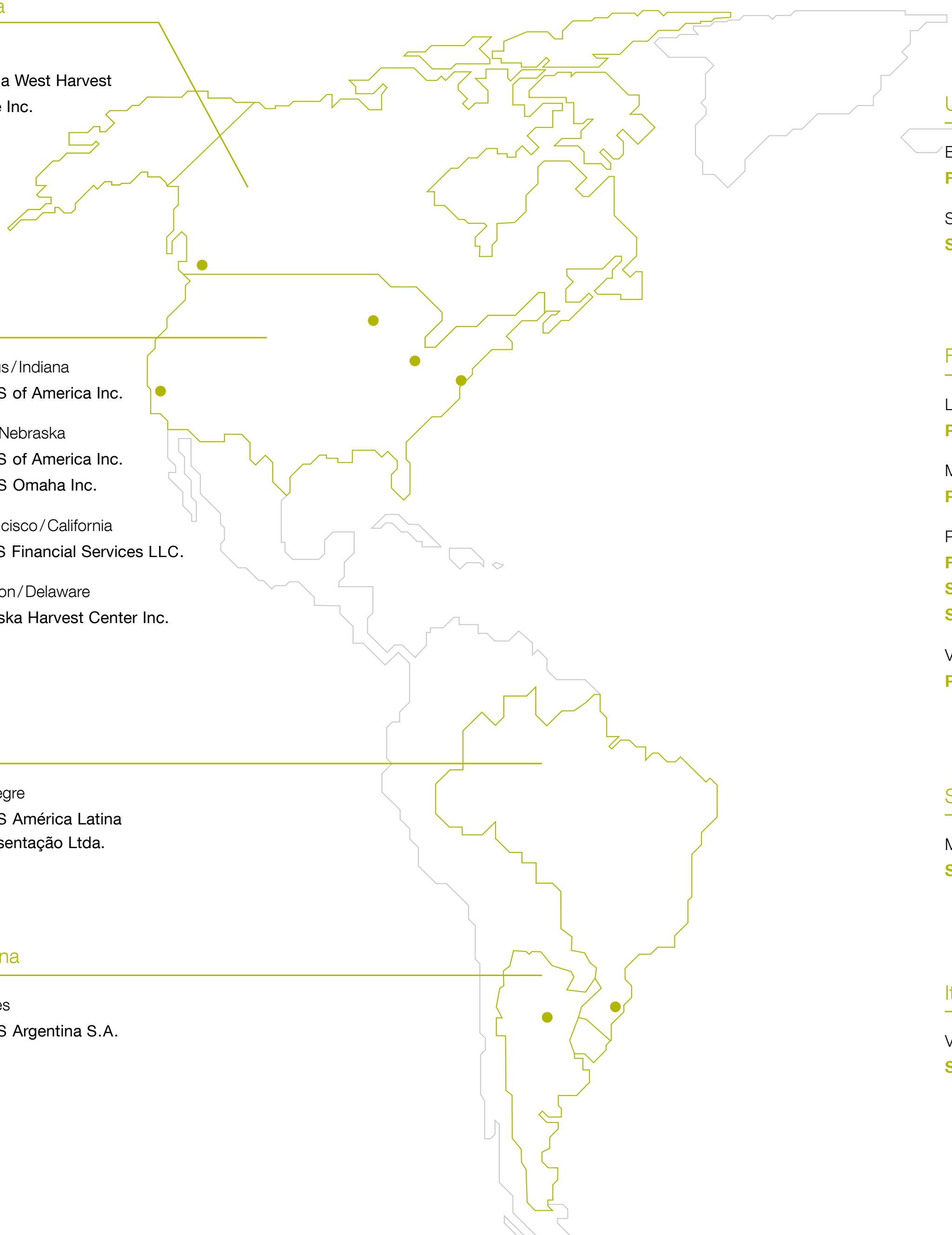
Wilmington / Delaware
S Nebraska Harvest Center Inc.

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.
S CLAAS Réseau Agricole S.A.S.

Vélizy
P CLAAS Tractor S.A.S.

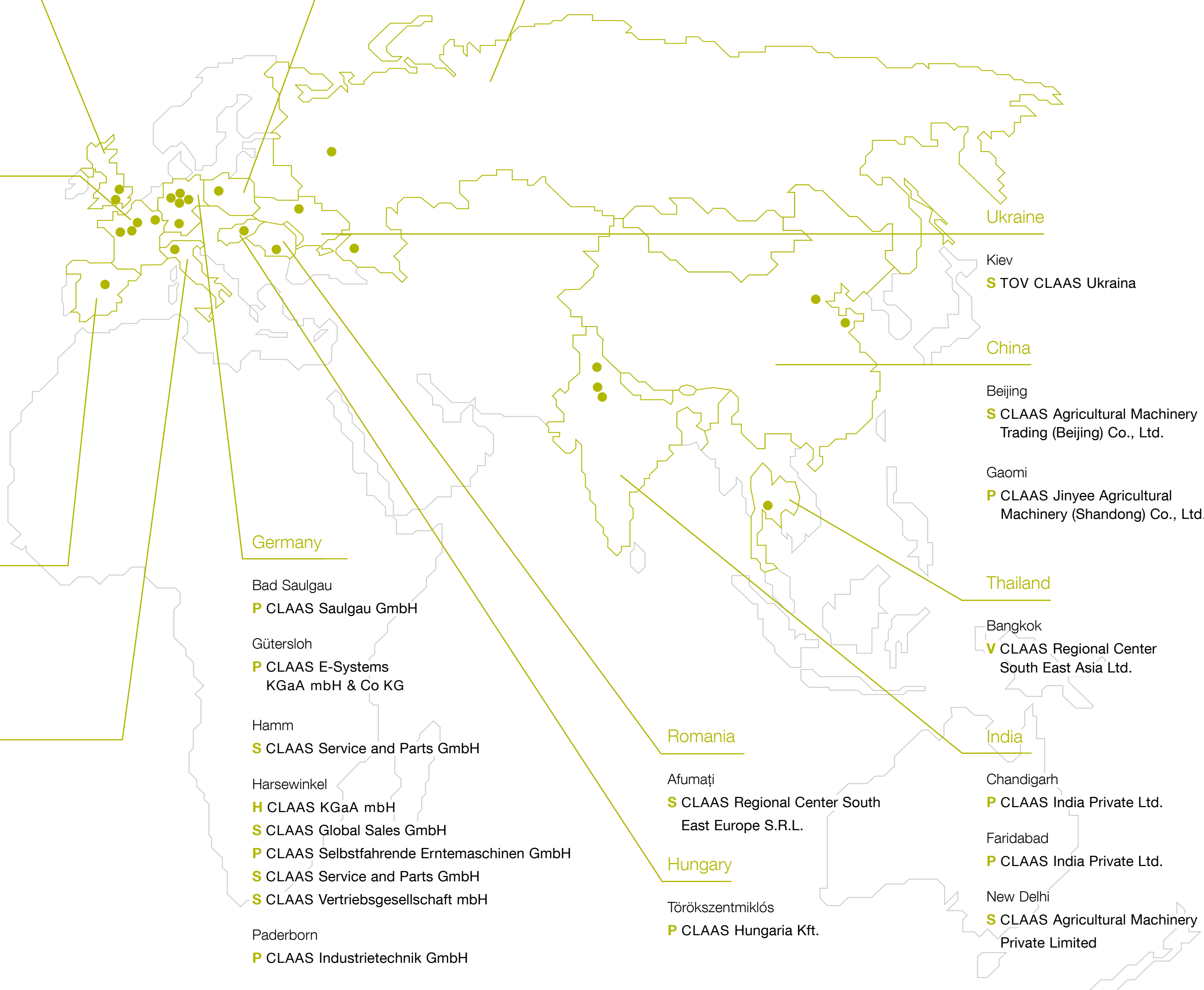
Spain

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



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 Regional Center South East Europe S.R.L.

Hungary

Törökszentmiklós
P CLAAS Hungaria Kft.

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.

Thailand

Bangkok
V 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

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

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

Ten-year Overview

in € million	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Financial performance										
Net sales	3,838.5	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
Research and development costs [1]	203.0	212.3	197.0	181.2	144.3	122.6	124.8	113.8	109.6	100.3
EBITDA	310.5	327.9	420.5	426.1	377.5	200.3	230.0	385.6	312.0	246.4
EBIT	196.8	194.4	334.7	347.6	292.3	116.1	146.9	282.5	209.9	162.8
Income before taxes	157.7	155.1	295.3	315.6	255.3	77.2	112.3	248.1	175.8	130.7
Net income	105.7	113.1	212.3	232.7	181.8	51.5	73.4	169.3	114.8	80.9
Return on sales (in %)	4.1	4.1	7.7	9.2	7.7	3.1	3.9	7.7	6.6	5.6
Return on equity (in %)	8.6	9.6	17.3	21.3	20.9	6.3	9.5	23.2	19.0	16.1
Foreign sales (in %)	77.2	77.2	78.1	77.3	73.5	73.1	75.2	77.6	76.3	76.3
Cash flow/investments/amortization, depreciation, impairment										
Cash flows from operating activities	156.5	50.4	247.6	115.1	244.5	300.5	-140.6	334.6	264.8	151.1
Free cash flow	38.8	-136.9	82.1	-84.2	156.5	215.8	-264.8	217.5	166.2	26.8
Capital expenditure [2]	128.3	173.2	172.4	163.1	93.7	87.2	125.2	115.1	101.4	84.3
Depreciation/amortization/impairment [3]	111.3	133.3	83.3	78.4	85.1	84.2	83.1	85.1	84.0	73.2
Asset/capital structure										
Non-current assets	993.0	942.5	820.4	707.3	586.4	561.6	579.1	522.8	493.3	501.9
thereof: development costs recognized as an asset	160.9	141.8	116.1	96.9	89.7	92.3	95.5	99.8	91.5	84.7
thereof: property, plant and equipment	480.7	486.2	460.0	404.3	337.6	330.5	322.4	281.0	257.6	260.8
Current assets	2,350.2	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
thereof: inventories	873.1	934.9	729.7	682.1	559.6	418.1	519.3	394.6	343.0	339.9
thereof: liquid assets	851.3	699.2	863.7	767.2	818.8	907.7	677.2	716.2	597.9	436.0
Equity	1,231.0	1,183.2	1,226.7	1,094.8	870.1	814.2	775.5	731.0	604.4	502.5
Equity-to-assets ratio (in %)	36.8	38.0	41.9	41.8	36.4	35.7	35.1	36.1	34.0	31.2
Non-current liabilities	981.1	656.1	700.0	593.5	497.3	720.6	766.2	503.8	541.4	545.4
Current liabilities	1,131.1	1,273.8	999.2	932.1	1,022.4	743.6	665.0	789.1	630.2	563.5
Total assets	3,343.2	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
Net liquidity	46.7	82.7	387.4	333.6	442.9	395.2	166.2	450.6	273.7	105.9
Working capital	1,007.2	998.1	843.6	822.7	650.9	512.6	692.8	474.8	420.2	413.7
Equity and non-current liabilities to non-current assets (in %)	222.8	195.2	234.9	238.7	233.2	273.3	266.2	236.2	232.3	208.8
Employees										
Employees as of the balance sheet date [4]	11,535	11,407	9,697	9,077	9,060	8,968	9,467	9,100	8,425	8,191
Personnel expenses	650.6	627.0	594.0	548.1	540.4	489.0	522.8	514.9	472.8	455.7

[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 apprentices

Products and Services


1 //


3 //


2 //


4 //

1 // Combines

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

2 // Forage harvesters

- JAGUAR 980-930
- JAGUAR 870-840

3 // Tractors

- XERION 5000-4000
- AXION 950-920
- AXION 850-800
- 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 240-120

4 // Balers

- QUADRANT 3400-3200
- QUADRANT 5200-4200
- QUADRANT 2100
- 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

CARGOS 760-740

QUANTUM Loader wagons

7 // EASY – Efficient Agriculture Systems by CLAAS

Steering systems

Telemetry

Machine optimisation

Precision Farming

AGROCOM software

Services

8 // CLAAS Service and Parts

Products for CLAAS Machines:

Spare parts

Accessories

Supplies

Agricultural technology equipment

Service products

2016 Calendar – Important trade fair dates

January
International Green Week / Berlin / Germany

February
FIMA / Zaragoza / Spain
World AG Expo / Tulare / USA

March
AgConnect / USA
AGROSHOW / Bednary / Poland
YugAgro / Krasnodar / Russia

April
AGRISHOW / Ribeirão Preto / Brazil
SIAM / Meknès / Morocco
TECHAGRO / Brno / Czech Republic

May
NAMPO Show / Bothaville / South Africa

June
CEREALS / Boothby Graffoe / United Kingdom
NZ National Fieldays / New Zealand

September
Innov-Agri / Outarville / France

October
AGROSALON / Moscow / Russia

November
EIMA International / Bologna / Italy
EuroTier / Hanover / Germany
InterAGRO / Kiev / Ukraine
AGRAMA / Bern / Switzerland
AGRARIA / Wels / Austria

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A short version of the report will be published in German, English, French, and Russian.

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