Semiannual Report of the KWS Group
Fiscal year 2014/2015

July 1 to December 31, 2014

KWS

Seeding the future
since 1856

KWS Update

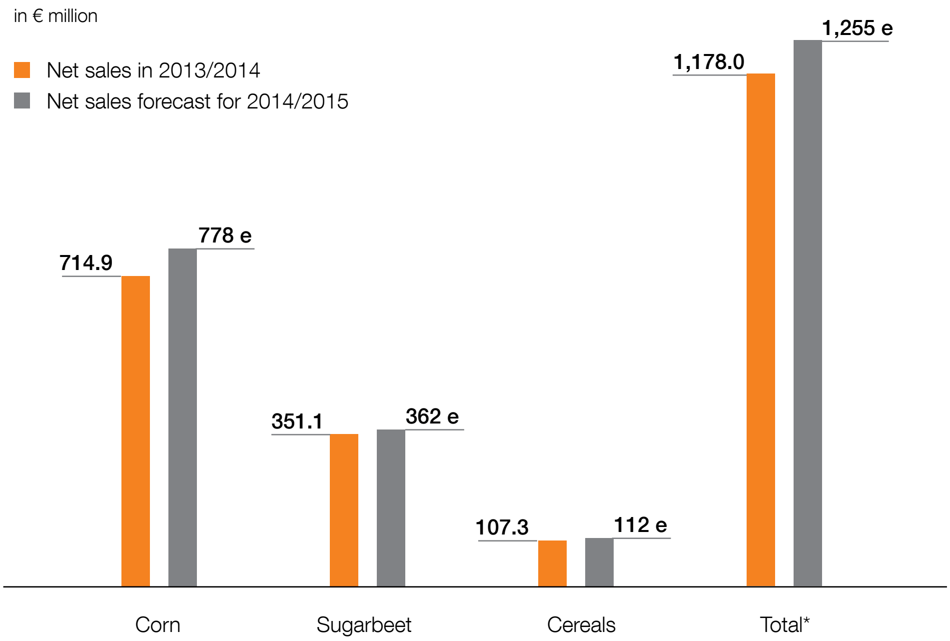
1st half of 2014/2015

- Slight increase in net sales for corn and sugarbeet
- Extensive capital spending program continued
- Net income for the period impacted by the planned increase in function costs

Guidance for 2014/2015

- Guidance stable despite lower cultivation areas for corn, sugarbeet and rye
- Net sales expected to grow by just over 6% at the segment level
- EBIT margin to remain at 10%

Outlook for the segments and the Group



EBIT margins

in %

	Forecast Fiscal year 2014/2015	Fiscal year 2013/2014
Corn	11.3 e	14.1
Sugarbeet	21.2 e	20.0
Cereals	12.3 e	15.9
Total*	**10.0 e**	**11.8**

* Includes net sales and EBIT for the Corporate Segment, which are not explicitly shown in detail here.

The KWS Group at a glance

First half of 2014/2015*

		1st half 2014/2015	1st half 2013/2014
Net sales and income			
Net sales	€ million	**194.0**	178.8
EBIT	€ million	**–96.8**	–79.3
Net income for the period	€ million	**–80.1**	–70.0
Capital expenditure			
Capital expenditure on property, plant and equipment	€ million	**52.9**	20.3
Capital expenditure on intangible assets	€ million	**24.2**	2.9
Investments in financial assets	€ million	**1.6**	2.0
Total capital expenditure	€ million	**78.7**	25.2
Depreciation, amortization and write-downs	€ million	**19.3**	16.5
Capital structure			
Total assets	€ million	**1,249.0**	1,082.2
Equity	€ million	**566.7**	543.7
Equity ratio	%	**45.4**	50.2
Net borrowings	€ million	**225.5**	97.5
Net borrowings as a % of equity (gearing)	%	**39.8**	17.9
Employees in the KWS Group		**4,816**	4,212
Share			
Number of shares		**6,600,000**	6,600,000
Last day of trading in the first half of the year		**December 30, 2014**	December 30, 2013
Closing price on last day of trading in the first half of the year	€	**269.50**	250.00
Market capitalization on last day of trading in the first half of the year	€ million	**1,779**	1,650
Market capitalization of free float on last day of trading in the first half of the year	€ million	**512**	497

* The first half of the year (July to December) is usually characterized by low net sales. Only our cereals business is largely completed in this period. Initial net sales from corn and sugarbeet hybrids in the southern hemisphere – in Argentina, Brazil and Chile – can also be registered in the first half of the year. However, our main markets are in the northern hemisphere, where corn and sugarbeet are not sown until the spring. Our structural costs, on the other hand, are spread evenly over the entire fiscal year, so that the KWS Group's operating income in the first half of the year is generally negative.

Interim group management report

As already announced, we changed the presentation of the companies consolidated in the KWS Group at the beginning of fiscal 2014/2015 due to an amendment to the International Financial Reporting Standards (IFRS 11). The main change is that we are no longer allowed to recognize net sales and costs of our 50:50 joint ventures in the KWS Group by way of proportionate consolidation. The earnings contributed by these companies are instead included as a sum total under net financial income/expenses. So as to ensure that there is no impairment to the transparency of our operational development, we will continue to present our business activity at the segment level in accordance with our internal corporate controlling structure and include the joint ventures proportionately.

Business performance

Overall economic environment

The economic environment in the agricultural sector is currently impacted by low producer prices. This is attributable to the large harvests worldwide in the 2014 growing season as well as to the decline in crude oil prices, which lessens the attractiveness of using agricultural products as an alternative means of producing energy. At the same time, positive and negative currency effects are balancing each other out. While the US dollar's appreciation helped our business, the – in some cases significant – devaluation of currencies in Eastern Europe means in particular that our customers there face liquidity problems. We intend to offset restrictions on cultivation area for our main contributors to net sales – corn, sugarbeet and rye – by expanding our market positions.

Latest developments

The KWS Gateway Research Center in St. Louis, Missouri (U.S.), was completed at the end of 2014. With this facility, the company's second research center after Einbeck, KWS is expanding its research capacities. It is located in the midst of a cluster of universities, institutes and start-ups and thus in what is currently one of the most innovative regions for global plant research and breeding. The KWS Gateway Research Center is a key part of our long-term capital spending program to develop new products and tap new markets. We are initially investing around €5 million in the research center in the U.S. It will employ some 25 people by the end of fiscal 2014/2015; a total of 75 research staff and technicians are expected to be working there by 2020. Another €9 million is currently being spent on a new building at the company's headquarters in Einbeck.

KWS acquired a 51% stake in the French seed company SOCIETE DE MARTINVAL S.A. effective September 30, 2014. Full consolidation of this company resulted in an increase in the KWS Group's fixed assets totaling €33.7 million and removal of our previous 49% stake from the figure of €13.3 million reported in the balance sheet for associated companies. Capital spending, allowing for the changes in the consolidated group, will thus be around €138 (82.6) million at the end of the fiscal year. The investments will mainly go toward creating further seed processing capacities. In addition, we intend to increase expenditure on expanding our distribution organization and on research and breeding (in each case by around 14%) so that we can tap our young sales markets more quickly and supply them with innovative varieties.

Earnings, financial position and assets

Earnings

Income statement

in € million

	1st half	
	2014/2015	Previous year
Net sales	**194.0**	178.8
Operating income	**–96.8**	–79.3
Net financial income/expenses	**–21.3**	–20.0
Result of ordinary activities	**–118.1**	–99.3
Income taxes	**–38.0**	–29.3
Net income for the period	**–80.1**	**–70.0**
Earnings per share (€)	**–12.17**	**–11.12**

Net sales increase by 8.5%
Our product segments Corn and Sugarbeet recorded slight growth in net sales in the first half of the year. Net sales rose by 8.5% to €194.0 (178.8)* million.

Function costs increase as planned
However, operating income (EBIT) fell to € –96.8 (–79.3) million, mainly as a result of the planned increase in function costs. The additional function costs in the first half of the year amounted to about €22.8 million.

The expenditure planned for the year as a whole is spread roughly evenly over the four quarters of the fiscal year. However, the positive effects of this spending do not usually materialize until the second half of the fiscal year – in the sales season for corn and sugarbeet, our main revenue drivers. As a consequence, the KWS Group usually posts negative income for the first half of the year and significantly more positive income for the second half.

Net financial income/expenses contain only low interest income from the positive net cash balance as a result of the continuing low level of interest. Interest expense from the financing of business expansion thus impacted net financial income/expense in the first half of the year. A further borrower's note loan for €100 million was placed very successfully, while another tranche of €19.5 million was repaid. The figure for income taxes was obtained by applying the effective tax rate per company planned for the fiscal year as a whole to the pre-tax profits for the quarter. Net financial income/expenses fell overall by €1.3 million from € –20.0 in the same period of the previous year to € –21.3 million.

* The figures in parentheses are those for the previous year.

Earnings per share of € –12.17 for the period

Income taxes were € –38.0 (–29.3) million on lower earnings before taxes (EBT) of € –118.1 (–99.3) million. The result is a 14.4% fall in income for the period to € –80.1 (–70.0) million, corresponding to earnings per share for the period of € –12.17 (–11.12).

Segment report

in € million	2nd quarter		1st half	
	2014/2015	Previous year	**2014/2015**	Previous year
Corn	**51.8**	59.4	**99.6**	95.6
Sugarbeet	**21.4**	19.1	**28.9**	25.9
Cereals	**27.5**	26.6	**83.7**	85.3
Corporate	**1.6**	1.3	**2.6**	2.7
Net sales	**102.3**	**106.4**	**214.8**	**209.5**
Reconciliation	**–13.7**	**–25.3**	**–20.8**	**–30.7**
Net sales acc. to statement of comprehensive income	**88.6**	**81.1**	**194.0**	**178.8**

in € million	2nd quarter		1st half	
	2014/2015	Previous year	**2014/2015**	Previous year
Corn	**–28.6**	–28.0	**–63.2**	–56.1
Sugarbeet	**–26.8**	–17.3	**–42.2**	–35.3
Cereals	**4.1**	4.5	**23.7**	25.2
Corporate	**–15.1**	–14.2	**–32.6**	–27.6
Operating income	**–66.4**	**–55.0**	**–114.3**	**–93.8**
Reconciliation	**4.6**	**2.5**	**17.5**	**14.5**
Operating income acc. to statement of comprehensive income	**–61.8**	**–52.5**	**–96.8**	**–79.3**

Corn Segment

Trends in the Corn Segment in the first half of the year were dominated by sales of our varieties in South America. Revenue also came from winter rapeseed business in Europe and initial net sales in North America. Despite the decline in corn cultivation area in Brazil, our production and distribution company there, RIBER KWS SEMENTES, continues to grow. There was also a slight increase in rapeseed business. Nevertheless, the segment's net sales rose only modestly by 4.2% to €99.6 (95.6) million, since seed orders in North America are expected to be placed very late this year. Farmers in the U.S. are waiting to see how corn and soybean prices trend before making a decision on what to grow this year. Higher expenditure on expanding our production and distribution structures and on variety development mean the segment's income (EBIT) is lower. It was € –63.2 (–56.1) million at December 31, 2014.

Sugarbeet Segment

Net sales at the Sugarbeet Segment in the period under review were €28.9 and thus up from the previous year's figure of €25.9 million. Almost one-third of this total was contributed by our seed potato business. Higher function costs and negative currency effects, above all due to the performance of the ruble, meant the segment's income in the first half of the year declined by 19.5% to € – 42.2 (–35.3) million.

Cereals Segment

Both net sales and income from our cereal business were slightly lower year on year in the first six months. We posted net sales of €83.7 (85.3) million at December 31, 2014. Net income for the segment fell slightly to €23.7 (25.2) million.

Corporate

Net sales at the Corporate Segment come from revenue from our farms. They remained in the single-digit million range. Crucial factors here are our cross-segment function costs and research expenditures. The segment's income was € –32.6 (–27.6) million in the first six months and thus within our projections.

Financial situation

Abridged cash flow statement

in € million

	2nd quarter	
	2014/2015	Previous year
Cash and cash equivalents at December 31	**68.9**	81.6
Net cash from operating activities	**–101.4**	–84.6
Net cash from investing activities	**–80.1**	–24.5
Net cash from financing activities	**121.4**	37.0

The net cash used in operating activities in the first half of the current fiscal year was €101.4 (84.6) million. That was €16.8 million higher year on year as a result of weaker income for the period and the reduction in short-term provisions.

The price paid for acquisition of the remaining shares in SOCIETE DE MARTINVAL S.A. and purchases of tangible fixed assets had the main impact on the net cash from investing activities. The net cash used in investing activities increased to €80.1 (24.5) million.

Issue of a further borrower's note loan resulted in cash proceeds of €100.0 million in the period under review.

Capital expenditure

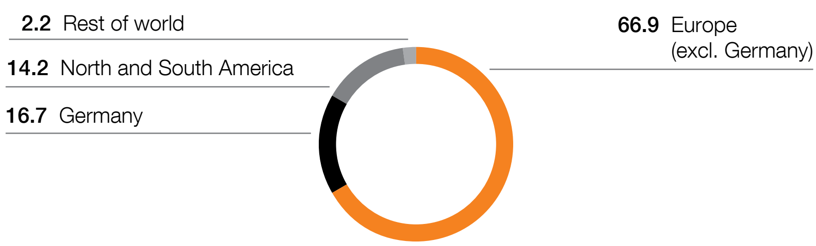
in € million	2nd quarter		1st half	
	2014/2015	Previous year	**2014/2015**	Previous year
Total	**39.8**	4.7	**77.1**	23.2
Corn	**6.9**	0.1	**19.0**	13.2
Sugarbeet	**5.6**	2.3	**9.0**	5.2
Cereals	**22.0**	1.6	**40.6**	2.8
Corporate	**5.3**	0.7	**8.5**	2.0

In the first half of the year, KWS invested €77.1 (23.2) million in property, plant and equipment and intangible assets. That means we more than tripled capital spending compared with the same period of the previous year, mainly due to acquisition of the French cereal activities. Depreciation, amortization and write-downs were €19.3 million compared with €16.5 million in the previous year and thus well below capital expenditure. Other main single investments related to a corn processing plant in Serbia and further expansion of the Einbeck location.

Of the total capital expenditure at the KWS Group, 52.7% was in the Cereals Segment, 24.6% in the Corn Segment, 11.7% in the Sugarbeet Segment and 11.0% in the Corporate Segment.

Capital expenditure by regions

in %



Assets

Abridged balance sheet

in € million

	Dec. 31, 2014	June 30, 2014
Assets		
Noncurrent assets	**616.0**	538.7
Current assets	**633.0**	626.3
Equity and liabilities		
Equity	**566.7**	637.8
Noncurrent liabilities	**336.5**	253.0
Current liabilities	**345.8**	274.2
Total assets	**1,249.0**	**1,165.0**

The KWS Group's net assets rose from €1,165.0 million to €1,249.0 million at December 31, 2014, in particular due to capital spending on property, plant and equipment and the acquisition of SOCIETE DE MARTINVAL S.A.

Inventories have increased by €168.9 million to €301.6 (248.6) million since the end of the last fiscal year 2013/2014. This is due to the absorption of the new harvest and processing it into marketable seed.

Net financial debt rose from €31.6 million at June 30, 2014, to €225.5 million on December 31, 2014. Due to the seasonally related negative income for the period, the equity ratio at December 31, 2014, was 45.4% compared with 54.7% at June 30, 2014.

Employees

Employees by regions

	1st half	
	2014/2015	Previous year
Germany	**1,776**	1,676
Europe (excluding Germany)	**1,210**	1,030
America	**1,647**	1,348
Other countries	**183**	158
Total	**4,816**	**4,212**

At December 31, 2014, we had 4,816 employees worldwide. Application of IFRS 11 means the employees of the associated companies that used to be included proportionately in the consolidated financial statements are no longer included in the above table.

Report on events after the balance sheet date

There were no events after December 31, 2014, that can be expected to have a significant impact on the KWS Group's earnings, financial position and assets.

Opportunity and risk report

There has been no significant change in the situation as to opportunities and risks at the KWS Group compared with that at June 30, 2014. Risks that jeopardize the company's existence are not currently discernible.

You can find detailed information on the risk management system and the risk situation at the Group in the Management Report in the section "Opportunity and risk report" on pages 50 to 56 of the 2013/2014 Annual Report.

Forecast report

KWS Group

Our corporate planning and controlling comprises all operating business units and thus also the joint ventures AGRELIANT and GENECTIVE, which up to now had been included proportionately in the consolidated financial statements. As a total for all segments, we expect net sales to increase by just over 6% in fiscal 2014/2015 (previous year: €1,178 million) and an EBIT margin of at least 10%. We expect a further improvement in sugarbeet seed business compared with the first quarter, but lower net sales for corn due to a reduction in cultivation areas. As far as can be seen at present, the R&D intensity at the end of the year will be around 13%. We expect the selling expense ratio to be just over 18%.

Corn Segment

After slight reductions in area in South America, there are now also signs of a decline in corn cultivation area in favor of soybeans in North America. We anticipate that the area on which corn is grown in the U.S. will fall by 5%. It is also expected to decline in Southeastern Europe and France. In view of that, we have slightly corrected our sales and earnings guidance. We now expect the Corn Segment to grow its net sales by around 9% (previous year: €714.9 million). We had previously forecast double-digit growth. The Corn Segment's anticipated income will be impacted by the high up-front costs for ensuring our future growth. As far as can be seen at present, we expect an EBIT margin of just over 11%.

Sugarbeet Segment
In view of the high level of inventories, the European sugar industry has advised sugarbeet growers to reduce their cultivation areas by 10% in the 2015 growing season. However, we expect to more than offset the lower sales this causes by expanding our market positions and by strong business in North America. Our seed potato business, which we are in the process of building up, will not be able to maintain the net sales of the previous year (€32.6 million) in view of a weak year for potatoes with lower cultivation areas and extremely low consumer prices. It is still not making a positive contribution to earnings. Overall, we anticipate at present that the Sugarbeet Segment will post a slight increase in net sales of approximately 3% (previous year: €351.1 million) and an EBIT margin of 21%.

Cereals Segment
Our cereal business was largely over by December 31, 2014. We still anticipate net sales of approximately €112 (107.3) million for the current fiscal year, i.e. at slightly above the level of the previous year. The lower costs of sales will be more than offset by the planned increase in function costs and non-recurring costs in connection with acquisition of the shares in MOMONT. On top of that, there is additional amortization on the company's purchased intangible assets, with the result that the segment's income is expected to be 20% below the previous year (€17.1 million).

Corporate
The cross-segment function costs and research expenditures reported under the Corporate Segment are currently expected to be just over 8% above the previous year (Corporate's EBIT: € –49.7 million).

Abridged interim consolidated financial statements

Statement of comprehensive income of the KWS Group

in € million	2nd quarter		1st half	
	2014/15	Previous year	**2014/15**	Previous year
Net sales	**88.6**	81.1	**194.0**	178.8
Operating income	**–61.8**	–52.5	**–96.8**	–79.3
Net financial income/expenses	**–4.4**	–5.3	**–21.3**	–20.0
Results of ordinary activities	**–66.2**	–57.8	**–118.1**	–99.3
Taxes on income	**–21.3**	–17.1	**–38.0**	–29.3
Net income for the period	**–44.9**	**–40.7**	**–80.1**	**–70.0**
of which shareholders of KWS SAAT AG	**–45.5**	–41.4	**–80.3**	–73.4
of which minority interest	**0.6**	0.7	**0.2**	3.4
Earnings per share (in €)	**–6.87**	–6.28	**–12.17**	–11.12
Net income for the period	**–44.9**	**–40.7**	**–80.1**	**–70.0**
Revaluation of available-for-sale financial assets	**0.0**	0.0	**0.0**	0.0
Currency translation difference for economically independent foreign units	**6.6**	–7.1	**22.1**	–16.0
Items that may have to be subsequently reclassified as profit or loss	**6.6**	–7.1	**22.1**	–16.0
Revaluation of net liabilities/assets from defined benefit plans	**0.0**	0.0	**0.0**	0.0
Items not reclassified as profit or loss	**0.0**	0.0	**0.0**	0.0
Other comprehensive income after tax	**6.6**	–7.1	**22.1**	–16.0
Comprehensive income for the period	**–38.3**	**–47.8**	**–58.0**	**–86.0**
of which shareholders of KWS SAAT AG	**–38.4**	–48.8	**–57.7**	–88.8
of which minority interest	**0.1**	1.0	**–0.3**	2.8

Balance sheet of the KWS Group

Assets

in € million

	Dec. 31, 2014	June 30, 2014	**Dec. 31, 2013**
Intangible assets	**92.1**	73.9	79.0
Property, plant and equipment	**322.9**	283.9	258.5
Shares in associated companies	**80.1**	112.5	77.4
Financial assets	**16.1**	16.4	15.5
Noncurrent tax assets	**3.2**	4.2	4.2
Deferred tax assets	**101.6**	47.8	82.7
Noncurrent assets	**616.0**	**538.7**	**517.3**
Inventories and biological assets	**301.6**	132.7	248.6
Trade receivables	**124.7**	297.8	133.4
Marketable securities	**26.9**	69.2	31.6
Cash and cash equivalents	**42.0**	53.1	50.0
Current tax assets	**60.3**	45.3	47.6
Other current assets	**77.5**	28.2	53.7
Current assets	**633.0**	**626.3**	**564.9**
Total assets	**1,249.0**	**1,165.0**	**1,082.2**

Equity and Liabilities

in € million

	Dec. 31, 2014	June 30, 2014	**Dec. 31, 2013**
Subscribed capital	**19.8**	19.8	19.8
Capital reserve	**5.5**	5.5	5.5
Retained earnings	**534.5**	604.4	484.6
Minority interests	**6.9**	8.1	33.8
Equity	**566.7**	**637.8**	**543.7**
Long-term provisions	**97.5**	99.0	88.4
Long-term borrowings	**192.4**	113.8	94.0
Trade payables	**1.4**	1.5	3.1
Deferred tax liabilities	**32.4**	26.2	28.2
Other long-term liabilities	**12.8**	12.5	8.4
Noncurrent liabilities	**336.5**	**253.0**	**222.1**
Short-term provisions	**25.1**	74.8	37.2
Short-term borrowings	**102.0**	40.1	85.1
Trade payables	**113.3**	56.8	93.7
Current tax payables	**29.3**	35.4	32.4
Other liabilities	**76.1**	67.0	68.0
Current liabilities	**345.8**	**274.2**	**316.4**
Liabilities	**682.3**	**527.2**	**538.5**
Total equity and liabilities	**1,249.0**	**1,165.0**	**1,082.2**

Statement of changes in equity for the KWS Group

in € million	Group interests	Minority interests	Group equity
Balance as at June 30, 2013	**618.5**	**31.8**	**650.3**
Dividends paid	–19.8	–0.8	–20.6
Net income for the year	–73.4	3.4	–70.0
Other comprehensive income after tax	–15.4	–0.6	–16.0
Total consolidated gains (losses)	–88.8	2.8	–86.0
Changes in minority interest	0.0	0.0	0.0
Other changes	0.0	0.0	0.0
Balance as at December 31, 2013	**509.9**	**33.8**	**543.7**
Balance as at June 30, 2014	**629.7**	**8.1**	**637.8**
Dividends paid	–19.8	0.0	–19.8
Net income for the year	–80.3	0.2	–80.1
Other comprehensive income after tax	22.6	–0.5	22.1
Total consolidated gains (losses)	–57.7	–0.3	–58.0
Changes in minority interest	0.0	0.0	0.0
Other changes	7.6	–0.9	6.7
Balance as at December 31, 2014	**559.8**	**6.9**	**566.7**

Cash flow statement of the KWS Group

in € million	1st half	
	2014/2015	Previous year
Net income for the period	**–80.1**	**–70.0**
Cash earnings	**–102.8**	**–87.1**
Funds tied up in net current assets	**1.4**	2.5
Net cash from operating activities	**–101.4**	**–84.6**
Net cash from investing activities	**–80.1**	**–24.5**
Net cash from financing activities	**121.4**	**37.0**
Change in cash and cash equivalents	**–60.1**	–72.1
Cash and cash equivalents at beginning of period (July 1)	**122.3**	155.8
Changes in cash and cash equivalents due to exchanging rate, consolidated group and measurement changes	**6.7**	–2.1
Cash and cash equivalents at end of period (December 31)	**68.9**	**81.6**

Abridged notes to the interim financial statements

Basis of accounting and reporting

The KWS Group is a consolidated group as defined in the International Financial Reporting Standards (IFRSs) published by the International Accounting Standards Board (IASB), London, taking into account the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). All disclosures on KWS are therefore disclosures on the Group within the meaning of these regulations.

As presented in the Notes on pages 72 to 74 of the 2013/2014 Annual Report, new and amended standards and interpretations had to be applied for the first time in preparation of the interim financial statements.

Income taxes were calculated on the basis of the individual country-specific income tax rates, taking account of the planning for the fiscal year as a whole.

The abridged interim financial statements of the KWS Group as of December 31, 2014, were prepared in accordance with IAS 34, and exactly the same accounting methods applied in the preparation of the consolidated financial statements as of June 30, 2014, were used, with the exception of the new IFRS 11. The explanations in the Notes to the annual financial statements as of June 30, 2014, on pages 76 to 80 of the Annual Report therefore apply accordingly.

The 2013/2014 Annual Report of the KWS Group can be read and downloaded at the following address:

www.kws.com > Company > Investor Relations > Financial Reports

Changes in the consolidated companies

As of the start of fiscal 2014/2015, mandatory application of IFRS 11 (Joint Arrangements) means that all joint ventures that have been consolidated proportionately up to now are now carried using the equity method. That results in effects on the balance sheet, statement of comprehensive income and other parts of the financial statements. Retrospective application of IFRS 11 resulted in adjustments to the interim financial statements in the comparison periods presented.

The result from associated companies is carried in net financial income/expenses. In line with internal company controlling, the joint ventures are still included proportionately in the segments. Proportionate inclusion of the joint ventures in segment reporting results in an increase in net sales and operating income for the segments. The relationship of operating income to net sales is preserved, thus ensuring comparability of the key figures with those of previous periods.

Eight joint ventures were proportionately consolidated in the financial statements of the KWS Group as of June 30, 2014, and have to be included in the consolidated financial statements using the equity method as of July 1, 2014. They are the joint ventures AGRELIANT GENETICS LLC. (U.S.), AGRELIANT GENETICS INC. (Canada), GENECTIVE S.A. (France) and the companies of the SOCIETE DE MARTINVAL Group (France).

Acquisition of the remaining shares in SOCIETE DE MARTINVAL S.A. and the simultaneous sale of the shares in its subsidiary HAMET SCA effective September 30, 2014, mean that the remaining companies of the SOCIETE DE MARTINVAL Group must be fully consolidated in the KWS Group's consolidated financial statements as of the time of acquisition. The 51% stake in the French cereals business of the Momont family and measurement of the existing 49% stake at fair value resulted in the following fully consolidated assets at September 30, 2014:

Capital employed	€30.0 million
Customer base	€0.7 million
Brand name	€0.9 million
Gene pool	€3.7 million
Variety portfolio	€15.6 million

Goodwill of €2.6 million was acquired and deferred tax liabilities totaling €4.5 million were recognized.

The French service company KWS SERVICES MEDITERRANEAN S.A.S. was merged with KWS FRANCE S.A.R.L. effective July 1, 2014. In Brazil, the Brazilian company KWS SEMENTES BRASIL PARTICIPACOES LTDA. was renamed KWS SERVICOS E PARTICIPACOES SOUTH AMERICA LTDA. effective July 1, 2014. In addition, KWS BRASIL PARTICIPACOES LTDA. was split up and merged with the companies RIBER KWS SEMENTES S.A. and KWS MELHORAMENTO LTD. The service company KWS SERVICES NORTH AMERICA LLC. (U.S.) was established in the U.S. on July 17, 2014.

Effects of first-time application of IFRS 11

Reconciliation of the statement of comprehensive income to the first half of 2013/2014

in € million

	1st half		
	Previous year Adjusted (at equity)	Adjustment	Previous year As reported (proportionate consolidation)
Net sales	178.8	–30.7	209.5
Operating income	–79.3	14.5	–93.8
Net financial income/expenses	–20.0	–14.8	–5.2
Results of ordinary activities	–99.3	–0.3	–99.0
Taxes on income	–29.3	–0.3	–29.0
Net income for the period	**–70.0**	**0.0**	**–70.0**
of which shareholders of KWS SAAT AG	–73.4	0.0	–73.4
of which minority interest	3.4	0.0	3.4
Earnings per share (in €)	–11.12	0.0	–11.12
Net income for the period	**–70.0**	**0.0**	**–70.0**
Revaluation of available-for-sale financial assets	0.0	0.0	0.0
Currency translation difference for economically independent foreign units	–16.0	–0.1	–15.9
Items that may have to be subsequently reclassified as profit or loss	–16.0	–0.1	–15.9
Revaluation of net liabilities/assets from defined benefit plans	0.0	0.0	0.0
Items not reclassified as profit or loss	0.0	0.0	0.0
Other comprehensive income after tax	–16.0	–0.1	–15.9
Comprehensive income for the period	**–86.0**	**–0.1**	**–85.9**
of which shareholders of KWS SAAT AG	–88.8	–0.1	–88.7
of which minority interest	2.8	0.0	2.8

The reconciliation with items from the statement of comprehensive income shows the effect of first-time application of IFRS 11.

Net financial income/expenses

The KWS Group's net financial income/expenses in the period under review was € –21.3 (–20.0) million. It was made up of the net income from equity investments and the interest result. The net income from equity investments mainly comprised the result from associated companies and was € –18.1 (–14.7) million. The interest result was € –6.6 (–5.2) million.

Notes to the balance sheet

Reconciliation of the balance sheet as of December 31, 2013, and the balance sheet as of June 30, 2014

Assets

in € million	June 30, 2014 Adjusted	Adjustment	June 30, 2014 As reported	Dec. 31, 2013 Adjusted	Adjustment	Dec. 31, 2013 As reported
Intangible assets	73.9	–25.9	99.8	79.0	–26.0	105.0
Property, plant and equipment	283.9	–38.0	321.9	258.5	–37.5	296.0
Shares in associated companies	112.5	112.5	0.0	77.4	77.4	0.0
Financial assets	16.4	13.6	2.8	15.5	13.6	1.9
Noncurrent tax assets	4.2	0.0	4.2	4.2	0.0	4.2
Deferred tax assets	47.8	–0.3	48.1	82.7	0.1	82.6
Noncurrent assets	**538.7**	**61.9**	**476.8**	**517.3**	**27.6**	**489.7**
Inventories and biological assets	132.7	–60.3	193.0	248.6	–71.0	319.6
Trade receivables	297.8	–63.8	361.6	133.4	–14.5	147.9
Marketable securities	69.2	–7.5	76.7	31.6	–3.6	35.2
Cash and cash equivalents	53.1	–25.1	78.2	50.0	–56.9	106.9
Current tax assets	45.3	–0.3	45.6	47.6	–0.1	47.7
Other current assets	28.2	–2.7	30.9	53.7	–63.7	117.4
Current assets	**626.3**	**–159.7**	**786.0**	**564.9**	**–209.8**	**774.7**
Total assets	**1,165.0**	**–97.8**	**1,262.8**	**1,082.2**	**–182.2**	**1,264.4**

Equity and Liabilities

in € million	June 30, 2014 Adjusted (at equity)	Adjustment	June 30, 2014 As reported (proportionate consolidation)	Dec.31, 2013 Adjusted (at equity)	Adjustment	Dec. 31, 2013 As reported (proportionate consolidation)
Subscribed capital	19.8	0.0	19.8	19.8	0.0	19.8
Capital reserve	5.5	0.0	5.5	5.5	0.0	5.5
Retained earnings	604.4	0.0	604.4	484.6	–0.1	484.7
Minority interests	8.1	0.0	8.1	33.8	0.0	33.8
Equity	**637.8**	**0.0**	**637.8**	**543.7**	**–0.1**	**543.8**
Long-term provisions	99.0	–0.6	99.6	88.4	–0.6	89.0
Long-term borrowings	113.8	0.0	113.8	94.0	0.0	94.0
Trade payables	1.5	0.0	1.5	3.1	0.0	3.1
Deferred tax liabilities	26.2	–0.1	26.3	28.2	–0.2	28.4
Other long-term liabilities	12.5	–0.5	13.0	8.4	–1.8	10.2
Noncurrent liabilities	**253.0**	**–1.2**	**254.2**	**222.1**	**–2.6**	**224.7**
Short-term provisions	74.8	–57.0	131.8	37.2	–24.5	61.7
Short-term borrowings	40.1	–13.3	53.4	85.1	–128.4	213.5
Trade payables	56.8	–24.3	81.1	93.7	–24.7	118.4
Current tax payables	35.4	–0.1	35.5	32.4	0.0	32.4
Other liabilities	67.0	–2.0	69.0	68.0	–1.9	69.9
Current liabilities	**274.2**	**–96.6**	**370.8**	**316.4**	**–179.5**	**495.9**
Liabilities	**527.2**	**–97.8**	**625.0**	**538.5**	**–182.1**	**720.6**
Total equity and liabilities	**1,165.0**	**–97.8**	**1,262.8**	**1,082.2**	**–182.2**	**1,264.4**

The reconciliation with items from the balance sheet shows the effects of first-time application of IFRS 11.

Notes to the cash flow statement

Reconciliation with the cash flow statement for the 2nd quarter of 2013/2014

in € million

	1st half		
	Previous year Adjusted (at equity)	Adjustment	Previous year As reported (proportionate consolidation)
Net income for the period	**–70.0**	**0.0**	**–70.0**
Cash earnings	**–87.1**	**16.2**	**–103.3**
Funds tied up in net current assets	2.5	83.2	–80.7
Net cash from operating activities	**–84.6**	**99.5**	**–184.0**
Net cash from investing activities	**–24.5**	**9.8**	**–34.3**
Net cash from financing activities	**37.0**	**–124.1**	**161.1**
Change in cash and cash equivalents	–72.1	–14.9	–57.2
Cash and cash equivalents at beginning of period (July 1)	155.8	–46.6	202.4
Changes in cash and cash equivalents due to exchanging rate, consolidated group and measurement changes	–2.1	1.0	–3.1
Cash and cash equivalents at end of period (December 31)	**81.6**	**–60.5**	**142.1**

The reconciliation with items from the cash flow shows the effects of first-time application of IFRS 11.

Related parties

The related party disclosures under “Other notes” in the section “Notes for the KWS Group” in the 2013/2014 Annual Report are essentially the same.

Declaration by legal representatives (Responsibility Statement)

We declare to the best of our knowledge that these interim consolidated financial statements give a true and fair view of the assets, financial position and earnings of the KWS Group in compliance with the accounting principles applicable to interim reporting, and that an accurate picture of the course of business, including business results, and the Group's situation is conveyed by the interim group management report, and that it describes the main opportunities and risks of the KWS Group's anticipated development.

Einbeck, February 25, 2015

KWS SAAT AG

The Executive Board

Hagen Duenbostel	Léon Broers	Peter Hofmann	Eva Kienle

Financial calendar

May 27, 2015	Report on the 3rd quarter 2014/2015
October 15, 2015	Publication of the 2014/2015 financial statements, Annual press and analyst conference in Frankfurt
November 24, 2015	Report on the 1st quarter 2015/2016
December 17, 2015	Annual Shareholders' Meeting

Safe Harbour Statement

This document contains forward-looking statements about future developments based on the current assessments of management. These forward-looking statements may be identified by words such as "forecast," "assume," "believe," "assess," "expect," "intend," "can/may/might," "plan," "should" or similar expressions.

These statements are subject to certain elements of uncertainty, risks and other factors that may result in significant deviations between expectations and actual circumstances. Examples of such risks and factors are market risks (such as changes in the competitive environment or risks of changes in interest or exchange rates), product-related risks (such as production losses as a result of bad weather, failure of production plants or quality-related risks), political risks (such as changes in the regulatory environment, including those with regard to the general regulatory framework for the cultivation of energy plants, or violations of existing laws and regulations, for example those regarding genetically modified organisms in corn seed) and general economic risks. Forward-looking statements must therefore not be regarded as a guarantee or pledge that the developments or events they describe will actually occur. We do not intend, nor do we assume any obligation, to update or revise these forward-looking statements, since they are based solely on circumstances on the day they were published.

A German version of the Semiannual Report 2014/2015 is available at www.kws.de/ir.

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This translation of the original German version of the Semiannual Report has been prepared for the convenience of our English-speaking shareholders. The German version is legally binding.