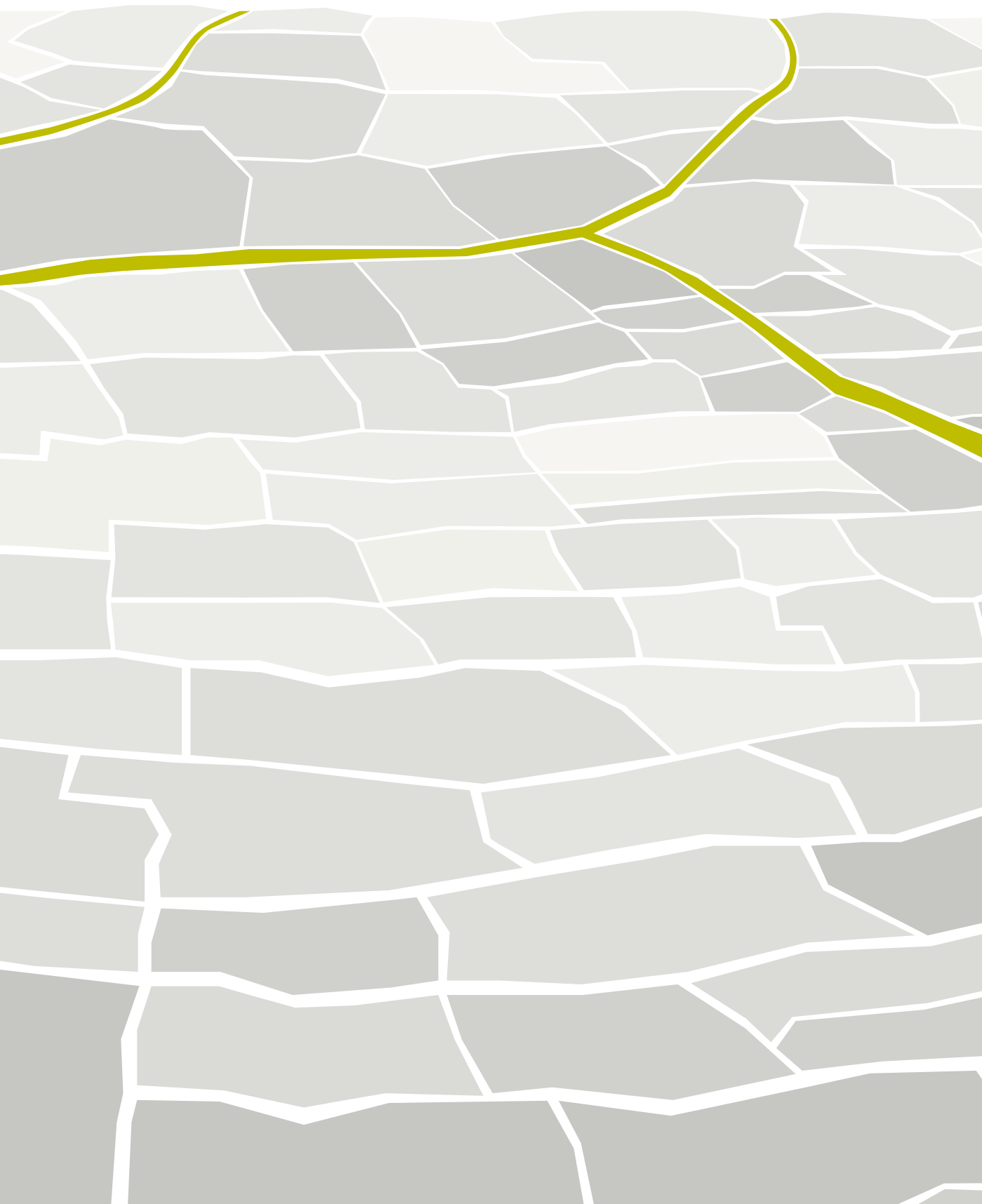


CLAAS

2012 Annual Report

New Ways



CLAAS Group Overview

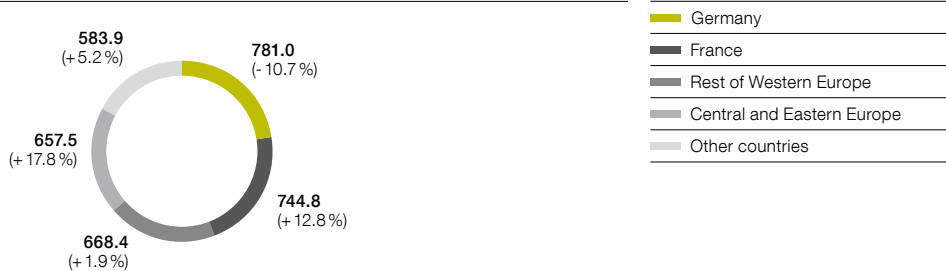
Financial Indicators (IFRS)

in € million	2012	2011	Change in %
Financial Performance			
Net sales	3,435.6	3,304.2	4.0
EBITDA	426.1	377.5	12.9
EBIT	347.6	292.3	18.9
Income before taxes	315.6	255.3	23.7
Net income	232.7	181.8	28.0
Research and development costs*	181.2	144.3	25.6
Free cash flow	-84.2	156.5	-153.8
Financial Position			
Equity	1,094.8	870.1	25.8
Capital expenditure	163.1	93.7	74.1
Total assets	2,620.4	2,389.8	9.7
Employees			
Employees as at the balance sheet date	9,077	9,060	0.2
Personnel expenses	548.1	540.4	1.4

* Before capitalized and amortized development costs.

Sales by Region

in € million / in % compared to prior year



Sales per Year

in € million

Year	Foreign sales in %	German sales in %	Total Sales (€ million)
2008	77.6	22.4	3,236.2
2009	75.2	24.8	2,900.8
2010	73.1	26.9	2,475.5
2011	73.5	26.5	3,304.2
2012	77.3	22.7	3,435.6

Legend: Foreign sales in % (light grey), German sales in % (dark grey)

Taking new roads is a basic CLAAS value. For 99 years, the recipe for success at CLAAS has been to keep moving and always strive for the best – while keeping both feet firmly planted on the ground. The decision to explore new opportunities and break out of the ordinary is the company’s guiding principle. New roads can be an evolution, or they can pave the way for paradigm shifts. They can be a detour, a wrong way, or the path to success. That’s why it’s helpful to have signposts to show you the way. And that’s why knowing your customers is a major part of the journey, along with awareness, experience, and entrepreneurial instinct.

New ways can be found in every area, whether it’s technology, markets, finance, or the increasingly important “War for Talents.” The key is daring to break new ground while having clear goals in mind. The easiest way to find the right road is to pave it yourself. By drawing your own map and making your very own strategy a reality, you’ll find your way.

New Ways

The year 2013 will see CLAAS celebrating its 100th anniversary. Occasions such as these always mean looking back at key events, milestones, and those who have accompanied us along the way. An anniversary can be an opportunity to remember the past and recognize achievements, or to reflect on the wisdom gained through experience. Speaking of remembering the past, this Annual Report looks back on a 2012 marked by records in sales, results, and further key indicators that define a company's success. We'll leave the recognition of achievements to the judgement of external experts. And wisdom born of experience is something we can only really assess in retrospect.

We should always look back briefly and look forward consistently. There's no doubt that we achieved the best result in our history because we have moved in new directions. CLAAS is growing more and more international, as new CLAAS com-

panies in China and Thailand, new sales partners in South America, and growth in the North American market emphatically demonstrate. Despite all this, Europe – both east and west – is set to remain the central focus of CLAAS.

We can also see evidence of new approaches in the extremely broad range of careers and flexibility we offer our employees. You'll find examples of these in this Annual Report. Our current technical focus is on intelligent machinery, networked technology, and process optimization. But we are also breaking new ground in sales and corporate financing.

As a family business that always keeps the next generation in mind, we have a greater natural aptitude for marathon running than for short-distance sprinting. We're always keen to discover and explore new paths especially when they lead us beyond our current horizons.

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India is on its way to becoming the world's most populous nation. The country desperately needs to modernize its agricultural sector. Our author shows us how the country is dealing with this challenge and the role CLAAS is playing in the process. **Page 4**



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Being connected is growing increasingly important in agriculture. With TONI, CLAAS demonstrates how that can be done. **Page 18**





The Future Form

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There are many ways to reach the same goal. That also goes for careers at CLAAS. We detail the paths company employees take and how CLAAS is helping them along their way. **Page 28**

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Highlights 2013

CLAAS celebrates its 100th anniversary in 2013. A two-page feature shows what's on the anniversary agenda and the highlights planned for our 100th year. **Page 36**



The Land of Many Fields

India could become one of the world's largest exporters of food. But until now, the country has struggled to feed its own population. To make use of its full potential, India is dependent on the monsoon and mechanizing agriculture. CLAAS has been instrumental in driving this process for nearly two decades by manufacturing an "Indian" combine harvester in the city of Chandigarh.

Text by Dirk Böttcher

Dawn. The sun rises behind the thick monsoon clouds as if it were making its way up to the sky behind gray frosted glass. It's six o'clock in the morning. The small huts and villages scattered around the area near Chandigarh, the smallest of India's 34 cities with a million or more inhabitants, come to life. Old men with white beards and colorful turbans step barefoot onto muddy streets, some leading cows, others guiding ox-carts. Weaving their way through the crowds: women, young and old, in vividly colored saris and traditional shalwar kameez. Children in school uniforms splash in puddles. Small rice paddies glow in fresh green hues along the way.

On the main roads leading to the urban center of Chandigarh, rickety buses, ancient trucks, and cars that never seem to stop their honking merge into the slow-moving traffic. A teeming swarm of motorcycles and three-wheeled tuk-tuks angle into the few gaps in between the other vehicles. The air is hot and heavy with fumes, the noise deafening: It's the start of a perfectly normal day in September in the northern Indian state of Punjab. Suddenly, it starts to rain. Thick, heavy drops splash down from the sky above. People on motorcycles open their umbrellas.

Year after year, the people in India yearn for the dark monsoon clouds as if they were a constantly recurring promise of fortune and bliss. The rainy season has always held the fate of the Indian subcontinent in its hands. Even though the rains often cause devastating floods that both people and animals fall victim to, the meteorological phenomenon is the source of all life in the gigantic country. This is especially true when it comes to agriculture. In

Punjab, the so-called breadbasket of India, the rice harvest season has begun. Corn, wheat, and lentils are also harvested in this region, often using the CLAAS CROP TIGER combine harvester – harvest machinery developed and built in Chandigarh for the Indian market.

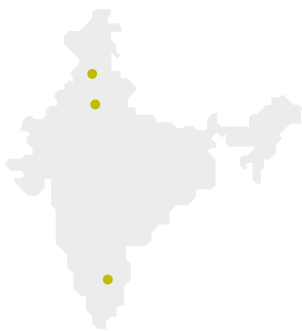
Most of the crops harvested are exported to other Indian states. The growing conditions in Punjab are ideal, but concerns have also been growing in recent times. Years of excessive rice paddy irrigation have caused the water table to sink to a dangerously low level. At the same time, demographic developments are demanding higher crop yields if India is to continue feeding its population in the future. It's time for a revolution.

Simple Mathematical Equations

At least that's how Dr. Vishal Bector from the renowned Punjab Agricultural University describes it. The tall, agricultural technology expert calls it a simple exercise in arithmetic. "In 2010, Indian farmers harvested around 250 million tons of cereal. By 2020, they're going to have to harvest 350 million tons to secure the population's food supply." By that time, India will probably have more inhabitants than even China. With 20 million citizens, the Mumbai metropolitan area already has more people than Australia. "Our agriculture will soon have to feed a fifth of the world's population, but with less than nine percent of the world's arable land," says Vishal Bector in a further example of one of his simple mathematical equations. The question is: How can that work?

Arable land is disappearing in India. In the past decade, more than one million hectares of arable land were lost. The on-

CLAAS in India



CLAAS has three locations in India. The first is a plant in Chandigarh in the northern Indian state of Punjab. The second one is located farther south in Faridabad in the state of Haryana, near New Delhi. And there's also a large replacement parts and service center in Bangalore in southern India.

Right: Rice, cereals, and maize are all cultivated in Punjab. Nationwide, the level of mechanization in agriculture is only ten percent.

Below: More than 1,000 CLAAS combine harvesters are already in use in southern India. Seen here: Farmers examining the rice harvest.





The Punjab Agricultural University has been training agricultural technology specialists for more than 50 years. Today, Dr. Vishal Bector (left) is looking toward wide-ranging partnerships with business. His students perform research in a combine harvester laboratory – donated by CLAAS.

“Our agriculture will soon have to feed a fifth of the world’s population, but with less than nine percent of the world’s arable land.”

Dr. Vishal Bector, lecturer, Punjab Agricultural University

set of the monsoon has become increasingly irregular. And with migration to the cities continuing, there aren’t enough people left in rural areas to work in the fields. Bector, a college lecturer, nods at the mention of each of these points while hurrying through the concrete halls of the university. The oppressive heat is bottled up inside the long halls of the agriculture institute as if held there by an invisible stopper. Vishal Bector, on his way to a lecture in the combine harvester laboratory CLAAS donated to the university, says: “I don’t believe in being a naysayer. There’s a solution for everything.”

The solution is technology.

India’s agriculture is on the cusp of a new era: mechanization. Today, less than ten percent of India’s food is cultivated using mechanical methods. Agricultural machinery producers such as CLAAS will take on an important role in securing the food supply for the people of India.

And maybe even more than that. According to *The Wall Street Journal*, India could become the world’s largest agricultural exporter if only it were to reach the same average level of productivity as Western Europe. However, up to 40 percent of agricultural produce in India still ends up rotting before it even makes it to local markets.

Tractors, Not Buffaloes

Increasing crop yields by almost 50 percent (a necessity) is by no means a utopian vision. Back in the 1950s, India managed to increase cereal production fivefold. In the decades that followed, the first basic

machines made their way into Indian agriculture. Today, there are more than 2.8 million tractors, most of them built domestically. It’s an impressive number, even though it’s barely enough to help cultivate 20 percent of India’s 1.58 million square kilometers of arable land, according to statistics from the Food and Agriculture Organization of the United Nations (FAO). To this day, more than 64 million draft animals, mostly water buffalo, work the remaining 80 percent of the fields. On small family farms, many of them no more than one or two hectares in size, they can spend up to 600 hours a year at work.

According to G. S. Kalkat, chairman of the Punjab State Farmers Commission, the fact that almost 80 percent of arable land is fragmented into small fields is one of the greatest hurdles facing new agricultural technology. “On these small fields, big machinery makes little sense. Unfortunately, our attempts at encouraging partnerships have come to nothing so far.” Often, land owners no longer see the agricultural value of their fields, instead selling small plots for building developments. In other cases, farmers are unable to reach an agreement.

Kalkat still remembers trudging along behind a buffalo as a child. “It took 16 hours to plow a single hectare. In the end, you even ended up talking to the animal,” he recounts. He says it without a hint of romanticism: It was a terrible situation for him. “And to this day, I can’t understand why farmers would still want to trudge along behind their buffalo for hours on end.”

The man with the ruby-red turban on his head acts as a mediator between the farmers in Punjab and the government in New Delhi. The Ministry of Agriculture located in the Indian capital is a government agency of nearly Kafkaesque proportions. More than 10,000 civil servants sit in a maze-like building with endless hallways that form countless new corners. Tiny elevators with old light bulbs stutter up and down between floors. On the walls of the elevators it is written: “Don’t worry. You’re safe.”

Himmat Singh sits on the sixth floor of this fortress of bureaucracy. Singh is responsible for mechanization in Indian agriculture. The man, small in stature, is welcoming visitors into his office. The door squeaks painfully and is in almost constant use by other civil servants who go in and out carrying files. These files pile up to form mountains on Himmat Singh’s desk. Left and right, he’s flanked by colleagues staring at computer screens. By request, they google information or print out key data.

The civil servant says the government currently subsidizes agriculture to the tune of a seven-digit figure. He plans the programs that aim to support the following points: Rolling out new technology that hasn’t yet been available in India. Very small machines to help family farms take their first steps toward mechanization. Developing new harvest machinery for sugarcane and cotton. All these programs have been mapped out. But the Indian planning commission still has to approve them.

“We need products that can harvest different crops because the farming regions here stretch over a good dozen climate zones.”

Pradeep K. Malik, President and Managing Director of CLAAS India Private Ltd.

Even though this usually takes a lot of time, and even though the outcome of decisions such as these is never certain, the chairman of the farmers' commission sees dangers for Punjab as an agricultural location in these policies. “The nationwide subsidy programs for mechanization will also increase productivity in under-developed states very quickly. In many places, people won't need rice imports from Punjab anymore.”

That's why Kalkat would encourage cultivating maize instead of rice. The crop needs less water and fertilizer, and it could be used to make bioethanol. “But first we have to apply for this in New Delhi,” says Kalkat. Until now, only programs for securing the food supply have been approved. And the planning commission has the final say in this matter, too.

More Diversity

The CLAAS plant in Chandigarh is a state-of-the-art production facility located just outside town. Pradeep K. Malik, President and Managing Director of CLAAS India, sits in his office on the third floor. He's the one who has to piece together the interests and demands of farmers, scientists, and politicians like a giant jigsaw puzzle. So which products will be successful in India in the future? Malik sees three basic trends: “We need products that can harvest different crops because the farming regions here stretch over a good dozen climate zones. Comfort is becoming an issue. And since there's a labor shortage, so is information technology.”

Malik is a level-headed manager with a soft voice and white hair who has worked for CLAAS in India for many years. After getting his degree, the mechanical engineer emigrated from India to Germany because he was tempted by the freedom in Europe. For years,

he worked for an agricultural machinery manufacturer. He then worked as a freelance consultant for four years, running an Indian restaurant on the side, in the German state of Hessen. The kitchen was downstairs, and his second office was upstairs.

Actually, he wanted to become a pilot. His father-in-law flew the first Boeing 737 to India. His brother-in-law recently flew the Dreamliner to the country. And Malik brought the combine harvester to the sub-continent.

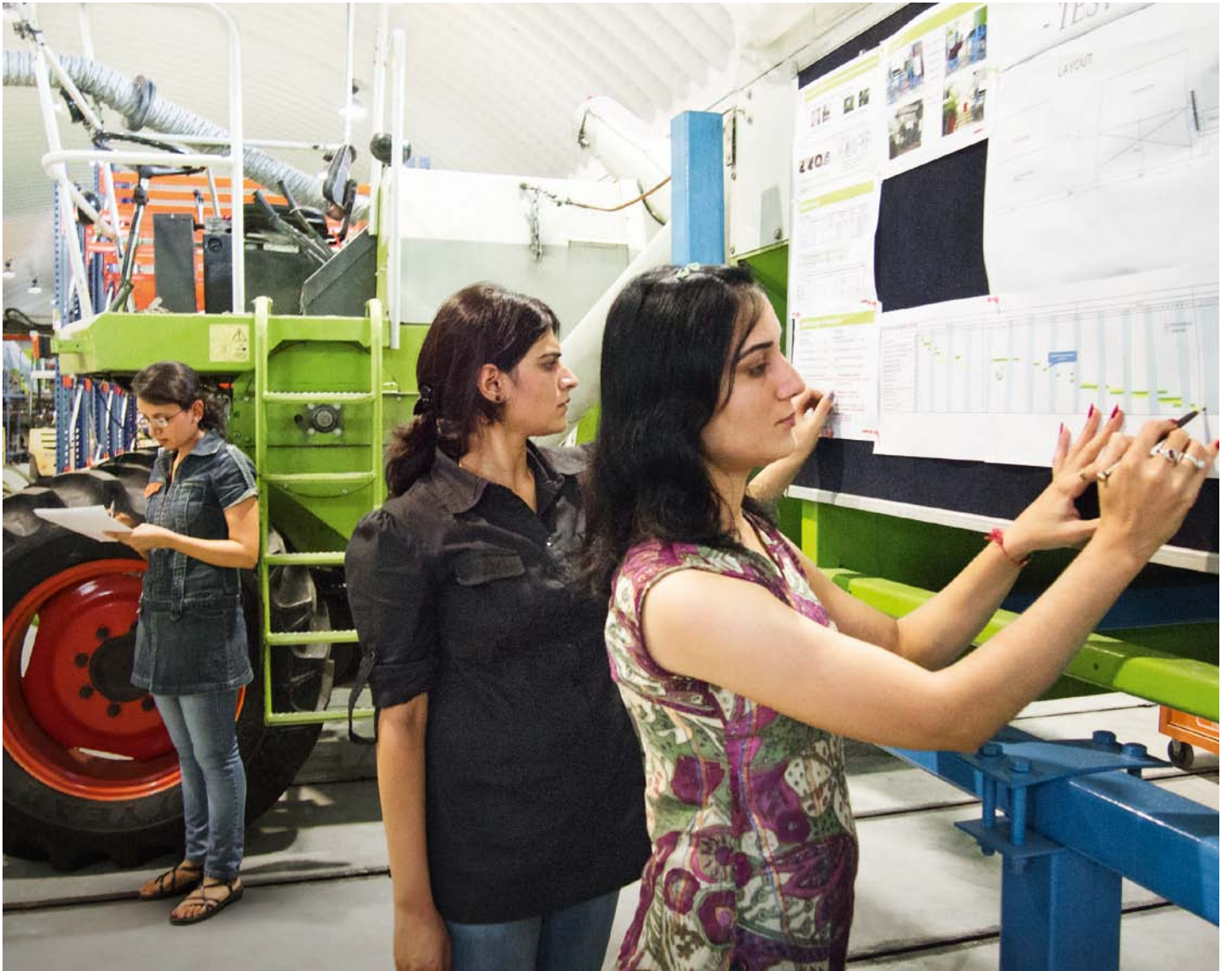
He didn't just import it from Germany, he developed it in India with a German-Indian team. “According to German quality standards,” as he says, throwing in “as long as they're also affordable in India” for good measure.

The pressure on prices on the Indian market is immense. That's something developers have come to realize when designing such things as an operator's cab. Although this feature has long since been standard in European models, the price makes it impossible to sell in India. Developing this component at a minimal price in such a manner that it still offers comfort under trying climactic conditions turned into a never-ending puzzle, even for engineers accustomed to working on high-tech projects. “Every step in design also has to answer the question: Is the customer willing to pay for it?” says Malik. “The German standard of quality from CLAAS is also valid in India. On this point, we are thinking and acting in the same direction.” That also goes for the development of completely new products. CLAAS is working on a transplanter for rice, for example. Instead of walking behind a buffalo as they used to, farmers will walk behind a highly efficient machine.



Left: Giving the goods a final polish prior to export. These days, top-quality components from India are also delivered to CLAAS plants in Europe.

Below: At the production site in Chandigarh, more than 60 Indian technicians work on researching and testing new developments.



Home-Built Combine Harvesters

A visit to the small town of Nabha, also known as “combine harvester city,” shows just whom CLAAS is competing against in India. And it’s not just the other internationally active agricultural machinery manufacturers from the U.S. or Japan that are competing for the Indian market. It’s also the workshops of Nabha, where local self-taught engineers build their own machines, some of them producing one or two combine harvesters a year. These include small-workshop heroes such as Sukhchain Shingh.

He calls himself a “self-made man” who came up with the idea of building combine harvesters in his own home back in 1994. Singh sits in an office with dark wood paneling. His door is always open. A few workers sit with him in his office, all of them with long beards. He tells his story. In 1994, he and three friends built the first combine harvester. That number grew to six in 1995 – and had reached 36 by 2011. He worked as a mechanic in a factory for years. So building his own product was just the logical way to go, he says.

His story is typical of the people in “combine harvester city.” The wide rear ends of harvest machinery jut out of a dozen workshops. Their names are Gurdalay and Heera, they’re very inexpensive, and their engineers can add innovations to any new product in the blink of an eye.

“If the market demands 30 new machines, then we turn out 30 a year. If it only demands 10, then we only make 10,” says Sukhchain Singh succinctly.

The competition is stiff. After all, customers can choose from a wide range of workshops in “combine harvester city.” Price is an important factor, along with

each machine’s unique features. “Our vehicle has complete bodywork, no rotating part is exposed. That minimizes the risk of injury,” says Singh. Together with his team, he builds one machine each year just for research purposes, which they then use to test improvements out in the field. His main goal is to be able to offer a combine harvester that can be operated and serviced by just one person instead of three, as the case has been so far.

India: A Hub for all of Southeast Asia?

Pradeep K. Malik has words of praise for the craftsmanship of these small-scale manufacturers. More than 1,000 combine harvesters are built each year at the CLAAS plant using state-of-the-art machines, sophisticated testing methods and high-precision manufacturing. “In the future, the potential for combine harvesters should be at least 5,000 vehicles a year in India,” says Malik.

But Malik’s vision extends beyond India. “This location could become a center for developing products for countries throughout southeast Asia or Africa.” Right now, the plant is in the process of fulfilling a major order from Thailand. And he could also imagine supplying the entire region from India when it comes to purchasing.

Malik sees understanding the German and Indian ways of thinking as a key factor for the successful work of CLAAS India. Amit Sood, head of marketing in India, picks up on a trait specific to India in this regard. “The way we look at it, there are no accidents. Everything happens according to a higher plan. This gives time a different meaning for us. That’s why we have difficulties with deadlines here in India. After all, there’s always tomorrow.” But, he adds, that also means there’s no such thing as a missed opportunity. Any business venture that doesn’t work out probably wasn’t meant to happen. You just try it again next time. “That occasionally seems somewhat indecisive to our colleagues in Germany,” says Sood.

Pradeep K. Malik sums it up: “If you decide to do business in India, you’ll always have a problem. But if you decide not to do business in India, you’ll have an even bigger one.”

“This location could become a center for developing products for countries throughout southeast Asia or Africa.”

Pradeep K. Malik, President and Managing Director of CLAAS India Private Ltd.

The CROP TIGER: An Indian Success Story

In 1995, dealer Banda Krishan Kumar displayed a combine harvester for the first time. "For three months, the farmers just gave the vehicle wary looks," recounts Kumar. But then, one farmer agreed to let the combine harvester make its way over his rice paddy in the southwest Indian town of Nellore. His neighbors stood in wonder at the edge of the field. Back then, the farmers used to pay 300 Indian rupees to harvest a single acre. Twenty farmhands had to put in a full day's work on a field of this size. Just a few weeks later, the farmers in the area were willing to pay 1,500 rupees an hour to have the combine harvester come work their fields. Suddenly, even people from neighboring villages were asking about the machine. And when the season ended, the farmers didn't want to give up "their" combine harvester. The CROP TIGER stuck around. Within a few months, Banda Krishan Kumar had sold the entire CLAAS production run for the year in the Nellore area.

With its track system, the CROP TIGER is perfect for the wet rice paddies of southern India, where the model commands a sky-high share of the market. The series received a makeover in 2007 with new features, such as faster unloading. And a new engine was added to the CROP TIGER mix.

The CT 40 has been on the market since 2010. It features a variety of headers, some more than two-meters wide, making it possible to harvest sunflowers. Its tangential axial flow (TAF) ensures high-quality harvesting without breakage.

The plant in Chandigarh is capable of producing up to 1,600 CROP TIGER machines a year. Many estimate that demand will be even higher in the future. The model is subject to a constant optimization process, which has so far helped make the combine harvester increasingly affordable.



Acting Local

Supporting agriculture with up-to-the-minute agricultural technology is a global mission – but it always needs to be adapted to the situation and conditions on the ground. CLAAS serves its sales partners and customers across the globe with sales and service organizations tailored to the relevant local markets. Three new centers – in North America, Asia and Europe – are exemplary beacons.

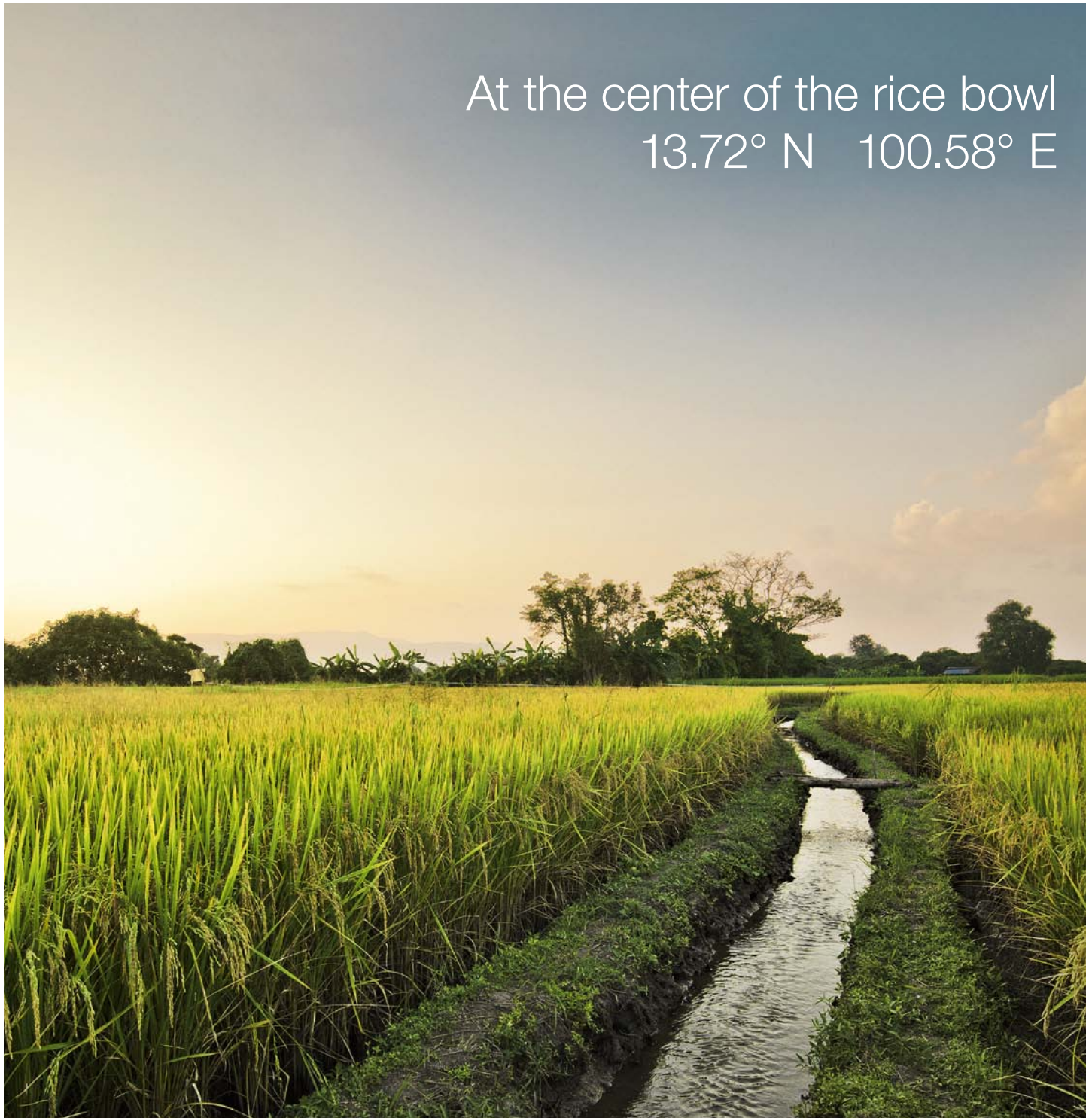
Compiled by Horst Biere



Nebraska Harvest Center, Seward/U.S. Nebraska, located in the U.S. Midwest, is in one of the North American continent's most significant grain-producing regions. Back in 1999, CLAAS commenced production of the LEXION combine here in Omaha, on the banks of the Missouri. Sales and service of CLAAS machinery on the North American market is likewise managed from Omaha. Being on the ground where the country's corn and wheat belts meet is of vital importance; here as everywhere, customers and those who use CLAAS technology are at the center of the company's work. CLAAS gives its all to support these customers and users, especially during harvest season, when machinery needs speedy service without red tape. In 2011, the company took an important step emphasizing its partnership with farmers

in Nebraska: In order to ensure that customers experience a smooth transition, CLAAS took over from its long-standing sales partner NMC its trading company in Seward and a branch in Wayne, pooling these activities in its new Nebraska Harvest Center. From here CLAAS provides farmers with the entire range of services: product display, sales, customer services, replacement parts and financing models. A further branch in Kearny joined these activities in the course of the same fiscal year. The company continues to use the service bases of its partner NMC to look after customer machinery in central and western Nebraska. It pays to be close to the customer, with sales rising substantially despite the widely reported drought in major grain-producing regions of the U.S.

At the center of the rice bowl 13.72° N 100.58° E



Regional Center South East Asia, Bangkok/Thailand. Rice is Asia's classic cereal, with the lion's share of world rice production originating from the continent. Thailand is located at the center of South East Asia's rice cultivation regions, which also include Myanmar, Indonesia, Vietnam and the Philippines. In 2012, CLAAS opened offices in the city of Bangkok to support this key agricultural region – and with an eye to further expansion of distribution in the region's countries. The rapidly increasing population in this part of the world calls for grain production to rise accordingly. And such a rise can only be mastered with the help of high-performance machinery such as the CROP TIGER rice-harvesting combine – a piece of CLAAS machinery perfectly suited to the very wet conditions in rice fields.

The Thailand offices also reflect the significance CLAAS places in this country. Thailand has large uninterrupted areas of rice cultivation land and is the most significant exporter of the crop, producing up to 90 percent of its rice harvest using machinery. The Regional Center in Bangkok provides our importer ASIA (a subsidiary of Min Sen) and its more than 30 CLAAS dealers with professional support for sales, service and replacement parts supply.

In the heart of Romania
44.54° N 26.25° E



Regional Center Bucharest, Afumați/Romania. Romania is an agricultural country with immense potential. Fertile soils, a favorable climate and a time-honored agricultural tradition mean the country, located in the southeast of Europe, has long held a privileged place as a supplier of agricultural products. Our company has now considerably expanded its footprint in the country, setting up a CLAAS company. The new Regional Center in Afumați, close to the country's capital Bucharest, sees our company providing direct support to its dealers in Romania – meaning it's just a stone's throw to the customer, particularly to those in the key agricultural region of the Danube delta.

Finn Petersen, who heads the Romanian company, views its proximity to the major areas where CLAAS machinery is used as a

decisive competitive advantage: "Our Regional Center puts us close to the harvesting process. It's a global standard to provide service and replacement parts within a few hours. But we want to do still more: supply advice to farmers, train customers in the use of our machinery and offer them decent payment plans and terms." Summing up, Petersen concludes: "Being based here means we can work even better with our Romanian sales partners."

The worldwide CLAAS sales network is anything but an inflexible structure with one single standardized solution for all markets. Flexibility is one of the key foundations of the company's success; customers around the world are as diverse as harvesting conditions in different regions. Jan-Hendrik Mohr, head of Sales at the CLAAS Group, explains why adaptable sales structures and maximum flexibility are key parts of the CLAAS strategy.

We've noticed that CLAAS has been opening new centers. What's the strategy behind this?

The Centers presented here as examples represent a big step for CLAAS toward the international markets and to new customers. The Harvest Centers are show-cases for our solutions located where agricultural businesses are. In the Regional Centers, we provide our local sales partners with top-level support specific to their country – always close to agriculture on the ground, where our performance in sales, service and replacement parts is really needed.

But doesn't CLAAS work with local specialist dealers everywhere in the world?

CLAAS specialist dealers are and will remain the prime factor in our global sales strategy; after all, nobody knows the local market and harvesting conditions better. CLAAS dealers represent the CLAAS brand locally and are the face we present to the end customer. We will continue to rely on our partners when it comes to marketing our high-performance harvesting technology and extending our market share in tractors.

Can you give us some concrete examples?

Let's take China. It's a gigantic agricultural market with an extremely fast pace of development, particularly in regard to machinery. In this market, we made the decision to support our local sales partners with a dedicated sales company. We plan to gradually expand and professionalize our Chinese sales network and supply our sales partners for each region with the appropriate sales support tools they need to optimize sales of our machinery.

Another current example is Bolivia. The geographical and economic situation in this market requires us to work with a local import company which in turn supplies machinery and expertise to the country's professional dealers.

In northern Italy, a gap has arisen with respect to specialist dealers in our machines. We have acquired a stake in a company there in order to ensure that agricultural operations in the region can continue to be supplied with new machinery and especially with customer services and replacement parts.

What are the drivers of your sales strategy when it has such diverse results in practice?

We need always to be led by our objectives. And our objectives are high levels of customer satisfaction and no gaps in our supply of professional CLAAS technology and service to agricultural operations. There are different ways to reach these objectives in each case, which lead to made-to-measure sales models tailored to local needs.

“We need made-to-measure sales models”



Jan-Hendrik Mohr, member of CLAAS management has worked in a range of roles within the CLAAS Group since 1984, including as a research and development engineer, setting up combine production in Omaha/Nebraska, as Head of Development and Sales at CIT, Paderborn/Germany, Manufacturing Manager and subsequently Technical Manager of CSE, Harsewinkel/Germany. He later became Manager of the Grain Harvest Division of the CLAAS Group. Since July 2011, Jan-Hendrik Mohr has been responsible for the Sales division of the Group.

Talk to Me

For agricultural businesses, being able to see their machinery fleet's process and performance data clearly and in detail can make their work more efficient. They've been able to do just that with their combine harvesters for a while now. The Telematics on Implement system from CLAAS, or TONI, now makes it possible for farmers to communicate with their tractors and attachments as a single unit, in real time, and as flexible as can be, no matter who the manufacturer.

Text by Marc-Stefan Andres

The CLAAS AXION makes its way over the field, hundreds of meters long, at twelve kilometers per hour. Freshly-cut wheat straw lies on the field in thick rows. The attached CLAAS QUADRANT 3400 square baler picks up what is soon to be animal feed and transforms the straw into practical bales in the blink of an eye.

It's a time-tested process that farmers can keep a watchful eye on from their tractors or from the comfort of their offices, thanks to Efficient Agriculture Systems (or EASY). Farm managers can view, save, and analyze all of the tractor's performance and process data on their computers.

Until now, if agriculture specialists wanted to completely understand the process and make any necessary improvements, they had to add the performance and process data from the attachment and correlate it back to the tractor – if at all possible. Now CLAAS has found a solution to this difficult and time-consuming process: TONI. "Using Telematics on Implement, we are able to visualize attachments and tractors as a single unit. By doing so, we're contributing to making agriculture more efficient," says Karl-Heinz Krudewig. With a key added value that picks up on a major trend in the agricultural equipment industry: "The technology works no matter who the manufacturer is," adds the 47-year-old Head of Product Management at CLAAS Agrosystems, the company subsidiary in Gütersloh where numerous employees work on software and hardware products for agriculture.

Partnerships for Success

Including machinery from other manufacturers is a great advantage for operations with "colorful fleets," and for the flexibility of farmers and contractors. For the time being, it's the logical culmination of an entire string of developments. "Partnerships are one way of mastering the challenges facing the entire industry, especially in the field of telemetry," explains Krudewig.



Position:	51.918186 8.384770
Hours in operation:	973 hours
Operating position:	on
Diesel tank fuel level:	5 liters
Fuel consumption:	50 liters per hour
Number of bales:	24 bales
Average moisture per bale:	5%
Baler pressure:	180 bar
Fuel consumption per bale:	0,5 liters

What is your
current perfor-
mance data?





André Kluge (right) and his colleagues from CLAAS Agrosystems were part of the ten-person team from five CLAAS companies that worked across disciplines to develop the TONI communications system, which gathers machine pairs' performance and process data.

The advantages are clear: Operations can record, document, analyze, and calculate data such as harvesting or sowing output, the positions of machinery pairs, machinery settings, reserves, consumption, or hours of operation. This makes it possible for them to put machinery fleets to more efficient use. And, because operations can directly refine the analysis of individual fields with a wide range of data, it also means they can plan jobs better in the future.

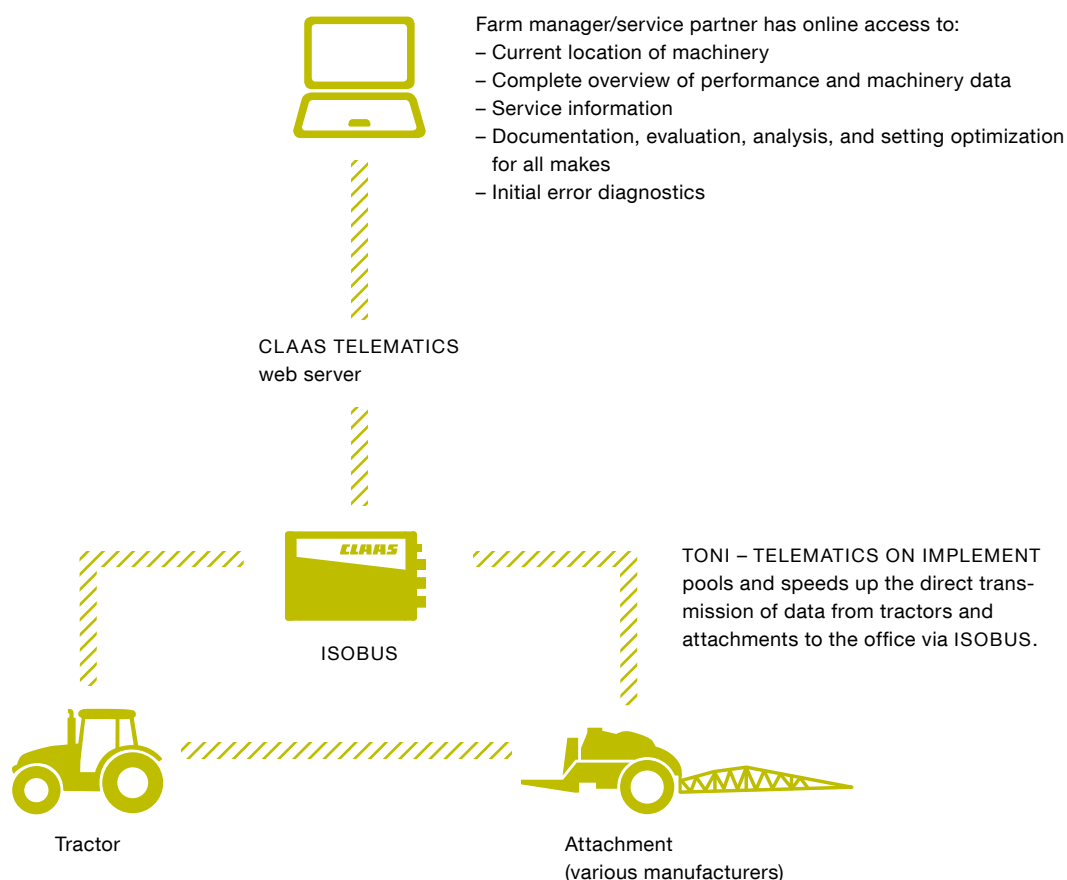
Secure, Fast Data Transmission

To make sure this works, each pair's data is transmitted via SIM card, which uses a fast 3G standard and secure 128-bit SSL encryption, to the CLAAS Telematics web portal: A central, web-based telemetry system that users can access from their offices with a standard internet browser.

The path this data takes is complex. "This communications module that we developed is in every one of our machines," says

André Kluge, who is in charge of software systems at CLAAS Agrosystems. He picks up an ordinary-looking black box the size of a smartphone and turns it around in his hand. Four contacts, some of them multipolar, line the top of the box. "It gathers performance and process data – such as length of operation, fill levels, or fuel consumption – and transmits it via the CAN-BUS systems to the portal, which is backed up with firewalls on several servers."

"A predecessor to the module has been transmitting data from the CLAAS combine harvester, for instance, to the system since 2004," says Kluge, who has worked for CLAAS Agrosystems since October 2002. The way tractors and attachments work together had to be improved in order for this to also become possible for attachments. "Until recently, every implement had to be wired up to its own terminal in the tractor," explains the 33-year-old with a Master's in computer science and business administration. There used to be no standardization for data



transmission. This situation didn't change until CLAAS and six other manufacturers came together to form the Agricultural Industry Electronics Foundation (AEF) in 2008. The foundation developed the specifications for the so-called ISOBUS, a data transmission standard that includes matching plugs, control units, and terminals, and that is now making TONI even better.

Employees worked on hardware, software, and web servers for the new system. They also worked in close cooperation with product management, sales, and production. "We also had to take the special features of each partner's technology into account," says Product Manager Karl-Heinz Krudewig. CLAAS developed TONI in close cooperation with implement manufacturers Amazone, Lemken, Horsch, SGT, Zunhammer, and Kaweco. Successful lab tests combining these companies' balers, sprayers, and drills with CLAAS tractors have been under way since early 2012 and field tests commenced in the summer.

Commitment with an Eye on the Future

The insights of the IT specialists from CLAAS have also played a role in the ISOBUS standard. "That's customary because the entire industry is looking to make progress in the telemetry interaction on the ISOBUS," says André Kluge. Independent institutes have also recognized the forward-looking commitment of CLAAS that builds a bridge between manufacturers. The TONI system received a Silver Medal at the 2011 Agritechnica – even though a single machine had yet to be fitted with the system.

Its potential alone was convincing enough. "We already have listed about 2,000 self-propelled harvest machines in our Telematics database, mainly combine harvesters," says André Kluge. "Considering the huge number of tractors that work with attachments, this number, which was already growing quickly, looks like it's going to explode in just a short amount of time."



The Future Form

CLAAS machinery regularly wins design awards and truly stands out in the field. But design means more than just looks. Michael Kohlem, head of research and development for the self-propelled harvesting machinery division, and Henning Rabe, head of marketing, see design as the expression of an attitude, a part of corporate culture, and an integral component of a new product's creation.

Interview by Marc-Stefan Andres





“The design of a LEXION needs to reflect not only the fact that it has the most powerful engine, but also the fact that its intelligent operator assistance systems enable it to reach maximum efficiency.”

Henning Rabe, Head of Corporate Marketing, CLAAS KGaA mbH

Mr. Kohlem, do CLAAS customers care about how their combine harvester looks? Or are they only interested in its performance?

Michael Kohlem: This is a question we of course ask ourselves – and customer satisfaction analysis provides us with very clear answers. Along with product function, good design is very important to the people who buy our machinery. And they appreciate the good design we deliver.

In other words, all you have to do is tweak a product's design to send interest – and sales – soaring. Is that right?

Henning Rabe: Well, it's not quite as simple as all that. Plus, it wouldn't be in the spirit of our corporate culture. Customers should always benefit. This means that we only produce new designs when there are good reasons for them, such as when we see a product is reaching the end of its life cycle and there are plans for a new series or a successor.

What else could spark a new design concept?

Kohlem: Another reason is changes in the law. If new emission standards legislation restricts constructed space, we'll need to respond by finding innovative solutions, and design is no exception to that. Other issues that might give constructive impetus could be innovations in materials or production methods that challenge us to change the way we design. We also try to go in new directions by working with universities, for example. These creative stimuli inspire discussion and take us into a process of innovation that goes way beyond design.

Rabe: In the future, we hope to boost these creative influences in the company. Our aim is to bring more and more people with different expertise together to allow them to inspire one another: Designers, engineers, design engineers, communication experts. After all, creativity arises when we ask the right questions. This means that close, face-to-face dialog is essential. We only begin to think differently if someone asks a question that makes us think.

So reading between the lines here, are you saying that a design process can never be free of conflict?

Kohlem: Creativity emerges from constructive conflict within an interdisciplinary team. In our experience, a designer working on his or her own may well end up overshooting the mark and losing sight of what is actually possible. If there is an engineer available to capture his or her ideas and “bring them down to earth,” a highly creative tension can be the result. And it’s the same vice versa.

Could you give us an example of this reciprocal process?

Rabe: Let’s take the DYNAMIC COOLING system in the new LEXION. The larger engines, which comply with the new emission regulations, need an enormous amount of cooling. We were no longer able to achieve the cooling area we required by means of a vertical cooling system like the one we had used up until then, as we would have hit the upper height limit for the machine. In other words, the team had to fundamentally rethink the design. A great deal of discussion between designers, design engineers, and developers gave rise to the idea of fitting the cooling system horizontally. The result was highly efficient technology, adaptable to the engine’s heating or cooling needs, which could save at best up to 15 kW of power – and it looked good too.

Kohlem: Another innovation that involved a lot of input from our designers is the machine’s air exhaust system, which saw further development in tandem with the DYNAMIC COOLING system. We suck the cool air in at the top, push it forward to the engine, and then out and down to the side. This creates a sort of curtain that actively prevents dust from rising during harvesting. The machine stays clean, cutting down on work and costs for maintenance. You can see this technology by the “gills” the machine has next to the engine.

These are innovations developed by teamwork, right?

Kohlem: Right. And they are where what we call convergence of design and technology start. Designers work to ensure these air outlets look as good as possible, while an aerodynamics expert needs the right size of cross-section for efficient air expulsion. That meant some tough struggles before everyone could settle upon an optimum solution.





“Design shapes the brand. You should be able to spot a CLAAS machine from a long way away.”

Michael Kohlem, Head of R&D,
CLAAS Selbstfahrende Erntemaschinen GmbH

Rabe: It's not just about structures, forms, or sharp or smooth edges. We keep a close eye on trends in society. One example of this is the fact that people are increasingly tending to surround themselves with high-quality products and modern means of communication and entertainment. Realizing that customers would like to see us add additional features to the cabs of tractors or harvesting machinery and that they would also be happy to pay for such innovations gives us important momentum for developing the cabs of the future.

You deliver all around the world. That means being confronted with huge differences in standards of living and willingness to pay for design. How do you handle this?

Kohlem: We make universal machines [laughs]. CLAAS has a broad product portfolio to appeal to different customer needs. We make the right machinery for the Indian market as well as high-tech machines for the European market and North America. Our machinery has to meet the needs that exist within each market and generate high customer satisfaction, and its design has to live up to our high standards too. We call this principle the “local premium”: We identify who our competitors are in particular markets and regions and make sure we're positioned at least in the top third – or preferably at the very top.

Are there heated debates here too, or are these decisions always clear?

Kohlem: They're not. We often find that this context also gives rise to issues that we can only make decisions on after quite a while. One example is whether to use metal or plastic for the bodywork of our machines. Someone might point out the fact that Indian farmers prefer sheet metal because they can simply straighten out any dents in the machine themselves, while plastic would be ruined.

How long does a design that comes into being this way need to last in practice?

Rabe: The complete process, from the initial idea to market launch, takes three to five years. Our industry is one that produces capital-intensive goods, with correspondingly long product life cycles. This means a machine's design needs to be fresh for 10 to 15 years.

That's a big challenge for a design. Where do you get your inspiration for designs that last?

Kohlem: We monitor trends in a range of sectors. We keep an eye on automobile, truck, and construction machinery design. But we also look at what's going on in the design of power saws or in medical technology. We try out approaches to the future using what are known as moodboards, which are compilations of a range of different photographs of design details. Our international companies provide us with a good overview of tendencies in the markets. We take this status quo and project it into the future.

Has this question been settled yet?

Kohlem: We're still talking. After all, this is a matter of change on a societal level. However, those in favor of sheet metal are only seeing the status quo. If we take a look at the automotive industry, it looks as if plastics may well increase in significance. In India specifically, there's the Tata Nano, which has a high proportion of plastic among its materials.

Rabe: This is why we work with product management and our engineers in the relevant countries to look very closely at what's going on – all the more so because using plastics allows us to create much more esthetically pleasing forms in the low-cost segment, which farmers like, of course.

Kohlem: And which, in turn, fits with our clearly defined design values: Premium, reliable, visionary, dynamic, intelligent power, and, not least, owner's pride. We want to appeal to our customers' pride in owning one of our machines in every segment we serve.

Those values make sense. But what exactly is "Kraftintelligenz"?

Rabe: A smart technological solution needs to be transported by design that allows customers to see that the technology is smart. The CLAAS Electronic Machine Optimization System (CEMOS), for instance, is an operator assistance system that helps users manage the harvesting process intelligently. This means that the design of a LEXION needs to reflect not only the fact that it has the most powerful engine, but also the fact that its intelligent operator assistance systems enable it to reach maximum efficiency.

CLAAS machines already have a highly streamlined, unified look. Where have you pinpointed room for improvement?

Rabe: We need to achieve this level of quality at every point of contact with our customers. Over the years, we have made it to a high level when it comes to such areas as advertising, on- and offline media communication, product information literature, or trade fairs. In these matters, CLAAS is up there with automobile manufacturers, as the large number of industry awards we've received proves. But there are still too many detours on our route to the customer. These manifest themselves by the time customers go to dealers.

In what way?

Rabe: Not all of our dealers are able yet to put the image and services that go with a premium brand and that we have achieved for ourselves into action. For this reason, we embarked a few years ago on a process of intensifying dialog with dealerships and helping them take their communication to the market to a new level. We need to create a showcase that allows customers to perceive our premium products as what they are, so that customers will say "Yes, that's my machine and I'm going to invest in it." We're making this work by pursuing a strategy of exclusive CLAAS dealerships.

What is tomorrow's design going to look like across all stages of this route to the customer?

Kohlem: We'd rather not discuss any details at this stage. But we're working very hard on these issues and aim to intensify this work in the future. Design shapes the brand. You should be able to spot a CLAAS machine from a long way away. This also means that a long-term design trend is important for CLAAS, one that will show us what one of our machines might look like in the year 2030.

Rabe: Of course, we can't launch such a futuristic design in fiscal year 2014 or 2016. But we do want to set a long-term trend of moving in the right direction. We want to think far ahead into the future, not only anticipating the design ideas of tomorrow, but also the challenges farming will be faced with in years to come, and meet them in a way that works well – and looks good.





CLAAS Paths

Creating the jobs of today at a growing international company takes smart human resources management. The mission: To systematically integrate people's skills and positions in life into an international working environment that is rapidly changing. Here are a few examples of employees whose career paths, and paths in life, show how diverse a vibrant company can be.





From Apprentice to Leader – Thanks to Education

They used to say that some people were born leaders. Today, people talk about climbing the career ladder. Stefan Remensperger from Bad Saulgau sums it up in a few simple words: “Even if you’ve been with the company for a long time, you should never stop thinking outside the box. It’s important to see CLAAS as a whole and not just focus on your own department.” Stefan Remensperger came to CLAAS Saulgau GmbH to train as a machine fitter when he was 16. Since then, he’s been climbing the career ladder. Remensperger worked his way up from being a welder and manning robotic systems to the positions of work planner, head of machining centers, and his current position: Head of Preassembly. The former apprentice now leads a team of 150 employees. Continuing education – machine assembly master, seminars in leadership skills, creativity, and project management, as well as language and PC courses – played a major role. He then went on to study business administration in addition to working. Six semesters later, he received his degree.



Right-hand Man Instead of Rocking Chair – Too Valuable to Rest

Norbert Ortkras was already in a field of his own back when combine harvesters were still in their infancy. The 77-year-old former technical development master knows every major customer’s screws, settings, type of grain, and size of land like no other. Reason enough for the company to want to continue putting his amazing knowledge to good use as a consultant even after he retired officially in 1999. Back in the mid-1960s, Norbert Ortkras played an instrumental role in developing the hydrostatic traction drive for the combine harvester. It was only a matter of time before company founder August Claas cast an eye on the skilled auto mechanic. CLAAS later sent the inventive agricultural technology specialist out on test runs in fields around the world. Ortkras: “The important thing was always to help customers achieve the best harvest results possible. That created confidence in CLAAS and its machines.”

“Solid technology and good work create a high level of trust in machines from CLAAS. It’s the only way to turn ordinary customers into long-time customers, and even friends.”

Norbert Ortkras, former technical development master

Around the World with CLAAS – Westphalia, Chandigarh, Bangkok

There's hardly a market in the world growing as fast as his: Jan Klaus Tobias is in charge of southeast Asia. His desk is in Bangkok. As Managing Director of the Regional Center in Thailand, he knows how important cutting-edge technology is for an agrarian economy on the move. The industrial engineer developed his knowledge of international business over the course of ten-plus years working for CLAAS in locations around the world. It's a career that couldn't have been more diverse and international: Business training, college, quality management, controlling, international replacement parts management, marketing in Ireland, sales management for CLAAS Industrietechnik. And then, the leap from Europe to Asia: Marketing at CLAAS in India. Now, two years later, he's got his eye on CLAAS markets throughout southeast Asia, including South Korea, Japan, and Pakistan. Jan Klaus Tobias says: "Keeping your feet on the ground and offering solid, high-quality products are the key to long-term success. And the same is also true in growth markets, such as the Four Asian Tigers."



“Working from home is a win-win situation, both for CLAAS and for me.”

Gabriele Bachmann, lawyer

Working from Home – Both Sides Win

Gabriele Bachmann doesn't measure her performance in hours spent in the office in Harsewinkel. The experienced lawyer from the CLAAS legal department says: "Nowadays, I sometimes work from home. This makes things more efficient, since I no longer have a long commute." She and her family live some 200 kilometers away from Harsewinkel. Even when she's scheduled to come into the office, the traffic on the highway at times has other plans. But the good thing is: If she notices things are backed up all the way to Harsewinkel when she leaves the house at 5:30 a.m., she can still call the office and reschedule her "day in." Gabriele Bachmann: "What's important is that you're easy to reach and almost always guaranteed to be at your desk." She shares her office at CLAAS with a colleague, so there's no need for a second office. And there's always enough peace and quiet to solve even the toughest legal cases.





Paving the Way

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

Dr. Freye, what significance does strategic development have for the company?

Within the management team, we regularly review our long-term strategic targets and the initiatives we have defined to help us achieve them. To do so, we take a few steps back from our day-to-day management tasks twice a year to open our minds to our company's long-term development. We have been following a highly professional, comprehensive strategic process for years now.

Why is strategic development so important at CLAAS?

There are three key issues here. First, as a family business, we think in the long term when it comes to our management decisions. Economic downturns like the one in 2009 and 2010 don't pull us off the course toward achieving our objectives. Second, the fact that we are not a listed company and have no plans to become one despite taking a capital-market-oriented approach to our work, means that our financial planning, particularly where it relates to the long term, is highly professional. And finally, there's our role as a technological leader. Only if we have a sound understanding of long-term trends and changes can we react promptly with R&D work on new solutions and live up to the expectations this position brings with it.

On what foundations do you base your ideas and considerations on strategic development?

Our team of strategy experts continuously monitors the factors that impact our business and formulates their implications for CLAAS. We keep a close eye on changes in the market and the competitive environment as well as political developments and the new or changing requirements that emerge from them. Changes in import duties, subsidies, or local content requirements aren't going to lead to a fundamental change in our strat-

egy. However, changes that affect the entire industry, such as new emissions standards, can have an impact on our strategy for a particular country or region.

Additionally, we are in constant contact with our customers and dealers in order to understand developments in their business and take a critical look at what we're doing. This goes for all markets – especially our growth markets in Russia, North America, and Asia. We're also keeping an eye on developments in the field of alternative energies. We are working with research institutes to identify trends and innovative solutions for these customers.

“Only if we have a sound understanding of long-term trends and changes can we react promptly with R&D work on new solutions and live up to the expectations this position brings with it.”

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

“Over the past ten years, we have achieved impressive growth of about ten percent per year on average, and we continue to move in the right direction internationally.”

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

How do you ensure that everyone is pulling in the same strategic direction?

We haven't changed the principles behind our long-term objectives in recent years, so the people who work for us understand our strategy well. We've also been successful in transmitting the CLAAS Group strategy to the various divisions, functions, and national companies. We've managed to put the strategy at the heart of these areas' activities.

How do you bring strategic development and financial planning together?

Once our rolling strategy process has completed a cycle, the strategic objectives are adopted in our mid-term planning. This generates realistic targets for the next five years, making the implementation of our strategy in the medium term quantifiable. This link is a key factor in the success of the strategy's implementation at CLAAS.

Are all the company's targets – not just the financial ones – defined in a top-down process and then rolled out across all subsidiaries? Or is there a bottom-up process which also delivers content for corporate planning?

Managing a company isn't a process that can be handled by grassroots democracy. Nevertheless, the results and experiences coming out of our individual markets and company departments form the basic data that we condense and analyze in the strategic process, which we then use to decide what the right steps are. This is absolutely a management task.

What are the targets CLAAS is currently pursuing? Where do you see CLAAS in five and ten years?

CLAAS is a picture of health: a non-listed, yet capital-market-oriented family business with the corresponding entrepreneurial

freedoms that is also an international agricultural technology company – and that's the way we want it to be. Of course we have definite ideas of where we want to be in five years and in ten years. But it's also part of our strategy to not discuss these objectives publicly. The main thing is for us to keep on moving and retain the flexibility that makes us special.

And what are the strategic challenges you see facing CLAAS currently?

Over the past ten years, we have achieved impressive growth of about ten percent per year on average, and we continue to move in the right direction internationally. And we believe we are well prepared. Our top-level products and technologies make sure of that. We're paying particular attention to developing what are known as enabling factors – above all, for our employees, as well as processes and systems.

Thank you for taking the time to talk to us, Dr. Freye.

Interview by Jörg Huthmann.

Sales



2002

€1,265.5 million

2012

€3,435.6 million

Highlights 2013



January

Here we go: The CLAAS anniversary celebration kicks off with a series of campaigns, including an event for media representatives at Funkturm Berlin (the Berlin radio tower). The web special 100.claas.com goes online on January 11, 2013.



Celebrating a century: The CLAAS anniversary offers opportunities to talk to new customers, old customers, and business partners, both in Germany and abroad. Looking back is as much a part of the year as looking at the present – and looking toward the future. But one thing remains the same in 2013, and that's providing our customers worldwide with the best technology and the best service.



February

SIMA in Paris, one of the world's largest agricultural technology trade fairs, opens its doors, giving CLAAS an opportunity to celebrate its corporate anniversary with its international sales partners.



March – August



September

CLAAS celebrates its 100th anniversary with family days at all its locations worldwide.



November

The world of agricultural technology meets at Agritechnica in Hanover – and CLAAS is one of the hosts. Very special surprises await customers, dealers, and business partners during the company's jubilee year. The CLAAS anniversary celebration comes to an official end at the world's largest trade fair for agricultural technology.

the same time, the fact that the two countries have similar political systems and similar political culture may have contributed to the similar results.

It is interesting to note that the results of the present study are similar to those of the study by Wong and Chan (2001) on the political participation of Hong Kong citizens. This may be due to the fact that Hong Kong and the mainland have similar political systems and political culture.

The present study has several limitations. First, the sample size is relatively small. Second, the data are self-reported and may be subject to social desirability bias. Third, the study only examines the political participation of citizens and does not include other stakeholders.

Future research should investigate the political participation of other stakeholders, such as interest groups and non-governmental organizations. It would also be interesting to explore the role of social networks in political participation.

In conclusion, the present study has shown that the political participation of mainland Chinese citizens is significantly higher than that of Hong Kong citizens. This may be due to the fact that mainland Chinese citizens have a stronger sense of political efficacy and a higher level of political awareness.

The findings of the present study have important implications for the development of democratic institutions in the mainland. It suggests that the mainland government should focus on improving the political participation of its citizens.

One way to do this is to strengthen the political education of citizens. This can be done through the media, schools, and community organizations.

Another way to do this is to improve the political process. This can be done by increasing the transparency and accountability of government officials and by strengthening the legal system.

Finally, it is important to create a political culture that values participation. This can be done by encouraging citizens to express their opinions and by providing them with the opportunity to participate in decision-making.

If these steps are taken, the mainland government can improve the political participation of its citizens and move towards a more democratic system.

The present study has several strengths. First, it uses a large and representative sample. Second, it uses a rigorous statistical method. Third, it compares the political participation of two different groups of citizens.

Future research should investigate the political participation of other groups of citizens, such as young people and women. It would also be interesting to explore the role of social networks in political participation.

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Report of the Supervisory Board of CLAAS Kommanditgesellschaft auf Aktien mbH

Dear Business Partners,

The Supervisory Board of CLAAS KGaA mbH monitored and analyzed the Group's business situation and risk position at its regular meetings during fiscal year 2012. The Supervisory Board's assessments were based on reports by the Executive Board on the Group's strategic orientation, its financial position and financial performance, deviations from the plans made throughout the course of business, and operating decisions. The reports were received in two sessions and used as a basis for the decisions made by the Supervisory Board.

The Supervisory Board's deliberations focused on the sales and earnings outlook, the development of business in comparison to budgets, the acceptance of the auditor's report, the auditing of the annual financial statements of CLAAS KGaA mbH and the CLAAS Group, and plans for the year 2013.

The Supervisory Board discussed the sale of CLAAS Fertigungstechnik GmbH and BRÖTJE-Automation GmbH; important investment projects at the locations in Harsewinkel, Paderborn and Bad Saulgau; and the expansion of the plant in Krasnodar/Russia. Other significant topics included sales projects, particularly in Eastern Europe and North America, and the renewal of a US private placement and an ABS (asset-backed securities) program. The Supervisory Board also studied a report regarding risk management at the CLAAS Group.

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

The financial statements of CLAAS KGaA mbH and the consolidated financial statements of the CLAAS Group as of September 30, 2012, as well as the management reports for CLAAS KGaA mbH and the CLAAS Group were audited by Deloitte & Touche GmbH, Düsseldorf, the auditors elected at the annual general meeting on January 13, 2012, and appointed by the Supervisory Board. The statements and reports received an unqualified audit opinion on November 26, 2012.

The financial statements of CLAAS KGaA mbH, the consolidated financial statements and management reports as well as the proposal for the appropriation of profit were presented to the Supervisory Board upon completion. These documents as well as the auditor's reports were available to the members of the Supervisory Board and were discussed in detail at the Supervisory Board meeting on December 11, 2012, in the presence of the auditor.

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

The Supervisory Board would like to thank the Executive Board and all employees for their commitment and achievements during the successful fiscal year 2012.



Cathrina Claas-Mühlhäuser and Helmut Claas

The tasks in the new fiscal year will be to keep up the successful work of implementing strategic plans with regard to investment, research and development, while also exploring the potential represented by new markets and thereby securing sustained growth against what remains a positive backdrop for the agricultural machinery sector.

Harsewinkel, December 11, 2012

Cathrina Claas-Mühlhäuser

The Supervisory Board
Cathrina Claas-Mühlhäuser
(Chairwoman)

Helmut Claas

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

Foreword by the Executive Board

*Ladies and Gentlemen,
dear Friends of CLAAS,*

We stand at the close of another successful year. We have topped the 3.304 billion euros in sales we achieved in 2011, setting a new record with sales of 3.436 billion euros in FY 2012. Our income before taxes has risen from 255.3 billion euros in 2011 to 315.6 billion euros in 2012 – an increase of 23.7%. This puts our profit margin at 9.2% (previous year: 7.7%). For the first time in our company's history, our equity ratio has exceeded the 40% mark, reaching 41.8% this year (previous year: 36.4%). This thoroughly respectable result has yet again been favorably influenced by the success of our agricultural machinery business, which recorded a growth in sales of approximately 10% (previous year: 31.6%).

New Ways

Once again, our employees across the CLAAS Group have demonstrated that working hard together for success and moving in new directions pays off. The company's clear strategic direction toward a leading role on the international agricultural technology scene is bearing fruit. In a difficult economic environment, CLAAS again managed to meet and even partially exceed its corporate planning targets. The foundation of national subsidiaries in Thailand and, more importantly, in China represents two of many milestones in this process. None of this would be possible without long-standing partnerships or without an ongoing search for new possibilities for cooperation like those instituted in Asia and South America.

The Current Environment

We have achieved this success in a difficult environment marked, among other events, by the euro crisis. This impacted our business, especially in the eurozone's southern member states.

Adverse weather events and climatic phenomena, such as the worst drought in 50 years in the U.S. and the disappointing monsoon season in parts of India, have made themselves felt in the agricultural sector's harvesting machinery and tractor businesses. However, it is also important to point out that prices for agricultural products, which affect our customers' incomes, have stabilized at a high level over the past year. Just as before, these positive overall conditions are due to high demand for agricultural products, particularly grain. The good level of sales revenues our customers are earning has enabled them to purchase new technology, increasing their productivity and efficiency with harvesting machines in particular and tractors.

Outstanding Technology

A new generation of combine harvesters, with the LEXION 780 TERRA TRAC as its flagship, and new tractors from the ARION 500 and 600 series have joined a large number of innovations in forage harvesting and balers to characterize the company's technical developments over the past fiscal year. Research and development expenses were increased again this year, from 148.7 million euros in 2011 to 177.0 million euros in 2012. This investment, enabling continuous renewal of the CLAAS product lines, has given us the power to stand out from our international competition by being able to provide customers with particularly fresh fleets of machinery. The large number of national and international awards we have received speak for themselves. A world record in the precision drilling of maize, achieved in cooperation with a drilling-machinery manufacturer and using a XERION, is another example. Yet another indication of our outstanding performance in technology is embodied in the opening of the CLAAS tractor validation center in Trangé, France, located just a few kilo-



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

meters from the CLAAS tractor manufacturing facility in Le Mans, where we ensure the quality of our premium products.

Developments

The course of business in our self-propelled harvesting machinery segment, in forage harvesting, and in tractors showed marked differences. The consistent growth seen in the tractor division is particularly pleasing. Across the regions, the markets have been stable at the least, and in many cases demonstrated noticeable growth, even setting new records on occasion. Nevertheless, the company was not able to make full use of the existing potential due to supplier bottlenecks, among other factors.

The combine harvester business was somewhat less consistent. However, it was able to exceed projections overall. Western Europe once again proved to be a stable, steady market, with the good harvest in 2011 having a positive impact on farmers' and contractors' willingness to invest. Overall, these markets continued to develop on a high level.

The markets for self-propelled forage harvesters continued to grow based on last year's figures. As in previous years, CLAAS once again held the position of global market leader in 2012, remaining considerably ahead of its closest competitors. While the Western and Central European markets showed a slight decline, the last fiscal year saw the markets in Asia and North America growing substantially.

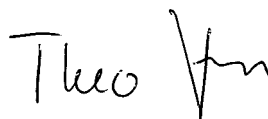
The global markets for forage harvesting technology have seen positive development, showing noticeable growth in almost all regions for balers, mowing machines, tedders, and rakes. CLAAS was able to continuously increase its production quantities and stabilize its market share at a high level.

The fields of application commonly served by telescopic handlers are becoming increasingly important in today's agriculture, with marked growth seen in the Western European markets in particular. As in other areas, CLAAS was able to expand its market share in this regard, with above-average growth particularly evident in Eastern Europe.

The positive trends discussed here made a particular impact in relation to electronics, with intelligent assistance systems and, above all, networked systems taking on a growing role. In this context, CLAAS was successful in extending its lead in the field through new product launches and by participating in national and international research projects. Overall, the events in the 2012 fiscal year provided further emphatic proof that agricultural technology is a key industry of the future.

Our success is not an achievement claimed by individuals, but rather the result of dedicated teamwork by CLAAS employees on all continents and by our suppliers, sales partners, and fiscal partners, whose commitment is a crucial part of the success enjoyed by CLAAS. We would also like to extend our thanks to our employer and employee representatives and to our shareholders and supervisory bodies in particular, who have continued to support us and engage in constructive dialog with us this year. And last, but certainly not least, our thanks go out to our customers, whose interests are consistently at the heart of all we do.

Yours sincerely,



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

Structure of CLAAS KGaA mbH

Personally Liable Partner

Helmut Claas GmbH

Shareholders

Helmut Claas

Günther Claas (community of heirs)

Reinhold Claas

KGaA Shareholders

Family Helmut Claas

Family Günther Claas

Family Reinhold Claas

Shareholders' Committee

Helmut Claas, Chairman

Cathrina Claas-Mühlhäuser, Deputy Chairwoman

Supervisory Board

Cathrina Claas-Mühlhäuser, Chairwoman

Jürgen Schmidt, Deputy Chairman*

Christian Ernst Boehringer

Helmut Claas

Patrick Claas

Reinhold Claas

Michael Köhler*

Günter Linke*

Ulrich Nickol*

Gerd Peskes

Heinrich Strotjohann*

Carmelo Zanghi*

* Employee representatives

Group Executive Board

Theo Freye**

Hermann Garbers**

Lothar Kriszun**

Hans Lampert**

Rolf Meuther (until 09/12)

Jan-Hendrik Mohr

Henry Puhl

** Executive Board of Helmut Claas GmbH

Authorized Company Representatives

Gerd Hartwig

Stefan Belda

Executive Board of the CLAAS Group



Jan-Hendrik Mohr
Sales

Hans Lampert
Finance and Controlling

Dr. Henry Puhl
Grain Harvest



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

Lothar Kriszun
Tractors

Dr. Hermann Garbers
Technology and Quality

Dr. Rolf Meuther
Forage Harvesting
(until 09/30/12)

The world's agricultural equipment markets continue to improve. CLAAS increased its agricultural equipment business by around 10%, with the main growth drivers being our harvesters and tractors.

Group Management Report

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Group Management Report

Strategy

Long-term strategy provides future security

CLAAS has always based its stability and corporate success on deeply rooted commitments and principles during its almost 100 years of company history. These principles include commitment and a passion for innovation, but also harmonious partnerships and a down-to-earth approach. All corporate activities are strategically focused on expanding and developing the leading technology, quality, and customer benefits of our products. CLAAS places great value on its employees who live up to these standards.

Global agriculture was boosted by fundamental changes at the beginning of the 21st century. The world's population will continue to grow in the long term. Additionally, there is a rapid pace of urban influx and rising living standards, together with increased per-capita income, especially in the emerging markets. This leads to a distinct trend toward diets that are higher in quality and richer in protein.

On the non-food side of agricultural production, fossil fuels are increasingly being replaced by biomass, a form of renewable energy. Highly efficient agricultural equipment products and services are necessary to cover all agricultural product uses. This will be a prerequisite to meet rapidly increasing global demands limited by the finite area of agricultural land available.

With this in mind, CLAAS develops its corporate strategy in a multi-stage, revolving process. This strategy sets long-term goals and takes into account specific conditions. The Company's planned development path sets the direction for the operating divisions:

- Expanding established market positions in the traditional regions of Western and Central Europe, the targeted development of business activities in North America as well as significant growth in the agricultural production countries of Eastern Europe and Asia. Here, we are working to expand our production and sales structures.
- Continuing to build on technological leadership.

- Continuously developing the after sales, service and financing offerings as well as providing additional innovative products and services, especially for precision agriculture.
- Strengthening our value-added partnerships in sales as well as in procurement and production by making use of development collaborations and optimizing the supply chain.
- Continuously optimizing all divisional structures and processes.
- Focusing on qualified employees with an emphasis on finding and supporting employees with global awareness and adaptability. CLAAS particularly looks for people with a passion for agriculture and agricultural engineering as well as a demonstrated economic and technical background.

Active communication plays a particularly important role in implementing necessary corporate changes, especially in eventful economic times. Establishing a trust-based dialog with employees, their representatives as well as suppliers, sales and financial partners ensures that our measures and changes receive the necessary backing and are supported by everyone involved – for the long term.

Industry Trends

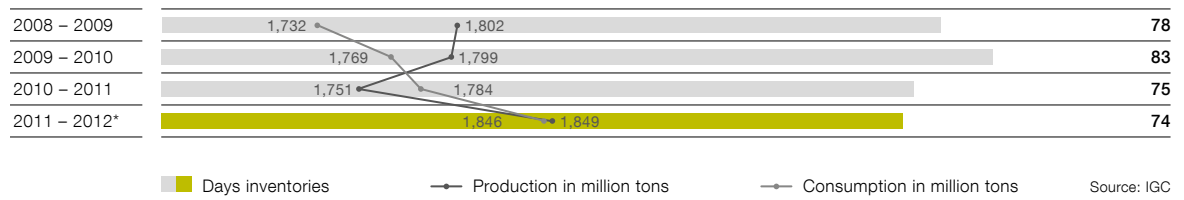
Economic environment

The economy continued to feel the effects of increasing uncertainty in fiscal year 2012. Growth rates fell due, in particular, to the negative effects from high levels of sovereign debt in parts of Europe and the United States. Sovereign debt in certain Southern European countries continues to pose a threat to the stability of the entire euro zone. Declining growth rates in the major emerging markets also limit global economic prospects.

The world's agricultural equipment markets again improved year on year, regardless of the overall economic situation. Agricultural markets are setting new records. Compared to fiscal year 2008, price volatility is considerably lower and the markets are much more stable. Current high agricultural commodity prices reflect the structural supply shortfall.

Grain Production and Consumption

from July 1 to June 30



* Estimate (as of October 2012)

The present positive economic situation is due to the increase in farmers' income seen in 2011. This was mainly due to the 5.6% rise in global cereal production together with consistently high cereal prices, a fact that in turn encouraged agricultural equipment investments. In the past fiscal year, industrial commodity prices – which are high and point to stable commodity markets – experienced relatively low levels of volatility on the whole. On the other hand, agricultural input costs have not increased at the same rate. One exception to this is the price of oil, which fell for a time but has now risen once again to the prior level.

For crop year 2011 /2012, which in contrast to the CLAAS fiscal year ends on June 30 and therefore does not encompass the harvest in the Northern Hemisphere, the International Grains Council (IGC) expects global cereal production (excluding rice) to peak at 1,849 million tons after a weak prior year. This is almost 100 million tons more than last year and is due to both a plentiful harvest and structural upgrades. Although the ratio of agricultural land per capita worldwide continued to decline, the overall area of arable land – and therefore production volumes – increased in virtually all countries around the world. However, cereal supplies fell compared to prior years as demand rose.

In contrast to cereals production, rice demand and production have almost seen parallel development in recent years. In the past rice crop year, 2011 /2012, production at 463 million tons is expected to slightly exceed demand of 457 million tons, resulting in stable supplies and prices.

Regional developments

In light of good agricultural incomes, the Western European agricultural equipment markets are at a very healthy level for both tractors and combine harvesters. Comparatively good cereal and oilseed harvests as well as high crop prices overall resulted in an ongoing high propensity to invest, particularly in 2011. In contrast, the cereal harvest in 2012 was significantly lower, mainly due to higher than usual heat that hit countries in Southern Europe. The latest results of the CEMA Business Barometer, a monthly survey among managers of European agricultural equipment companies, show a more subdued mood in Southern European countries. In contrast, higher agricultural incomes in countries such as Germany, France and the United Kingdom resulted in positive sentiment.

The Central European agricultural equipment markets continued to develop well and show record levels for tractors and combine harvesters. Agricultural incomes – and therefore also agricultural purchasing power – rose once more as a result of a good harvest in 2011 and stable agricultural commodity prices. Most Central European countries have experienced considerable structural change since joining the EU. Some have developed national programs with which they encourage investments in agriculture to supplement the support they receive from the EU. Many businesses in this region are doing well and are producing under competitive conditions.

The development of markets in Eastern Europe varied during the past fiscal year. Due to high agricultural incomes, tractor market volumes soared, while the markets for combine harvesters recorded significant declines. One possible explanation for this trend is Russia's admission to the WTO. Although the country continues to desire Western technologies, the prospect of declining import duties following WTO admission has resulted in end customers being more reluctant to buy. Import restrictions were slashed in August 2012 as a first measure.

The North American agricultural equipment markets recorded a high level of combine harvester sales with only a slight decline over last year, while tractor sales increased slightly. The 2012 harvest was hit by a period of extreme heat, especially in the Midwest. However, average agricultural incomes are expected to climb further thanks to crop insurance payouts, state agricultural grants and generally high crop prices.

Although the agricultural equipment markets in South America declined slightly, they are still up considerably on recent year averages. Domestic agricultural equipment production in Brazil continues to benefit from government programs. Low rainfall resulted in smaller harvests, but high prices generated significant income. Access to the Argentinean market is increasingly impeded by additional protectionist measures.

Asia's agricultural equipment markets continue to develop positively. Rich harvests and high crop prices led to high incomes, thereby encouraging investments in many regions. While demand for self-propelled harvesters in India declined due to the weak monsoon, tractor sales remained stable. One reason for this difference is that tractors are very versatile, even outside the agricultural sector (such as in transport or logistics). The huge demand for greater mechanization in China is in part supported by subsidies. The most important market players here are state farms and contractors, although private enterprises and cooperatives also play a large role. Demand for mechanization in Asia's key growth regions is expected to increase further in the coming years on account of continuing urbanization.

Sales per Year

in € million

2008	77.6	22.4	3,236.2
2009	75.2	24.8	2,900.8
2010	73.1	26.9	2,475.5
2011	73.5	26.5	3,304.2
2012	77.3	22.7	3,435.6

Foreign sales in %
 German sales in %

Financial Performance

Sales

Agricultural Equipment sales up 9.8%

Fiscal year 2012 was very successful for CLAAS. The Company continued to pursue the successful course set in the prior year with new sales and earnings highs. The good market positions in Germany and France as well as the strong demand for our premium products, especially in Central and Eastern European countries, were the key to success. In total, sales rose by 4.0% year on year to €3,435.6 million, 77.3% of which were generated outside Germany. Currency translation effects did not directly impact sales.

Agricultural Equipment net sales rose by 9.8% to €3,414.9 million (prior year: €3,109.5 million), primarily due to harvester and tractor sales increases. Industrial Engineering is an important supplier to Agricultural Equipment. As a result, this division has been recognized within the Agricultural Equipment division since the beginning of the reporting period. The prior-year figures were adjusted accordingly.

During the first half of 2012, CLAAS sold the Production Technology division companies to Deutsche Beteiligungs AG, Frankfurt am Main/Germany and MBB Industries AG, Berlin/Germany. For the period of the reporting year in which these companies were part of the CLAAS Group, the Production Technology division generated net sales of €20.7 million (prior year: €194.7 million). The Group's positive sales development completely offset the drop in sales resulting from the disposal of the Production Technology division.

Growth driver: harvesters and tractors

In 2012, the CLAAS Group again increased its high level of prior-year sales. The main growth drivers here were the harvester and tractor businesses, allowing CLAAS to consolidate its already strong market position.

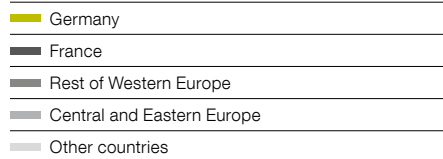
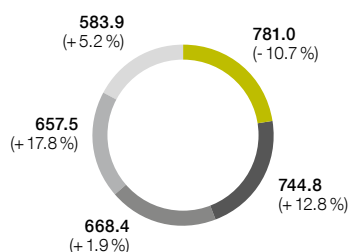
Demand for combine harvesters, the product that makes the single largest contribution to sales, was high in a favorable market environment. Western Europe continues to be the most important sales market, although there is increasing demand for CLAAS combine harvesters in other regions.



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Sales by Region

in € million/in % compared to prior year



As in the prior year, tractors were the product group with the second-highest new machinery sales in the CLAAS Group, after combine harvesters. The key to this was the positive market feedback to our new products. However, demand was not satisfied in all regions. The Group successfully expanded its tractor market position in most regions, particularly in Western Europe.

Forage harvesters again generated record sales on the back of the top prior-year figure. Overall market demand continues to benefit from the developments of the renewable energies industry. CLAAS has been the global market leader in forage harvesters for many years.

Demand for forage harvesting machinery and balers has also developed very strongly for CLAAS. The market position in these product groups improved further, recording double-digit growth rates.

Sales of spare parts, accessory components and used machinery again topped the high figures recorded in the prior year, as did sales in the service business. Sales here are making an increasing contribution to total Group sales.

Regional differences in sales increases

Sales in Western Europe, the most important agricultural equipment market for CLAAS, increased to a total of €2,179.2 million (prior year: €2,036.5 million).

Germany and France, the countries in the region with the highest Agricultural Equipment sales figures for CLAAS, together contributed 44.2% to total Agricultural Equipment sales (prior year: 45.3%), with sales in France seeing double-digit growth.

Sales of Agricultural Equipment to customers in the Rest of Western Europe attributed to 19.6% of sales (prior year: 20.2%). Most countries posted considerable sales increases, with the United Kingdom in particular seeing sales jump.

Income Statement (Summary)

	2012		2011	
	in € million	in %	in € million	in %
Net sales	3,435.6	100.0	3,304.2	100.0
Gross profit on sales	905.5	26.4	823.6	24.9
Operating income	314.6	9.2	285.9	8.7
Financial result	1.0	0.0	-30.6	-0.9
Income before taxes	315.6	9.2	255.3	7.7
Net income	232.7	6.8	181.8	5.5

Sales in Central and Eastern European countries again experienced particularly strong year-on-year growth. Sales in individual countries in this region were up considerably on the prior year, while sales in the region as a whole rose by 18.5%; as a result, sales were even up on the previous record set in 2008. This was mainly due to substantial sales increases in Poland and the Russian Federation, as well as in the Czech Republic and Ukraine.

Sales generated outside Europe made up 17.0% of total Agricultural Equipment sales (prior year: 16.7%). Although growth varied from one country to the next, overall growth was positive. The most important region here was North America. Asia is becoming ever more important, not least due to the earnings generated from the successful development of own sales structures.

Earnings

Gross profit margin up significantly

CLAAS exceeded the prior year's strong earnings in the past fiscal year. Gross profit on sales rose by a total of €81.9 million, or 9.9%, to €905.5 million. Linked to this is a considerable 1.5 percentage point gross margin increase to 26.4%. This more than offsets the drop in gross profit on sales resulting from the disposal of the Production Technology division. The development of earnings primarily reflects the strong sales of harvesters and tractors as well as the measures implemented in recent years to improve costs and increase efficiency. The product mix, after-sales business and good price realization also played a positive role.

Selling expenses and general and administrative expenses increased by €38.0 million, or 9.5%, year on year to a total of €440.6 million. The costs also contain the expenses for the further expansion of sales networks in regions, including Western Europe and Asia, which will continue to be pushed forward in the coming fiscal year. The ratio of selling expenses and general and administrative expenses to total sales rose from 12.1% to 12.9%. General and administrative expenses rose by a slight €0.9 million to €94.7 million, representing 2.8% of net sales, on par with the good prior-year level.

Research and development expenses after adjustment for capitalized development costs and amortization and impairment rose by €28.3 million, or 19.0%, year on year to €177.0 million. This is an indication of the high level of importance that CLAAS placed on implementing its demanding development program. The ratio of research and development expenses to sales amounted to 5.2% (prior year: 4.5%).

Expense Structure by Functional Cost

	2012		2011	
	in € million	in %	in € million	in %
Net sales	3,435.6	100.0	3,304.2	100.0
Cost of sales	2,530.1	73.6	2,480.6	75.1
Selling expenses	345.9	10.1	308.8	9.3
General and administrative expenses	94.7	2.8	93.8	2.8
Research and development expenses	177.0	5.2	148.7	4.5

Functional costs include the amortization of intangible assets and depreciation of property, plant and equipment of €71.2 million (prior year: €74.8 million).

Other operating earnings, which is the balance of other operating income and other operating expenses, increased by €13.2 million year on year to €26.7 million. During the reporting period, the effect on earnings resulting from the disposal of the Production Technology division companies in particular had a positive impact on other operating earnings.

This resulted in operating income rising by 10.1% year on year to €314.6 million.

The financial result, which is made up of “income from investments, net”, “interest expense and income from securities, net” and “other financial result” climbed by €31.6 million year on year to €1.0 million (prior year: €-30.6 million). The performance of the individual items making up the financial result varied: While “income from investments” were down on the prior year at €8.4 million (prior year: €11.3 million), “interest expense and income from securities, net” increased by €4.6 million, mainly due to lower financing costs. “Other financial result” performed much better than in the prior year, rising by €29.9 million to €8.5 million, mainly due to “foreign exchange gains and losses, net”: While “foreign exchange gains and losses, net” had been negatively influenced by valuation effects in the currency hedging portfolio in the prior year, “foreign exchange gains and losses, net” amounted to a significantly positive €13.7 million in the reporting year as a result of higher market valuation effects on the currency hedging portfolio and hedging strategy earnings contributions.

Income before taxes up 23.7% year on year – return on sales of 9.2%

Income before taxes rose to €315.6 million on the back of the massive figure in the prior year (€255.3 million), and the return on sales before income taxes increased to 9.2% (prior year: 7.7%). In fiscal year 2012, the CLAAS Group generated EBIT of €347.6 million, exceeding the prior-year figure of €292.3 million.

At €232.7 million, the Group’s net income was up €50.9 million on the prior year. The Group tax rate changed from 28.8% in the prior year to 26.3%, mainly due to the effect on earnings resulting from the tax-free disposal of the Production Technology division. The return on sales after tax amounted to 6.8% (prior year: 5.5%).

Income before Taxes

in € million

2008		248.1
2009		112.3
2010		77.2
2011		255.3
2012		315.6

Earnings per share, which relates to the net income attributable to the shareholders of CLAAS KGaA mbH, amounted to €77.21 after €60.26 in the prior year. The basis for the dividend payment is the net earnings of CLAAS KGaA mbH calculated in accordance with the provision of the German Commercial Code (HGB) (€426.1 million). The proposed dividend for fiscal year 2012 is €6.50 per share (prior year: €6.50). The remaining amount is to be carried forward to new account.

Cash Position

Cash Flows

Cash flows strongly impacted by investments and financing activities

In fiscal year 2012, CLAAS generated cash flows of €115.1 million from operating activities (prior year: €244.5 million). The positive effects from the improved net income and the change in provisions were offset in full by the higher level of funds tied up in working capital. In addition, amortization, depreciation and impairment were down year on year. Changes in other assets and equity and liabilities also resulted in an outflow of funds.

Cash flows from investing activities were €-139,8 million (prior year: €-46,1 million); €61.4 million of this increase was due to the year-on-year increase in capital expenditure for intangible assets (excluding capitalized development costs) and property, plant and equipment. The change in securities resulted in positive cash flows of €59.5 million, after €41.9 million in the prior year. Approximately €57.7 million was generated from the sale of shares of companies and investments mainly due to the sale of the Production Technology division companies. Repayments of financial receivables relating to deconsolidated companies resulted in outflows of €75.6 million in the reporting year (prior year: €0.0 million).

Cash flows from financing activities amounted to €21.3 million in the reporting year after €-238.6 million in the prior year. This was mainly due to cash flows from the first tranche of the bond issued in August 2012. The redemption, in particular, of the Schuldscheindarlehen (German Private Placement) and the bond issued in 2002 led to an outflow of €134.1 million.



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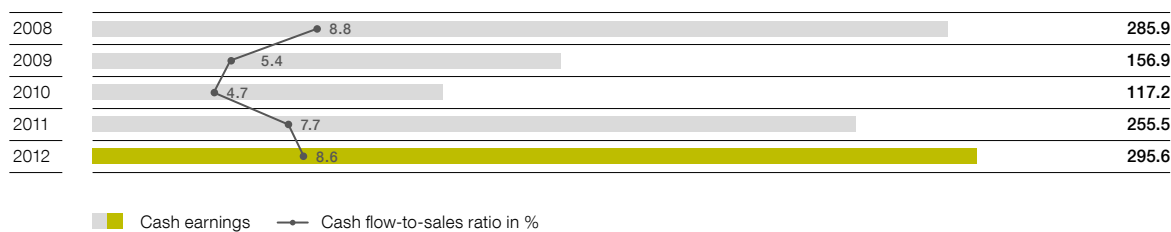


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Financial Performance
Cash Position

Cash Earnings

in € million



Cash earnings amounted to €295.6 million in the fiscal year (prior year: €255.5 million). The €40.1 million increase was primarily due to improved earnings. As a result, the cash flow-to-sales ratio rose to 8.6% (prior year: 7.7%).

Free cash flow amounted to €-84.2 million (prior year: €156.5 million), mainly due to the rise in net capital expenditure in intangible assets and property, plant and equipment. The increase in working capital, which could not be completely offset by improved earnings and the change in provisions, also impacted free cash flow.

Liquidity and Financing

Strong liquidity position

As of the reporting date, the CLAAS Group had liquidity of €767.2 million (prior year: €818.8 million) that is mainly invested in time deposits and call money as well as near-money market securities. As of September 30, 2012, the CLAAS Group also had financing commitments of €826.8 million (prior year: €823.0 million), of which €521.9 million (prior year: €562.4 million) had not been called.

Stable and long-term refinancing

The two privately placed bonds are the largest individual financial liabilities items. At the end of 2002, CLAAS issued a bond with a nominal value of 200.0 million US dollars with a term until December 2014 and a coupon of 5.76% p.a. on the US capital market. Following the scheduled redemptions of 40.0 million US dollars each in 2010 and 2011, the nominal value of this bond as of the reporting date amounted to 120.0 million US dollars. In August 2012, CLAAS undertook an additional private placement in the US dollar zone, placing a bond in the United States. The proceeds of the bond, with a total volume of 300.0 million US dollars, is distributed in two 10-year term tranches with bullet maturity. The first tranche, with a nominal volume of 190.0 million US dollars and a coupon of 3.98% p.a., was redeemed in August 2012. The second tranche, with a nominal volume of 110.0 million US dollars and a coupon of 4.08% p.a., will be redeemed in first quarter of the next fiscal year. The purpose of the new bond is to serve the long-term financing of the CLAAS Group.



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Statement of Cash Flows (Summary)

in € million	2012		2011	
	Free cash flow	Statement of cash flows	Free cash flow	Statement of cash flows
Cash and cash equivalents at beginning of year		535.8		579.6
Cash flows from operating activities	115.1	115.1	244.5	244.5
Net capital expenditure in intangible assets, property, plant and equipment, borrowings and investments	- 123.7	- 123.7	- 88.0	- 88.0
Repayment of financial receivables from deconsolidated companies	- 75.6	- 75.6	-	-
Free cash flow	- 84.2		156.5	
Change in securities		59.5		41.9
Cash flows from investing activities		- 139.8		- 46.1
Cash flows from financing activities		21.3		- 238.6
Effect of foreign exchange rate changes on cash and cash equivalents		4.1		- 3.6
Change in cash and cash equivalents		0.7		- 43.8
Cash and cash equivalents at end of year		536.5		535.8

Financial liabilities also include the Schuldscheindarlehen (German Private Placement). Following the scheduled redemption of €73.0 million in June 2012, the outstanding part of the loan with a fixed interest rate of 6.04% p.a. (due in June 2015) is valued at €53.5 million as of the end of the fiscal year.

In addition to readily available credit facilities from banks of €271.9 million (prior year: €312.4 million), CLAAS also has access to a flexible multi-currency credit facility ("syndicated loan") with a nominal value of €250.0 million and a term until 2014 to provide additional funding.

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

CLAAS also uses the asset-backed securitization program (ABS) to sell trade receivables to a special purpose entity on a revolving basis. Due to the seasonal nature of sales realization in the agricultural equipment industry, substantial financing is needed during the course of the year. By contrast, at the end of the fiscal year, the relatively lower level of capital tied up in working capital generally leads to high liquidity levels. The ABS program helped to effectively reduce seasonal liquidity fluctuations. The volume of receivables transferred amounted to €121.0 million as of September 30, 2012 (prior year: €142.0 million).

Net liquidity amounted to €333.5 million – liquidity ratios are up

At €333.5 million, net liquidity was down €109.4 million on the prior year's figure of €442.9 million, due to considerably high capital expenditure and the rise in working capital as well as the increase in financial liabilities resulting from the newly placed bond.

At the end of the fiscal year, CLAAS had a strong liquidity position, indicated by the liquidity ratios: At 82.3% and 132.5% as of the reporting date, the cash and quick ratios were up on the prior year's figures of 80.1% and 121.6% respectively. This was primarily due to the relatively low decline in liquidity compared with the drop in current liabilities, which was mainly due to the redemption of the Schuldscheindarlehen (German Private Placement).



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Cash Position
Financial Position

Net Liquidity

in € million	Sept. 30, 2012	Sept. 30, 2011
Cash and cash equivalents	536.5	535.8
Securities	230.7	283.0
Liquid assets	767.2	818.8
Financial liabilities*	433.7	375.9
Net liquidity	333.5	442.9

*excluding derivative financial instruments

Financial Position

Solid balance sheet structure

Total Group assets rose by €230.6 million year on year to €2,620.4 million.

Non-current assets increased by a total of €120.9 million to €707.3 million, with their share in total assets now amounting to 27.0% (prior year: 24.5%).

Intangible assets increased by €8.0 million year on year to €115.9 million. Additions of €40.3 million (prior year: €30.8 million) were offset by amortization and impairment of €31.4 million (prior year: €35.6 million). The focus of capital expenditure for intangible assets was on development costs recognized as an asset.



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Property, plant and equipment increased by €66.7 million, or 19.7%, to €404.3 million. The rise was the result of additions in the amount of €123.0 million (prior year: €62.9 million), which related primarily to payments on account and assets under construction as well as to technical equipment and machinery, and land. Depreciation and impairment on property, plant and equipment amounted to €47.0 million (prior year: €49.6 million). Disposals at the residual carrying amount totaled €9.4 million (prior year: €2.2 million).



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At €69.2 million, equity-accounted investments and other investments mainly related to investments in CLAAS Financial Services companies. This figure is up €4.5 million year on year, and was primarily driven by earnings contributions, less recorded dividends.



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In addition, non-current assets rose by €25.4 million due to receivables from the sale of the Production Technology division.

Current assets increased by a total of €109.7 million year on year to €1,913.1 million as of the reporting date; at the same time, their share of total assets fell from 75.5% in the prior year to 73.0%.

Balance Sheet (Summary)

	Sept. 30, 2012		Sept. 30, 2011	
	in € million	in %	in € million	in %
Non-current assets	707.3	27.0	586.4	24.5
thereof: intangible assets	(115.9)	(4.4)	(107.9)	(4.5)
thereof: property, plant and equipment	(404.3)	(15.4)	(337.6)	(14.1)
Current assets	1,913.1	73.0	1,803.4	75.5
thereof: inventories	(682.1)	(26.0)	(559.6)	(23.4)
thereof: trade receivables	(294.4)	(11.2)	(264.9)	(11.1)
thereof: liquid assets	(767.2)	(29.3)	(818.8)	(34.3)
Total assets	2,620.4	100.0	2,389.8	100.0
Equity	1,094.8	41.8	870.1	36.4
Non-current liabilities	593.5	22.6	497.3	20.8
thereof: financial liabilities	(310.4)	(11.8)	(193.8)	(8.1)
thereof: provisions	(224.6)	(8.6)	(236.1)	(9.9)
Current liabilities	932.1	35.6	1,022.4	42.8
thereof: trade payables	(162.7)	(6.2)	(170.8)	(7.1)
thereof: provisions	(500.7)	(19.1)	(507.8)	(21.2)
Total equity and liabilities	2,620.4	100.0	2,389.8	100.0

Inventories increased by €122.5 million, or 21.9%, to €682.1 million, mainly due to a higher assembly program and related not only to work in progress, but also to finished goods in particular. As a result, average inventory turnover amounted to 18.1% (prior year: 14.8%). The increase in inventories also resulted in a rise in working capital, which climbed by €171.8 million, or 26.4%, year on year to €822.7 million. The share of working capital in total assets amounted to 31.4% (prior year: 27.2%).

Trade receivables increased in a sales-related manner by €29.5 million to €294.4 million. Average receivables turnover amounted to 8.1% (prior year: 7.7%). At 42 days, the average Days Sales Outstanding (DSO) adjusted for ABS receivables was on par with the prior-year figure of 41 days.

Liquid assets, which are composed of cash and cash equivalents plus current securities, fell by €51.6 million to €767.2 million (prior year: €818.8 million). Its share in total assets decreased from 34.3% to 29.3%.

Equity-to-assets ratio up considerably

Equity of the CLAAS Group increased by €224.7 million to €1,094.8 million year on year, which was mainly due to positive net income of €232.7 million. This was offset in particular by dividend payments. The equity-to-assets ratio rose to 41.8% (prior year: 36.4%) and is an indication of the Group's strong internal financing power.

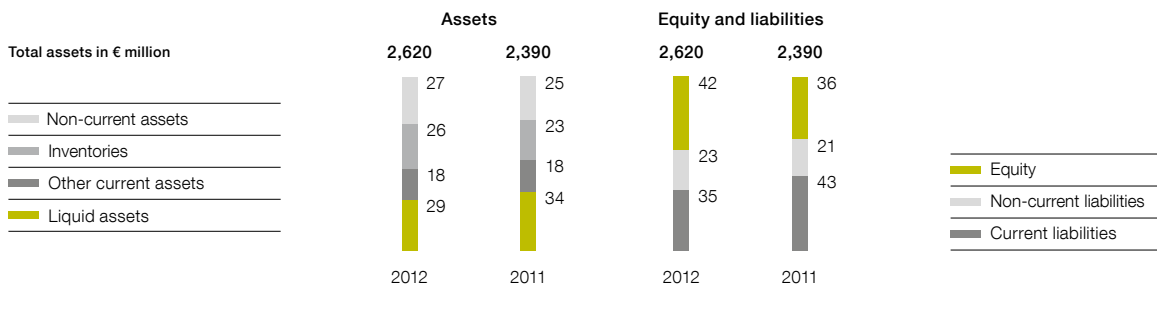
Non-current liabilities increased by a total of €96.2 million, or 19.4%, to €593.5 million, primarily due to the change in financial liabilities. A bond with a nominal value of 300.0 million US dollars was placed in August 2012; the first tranche of the bond, with a nominal value of 190.0 million US dollars, was paid out in the reporting period. This was offset by a reclassification of non-current financial liabilities to current financial liabilities. Pension provisions as of the reporting date amounted to €179.4 million (prior year: €185.5 million).



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Balance Sheet Structure

in %



By contrast, current liabilities decreased by €90.3 million to €932.1 million, primarily due to the changes in financial liabilities, payments received on account and provisions. Current financial liabilities mainly declined due to the scheduled redemption of the Schuldscheindarlehen (German Private Placement). No payments received on account needed to be recognized as of the reporting date (prior year: €22.4 million) due to the disposal of the Production Technology division companies. In addition, provisions declined by a total of €7.1 million to €500.7 million. Other current provision increased mainly as a result of higher sales obligations, which went hand in hand with the positive business development. The share of current and non-current provisions in total equity and liabilities totaled 27.7% (prior year: 31.1%).

Sound asset and capital structure

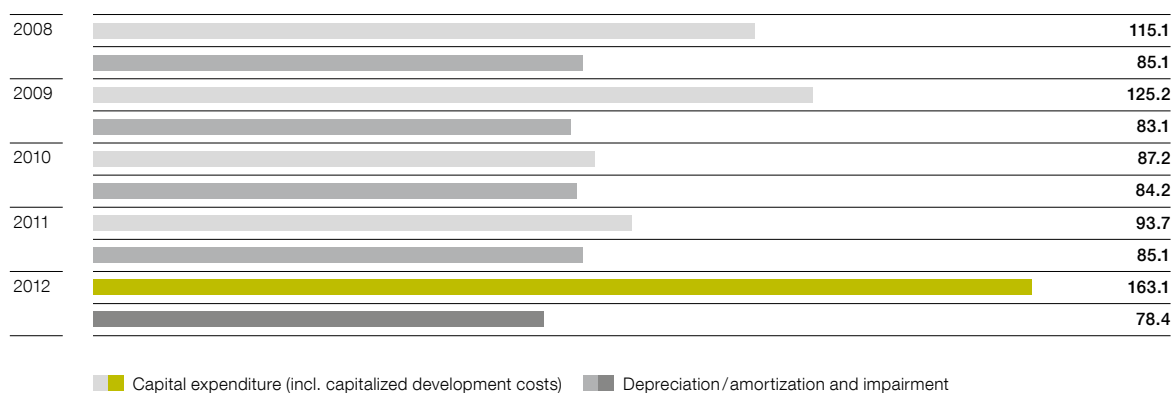
Non-current assets were covered by equity and non-current liabilities at a ratio of 238.7% (prior year: 233.2%). Non-current assets plus 50.0% of inventories were financed by equity and non-current liabilities at a ratio of 161.0% (prior year: 157.9%). These figures show that the CLAAS Group has a sound asset and capital structure.

Changes in the scope of consolidation, which in the reporting year mainly related to the disposal of the Production Technology division companies, resulted in a total €181.4 million decrease in non-current and current assets (prior year: €25.2 million), while non-current and current liabilities declined by €140.0 million (prior year: €24.8 million).

Other financial commitments not reported in the consolidated balance sheet mainly resulted from the rental and lease business. No off-balance sheet liabilities that could prove to be a financial burden on CLAAS in the future were incurred while selling the Production Technology division companies.

Capital Expenditure and Depreciation/Amortization and Impairment

in € million



Capital Expenditure

Investments at €191.3 million

In the year under review, the CLAAS Group invested a total of €191.3 million, up approximately 80.5% year on year (prior year: €106.0 million). Most of this amount (€163.1 million) was again attributable to capital expenditure (prior year: €93.7 million). At €78.4 million, depreciation, amortization and impairment on capital expenditure was down slightly on the prior year (€85.1 million). Taking into account the sharp rise in capital expenditure, the ratio of capital expenditure to sales climbed from 2.8% to 4.7%. Around half of total capital expenditure was made in Germany and abroad respectively.

Capital expenditure on intangible assets once again focused on the continuous development of innovative products and technology, especially for combine harvesters and forage harvesters. In total, €33.0 million in development costs were capitalized (prior year: €25.9 million). The R&D capitalization ratio was 18.2% (prior year: 17.9%).

Most of the capital expenditure went into expanding and modernizing production sites in France, Russia, India and Hungary. A new paint plant for round and square balers was constructed in Metz, and the CLAAS Group's new validation center for tractors was commissioned in Trangé near Le Mans. This is another milestone in the development of the tractor location, following the major capital expenditure in the cabin assembly line back in 2008 and the painting plant in 2010. Preparatory measures were put in place for the pending facility extension at the site in Krasnodar/Russia. The foundation stone for a research, development and construction building was laid in Chandigarh/India. In Hungary, CLAAS expanded development and assembly capacities. Most of the capital expenditure in Germany was put into expanding logistics activities: At its Hamm site, CLAAS purchased additional buildings to aid the worldwide supply of spare parts and further modernized storage technologies, while at its headquarters in Harsewinkel, construction of the new center of sales and communications is at an advanced stage. This new office building will provide 400 CLAAS employees with a modern working environment.

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

Research and Development Costs*

in € million

2008		113.8
2009		124.8
2010		122.6
2011		144.3
2012		181.2

* Before capitalized and amortized development costs.

Research and Development

As a leading manufacturer of agricultural machinery, CLAAS knows exactly what farmers want and need: Exceptional cost effectiveness, great versatility, intelligent technologies and, last but not least, maximum comfort. CLAAS continues to set new standards in all these areas. To ensure things stay this way in the future, CLAAS invested a total of €181.2 million (prior year: €144.3 million) in research and development – a new Company record. CLAAS now has some 3,000 active patents filed around the world, including the 87 developments (prior year: 80) for which patents were filed in the reporting year.

Innovative products and developments

CPS – CLAAS Power Systems – brings together all competencies needed to generate, transform and use power to provide the best possible drive system. This system meets the requirements of the statutory emission standards for self-propelled machines and was a focal point for development work in the reporting year.

The development of combine harvesters focused on the completion of the new top-of-the-line LEXION 780 model. The new LEXION is full of key innovations and improvements. In addition to complying with the Tier 4i emission standard, the combine harvester is equipped with the new machine optimization system CEMOS AUTOMATIC as well as the intelligent and variable cooling system DYNAMIC COOLING. The 4-link axle provides exceptional maneuverability. Customer benefit is further augmented by the 12,500 liter grain tank and increased discharge rate.

New forage harvester standards are being set by CLAAS DYNAMIC POWER. This demand-led power control system was honored by German agricultural association Deutsche Landwirtschafts-Gesellschaft e.V. (DLG).

Among the large tractors, the new XERION 5000 proved its precision and power at speed in fiscal 2012, setting a new world record in the precision sowing of maize. With its enormous pulling power, ease of operation and wealth of intelligent systems, the AXION 900 opens up great potential in many highly demanding applications.

The press response to the mid-sized tractor ARION has been positive on all counts. The new model offers not only ultimate comfort and high efficiency, it is also extremely versatile. The new top model, the ARION 640, comes equipped with CPM Powerboost and can achieve an output of up to 175 hp when needed.



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

The forage harvesting machinery and the combi-wagons now include the new DISCO mowers range and the CARGOS combi-wagon, which comes equipped with an LED lighting kit to provide greater comfort when working in the dark. A further innovation in this area is the VOLTO 1100: The trailed version of the world's first three-point linkage mounted 10 rotor tedder has a working range of 10.7 m. The VOLTO 1100 was awarded the 2012 innovation prize at the Bayerischen Zentral-Landwirtschaftsfest (ZLF).

Many Efficient Agriculture Systems (EASY) topics are currently being worked on: The vendor-neutral TONI (Telematics on Implement) telemetry system bundles and accelerates the transmission of data from the tractor and the attached machinery directly to the office via ISOBUS, irrespective of the task at hand. CLAAS is also involved in a number of different projects funded by the Federal Ministry of Agriculture; one of these projects is the networking of agricultural working processes.

Purchasing



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

Fiscal year 2012 was marked by the stabilization of market prices at a high level. Although the volatility of commodity prices declined, raw materials prices fluctuated wildly. They were not in line with the economic climate as a result of the financial and economic crisis, which simmered for the entire year. Rubber prices normalized once more after hitting a record high. Steel prices also dropped due to considerable price volatility, while scrap steel prices remained high. Despite the crisis, oil and oil product prices remained relatively high, impacting the substitutability of steel and synthetic materials in our products. The prices of non-ferrous metals rose unexpectedly towards the end of the fiscal year. This may be a sign that the latent effects of commodity speculation (liquidity) will offset global economic worries in the coming year.

CLAAS Purchasing successfully addressed this development by putting targeted measures into place. Against the market trend, savings were made through the invitation to tender for the inbound freight volume for Western Europe and new logistics structures were implemented. A long-term logistics purchasing strategy was also developed using a structured approach. The geographic growth of the CLAAS Group was also supported by new outbound freight approaches (CLAAS machines to Romania and Bulgaria) as well as by new ideas for inbound freight (India and Turkey) and optimizing the total cost of purchasing.

Employees by Region



Activities to increase localization in the United States and Russia were further intensified. One purchasing project in Russia identified new local suppliers.

Taking into account geographic growth, Global Sourcing also looked at Asia, which was then integrated into the Global Sourcing Plan for the coming years.

The CLAAS purchasing strategy was also redefined: Under the heading of “Mutual Earned Preferential Treatment”, this is based on the close relationship between CLAAS and its suppliers, focusing on the goals of cost and innovative leadership.

Employees

Commitment and company loyalty

As a family-owned company, CLAAS is characterized by long-term and future-oriented thinking and actions, placing a great deal of value on the commitment shown by its employees.

The personnel policy of continuity and identification with the Company promotes employee loyalty and forms the basis for stable jobs and professional development opportunities.

Number of employees worldwide is up

The number of people employed by the CLAAS Group as of September 30, 2012 rose to 9,077 (prior year: 9,060) despite the sale of the Production Technology division companies. CLAAS is becoming increasingly international. This fact is reflected by the share of people employed outside Germany, a figure that rose to 48.7% (prior year: 45.3%). The greatest number of employees abroad work in France (approximately 26.8%). A total of 521 people were in vocational training throughout the Company at the end of the fiscal year (prior year: 538).



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The year-on-year rise in the number of employees is not limited to individual countries, but is instead due to the new employees engaged in all areas worldwide.

Our corporate group features a balanced age structure and a high degree of company loyalty. The average age of CLAAS employees in Germany as of the reporting date was 41 years.

Trainees



Personnel expenses rose by 1.4% in fiscal year 2012 to €548.1 million (prior year: €540.4 million), corresponding to a 16.0% share of Group sales (prior year: 16.4%).

International networking of personnel development and marketing

Finding qualified young talent and internal personnel development are especially important for CLAAS. The Company's future strategy is mainly based on providing systematic training and personnel development. CLAAS trains young people in Germany in various technical and business professions and as part of the German "dual study" system. The same applies to the other countries in which CLAAS has operations such as France, Russia, the United Kingdom and India. The ratio of trainees to full-time equivalents in Germany was 7.3% in the reporting period (prior year: 7.8%). This has been at a constantly high level for many years.

By maintaining close contact with technical colleges and universities in a number of different countries, CLAAS fosters the interest of up-and-coming technical and business students in agriculture, a contact that regularly attracts qualified graduates to the Company.

In 2012, CLAAS was again rated as one of the 50 top employers in Germany for young engineers, confirming once more that it is an attractive employer.

In the past fiscal year, the international CLAAS junior staff advancement and succession planning trainee program allowed a total of 46 qualified graduates to systematically prepare to take on a challenging position within the Company. As a global program, the individual countries have their own key areas. The focus in the United States is on sales, while France, Russia, India and Hungary focus on engineering.

Technology leaders such as CLAAS must constantly work to improve the expertise of their employees. At CLAAS, this is achieved through a Group-wide targeted seminar and training program. This program focuses on developing methods along with specialist knowledge and social competence as well as working to promote intercultural cooperation. Project managers and other management executives can also participate in individual development programs.



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

Attractive remuneration and fringe benefits

CLAAS promotes company loyalty by offering interesting and challenging positions as well as by providing attractive, performance-related remuneration packages. All employees also have the option of investing a portion of their salary in retirement programs. In Germany, all employees can take advantage of the wealth-creation program sponsored by CLAAS by becoming silent partners and participating in the earnings of the Company via CMG Claas-Mitarbeiterbeteiligungs-Gesellschaft mbH.

CLAAS is highly conscious of the challenge of balancing family and work. Flextime and part-time models as well as working from home, for example, enable large portions of the workforce to tailor their work hours individually.

In view of the demographic change taking place, activities to promote and maintain employee health is a key part of the overall concept of forward-looking human resources.

Risk Management

Internal control and risk management system

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

In the CLAAS Group, a uniform, Group-wide risk management system is an integral part of corporate management and control. This serves to take advantage of opportunities, identify any significant risk that could jeopardize the ability of the Company to continue as a going concern, and ensure appropriate risk handling. The risk management system and implemented risk controlling utilizes a wide variety of information for ongoing identification, evaluation, and control of risks. The existing system, which is continually being developed further, complies with all statutory early warning requirements in full.

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

The goal 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. This system guarantees 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. The extensive scope of the control processes is exemplified by the following:

- Group-wide specifications for accounting, measurement, and account coding of key items that are updated and communicated to the responsible departments on an ongoing basis;
- Organizational measures in combination with access authorizations for accounting systems, separation of tasks, and rights of disposal;
- Dual control of financial reporting processes and in connection with the preparation of the financial statements;
- Internal audit procedures;
- Activities from external service providers

Internal audit conducts regular reviews as well as reviews on a case-by-case basis of whether legal requirements and internal instructions are being adhered to by all companies and corporate functions, both in and outside of Germany, and of whether the internal control system is effective and functional. As part of the reviews, internal audit develops suitable measures to be implemented by management of the relevant company.

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

Industry and company-specific risk

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

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

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

In the production area, all equipment is serviced regularly and any potential sources of risk are eliminated by modifying the equipment in order to reduce the risk of production downtime. Flexible working time models ensure that the required human resources can be adjusted to meet the degree of capacity utilization. To reduce quality risk, a central quality management department guarantees adherence to and fulfillment of pre-defined standards of quality.

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



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Financial risk

In recent months and years, corporate financing has focused more on the viability of existing risk management principles and companies' financing policies. Like other companies, CLAAS has also had to ask itself whether its available liquidity commitments would suffice on a sustained basis and whether its refinancing risks are sufficiently covered. Another question involved was whether the Company's finance policy has been sensibly planned and will take account of expected changes at banks and on the capital markets.

CLAAS was prepared for a typical risk pattern to ensue from the financial and economic crisis: counterparty and refinancing risk. Strategic refinancing risks are monitored for a relatively long target for our drawn borrowings. To cover these, CLAAS successfully completed a private placement with a value of 300.0 million US dollars with a term of 10 years in the United States during the reporting year. In terms of operating liquidity management, we had ensured in prior years that short-term liquidity planning was fully comprehensible and linked to short-term balance sheet planning and with the short-term account statement, eliminating "isolation effects". In combination with the internal incentive and sanction mechanisms introduced in earlier years, the CLAAS Group has considerably improved forecasting quality and the speed at which items are recorded in the liquidity planning system.

CLAAS has been managing its investment and derivative positions based on counterparty limits for years. The system of managing debit and credit risk in Purchasing and Sales has also proven effective. Credit risks that could result from payment default or delayed payments are minimized through effective receivables management, close cooperation with banks, and credit insurance. Financial risk and currency risk are countered by employing hedging instruments and by regular, intense monitoring of a set of early warning indicators. In addition, the Group treasury department began using Performance Management Software (PMS) in its full range of functions in 2009 to enable independent evaluations, performance measurement, and forward-looking scenario simulations of financial instruments. This software is used at CLAAS to rate financial assets and to hedge interest rate and exchange rate risk.

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

IT risk

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

Legal risk

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

Assessment of the overall risk position of the CLAAS Group

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

Events After the Balance Sheet Date

There were no events or developments after the end of the fiscal year that could have led to material changes in the presentation or the measurement of individual assets or liabilities as of September 30, 2012. The second tranche of the privately placed bond resulted in cash inflows of 110.0 million US dollars in November 2012. This tranche of the bond, with a nominal interest rate of 4.08% p.a., matures in November 2022.

Outlook

While the macro-economic situation remains tense, conditions for sustained agricultural growth are positive. Steady yields and high crop prices significantly increased farmers' income. Empirical data and recent surveys indicate a stable willingness to invest.

For the coming crop year, 2012/2013, the IGC expects cereal production to decline, primarily due to climatic conditions. While 1,849 million tons were produced in 2011/2012, the forecasts for 2012/2013 only amount to 1,761 million tons (as of October 2012).

Demand for cereals will continue climbing as the world's population increases and dietary habits change to include more animal protein. Power generation is an increasingly important agricultural topic. Analysts and trade associations expect agricultural product prices to remain steady or increase slightly. Potential risks may arise in particular from unforeseen weather conditions and trade restrictions.

The markets in Western and Central Europe will trend toward continued high-level development. While macro-economic prospects are currently muted in light of the euro crisis, steady yields and high crop prices significantly increased farmers' income. Farmers' declining capital expenditure in wind power and photovoltaic plants affords additional free capital for agricultural equipment.

The agricultural equipment industry is expected to see continuing growth in Eastern Europe. Despite a significant drop in the production of agricultural products due to the long period of drought during the summer, the agricultural equipment market is expected to grow. Many Western manufacturers will see Russia's admission to the WTO as an opportunity to increase sales. Risks arise from possible protectionist measures as well as the country's overall unstable economy.

Expectations for the North American markets remain positive. Despite the extreme drought that hit many parts of the United States, the Department of Agriculture (USDA) expects agricultural incomes to hit a new record high. Based on these factors in combination with continued low interest rates, it can be assumed that investor activity will pick up and markets will remain stable.

The agricultural equipment markets in South America will again develop at a high level following a slight downturn last year. Agricultural production values are expected to be up in Brazil and Argentina. High prices and stable input costs result in good incomes and a corresponding high willingness to invest.

Asia's agricultural equipment markets will grow even more in 2013. Despite delayed rains in some regions in summer 2012, harvest yields were higher than in the prior year. High crop prices also meant positive agricultural incomes in Asia. However, a tense global economy still provides a degree of uncertainty.

All in all, CLAAS assesses the market trend as positive for the coming fiscal year. However, given global economic developments and the high and quickly varying financial liquidity, risk exists due to the volatility of procurement prices, such as those for energy, steel, and other commodities, and based on the performance of currencies of significance to CLAAS such as the US dollar and the Russian ruble. Given the budgetary and debt crisis affecting a number of countries in the euro zone, it is currently impossible to say whether the measures of the European stability mechanism will have any effect. All of the above-mentioned risks are being monitored carefully and appropriate measures are taken to combat them in the best possible way.

CLAAS is forecasting a moderate rise in sales in the coming two years on the basis of this market assessment. CLAAS will continue to pursue the measures implemented in prior years to increase efficiency and reduce costs. We again expect good earnings, even if these prove to be down on the high level seen in the past fiscal year. High expenses for the ambitious development program as well as the ongoing expansion of sales structures and locations will impact financial performance in 2013.

CLAAS continues to pursue the successful course set in prior years with new sales and earning highs.

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Consolidated Income Statement

of the CLAAS Group for the fiscal year ended September 30, 2012

in € '000	Note	2012	2011
Net sales	(7)	3,435,622	3,304,214
Cost of sales	(8)	-2,530,088	-2,480,577
Gross profit on sales		905,534	823,637
Selling expenses	(9)	-345,861	-308,780
General and administrative expenses	(10)	-94,720	-93,760
Research and development expenses	(11)	-176,978	-148,694
Other operating income	(12)	69,976	56,468
Other operating expenses	(13)	-43,337	-43,018
Operating income		314,614	285,853
Income from investments accounted for using the equity method, net		7,422	10,885
Income from other investments, net		989	420
Interest expense and income from securities, net		-15,901	-20,505
thereof: interest and similar expenses		(-31,969)	(-37,058)
Other financial result		8,521	-21,392
Financial result	(14)	1,031	-30,592
Income before taxes		315,645	255,261
Income taxes	(15)	-82,924	-73,464
Net income		232,721	181,797
thereof: attributable to shareholders of CLAAS KGaA mbH		231,620	180,783
thereof: attributable to minority interests		1,101	1,014

in €	Note	2012	2011
Earnings per share	(16)	77.21	60.26

Consolidated Statement of Comprehensive Income

of the CLAAS Group for the fiscal year ended September 30, 2012

€ '000	2012	2011
Net income	232,721	181,797
Net unrealized gains/losses from currency translation	11,707	-3,241
thereof: attributable to investments accounted for using the equity method	(1,111)	(136)
thereof: attributable to minority interests	(130)	(10)
Net unrealized gains/losses from securities	5,594	-3,200
Net unrealized gains/losses from derivative financial instruments	1,379	-3,288
Other comprehensive income	18,680	-9,729
Comprehensive income	251,401	172,068
thereof: attributable to shareholders of CLAAS KGaA mbH	250,170	171,044
thereof: attributable to minority interests	1,231	1,024

Consolidated Balance Sheet

of the CLAAS Group as of September 30, 2012

in € '000	Note	Sept. 30, 2012	Sept. 30, 2011
Assets			
Intangible assets	(17)	115,881	107,918
Property, plant and equipment	(18)	404,287	337,636
Investments accounted for using the equity method	(19)	66,319	61,533
Other investments		2,888	3,141
Deferred tax assets	(20)	74,036	59,783
Tax assets		7,246	11,082
Other financial assets	(23)	28,276	2,169
Other non-financial assets	(24)	8,373	3,108
Non-current assets		707,306	586,370
Inventories	(21)	682,141	559,614
Trade receivables	(22)	294,375	264,859
Tax assets		7,944	12,735
Other financial assets	(23)	125,100	72,048
Other non-financial assets	(24)	36,345	75,378
Securities	(25)	230,705	282,995
Cash and cash equivalents		536,506	535,784
Current assets		1,913,116	1,803,413
Total assets		2,620,422	2,389,783
Equity and liabilities			
Subscribed capital		78,000	78,000
Capital reserves		38,347	38,347
Other reserves		894,694	670,120
Subordinated perpetual securities		78,616	78,616
Equity before minority interests		1,089,657	865,083
Minority interests		5,114	5,041
Equity	(26)	1,094,771	870,124
Financial liabilities	(27)	310,400	193,846
Silent partnership	(28)	29,800	28,409
Deferred tax liabilities	(20)	1,460	3,453
Other financial liabilities	(29)	26,428	34,298
Other non-financial liabilities	(30)	778	1,101
Pension provisions	(31)	179,388	185,471
Other provisions	(32)	45,261	50,674
Non-current liabilities		593,515	497,252
Financial liabilities	(27)	123,255	182,036
Trade payables		162,720	170,845
Tax liabilities		1,473	140
Other financial liabilities	(29)	86,779	81,921
Other non-financial liabilities	(30)	57,195	79,694
Income tax provisions	(32)	22,003	43,528
Other provisions	(32)	478,711	464,243
Current liabilities		932,136	1,022,407
Total equity and liabilities		2,620,422	2,389,783

Consolidated Statement of Cash Flows

of the CLAAS Group for the fiscal year ended September 30, 2012

in € *000	2012	2011
Net income	232,721	181,797
Amortization/impairment of intangible assets and depreciation/impairment of property, plant and equipment	78,280	86,172
Income from investments accounted for using the equity method, net, if non-cash	-7,421	-10,800
Change in non-current provisions	4,407	10,669
Change in deferred taxes	-11,341	-10,750
Other non-cash expenses (+)/income (-)	-1,039	-1,600
Cash earnings	295,607	255,488
Change in current provisions	19,418	134,152
Income from the disposal of non-current assets and securities	-15,435	-1,644
Change in working capital	-166,803	-138,293
thereof: inventories	(-110,158)	(-141,492)
thereof: trade receivables	(-41,613)	(-20,850)
thereof: trade payables	(-29)	(39,093)
Other change in assets/equity and liabilities, if not investing or financing activities	-17,704	-5,166
Cash flows from operating activities	115,083	244,537
Payments for additions to		
Intangible assets and property, plant and equipment (net of development costs recognized as an asset)	-126,422	-65,042
Shares of fully consolidated companies and investments	-1,319	-1,842
Borrowings	-25,701	-199
Proceeds from disposals/divestments		
Intangible assets and property, plant and equipment	7,854	2,342
Shares of fully consolidated companies and investments	57,716	4,670
Borrowings	307	137
Repayment of financial receivables from deconsolidated companies	-75,601	-
Additions to development costs recognized as an asset	-36,141	-28,111
Change in securities	59,534	41,911
Cash flows from investing activities	-139,773	-46,134
Proceeds from the increase in loans and the issuance of bonds	183,079	4,460
Repayment of bonds and loans	-134,050	-150,518
Repayment of lease liabilities	-577	-80
Proceeds from silent partnership (CMG)	1,391	1,349
Change in liabilities to shareholders	-2,120	22,243
Payment to minority shareholders	-853	-489
Subordinated perpetual securities payout	-6,096	-6,096
Dividend payments	-19,500	-109,500
Cash flows from financing activities	21,274	-238,631
Net change in cash and cash equivalents	-3,416	-40,228
Effect of foreign exchange rate changes on cash and cash equivalents	4,138	-3,610
Cash and cash equivalents at beginning of year	535,784	579,622
Cash and cash equivalents at end of year	536,506	535,784

Consolidated Statement of Changes in Equity

of the CLAAS Group as of September 30, 2012

in € '000	Other reserves						Sub-ordinated perpetual securities	Equity before minority interests	Minority interests	Equity
	Subscribed capital	Capital reserves	Accumulated profit	Foreign currency translation	Securities	Derivative financial instruments				
Balance as of Oct. 1, 2010	78,000	38,347	647,589	-31,404	-30	-1,483	78,616	809,635	4,558	814,193
Net income	-	-	180,783	-	-	-	-	180,783	1,014	181,797
Other comprehensive income	-	-	-	-3,251	-3,200	-3,288	-	-9,739	10	-9,729
Comprehensive income	-	-	180,783	-3,251	-3,200	-3,288	-	171,044	1,024	172,068
Dividend payments	-	-	-109,500	-	-	-	-	-109,500	-489	-109,989
Subordinated perpetual securities payout	-	-	-6,096	-	-	-	-	-6,096	-	-6,096
Consolidation adjustments	-	-	-	-	-	-	-	-	-52	-52
Balance as of Sept. 30, 2011	78,000	38,347	712,776	-34,655	-3,230	-4,771	78,616	865,083	5,041	870,124
Net income	-	-	231,620	-	-	-	-	231,620	1,101	232,721
Other comprehensive income	-	-	-	11,577	5,594	1,379	-	18,550	130	18,680
Comprehensive income	-	-	231,620	11,577	5,594	1,379	-	250,170	1,231	251,401
Dividend payments	-	-	-19,500	-	-	-	-	-19,500	-395	-19,895
Subordinated perpetual securities payout	-	-	-6,096	-	-	-	-	-6,096	-	-6,096
Consolidation adjustments	-	-	-	-	-	-	-	-	-763	-763
Balance as of Sept. 30, 2012	78,000	38,347	918,800	-23,078	2,364	-3,392	78,616	1,089,657	5,114	1,094,771

Notes to the Consolidated Financial Statements

Notes to Consolidation and Accounting

1. Basis of Presentation

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

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

The consolidated financial statements relate to fiscal year 2012 (October 1, 2011 to September 30, 2012). The income statement was prepared using the cost of sales method of accounting. The balance sheet format makes a distinction between current and non-current assets and liabilities. To improve the clarity of presentation, individual items within the balance sheet and the income statement have been combined insofar as possible and meaningful. These items are analyzed and explained in the notes. The consolidated financial statements have been presented in euros (€). Amounts are stated in thousands of euros (€ '000) or in millions of euros (€ million).

These consolidated financial statements were prepared on November 26, 2012 by the Executive Board of CLAAS KGaA mbH. Approval of the consolidated financial statements by the Supervisory Board is planned for December 11, 2012 at the scheduled Supervisory Board meeting.

2. Scope of Consolidation

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

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

The consolidated financial statements include 18 (prior year: 19) German and 35 (prior year: 31) foreign companies over which CLAAS KGaA mbH exercises direct or indirect control. In the year under review, 9 (prior year: 2) companies were consolidated for the first time. In fiscal year 2012, 10 (prior year: 11) companies were accounted for using the equity method. First-time consolidation and deconsolidation are undertaken on the date of transfer of control.

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

Newly established companies and investments in companies

In fiscal year 2012, the following significant new companies were established, and the following major investments in companies made:

- CLAAS Braunschweig GmbH, Schwülper/Germany, 100.0% stake, newly founded
- CLAAS Hessen GmbH, Fritzlar/Germany, 100.0% stake, newly founded
- CLAAS Thüringen GmbH, Schwabhausen/Germany, 100.0% stake, newly founded
- CLAAS Agricoltura S.R.L., Milan/Italy (previously Galuppi Agricoltura S.R.L.), stake increased from 25.0% to 100.0%
- CLAAS Romania Parts S.R.L., Afumați/Romania, 100.0% stake, newly founded
- CLAAS Regional Center South East Asia Ltd., Bangkok/Thailand, 100.0% stake, newly founded
- CLAAS Agricultural Machinery Trading (Beijing) Co., Ltd., Beijing/China, 100.0% stake, newly founded
- Tingley Implements Inc., Lloydminster/Canada, 33.3% stake acquired

Divestments

In the first half of the fiscal year, CLAAS sold all of the companies contained in the Production Technology division. The divested activities primarily pertained to supplies to the automotive and aviation sectors. €39.0 million of the sales price, which totaled €57.0 million, were settled in cash. In addition, the Company is entitled to a further purchase price payment of €3.3 million in fiscal year 2014 that is linked to certain conditions; it cannot be reliably determined at present if these will be met. The following companies were deconsolidated as a result of the divestments:

- CLAAS Fertigungstechnik GmbH, Beelen/Germany, 100.0% stake
- BRÖTJE-Automation GmbH, Wiefelstede/Germany, 100.0% stake
- BA Jaderberg GmbH, Jaderberg/Germany, 100.0% stake
- BRÖTJE-Automation-USA Inc., Omaha, Nebraska/USA, 100.0% stake

The majority of the €16.1 million in gains from the deconsolidation of previously affiliated companies was recognized in other operating income. In the prior year, gains from the deconsolidation of affiliated companies came to €2.7 million.

In total, the changes in the scope of consolidation resulted in the decrease of non-current assets (including deferred taxes) by €52.1 million (prior year: €0.8 million), current assets (including cash and cash equivalents of €0.6 million) by €129.3 million (prior year: €24.4 million) and non-current and current liabilities by €140.0 million (prior year: €24.8 million).

All changes in the scope of consolidation that have a material impact are described correspondingly in the notes.

3. Consolidation Principles

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

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

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

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

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

4. Foreign Currency Translation

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

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

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

		Average rate/ €		Closing rate/ €	
		2012	2011	Sept. 30, 2012	Sept. 30, 2011
British pound	GBP	0.8218	0.8706	0.7968	0.8614
Hungarian forint	HUF	293.5840	272.8617	285.1969	293.4057
Indian rupee	INR	68.5942	63.4031	67.7383	65.6000
Polish zloty	PLN	4.2521	4.0286	4.1224	4.4185
Russian ruble	RUB	40.4032	40.9386	40.0933	43.3169
Ukrainian hryvnia	UAH	10.4825	11.1440	10.4802	10.7396
US dollar	USD	1.3018	1.3983	1.2867	1.3417

5. Accounting Policies

Intangible Assets

Intangible assets acquired for a consideration are recognized at cost and, if a useful life can be determined, amortized over the useful life of the asset on a straight-line basis.

The useful life of intangible assets ranges from three to ten years. Depending on the product group, the amortization period for capitalized development costs is between six and ten years. Concessions, industrial and similar rights and assets, and licenses in such rights are amortized over a period corresponding to the expected useful life, which ranges between three and ten years on average. The amortization of concessions, industrial and similar rights and assets, and licenses in such rights is reported under cost of sales.

When the useful life of an asset cannot be determined, the asset is not amortized, but is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be permanently impaired. Goodwill is not amortized either, but is subjected to an annual impairment test.

Once they have been fully amortized, intangible assets – with the exception of goodwill – are derecognized.

Property, Plant and Equipment

Property, plant and equipment is measured at cost and, where subject to wear and tear, depreciated in accordance with a depreciation schedule. Movable assets are depreciated on a straight-line basis over their estimated useful life. The useful life of buildings ranges between 20 and 50 years. Other property, plant and equipment is depreciated over a useful life of between three and 20 years.

Borrowing Costs

Any borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as a part of the cost of that asset. CLAAS defines qualifying assets as development or construction projects or other assets that will require at least 12 months to complete to a point at which they will be ready for their intended use or sale. If borrowings can be directly allocated to one project, the actual borrowing costs are capitalized. If there is no direct relation, the CLAAS Group's average capitalization rate is applied. The borrowing cost rate for the current period is 5.5% p.a. (prior year: 5.3% p.a.).

Impairment

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

market segment. The growth rate is currently 1.0% p.a. (prior year: 1.0% p.a.). The value in use is determined on the basis of discount rates ranging between 10.3% p.a. and 10.5% p.a. (prior year: 8.6% p.a. and 12.1% p.a.) and corresponding to the risk-adjusted minimum yield on the capital market.

Investments Accounted for Using the Equity Method and Other Investments

Pursuant to IAS 28/IAS 31, investments in associated companies and joint ventures are recognized in the amount of the prorated share in equity, provided the CLAAS Group has the possibility of exercising significant influence on these companies. The carrying amounts of the investments are increased or reduced each year to reflect the share of earnings, dividends distributed, and other changes in equity. Other investments that are neither measured at fair value through profit or loss nor held to maturity are classified as “available for sale” financial instruments within the meaning of IAS 39. They are stated at their fair values, provided that the shares held by CLAAS are listed on a stock exchange or quoted market prices are available. Other investments are carried at amortized cost in accordance with IAS 39.46c (less any impairment loss) if no quoted market price exists.

Financial Instruments

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

IAS 39 classifies financial instruments into the following categories: financial assets and financial liabilities at fair value through profit or loss, including the sub-category of financial assets and financial liabilities held for trading; held-to-maturity investments; loans and receivables; available-for-sale financial assets; and financial liabilities measured at amortized cost. The categories pursuant to IAS 39 do not include derivative financial instruments designated as hedging instruments. Derivatives that are not designated as hedging instruments or do not qualify for hedge accounting fall into the category of financial assets and financial liabilities held for trading.

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

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

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

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

Securities

The securities held by CLAAS are securities that are neither measured at fair value through profit or loss nor held to maturity (“available for sale”). Securities classified as “available for sale” are stated at quoted market prices (where available).

Unrealized gains and losses from available-for-sale securities stated at fair value are recognized in equity without impact on earnings, taking into account deferred taxes.

Receivables and Other Financial Assets

Receivables and other financial assets are recognized at their principal amount. Adequate allowances are made for anticipated default risks. In some cases, impairment of trade receivables is recorded in separate allowance accounts. Impairment losses are recognized for trade receivables any time there is objective evidence of impairment as a result of financial difficulty on the part of the obligor, impending losses, or delinquency in payments or payment concessions granted by CLAAS. The decision as to whether the carrying amount of a receivable at risk of default should be reduced directly or through the use of an allowance account depends on the degree of reliability of the risk assessment. Non-interest-bearing receivables that are not expected to be collected within the normal payment cycle are discounted at the market interest rate in accordance with the maturity of the receivables. CLAAS sells a portion of its trade receivables to third parties, mostly via an asset-backed securitization program. These receivables are carried as assets on the balance sheet provided that the risks and rewards associated with the receivables – particularly credit risks and default risks – are not transferred.

Long-term construction contracts are reported in accordance with the percentage of completion method (POC method). The amount required to be capitalized is reported under receivables and also under net sales. The receivables arise when contractually agreed milestones or certain stages of completion are reached. The stage of completion (= percentage of completion) is based on the incurred contract costs. Existing contracts are reviewed as of each reporting date to assess potential risks. In the case of anticipated losses, corresponding allowances or provisions are recognized.

Cash and Cash Equivalents

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

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.

Derivative Financial Instruments and Hedge Accounting

The CLAAS Group uses derivative financial instruments such as swaps, forward exchange contracts, interest rate swap options, forward interest rate transactions, caps, and floors for hedging purposes. In accordance with IAS 39, all derivative financial instruments must be reported in the balance sheet at fair value under either assets or liabilities. If hedge effectiveness has been clearly determined and documented, hedge accounting is permitted. In hedge accounting, the recognition of changes in the fair value of a derivative instrument depends on the type of hedge. With cash flow hedges, the effective portion of the change in the fair value of a derivative instrument is reported initially as a component of equity and is not recognized in income until the hedged item is recognized in income. The ineffective portion is recognized immediately in income. With fair value hedges, gains or losses resulting from changes in the fair value of a derivative and its underlying transaction are recognized immediately in income.

Hedge accounting is discontinued if the hedging instrument expires or is sold, terminated, or exercised or the hedge no longer meets the criteria for hedge accounting. In such cases, for cash flow hedges the cumulative gains or losses on the hedging instrument that were recognized directly in equity remain in equity until the planned transaction is concluded. If a hedged transaction is no longer expected to occur, the associated cumulative gains or losses that were recognized directly in equity are reclassified to the income statement.

Inventories

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

Leases

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

Pension Provisions

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

Deferred Taxes

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

Other Provisions

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

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

Recognition of Revenues and Earnings

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

In the case of long-term construction contracts, revenue is recognized in accordance with the percentage of completion method as contractually agreed milestones or certain stages of completion are reached.

Research and Development Costs

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

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

Government Grants

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

Estimates and Management Judgments

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

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

6. New Financial Reporting Standards

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

Standard/interpretation	Effective date	Adopted by the EU as of Sept. 30, 2012	Impact on CLAAS	
IAS 24	Related Party Disclosures	Jan. 1, 2011	Yes	Immaterial
IFRIC 14 / IAS 19	Prepayments of a Minimum Funding Requirement	Jan. 1, 2011	Yes	None
Improvements to IFRSs	Annual Improvement Project 2008–2010	Jan. 1, 2011	Yes	Immaterial
IFRS 7	Financial Instruments: Disclosures (Transfers of Financial Assets)	July 1, 2011	Yes	Immaterial

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

Standard/interpretation	Effective date	Adopted by the EU as of Sept. 30, 2012	Expected impact on CLAAS	
IAS 1	Presentation of Financial Statements (Presentation of Items of Other Comprehensive Income)	July 1, 2012	Yes	Immaterial
IAS 12	Deferred Tax (Recovery of Underlying Assets)	Jan. 1, 2012	No	Immaterial
IAS 19	Employee Benefits	Jan. 1, 2013	Yes	Abolition of the corridor approach
IAS 27	Separate Financial Statements	Jan. 1, 2013	No	None
IAS 28	Investments in Associates and Joint Ventures	Jan. 1, 2013	No	None
IAS 32	Offsetting Financial Assets and Financial Liabilities	Jan. 1, 2014	No	Immaterial
IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	July 1, 2011	No	None
IFRS 1	Government Loans	Jan. 1, 2013	No	None
IFRS 7	Financial Instruments: Disclosures (Offsetting Financial Assets and Financial Liabilities)	Jan. 1, 2013	No	May expand the notes
IFRS 7 / IFRS 9	Financial Instruments: Disclosures (Temporal scope and Transitional Provisions)	Jan. 1, 2015	No	Immaterial
IFRS 9	Financial Instruments: Revision and Replacement of All Existing Standards (Classification and Measurement)	Jan. 1, 2015	No	May change classification and measurement of financial instruments
IFRS 10	Consolidated Financial Statements	Jan. 1, 2013	No	Immaterial
IFRS 11	Joint Arrangements	Jan. 1, 2013	No	Immaterial
IFRS 12	Disclosure of Interests in Other Entities	Jan. 1, 2013	No	Immaterial
IFRS 10-12	Transitional Provisions of IFRS 10, IFRS 11 and IFRS 12	Jan. 1, 2013	No	Immaterial
IFRS 13	Fair Value Measurement	Jan. 1, 2013	No	Immaterial
Improvements to IFRSs	Annual Improvement Project 2009–2011	Jan. 1, 2013	No	Immaterial
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	Jan. 1, 2013	No	None

Notes to the Consolidated Income Statement

7. Net Sales

Net sales pertained almost exclusively to the delivery of goods. This item also included €20.7 million (prior year: €117.1 million) in sales from long-term construction contracts.

8. Cost of Sales

The cost of sales included outgoing freight in the amount of €84.3 million (prior year: €72.8 million).

9. Selling Expenses

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

10. General and Administrative Expenses

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

11. Research and Development Expenses

in € '000	2012	2011
Research and development costs (total)	- 181,215	- 144,333
Development costs recognized as an asset	33,026	25,906
Amortization/impairment of development costs recognized as an asset	- 28,789	- 30,267
Research and development expenses recognized in the income statement	- 176,978	- 148,694
R&D capitalization ratio (in %)	18.2	17.9

The R&D capitalization ratio – the ratio of development costs recognized as assets to total research and development costs – was 18.2% compared to 17.9% in the prior year. Investments in development costs to be capitalized amounted to €33.0 million, considerably up on €25.9 million in the prior year. Research and development costs increased overall and the capitalization ratio went up slightly.

12. Other Operating Income

in € '000	2012	2011
Release of provisions	20,527	19,336
Disposal of affiliated companies	18,006	2,182
Measurement of receivables	6,036	2,481
Grants and subsidies	4,229	3,911
Pass-through costs	2,099	6,842
Disposal of intangible assets and property, plant and equipment	735	636
Rental and leases	302	415
Miscellaneous income	18,042	20,665
Other operating income	69,976	56,468

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

13. Other Operating Expenses

in € '000	2012	2011
Measurement of receivables	-5,687	-6,168
Fees, charges, and insurance premiums	-2,851	-2,113
Personnel expenses	-2,652	-2,587
Disposal of intangible assets and property, plant and equipment	-1,781	-483
Miscellaneous expenses	-30,366	-31,667
Other operating expenses	-43,337	-43,018

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

14. Financial Result

Income from Investments, Net

in € '000	2012	2011
Income from investments accounted for using the equity method, net	7,422	10,885
thereof: income from investments accounted for using the equity method	(8,663)	(11,108)
thereof: expenses from investments accounted for using the equity method	(- 1,241)	(- 223)
Income from other investments, net	989	420
Income from investments, net	8,411	11,305

Interest Expense and Income from Securities, Net

in € '000	2012	2011
Interest expense	-30,946	-35,030
thereof: on non-current provisions	(- 123)	(- 69)
thereof: on finance lease payments	(- 107)	(- 85)
Profits transferred under a partial profit transfer agreement (CMG)	-4,497	-4,262
Interest and similar expenses net of capitalized borrowing costs	-35,443	-39,292
Effect of capitalized borrowing costs	3,474	2,234
Interest and similar expenses	-31,969	-37,058
Interest income	17,455	17,245
Income from other securities and loans, net	-1,387	-692
Interest expense and income from securities, net	-15,901	-20,505

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

Of the “interest income”, €16.2 million (prior year: €16.6 million) is attributable to financial instruments not recognized at fair value through profit or loss. Of the “interest expense”, €30.1 million (prior year: €35.0 million) refers to financial instruments not recognized at fair value through profit or loss. “Profits transferred under a partial profit transfer agreement (CMG)” reflect payments based on Group income with respect to the silent partnership held by CMG Claas-Mitarbeiterbeteiligungs-Gesellschaft mbH.

Other Financial Result

in € '000	2012	2011
Miscellaneous financial expense	-5,185	-6,204
Miscellaneous financial income	46	123
Foreign exchange gains and losses, net	13,660	-15,311
Other financial result	8,521	-21,392

In the past fiscal year, "miscellaneous financial expenses" included €0.7 million (prior year: €0.7 million) in fees relating to financial instruments. As in the prior year, no impairment was recognized for financial assets, excluding trade receivables, in fiscal 2012. The positive development of net foreign exchange gains in fiscal year 2012 is primarily due to non-cash reversals of negative valuation effects from the prior year and earnings contributed by the hedging strategy.

15. Income Taxes

in € '000	2012	2011
Germany	-73,663	-67,670
Foreign countries	-20,054	-16,082
Current income taxes	-93,717	-83,752
Germany	-3,378	14,100
Foreign countries	14,171	-3,812
Deferred income taxes	10,793	10,288
Income taxes	-82,924	-73,464

The underlying income tax rates for foreign companies were between 19.0% and 39.0% (prior year: between 19.0% and 38.0%).

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

in € '000	Sept. 30, 2012	Sept. 30, 2011
Securities	-639	218
Derivative financial instruments	1,385	2,382
Deferred taxes offset in accumulated other comprehensive income	746	2,600

Income taxes in the reporting period were €8.6 million lower than the theoretical tax expense that would have resulted from the application of the Group tax rate of 29.0% (prior year: 29.0%) on income before taxes. The Group tax rate consisted of the domestic corporate income tax, the solidarity surcharge, and trade tax.

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

	2012		2011	
	in € '000	in %	in € '000	in %
Income before taxes	315,645		255,261	
Theoretical tax expense	-91,537	29.0	-74,026	29.0
Differences in foreign tax rates	4,307	-1.4	2,539	-1.0
Tax effects on				
aperiodic tax payments (-)/ credits (+)	-2,136	0.7	-246	0.1
non tax-deductible expenses (-) and non-taxable income (+) and impact of unrealized offsetting/lack of offset possibilities	4,543	-1.4	-2,179	0.8
associated companies accounted for using the equity method	2,152	-0.7	3,157	-1.2
revaluation of deferred taxes based on future tax rates	1,112	-0.4	32	0.0
other consolidation effects	107	0.0	1,059	-0.4
miscellaneous	-1,472	0.5	-3,800	1.5
Effective tax expense	-82,924	26.3	-73,464	28.8

16. Earnings and Dividends per Share

Basic earnings per share are calculated by dividing the net income attributable to the shareholders of CLAAS KGaA mbH by the average number of shares. As CLAAS did not issue potential shares such as options or convertible bonds that would dilute earnings per share, basic and diluted earnings per share are identical.

		2012	2011
Net income attributable to the shareholders of CLAAS KGaA mbH	(in € '000)	231,620	180,783
Number of shares as of Sept. 30	(in thousands)	3,000	3,000
Earnings per share	(in €)	77.21	60.26

The proposed dividend for fiscal year 2012 is €6.50 per share. €6.50 per share was paid out in the past fiscal year.

Notes to the Consolidated Balance Sheet

17. Intangible Assets

in € '000	Concessions, industrial and similar rights and assets, and licen- ses in such rights	Goodwill	Payments made on account	Development costs recognized as an asset	Total
Cost					
Balance as of Oct. 1, 2010	51,508	70,909	44	151,882	274,343
Currency translation	-30	-	-	-12	-42
Changes in scope of consolidation	-96	-	-	-	-96
Additions	2,688	-	-	28,111	30,799
Disposals	-5,857	-	-	-3,986	-9,843
Government grants	-	-	-	-495	-495
Reclassifications	1,091	-	-7	-	1,084
Balance as of Sept. 30, 2011	49,304	70,909	37	175,500	295,750
Currency translation	42	-	-	20	62
Changes in scope of consolidation	-4,836	-22,509	-	-	-27,345
Additions	3,686	227	288	36,141	40,342
Disposals	-1,013	-	-	-29,937	-30,950
Government grants	-	-	-	-328	-328
Reclassifications	271	-	-37	-	234
Balance as of Sept. 30, 2012	47,454	48,627	288	181,396	277,765
Amortization/impairment					
Balance as of Oct. 1, 2010	43,095	59,514	-	59,536	162,145
Currency translation	-33	-	-	-	-33
Changes in scope of consolidation	-85	-	-	-	-85
Additions (amortization)	4,751	-	-	21,495	26,246
Additions (impairment)	579	-	-	8,771	9,350
Disposals	-5,780	-	-	-3,986	-9,766
Government grants	-	-	-	-25	-25
Balance as of Sept. 30, 2011	42,527	59,514	-	85,791	187,832
Currency translation	8	-	-	-	8
Changes in scope of consolidation	-3,841	-22,509	-	-	-26,350
Additions (amortization)	2,628	-	-	21,602	24,230
Additions (impairment)	-	-	-	7,187	7,187
Disposals	-973	-	-	-29,937	-30,910
Government grants	-	-	-	-113	-113
Balance as of Sept. 30, 2012	40,349	37,005	-	84,530	161,884
Net carrying amount					
Balance as of Sept. 30, 2011	6,777	11,395	37	89,709	107,918
Balance as of Sept. 30, 2012	7,105	11,622	288	96,866	115,881

Additions to the cost of intangible assets amounted to €40.3 million (prior year: €30.8 million) and included capitalized borrowing costs of €3.1 million (prior year: €2.2 million). As in the prior fiscal year, these only referred to development costs recognized as an asset.

Existing goodwill was tested for impairment in the fiscal year as part of the annual impairment test. As in the prior year, this did not lead to any impairment losses. The changes in the scope of consolidation resulted in gross disposals of goodwill of €22.5 million, all pertaining to the Production Technology division.

For development costs recognized as an asset, the required impairment test led to an impairment loss totaling €7.2 million (prior year: €8.8 million). The corresponding impairment losses are recognized as research and development expenses. The impairment losses resulted from reduced cash flow forecasts and market-related changes in the cost of capital. The forecast assumptions were adjusted to reflect current circumstances and future market expectations, which led to correspondingly lower values in use.

18. 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, 2010	271,858	363,596	185,785	26,141	2,114	849,494
Currency translation	-961	-1,101	-745	-344	-19	-3,170
Changes in scope of consolidation	-24	-	-1,702	-	-	-1,726
Additions	6,190	13,099	14,037	29,498	59	62,883
Disposals	-1,545	-12,975	-8,302	-40	-336	-23,198
Reclassifications	3,870	6,318	3,048	-14,320	-	-1,084
Balance as of Sept. 30, 2011	279,388	368,937	192,121	40,935	1,818	883,199
Currency translation	1,727	656	1,399	277	31	4,090
Changes in scope of consolidation	-	-22,693	-9,769	-143	-	-32,605
Additions	21,601	21,937	18,719	59,974	770	123,001
Disposals	-12,821	-16,400	-7,113	-146	-695	-37,175
Reclassifications	5,448	25,527	4,905	-36,214	100	-234
Balance as of Sept. 30, 2012	295,343	377,964	200,262	64,683	2,024	940,276
Depreciation/impairment						
Balance as of Oct. 1, 2010	108,902	276,096	132,802	-	1,198	518,998
Currency translation	-88	-533	-381	-	9	-993
Changes in scope of consolidation	-12	-	-937	-	-	-949
Additions (depreciation)	7,136	27,634	13,591	-	146	48,507
Additions (impairment)	-	114	930	-	-	1,044
Disposals	-874	-11,927	-7,950	-	-293	-21,044
Reclassifications	-2	358	-356	-	-	-
Balance as of Sept. 30, 2011	115,062	291,742	137,699	-	1,060	545,563
Currency translation	615	596	810	-	18	2,039
Changes in scope of consolidation	-	-21,779	-8,995	-	-	-30,774
Additions (depreciation)	7,988	24,061	14,190	-	727	46,966
Disposals	-4,981	-16,022	-6,461	-	-341	-27,805
Reclassifications	-	-9	-	-	9	-
Balance as of Sept. 30, 2012	118,684	278,589	137,243	-	1,473	535,989
Net carrying amount						
Balance as of Sept. 30, 2011	164,326	77,195	54,422	40,935	758	337,636
Balance as of Sept. 30, 2012	176,659	99,375	63,019	64,683	551	404,287

Additions to the cost of assets under construction included €0.4 million (prior year: €0.0 million) in capitalized borrowing costs.

Property, plant and equipment was not impaired in the current fiscal year (prior year: €1.0 million). In the prior year, the corresponding impairment loss on property, plant and equipment was recognized in cost of sales.

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

As in the prior year, the CLAAS Group did not pledge any property, plant and equipment as collateral for liabilities. As of September 30, 2012, contractual obligations to purchase items of property, plant and equipment amounted to €16.7 million (prior year: €6.9 million).

19. Investments Accounted for Using the Equity Method

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

in € '000	2012	2011
Revenues	551,941	506,637
Income before taxes	25,574	27,026
Assets	1,794,830	1,503,663
Liabilities	1,621,969	1,343,998

Revenues include income and expenses, net, provided by financing activities of €40.3 million (prior year: €32.1 million). The balance sheet information is presented as of the balance sheet date used in applying the equity method of accounting.

20. Deferred Taxes

in € '000	Sept. 30, 2012		Sept. 30, 2011	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	1,412	28,757	1,254	26,359
Property, plant and equipment	3,881	10,833	4,605	11,387
Inventories	32,098	368	70,095	379
POC receivables	-	-	-	11,316
Other receivables and assets	3,585	3,115	6,362	3,995
Provisions	83,246	2,578	74,780	1,494
Liabilities	5,353	1,663	6,807	42,957
Loss carryforwards	20,016	-	19,618	-
Gross amount	149,591	47,314	183,521	97,887
Valuation allowance	-29,701	-	-29,304	-
Netting out	-45,854	-45,854	-94,434	-94,434
Carrying amount	74,036	1,460	59,783	3,453

The tax loss carryforwards at Group level in the amount of €59.9 million (prior year: €58.9 million) may be carried forward until fiscal 2015 or later. Of this amount, €59.9 million (prior year: €58.9 million) was assessed as non-realizable. Due to lack of recoverability, a valuation allowance has been recognized for €20.0 million (prior year: €19.6 million) of deferred tax assets on loss carryforwards and €9.7 million (prior year: €9.7 million) of other deferred tax assets.

21. Inventories

in € '000	Sept. 30, 2012	Sept. 30, 2011
Raw materials and consumables	150,965	198,675
Work in progress	90,680	57,377
Finished goods and merchandise	492,662	358,011
Payments made on account	6,686	7,345
Payment received on account	-58,852	-61,794
Inventories	682,141	559,614

Impairment losses on inventories in the amount of €0.8 million (prior year: €1.7 million) were recognized in cost of sales. As in the prior year, inventories were not pledged as security for liabilities.

22. Trade Receivables

in € '000	Sept. 30, 2012	Sept. 30, 2011
Gross carrying amount	313,071	280,824
Valuation allowance	-18,696	-15,965
Net carrying amount	294,375	264,859

The impairment of trade receivables changed as follows:

in € '000	2012	2011
Impairment at beginning of year	15,965	17,694
Changes in scope of consolidation	263	-90
Utilization	-855	-1,182
Reversal of/ addition to impairment loss, net	3,224	-453
Currency translation	99	-4
Impairment at end of year	18,696	15,965

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

in € '000	Sept. 30, 2012	Sept. 30, 2011
Neither past due nor impaired	252,503	218,673
Not impaired but past due as per the following time frames:		
up to 30 days	19,562	16,388
31 to 60 days	3,955	7,210
61 to 90 days	5,933	5,457
more than 90 days	8,907	9,713
Trade receivables adjusted individually for impairment	3,515	7,418
Trade receivables	294,375	264,859

The amount of interest income received on impaired financial assets was insignificant. Please also see Note 36 for disclosures on the credit risk arising from trade receivables.

Asset-backed Securitization

Trade receivables are sold on a revolving basis within the scope of an asset-backed securitization program (ABS). At the end of the fiscal year, the nominal volume of the receivables sold and derecognized as a result came to €121.0 million (prior year: €142.0 million).

As part of these sales, the CLAAS Group recognized assets of €10.9 million (prior year: €11.7 million) as of the reporting date for the partially retained provisions for risk of default. The financial liabilities associated with the sales amounted to €20.3 million (prior year: €17.1 million).

23. Other Financial Assets

in € '000	Current	Non-current	Sept. 30, 2012	Current	Non-current	Sept. 30, 2011
Borrowings	-	26,733	26,733	-	1,335	1,335
Receivables from investments	45,421	-	45,421	8,980	-	8,980
Derivatives with a hedging relationship	2,039	-	2,039	4,326	4	4,330
Derivatives without hedging relationship	3,064	-	3,064	2,170	-	2,170
Creditors with a debit balance	4,924	-	4,924	6,340	-	6,340
Loan receivables	1,757	-	1,757	1,857	64	1,921
Interest receivables	2,491	-	2,491	1,629	-	1,629
Miscellaneous financial assets	65,404	1,543	66,947	46,746	766	47,512
Other financial assets	125,100	28,276	153,376	72,048	2,169	74,217

24. Other Non-financial Assets

in € '000	Current	Non-current	Sept. 30, 2012	Current	Non-current	Sept. 30, 2011
POC receivables	-	-	-	39,022	-	39,022
Prepaid expenses	7,966	-	7,966	8,743	-	8,743
Other taxes	26,107	-	26,107	25,877	492	26,369
Surplus related to funded benefit obligations	-	3,314	3,314	-	2,490	2,490
Miscellaneous non-financial assets	2,272	5,059	7,331	1,736	126	1,862
Other non-financial assets	36,345	8,373	44,718	75,378	3,108	78,486

Due to the changes in the scope of consolidation, no POC receivables arose as of the reporting date.

25. Securities

Current securities of €230.7 million (prior year: €283.0 million) are securities classified as “available for sale” as they are neither part of the trading portfolio nor held to maturity.

In the past fiscal year, “available for sale” securities with a nominal volume of €196.1 million (prior year: €240.4 million) were sold. This led to a transfer of changes in market value equaling a loss of €1.1 million (prior year: a gain of €0.2 million) from equity to the income statement. Securities of €16.1 million (prior year: €15.6 million) are pledged as collateral in order to meet the legal requirements of Section 8a of the German Partial Retirement Act (AltTZG).

26. Equity

Amounts reported as subscribed capital and capital reserves in the consolidated financial statements correspond to the amounts in the separate financial statements of CLAAS KGaA mbH. The subscribed capital of CLAAS KGaA mbH is composed of 3 million no-par-value registered shares with voting rights. The general partner without capital contribution is Helmut Claas GmbH. The shareholders of the limited partnership, CLAAS KGaA mbH, are all direct and indirect members of the Claas family.

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

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

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

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

27. Financial Liabilities

in € '000	Current	Non-current	Sept. 30, 2012	Current	Non-current	Sept. 30, 2011
Bonds	31,087	209,839	240,926	29,813	89,439	119,252
Liabilities to banks	40,213	3,331	43,544	25,078	6,921	31,999
Schuldscheindarlehen	-	53,500	53,500	73,006	53,500	126,506
Shareholder loans	51,643	43,426	95,069	53,739	43,450	97,189
Lease payables	312	304	616	400	536	936
Financial liabilities	123,255	310,400	433,655	182,036	193,846	375,882

The table below shows details of the privately placed bonds:

	Sept. 30, 2012			Sept. 30, 2011	
	Nominal interest rate p.a. in %	Nominal volume in '000 US dollars	Carrying amount in € '000	Nominal volume in '000 US dollars	Carrying amount in € '000
Bond 2002–2014	5.76	120,000	93,262	160,000	119,252
Bond 2012–2022	3.98	190,000	147,664	-	-

Interest on liabilities to banks (maturing between fiscal 2013 and 2017) is charged at rates of between 1.87% p.a. and 5.90% p.a. Of the liabilities to banks, €10.5 million are secured (prior year: €14.8 million). The unsecured liabilities to banks are mainly attributable to very current liabilities in connection with the ABS program.

As planned, CLAAS redeemed another part of the Schuldscheindarlehen (German Private Placement) in the past fiscal year. The remaining tranche of the Schuldscheindarlehen (German Private Placement) (due in fiscal 2015) has a fixed interest rate of 6.04% p.a.

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

The CLAAS Group had the following financing commitments available as of the reporting date; €521.9 million of which was unutilized (prior year: €562.4 million).

in € '000	Current	Non-current	Sept. 30, 2012	Current	Non-current	Sept. 30, 2011
Bonds	31,087	209,839	240,926	29,813	89,439	119,252
Syndicated loans	-	250,000	250,000	-	250,000	250,000
Credit facilities from banks	239,188	43,192	282,380	262,688	64,521	327,209
Schuldscheindarlehen	-	53,500	53,500	73,006	53,500	126,506
Financing commitments	270,275	556,531	826,806	365,507	457,460	822,967

28. Silent Partnership

The silent partnership of the employee participation company, CMG Claas-Mitarbeiterbeteiligungs-Gesellschaft mbH, is compensated on the basis of performance and is considered subordinated in the event of liability. Pursuant to IFRS, any repayable capital transferred is classified as a financial liability.

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 €3.5 million of the silent partnership can be terminated without cause as of September 30, 2013; additional termination-without-cause rights for €15.5 million apply between fiscal 2014 and 2017.

29. Other Financial Liabilities

in € '000	Current	Non-current	Sept. 30, 2012	Current	Non-current	Sept. 30, 2011
Liabilities from bills of exchange accepted and drawn	3,856	-	3,856	3,799	-	3,799
Liabilities to investments	19,465	-	19,465	21,200	-	21,200
Derivatives with a hedging relationship	12,417	23,244	35,661	18,083	32,928	51,011
Derivatives without hedging relationship	1,827	828	2,655	11,367	749	12,116
Accrued interest	9,519	-	9,519	10,345	-	10,345
Miscellaneous financial liabilities	39,695	2,356	42,051	17,127	621	17,748
Other financial liabilities	86,779	26,428	113,207	81,921	34,298	116,219

30. Other Non-financial Liabilities

in € '000	Current	Non-current	Sept. 30, 2012	Current	Non-current	Sept. 30, 2011
Payments received on account	-	-	-	22,359	-	22,359
Deferred income	20,400	417	20,817	16,921	655	17,576
Other taxes	28,016	66	28,082	33,846	68	33,914
Social security	8,631	-	8,631	6,348	-	6,348
Miscellaneous non-financial liabilities	148	295	443	220	378	598
Other non-financial liabilities	57,195	778	57,973	79,694	1,101	80,795

Payments received on account as of September 30, 2011 refer to construction contracts, which are accounted for using the POC method. No payments received on account are recognized due to the disposal of the Production Technology division.

31. Pension Provisions

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

Retirement benefits for persons employed in Germany include both defined benefit pension plans and defined contribution pension plans. Expenses for these plans amounted to €0.4 million in fiscal year 2012 (prior year: €0.3 million). In addition, contributions of €21.0 million (prior year: €22.5 million) were made to national pension insurance institutions in Germany.

For employees in the USA, retirement benefits are provided on the basis of contributions to pension funds. After paying these contributions, CLAAS has no further benefit obligations. The sum of the defined contribution pension expenses was €0.4 million in fiscal 2012 (prior year: €0.4 million).

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

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

in %	Sept. 30, 2012			Sept. 30, 2011		
	Germany	France	United Kingdom	Germany	France	United Kingdom
Actuarial interest rate	3.9	3.9	4.4	4.9	4.9	5.4
Rate of salary increase	3.0	2.5–3.0	3.8	3.0	2.0–2.9	4.1
Rate of pension increase	2.0	-	1.7	2.0	-	2.3
Expected return on plan assets	4.6	4.0	4.5	4.6	4.0	4.7

With regard to the fund-financed obligations of the British subsidiary CLAAS Holdings Ltd., the trust association's investment guidelines are adhered to when investing plan assets. Accordingly, an excess of fund assets over defined benefit obligations should be permanently maintained, and unnecessary fluctuations in contributions to plan assets are to be avoided. With respect to investment strategy, the focus is on sufficient diversification in

order to distribute investment risk over a variety of markets and asset classes. It is also important that there be sufficient congruity between the risk drivers on both the investment and obligation sides. Plan assets are managed by a trust association under a trust agreement. Current and former employees of CLAAS Holdings Ltd. and its subsidiaries act as trustees. The trust association has delegated operational investment decisions to a fund manager. All strategic investment decisions are made by the trust association independently of the employer. Plan assets are mainly divided into equity portfolios and bond portfolios. The allocation of assets is kept within specific investment ranges with respect to type of investment and geographical market. In the year under review and in the prior year, the main focus of investment was on United Kingdom securities.

Pension obligations recognized in the balance sheet changed as follows:

in € '000	Sept. 30, 2012	Sept. 30, 2011
Present value of funded benefit obligations	51,710	42,213
Fair value of plan assets	- 55,969	- 47,530
Funded status of funded benefit obligations	- 4,259	- 5,317
Present value of unfunded benefit obligations	206,554	184,374
Unrecognized past service cost (-)/return (+)	- 573	- 645
Unrecognized actuarial losses (-)/gains (+)	- 25,648	4,569
Net pension liability recognized in the balance sheet	176,074	182,981
thereof: pension provisions	179,388	185,471
thereof: surplus related to funded benefit obligations	- 3,314	- 2,490

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

in € '000	2012	2011
Benefit obligations at beginning of year	226,587	267,129
Current service cost	5,706	7,845
Interest cost	10,750	10,038
Past service cost (+)/return (-)	-	431
Actuarial losses (+)/gains (-)	32,739	- 50,684
Actual pension payments	- 9,697	- 9,398
Currency translation	3,244	208
Changes in the scope of consolidation	- 11,889	-
Other	824	1,018
Benefit obligations at end of year	258,264	226,587

In fiscal 2013, pension payments to the amount of €8.5 million are anticipated.

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

in € '000	2012	2011
Fair value of plan assets at beginning of year	47,530	45,775
Expected return (+)/loss (-) on plan assets	2,298	2,692
Actuarial losses (-)/gains (+)	2,208	-1,246
Employer contributions	1,173	645
Employee contributions	623	643
Actual pension payments	-1,777	-1,630
Currency translation	3,914	285
Other	-	366
Fair value of plan assets at end of year	55,969	47,530

In fiscal year 2013, the employer contribution to plan assets is expected to amount to €0.6 million.

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

in %	Sept. 30, 2012	Sept. 30, 2011
Equities	39.5	37.8
Bonds	53.2	54.4
Cash and cash equivalents	0.9	0.4
Other	6.4	7.4

The weighted long-term return on investment of the funded plan in the United Kingdom is expected to amount to 4.5% p.a. (prior year: 4.7% p.a.). The return is calculated separately depending on investment category. For the equity portfolio, the current dividend yield of the FTSE All-Share Index plus the inflation rate and the expected dividend growth rate less cost is used (6.9% p.a.). The return on government bonds (2.2% p.a.) is based on the FTSE UK Gilts Index. Return on the corporate bond portfolio is expected to come to 4.0% p.a. This factor is established by using an index of corporate bonds quoted in British pounds with AA ratings and terms of at least 15 years. For cash and cash equivalents, the short-term money market interest rate of the Bank of England is used (0.5% p.a.).

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

in € '000	2012	2011
Current service cost	5,706	7,845
Interest cost	10,750	10,038
Recognized past service cost (+)/return (-)	72	23
Recognized actuarial losses (+)/gains (-)	-127	2,336
Expected return on plan assets	-2,298	-2,692
Pension expenses	14,103	17,550

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

in € '000	Sept. 30, 2012	Sept. 30, 2011
Provisions for unfunded benefit obligations	176,059	182,382
Deficit related to funded benefit obligations	3,329	3,089
Surplus related to funded benefit obligations	-3,314	-2,490
Net pension liability recognized in the balance sheet	176,074	182,981

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

in € '000	Sept. 30, 2012	Sept. 30, 2011	Sept. 30, 2010	Sept. 30, 2009	Sept. 30, 2008
Present value of benefit obligations	258,264	226,587	267,129	215,001	190,374
thereof: experience adjustments	(1,333)	(3,968)	(3,632)	(1,164)	(11,603)
Fair value of plan assets	55,969	47,530	45,775	38,268	37,335
thereof: experience adjustments	(2,279)	(- 1,259)	(2,833)	(2,892)	(- 8,091)
Funded status	202,295	179,057	221,354	176,733	153,039

32. Income Tax Provisions and Other Provisions

in € '000	Income tax provisions	Other provisions			Total other provisions	Total
		Personnel commitments	Sales obligations	Miscellaneous obligations		
Balance as of Oct. 1, 2011	43,528	142,799	350,451	21,667	514,917	558,445
Changes in scope of consolidation	- 704	- 11,491	- 27,427	- 1,374	- 40,292	- 40,996
Utilization	- 32,648	- 91,278	- 181,324	- 7,700	- 280,302	- 312,950
Reversals	- 478	- 3,319	- 45,841	- 1,202	- 50,362	- 50,840
Additions	12,385	94,407	268,267	11,426	374,100	386,485
Interest / change in interest rate	-	738	114	9	861	861
Currency translation	- 80	456	4,537	57	5,050	4,970
Balance as of Sept. 30, 2012	22,003	132,312	368,777	22,883	523,972	545,975
thereof: non-current	-	21,304	18,530	5,427	45,261	45,261
thereof: current	22,003	111,008	350,247	17,456	478,711	500,714

Income tax provisions include current tax commitments.

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

A total of €29.8 million (prior year: €18.5 million) of the reversals is reported as functional costs.

Other Disclosures

33. Contingent Liabilities and Other Financial Obligations

Minimum lease payments become due as follows:

in € '000	Sept. 30, 2012		Sept. 30, 2011	
	Finance leases	Operating leases	Finance leases	Operating leases
Due within 1 year	305	30,241	417	30,193
Due within 1 to 5 years	428	42,455	542	39,889
Due after 5 years	-	12,352	-	5,657
Principal amount of minimum lease payments	733	85,048	959	75,739
Interest	- 117		- 23	
Present value of minimum lease payments	616		936	

Rental and lease expenses of €33.0 million were recorded in fiscal year 2012 (prior year: €31.8 million). Lease payments received under non-cancelable sublease agreements amounted to €22.1 million as of the reporting date, and proceeds from future minimum lease payments amounted to €18.4 million.

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

No provisions were recognized for the contingent liabilities from bills of exchange and guarantees, which are stated at their nominal amount of €13.3 million (prior year: €15.5 million) since the likelihood of risk is considered low.

As of September 30, 2012, other financial commitments came in at €3.8 million (prior year: €5.8 million).

34. Litigation and Damage Claims

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

35. Additional Disclosures on Financial Instruments

Carrying Amounts and Fair Values by Categories and Classes

in € '000	Note	Sept. 30, 2012		Sept. 30, 2011	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value through profit or loss					
Cash equivalents held for trading		99,967	99,967	190,234	190,234
Derivatives without hedging relationship	(23)	3,064	3,064	2,170	2,170
Loans and receivables					
Trade receivables	(22)	294,375	294,375	264,859	264,859
Other financial assets (excluding derivatives)	(23)	148,273	148,273	67,717	67,717
Cash		436,539	436,539	345,550	345,550
Available-for-sale financial assets					
Available-for-sale securities	(25)	230,705	230,705	282,995	282,995
Other investments		2,888	2,888	3,141	3,141
Derivatives with a hedging relationship	(23)	2,039	2,039	4,330	4,330
Financial assets		1,217,850	1,217,850	1,160,996	1,160,996
Financial liabilities at fair value through profit or loss					
Derivatives without hedging relationship	(29)	2,655	2,655	12,116	12,116
Financial liabilities measured at amortized cost					
Financial liabilities (excluding lease payables)	(27)	433,039	445,746	374,946	391,917
Silent partnership	(28)	29,800	29,800	28,409	28,409
Trade payables		162,720	162,720	170,845	170,845
Other financial liabilities (excluding derivatives)	(29)	74,891	74,891	53,092	53,092
Lease payables	(27)	616	616	936	936
Derivatives with a hedging relationship	(29)	35,661	35,661	51,011	51,011
Financial liabilities		739,382	752,089	691,355	708,326

The fair values of trade receivables, other financial assets (excluding derivatives), cash, trade payables, and other financial liabilities (excluding derivatives) correspond more or less to their carrying amounts. The main reason for this is the short time to maturity of these instruments.

The financial instruments designated as financial assets or financial liabilities at fair value through profit or loss, and available-for-sale financial assets are measured and recognized at fair value. Other investments designated as available-for-sale financial assets are not measured at fair value as their cash flows cannot be reliably determined, and the fair value cannot be derived on the basis of comparable transactions. These investments are not material in view of the CLAAS Group's overall holdings. Other investments comprise shares in corporations not listed on a stock exchange and upon which CLAAS KGaA mbH does not have significant influence. It is not planned to sell these investments in the near future. With regard to the silent partnership, the fair value cannot be reliably determined, for which reason the carrying amount is reported in this case.

Fair Value Hierarchy by Classes

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

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

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

in € '000	Sept. 30, 2012			Sept. 30, 2011		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Cash equivalents held for trading	99,967	-	-	190,234	-	-
Derivatives without hedging relationship	-	3,064	-	-	2,170	-
Available-for-sale securities	230,705	-	-	282,995	-	-
Derivatives with a hedging relationship	-	2,039	-	-	4,330	-
Financial assets at fair value	330,672	5,103	-	473,229	6,500	-
Derivatives without hedging relationship	-	2,655	-	-	12,116	-
Derivatives with a hedging relationship	-	35,661	-	-	51,011	-
Financial liabilities at fair value	-	38,316	-	-	63,127	-

Net Gains or Losses by Categories

The net gains or losses of the financial instruments recognized in the income statement are shown in the following table, broken down into the IAS 39 categories:

in € '000	2012	2011
Financial assets or financial liabilities at fair value through profit or loss	10,202	-19,742
Loans and receivables	8,375	5,206
Available-for-sale financial assets	-1,387	-692
Financial liabilities measured at amortized cost	-1,269	-1,036
Net gains or losses on financial instruments	15,921	-16,264

The net gains or losses on financial assets or financial liabilities at fair value through profit or loss arise solely from derivatives without hedging relations and include foreign exchange gains and losses, gains or losses arising from a change in fair value, and gains or losses from the disposal of the asset.

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

The net gains or losses of available-for-sale financial assets contain foreign exchange gains and losses, gains or losses from the disposal of the asset, impairment recognized in profit or loss, and any write-ups. The net gains or losses from available-for-sale financial assets recognized directly in equity are reported in Note 25.

The net gains or losses of financial liabilities measured at amortized cost arise from foreign exchange gains and losses or from derecognition of the liability.

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 on trade receivables, as well as from receivables relating to finance transactions such as investment of cash and cash equivalents or acquisition of securities. Liquidity risk can result from a significant decline in operating business performance or as a result of the risk categories mentioned above.

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

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

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

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

Credit Risk

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

Effective monitoring and management of credit risk is a basic component of the risk management system at CLAAS. Group credit management already defined principles for managing credit risk across the Group several years ago. CLAAS internally reviews and rates the credit quality of all customers with credit needs exceeding certain limits. In addition to the contract documents submitted by the customer, the data for review and classification of credit quality is based on information from external credit rating agencies, previous default experience on the part of CLAAS, and experience resulting from the longstanding business partnership with the customer. CLAAS uses internal guidelines to manage credit risk arising from trade receivables. The risk of default is taken account of through allowance accounts used to record individual or portfolio-based impairments. The portfolio is analyzed on an ongoing basis in order to ensure that any concentration of risk is identified and assessed promptly. No single client exceeded the level of 5.0% (prior year: 4.8%) of the CLAAS Group's total trade receivables.

There were no indications either during the course of the fiscal year or as of the balance sheet date that the obligors of trade receivables that are neither impaired nor past due would not meet their payment obligations. According to an internal review of credit quality, 98.4% (prior year: 97.7%) of trade receivables are classified as low risk.

The collateral held for the purpose of minimizing potential credit risk consists primarily of credit insurance, guarantees from customers or banks, and, in some cases, retentions of title. For the most part, CLAAS has set aside collateral for trade receivables past due or impaired. This consists mainly of credit insurance, guarantees, and renewed retentions of title. In fiscal year 2012, no collateral was called on (prior year: €0.1 million).

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

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

Liquidity Risk

The CLAAS Group employs a number of measures to effectively meet liquidity risk. In doing so, liquidity management places top priority on the absolute necessity of ensuring solvency at all times. Liquidity management also aims for a comfortable and cost-efficient liquidity position that will allow the Group to react adequately to opportunities in a dynamic market environment. To meet these goals, value is placed on maintaining sufficient financing commitments (see Note 27) and cash and cash equivalents as well as on the ABS program (see Note 22) and international cash management. Future liquidity requirements are projected on a regular basis as part of the financial planning process. This process consists of a rolling three-month forecast, an annual forecast, and a five-year forecast. In addition, the situation with regard to financing conditions for CLAAS on the financial markets is monitored on an ongoing basis to enable any refinancing risk to be countered promptly and proactively.

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

in € '000/Sept. 30, 2012	2013	2014	2015	2016	2017	From 2018	Total
Financial liabilities	140,153	43,612	94,793	9,077	5,914	238,651	532,200
Silent partnership	3,532	2,532	7,517	2,629	2,834	10,756	29,800
Trade payables	162,720	-	-	-	-	-	162,720
Liabilities from bills of exchange accepted and drawn	3,856	-	-	-	-	-	3,856
Liabilities to investments	19,465	-	-	-	-	-	19,465
Derivatives without hedging relationship	1,795	-	827	-	-	-	2,622
Derivatives with a hedging relationship	13,030	9,701	9,294	-	-	-	32,025
Accrued interest	9,519	-	-	-	-	-	9,519
Miscellaneous financial liabilities	39,695	2,356	-	-	-	-	42,051
Payments due	393,765	58,201	112,431	11,706	8,748	249,407	834,258

in € '000/Sept. 30, 2011	2012	2013	2014	2015	2016	From 2017	Total
Financial liabilities	198,053	41,937	35,870	87,555	3,082	61,634	428,131
Silent partnership	2,672	2,225	2,577	7,668	2,678	10,589	28,409
Trade payables	170,845	-	-	-	-	-	170,845
Liabilities from bills of exchange accepted and drawn	3,799	-	-	-	-	-	3,799
Liabilities to investments	21,200	-	-	-	-	-	21,200
Derivatives without hedging relationship	11,367	-	-	749	-	-	12,116
Derivatives with a hedging relationship	20,877	11,825	11,086	10,527	-	-	54,315
Accrued interest	10,345	-	-	-	-	-	10,345
Miscellaneous financial liabilities	17,127	621	-	-	-	-	17,748
Payments due	456,285	56,608	49,533	106,499	5,760	72,223	746,908

Liabilities from financial guarantees of €0.1 million (prior year: €0.1 million) were included in miscellaneous financial liabilities as of September 30, 2012. With respect to their maturity dates, each of the respective aggregate amounts was allocated to the first subsequent year. The maximum risk in the event of utilization is €2.6 million (prior year: €4.1 million). The fair value was calculated as of the date of addition using the "expected value" method, taking into account credit risk reductions (liquidation proceeds) and risks that could arise on the basis of default probabilities ranging from 3% to 15% (prior year: 3% to 15%).

Currency Risk

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

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

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

The following scenario analysis indicates the value of financial instruments denominated in foreign currencies in the event of a 10% increase or 10% decrease in the value of the hedging portfolio in comparison with the actual exchange rates on the balance sheet date. The figures are presented separately depending on whether the items are recognized in equity (via hedge accounting) or at fair value through profit or loss. Foreign currency loans or corresponding hedges are not included. As a rule, significant intragroup and non-group foreign currency loans are fully hedged using currency hedging transactions; as a result there is generally no currency risk from these items. 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.

in € '000	Sept. 30, 2012		Sept. 30, 2011	
	Equity	Profit or loss	Equity	Profit or loss
Actual fair value	- 765	1,672	- 3,060	- 4,447
Fair value in the event of an exchange rate increase of 10%	22,481	10,841	14,381	1,974
US dollar	12,715	3,239	4,440	1,101
British pound	7,219	8,331	5,330	2,514
Polish zloty	3,670	928	6,258	3,378
Hungarian forint	- 1,123	- 1,829	- 1,647	- 4,671
Other	-	172	-	- 348
Fair value in the event of an exchange rate decrease of 10%	-20,343	- 14,416	- 19,753	- 18,743
US dollar	- 10,463	- 1,526	- 11,704	- 7,946
British pound	- 6,396	- 11,454	- 8,779	- 9,620
Polish zloty	- 5,789	- 4,235	687	- 677
Hungarian forint	2,305	2,405	43	- 159
Other	-	394	-	- 341

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

Interest Rate Risk

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

Value at risk is measured using Monte Carlo simulation, assuming a confidence level of 99.0% and a holding period of ten days. The resulting figure represents the loss in market value of the portfolio of all interest-sensitive instruments, with a probability of only 1.0% that the figure obtained will be exceeded after ten days. Currency derivatives are not included, as any interest-related changes they may be exposed to are insignificant. As of the balance sheet date, the value at risk of all interest-sensitive financial instruments amounted to €1.7 million (prior year: €3.6 million).

Commodity Price Risk

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

37. Derivative Financial Instruments and Hedge Accounting

CLAAS uses financial derivatives for risk management purposes (see Note 36). Currency hedging transactions serve to hedge receivables and payables denominated in foreign currencies and planned future transactions. Where possible, items are netted out. Interest rate derivatives serve to hedge the interest rate risk inherent in asset and liability positions.

For the purposes of hedge accounting, some of the forward exchange contracts, foreign currency options, and other currency hedging instruments are classified as cash flow hedges. These are used to hedge against variable future cash flows from long-term liabilities with terms extending until 2022 as well as future operating cash flows denominated in foreign currency with terms of generally 12 months, and in no case more than 18 months. The hedges of future operating cash flows denominated in foreign currency mainly impact profit or loss in the following fiscal year. In fiscal year 2012, changes in fair value of €1.4 million were recorded in equity (prior year: €-3.3 million). Reclassification to the income statement was undertaken in the amount in which the underlying transaction was realized in the period under review. In fiscal 2012, €-2.8 million (prior year: €0.3 million) was transferred to "other financial result" based on currency hedging transactions. In the year under review, hedge ineffectiveness of €-0.9 million on cash flow hedges with options (time value portion) was recognized in profit or loss (prior year: €-1.3 million).

There are no fair value hedges as of the reporting date due to the scheduled redemption of another tranche of the Schulscheindarlehen in June 2012. In the prior year, net interest expense only contained a small proportion of changes in fair value of the hedging instruments and gains and losses arising from remeasurement of the hedged items.

The following table includes both derivatives for which hedge accounting was applied and those for which the application of hedge accounting was waived in accordance with IAS 39. The derivative financial instruments are recognized at the following fair values (fair values and carrying amounts are thus equivalent):

in € '000	Sept. 30, 2012		Sept. 30, 2011	
	Fair value of assets	Fair value of liabilities	Fair value of assets	Fair value of liabilities
Forward exchange transactions	1,291	6,716	2,697	7,303
Foreign currency options	748	-	1,546	-
Other currency hedging instruments	-	28,840	-	43,681
Interest rate swaps	-	105	87	27
Derivatives with a hedging relationship	2,039	35,661	4,330	51,011
Derivatives without hedging relationship	3,064	2,655	2,170	12,116
Total	5,103	38,316	6,500	63,127

38. Disclosures on the Consolidated Statement of Cash Flows

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

Cash flows from operating activities include dividends received of €7.6 million (prior year: €0.8 million); non-cash profit contributions from the application of the equity method were eliminated. Non-cash additions to non-current assets were made in the amount of €0.8 million (prior year: €0.1 million). Interest paid was €33.1 million (prior year: €36.7 million), and interest received stood at €10.2 million (prior year: €8.9 million). Income tax payments were €96.2 million (prior year: €59.6 million). These transactions are reported under cash flows from operating activities.

Cash and cash equivalents include proceeds from trade receivables transferred under the ABS program with a total value of €20.3 million (prior year: €17.1 million) that are not freely disposable and are to be transferred to other contracting parties (cash held in trust).

39. Personnel Expenses and Employees

	2012	2011
Wage earners	4,142	4,154
Salary earners	4,312	4,301
Trainees	470	513
Average number of employees	8,924	8,968

The personnel expenses reported in the income statement under functional costs amounted to €548.1 million (prior year: €540.4 million).

40. Entity-wide Disclosures

The CLAAS Group is managed as a single business unit operating in the agricultural equipment sector. Representatives of individual business divisions may not act independently, i.e. resources are allocated by the Group Executive Board primarily in view of the Company as an agricultural equipment company. The Group Executive Board has overall responsibility for the Group with regard to its decisions and actions. The primary management parameters provided for this purpose by the internal reporting system are net sales, income before taxes, and human resources capacity. Industrial Engineering is an important supplier to Agricultural Equipment. As a result, this division has been recognized within the Agricultural Equipment division since the beginning of the reporting period. The prior-year figures were adjusted accordingly. The Production Technology division does not exceed the quantitative thresholds of IFRS 8. In actuality, the CLAAS Group is therefore a one-segment company.

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

The following table shows sales by division:

in € '000	2012	2011
Agricultural Equipment	3,414,860	3,109,526
Production Technology	20,762	194,688
CLAAS Group	3,435,622	3,304,214

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

in € '000	External sales		Non-current assets*	
	2012	2011	Sept. 30, 2012	Sept. 30, 2011
Germany	781,016	874,193	756,158	719,337
France	744,797	660,567	393,631	369,172
Rest of Western Europe	668,394	656,236	59,062	51,221
Central and Eastern Europe	657,552	557,994	37,232	25,826
Other countries	583,863	555,224	91,042	79,787
Eliminations	-	-	- 707,170	- 721,250
CLAAS Group	3,435,622	3,304,214	629,955	524,093

* in accordance with the definition set out in IFRS 8

41. Related Party Disclosures

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

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

in € '000	Members of the Supervisory Board/ Shareholders' Committee		Members of the Claas families – if not members of the Supervisory Board/ Shareholders' Committee	
	2012	2011	2012	2011
Supervisory Board and Shareholders' Committee remuneration	475	397	-	-
Services	241	191	-	-
Credits granted to CLAAS	61,266	69,165	33,803	28,024

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

in € '000	2012	2011
Income	174,096	273,738
Expenses	215,989	261,179
Receivables	20,858	20,084
Liabilities	15,282	27,402

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

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

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

in € '000	2012	2011
Current remuneration	7,421	5,462
Provisions for retirement benefits	217	265
Total Group Executive Board remuneration	7,638	5,727

Retirement benefits were paid to former members of the Executive Board of CLAAS KGaA mbH/the Group Executive Board in the amount of €0.5 million (prior year: €0.5 million). Obligations for current pensions and vested rights of former members of the Executive Board of the CLAAS KGaA mbH/the Group Executive Board totaled €6.5 million (prior year: €6.6 million).

42. Auditor's Fees

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

in € '000	2012	2011
Audit services	553	634
Other audit services	48	52
Tax consulting services	111	105
Other services	89	377
Auditor's fees	801	1,168

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

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

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

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

44. Events After the Balance Sheet Date

There were no events or developments after the end of the fiscal year that could have led to material changes in the presentation or the measurement of individual assets or liabilities as of September 30, 2012. The second tranche of the privately placed bond resulted in cash inflows of 110.0 million US dollars in November 2012. This tranche of the bond, with a nominal interest rate of 4.08% p.a., matures in November 2022.

45. List of Shareholdings

No.	Company	Subscribed capital	Shareholding		
			in %	owned by company	
I. Affiliated companies included in the scope of consolidation					
Domestic companies					
1	CLAAS Kommanditgesellschaft auf Aktien mbH, Harsewinkel	EUR	78,000,000		
2	CLAAS Selbstfahrende Erntemaschinen GmbH, Harsewinkel	EUR	25,600,000	100.0	1
3	CLAAS Saulgau GmbH, Bad Saulgau	EUR	7,700,000	100.0	1
4	CLAAS Industrietechnik GmbH, Paderborn	EUR	7,700,000	100.0	1
5	CLAAS Vertriebsgesellschaft mbH, Harsewinkel	EUR	3,100,000	100.0	1
6	BLT Brandenburger Landtechnik GmbH, Liebenthal	EUR	1,000,000	50.6	5
7	Mecklenburger Landtechnik GmbH, Mühlengeez	EUR	1,000,000	100.0	5
8	CLAAS Bordesholm GmbH, Bordesholm	EUR	1,000,000	59.0	5
9	CLAAS Braunschweig GmbH, Schwülper	EUR	1,000,000	100.0	5
10	CLAAS Hessen GmbH, Fritzlar	EUR	700,000	100.0	5
11	CLAAS Thüringen GmbH, Schwabhausen	EUR	1,300,000	100.0	5
12	CLAAS Agrosystems KGaA mbH & Co KG, Gütersloh	EUR	117,600	100.0	1/2
13	CLAAS Agrosystems 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
Foreign companies					
19	CLAAS France Holding S.A.S., Paris/France	EUR	116,009,001	100.0	1
20	Usines CLAAS France S.A.S., Metz-Woippy/France	EUR	31,500,000	100.0	19
21	CLAAS France S.A.S., Paris/France	EUR	8,842,043	100.0	19
22	CLAAS Tractor S.A.S., Vélizy/France	EUR	56,850,829	100.0	19
23	CLAAS Réseau Agricole S.A.S., Vélizy/France	EUR	27,400,000	100.0	22
24	RENAULT Agriculture & Sonalika International Plc., Port Louis/Mauritius	USD	900,000	60.0	22
25	CLAAS Holdings Ltd., Saxham/United Kingdom	GBP	1,000	100.0	1
26	CLAAS U.K. Ltd., Saxham/United Kingdom	GBP	101,100	100.0	25
27	Southern Harvesters Ltd., Saxham/United Kingdom	GBP	150,000	100.0	26
28	Anglia Harvesters Ltd., Saxham/United Kingdom	GBP	400,000	100.0	26
29	Western Harvesters Ltd., Saxham/United Kingdom	GBP	16,000	91.7	26
30	Eastern Harvesters Ltd., Saxham/United Kingdom	GBP	440,000	86.8	26
31	Scottish Harvesters Ltd., Saxham/United Kingdom	GBP	400,000	100.0	26
32	CLAAS Retail Properties Ltd., Shipston on Stour/United Kingdom	GBP	3,812,030	100.0	26
33	CLAAS Italia S.p.A., Vercelli/Italy	EUR	2,600,000	100.0	1
34	CLAAS Agricoltura S.R.L., Milan/Italy	EUR	600,000	100.0	33
35	CLAAS Ibérica S.A., Madrid/Spain	EUR	3,307,500	100.0	1
36	CLAAS Hungaria Kft., Törökszentmiklos/Hungary	HUF	552,740,000	100.0	1
37	OOO CLAAS Vostok, Moscow/Russia	RUB	170,000	100.0	1
38	CLAAS Ukraina DP, Kiev/Ukraine	UAH	30,000	100.0	17
39	CLAAS Polska sp. z o.o., Poznań/Poland	PLN	5,000,000	100.0	1
40	CLAAS Romania Parts S.R.L., Afumați/Romania	RON	1,268,540	100.0	1

No.	Company	Subscribed capital	Shareholding		
			in %	owned by company	
41	CLAAS Regional Center South East Asia Ltd., Bangkok/Thailand	THB	1,000,000	100.0	1
42	CLAAS East Asia Holding Ltd., Hong Kong/China	HKD	10,000	100.0	1
43	CLAAS Agricultural Machinery Trading (Beijing) Co., Ltd., Beijing/China	CNY	20,000,000	100.0	42
44	CLAAS Argentina S.A., Sunchales/Argentina	ARS	35,310,909	100.0	1
45	CLAAS North America Holdings Inc., Omaha, Nebraska/USA	USD	700	100.0	1
46	CLAAS of America Inc., Omaha, Nebraska/USA	USD	100	100.0	45
47	CLAAS Omaha Inc., Omaha, Nebraska/USA	USD	100	100.0	45
48	Nebraska Harvest Center Inc., Wilmington, Delaware/USA	USD	1	100.0	45
49	CLAAS India Private Ltd., Faridabad/India	INR	391,460,000	100.0	1
50	OOO CLAAS, Krasnodar/Russia	RUB	93,368,880	99.0	14

Other companies consolidated pursuant to SIC-12

51	CHW Fonds, Luxembourg/Luxembourg				
52	Mercator Funding Ltd., Saint Helier/Jersey				
53	Mercator Purchasing S.A., Luxembourg/Luxembourg				

II. Investments accounted for using the equity method

54	CLAAS GUSS GmbH, Bielefeld/Germany	EUR	4,680,000	44.4	1/3
55	Worch Landtechnik GmbH, Schora/Germany	EUR	55,000	39.0	5
56	Technik Center Grimma GmbH, Mutzschen/Germany	EUR	350,000	30.0	5
57	CLAAS Financial Services S.A.S., Paris/France	EUR	44,624,768	39.9	1
58	CLAAS Finance Ltd., Basingstoke/United Kingdom	GBP	100	49.0	25
59	CLAAS Financial Services Ltd., Basingstoke/United Kingdom	GBP	8,600,000	49.0	26
60	CLAAS Financial Services LLC., San Francisco, California/USA	USD	0	34.0	46/57
61	G.I.M.A. S.A., Beauvais/France	EUR	8,448,500	50.0	22
62	Uz CLAAS Agro LLC., Tashkent/Uzbekistan	UZS	2,125,410,000	49.0	15
63	Tingley Implements Inc., Lloydminster/Canada	CAD	1,092,000	33.3	46

III. Other significant shareholdings

64	CS Parts Logistics GmbH, Bremen/Germany	EUR	1,550,000	50.0	17
65	Landtechnik Steigra GmbH, Steigra/Germany	EUR	615,000	15.1	5
66	Landtechnik-Zentrum Chemnitz GmbH, Hartmannsdorf/Germany	EUR	750,000	10.0	5
67	CLAAS Südostbayern GmbH, Mühldorf/Germany	EUR	700,000	10.0	5
68	CLAAS Main-Donau GmbH & Co. KG, Vohburg/Germany	EUR	1,200,000	10.0	5
69	MD-Betriebs-GmbH, Munich/Germany	EUR	25,000	10.0	5
70	CLAAS Nordostbayern GmbH & Co. KG, Weiden in der Oberpfalz/Germany	EUR	750,000	10.0	5
71	NOB-Betriebs-GmbH, Munich/Germany	EUR	25,000	10.0	5
72	CLAAS Württemberg GmbH, Langenau/Germany	EUR	800,000	10.0	5
73	James Gordons Ltd., Castle Douglas/United Kingdom	GBP	400,000	17.5	26
74	Sellars Agricultural Ltd., Old Meldrum/United Kingdom	GBP	237,500	20.0	26
75	S@T-INFO S.A.S., Chalons-sur-Saône/France	EUR	77,260	34.0	19
76	SAMA S.A.S., Bauge/France	EUR	934,992	20.0	23
77	DESICO S.A., Buenos Aires/Argentina	ARS	13,333	10.0	44

Management Statement on the Preparation of the Consolidated Financial Statements

These consolidated financial statements for the fiscal year ended September 30, 2012 and the Group management report were prepared by the Executive Board of CLAAS KGaA mbH on November 26, 2012. 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 26, 2012

Dr. Theo Freye

Dr. Hermann Garbers

Lothar Kriszun

Hans Lampert

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, 2011 to September 30, 2012. The preparation of the consolidated financial statements and the Group management report in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code (HGB) are the responsibility of the Company's management. Our responsibility is to express an opinion, based on our audit, on the consolidated financial statements and the Group management report.

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

Our audit has not led to any reservations.

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

Düsseldorf, November 26, 2012

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Harnacke)
Wirtschaftsprüfer
(German Public Auditor)

(Bedenbecker)
Wirtschaftsprüfer
(German Public Auditor)

Locations

USA

- Columbus/Indiana
 - CLAAS of America Inc.
- Omaha/Nebraska
 - CLAAS of America Inc.
 - CLAAS Omaha Inc.
- San Francisco/California
 - CLAAS Financial Services LLC.

Argentina

- Sunchales
 - CLAAS Argentina S.A.

United Kingdom

- Basingstoke
 - CLAAS Financial Services Ltd.
- Saxham
 - CLAAS U.K. Ltd.

France

- Le Mans
 - CLAAS Tractor S.A.S.
- Metz-Woippy
 - Usines CLAAS France S.A.S.
- Paris
 - CLAAS Financial Services S.A.S.
 - CLAAS France S.A.S.
- Vélizy
 - CLAAS Réseau Agricole S.A.S.
 - CLAAS Tractor S.A.S.

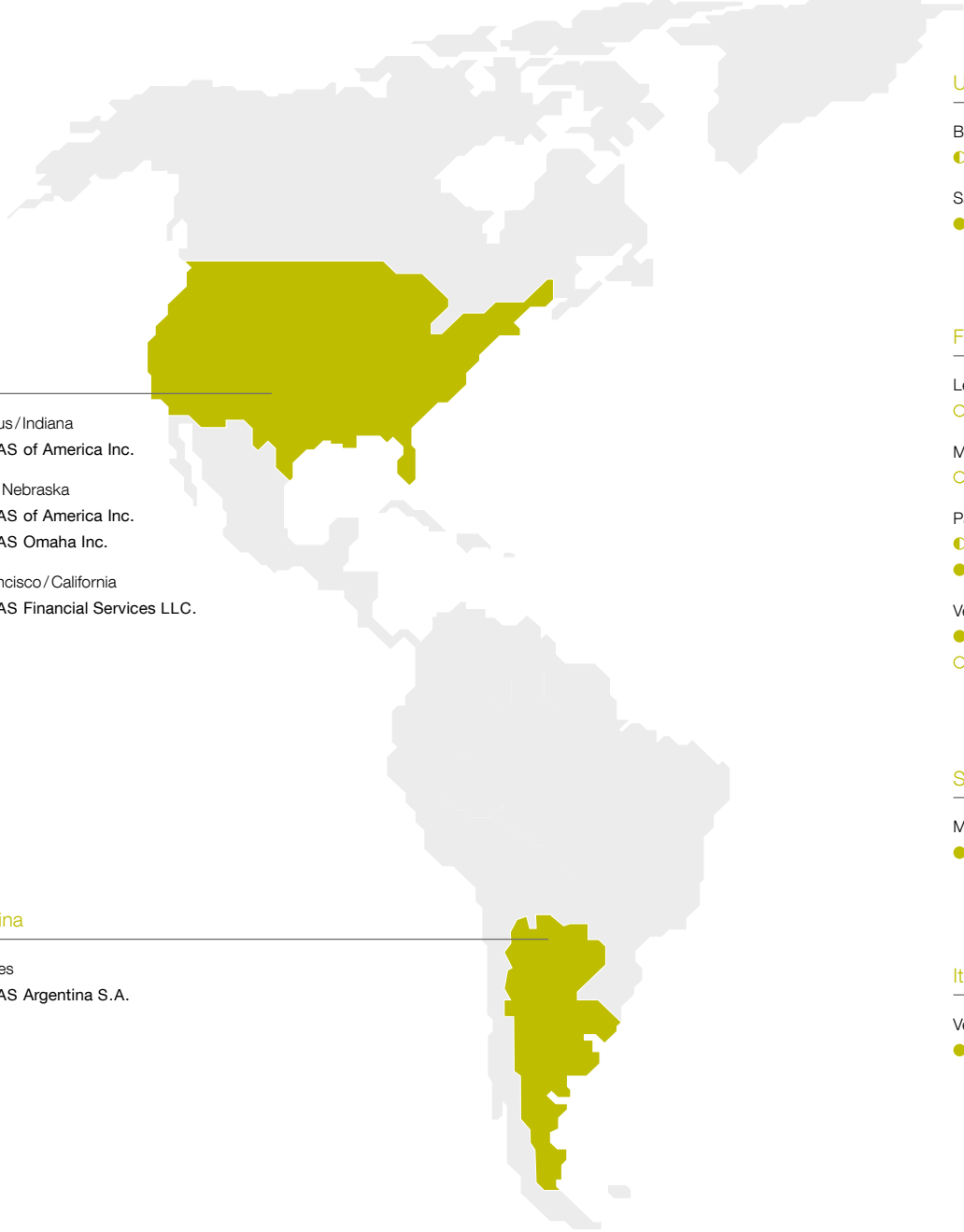
Spain

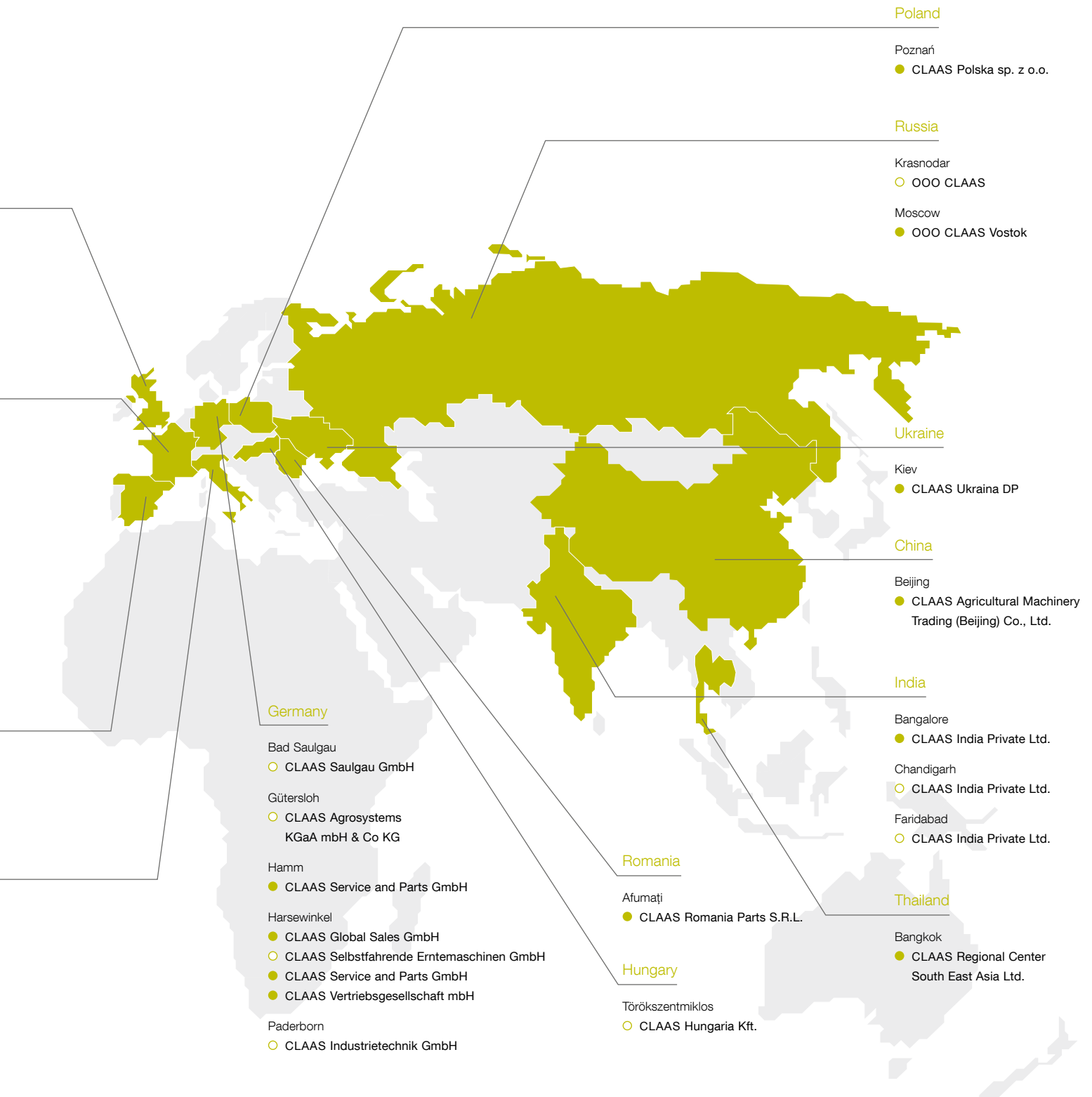
- Madrid
 - CLAAS Ibérica S.A.

Italy

- Vercelli
 - CLAAS Italia S.p.A.

- Product Company
- Sales Company
- Financing Company





Definitions

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

$$\text{EBIT} = \text{Net income} + \text{income taxes} + \text{interest and similar expenses}$$

$$\text{EBITDA} = \text{EBIT} +/\text{- amortization/depreciation/impairment/write-ups of intangible assets and property, plant and equipment}$$

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

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

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

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

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

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

Liquid assets = Cash and cash equivalents + current securities

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

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

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

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

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

Working capital = Inventories - advance payments received +/- trade accounts receivable/payable +/- accounts receivable/payable to investments + POC receivables +/- notes receivable/payable

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

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

Ten-year Overview

in € million	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003*
Financial Performance										
Net sales	3,435.6	3,304.2	2,475.5	2,900.8	3,236.2	2,658.9	2,350.9	2,175.3	1,928.4	1,496.3
Foreign sales (in %)	77.3	73.5	73.1	75.2	77.6	76.3	76.3	75.1	76.8	69.2
Income before taxes	315.6	255.3	77.2	112.3	248.1	175.8	130.7	86.4	36.1	22.6
Net income	232.7	181.8	51.5	73.4	169.3	114.8	80.9	54.7	21.9	17.9
Financial Position										
Non-current assets	707.3	586.4	561.6	579.1	522.8	493.3	501.9	473.9	472.2	438.1
Intangible assets	115.9	107.9	112.2	120.2	126.6	141.3	145.6	123.1	119.8	55.8
Property, plant and equipment	404.3	337.6	330.5	322.4	281.0	257.6	260.8	243.9	249.1	252.3
Other non-current assets	187.1	140.9	118.9	136.5	115.2	94.4	95.5	106.9	103.3	130.0
Current assets	1,913.1	1,803.4	1,716.8	1,627.6	1,501.1	1,282.7	1,109.5	1,137.8	973.7	974.7
Inventories	682.1	559.6	418.1	519.3	394.6	343.0	339.9	295.0	280.6	337.6
Other current assets	463.8	425.0	391.0	431.1	390.3	341.8	333.6	342.1	312.5	292.3
Liquid assets	767.2	818.8	907.7	677.2	716.2	597.9	436.0	500.7	380.6	344.8
Equity	1,094.8	870.1	814.2	775.5	731.0	604.4	502.5	484.9	374.4	292.5
Funds similar to equity**										106.3
Liabilities	1,525.6	1,519.7	1,464.2	1,431.2	1,292.9	1,171.6	1,108.9	1,126.8	1,071.5	1,014.0
Non-current liabilities	593.5	497.3	720.6	766.2	503.8	541.4	545.4	499.2	569.6	502.5
Current liabilities	932.1	1,022.4	743.6	665.0	789.1	630.2	563.5	627.6	501.9	511.5
Total assets	2,620.4	2,389.8	2,278.4	2,206.7	2,023.9	1,776.0	1,611.4	1,611.7	1,445.9	1,412.8
Key Performance Indicators										
Return on sales (in %)	9.2	7.7	3.1	3.9	7.7	6.6	5.6	4.0	1.9	1.5
EBITDA	426.1	377.5	200.3	230.0	385.6	312.0	246.4	186.7	142.4	90.9
EBIT	347.6	292.3	116.1	146.9	282.5	209.9	162.8	118.0	70.4	53.2
Return on equity (in %)	21.3	20.9	6.3	9.5	23.2	19.0	16.1	11.3	5.8	6.1
Return on assets (in %)	13.3	12.2	5.1	6.7	14.0	11.8	10.1	7.3	4.9	3.8
Cash earnings	295.6	255.5	117.2	156.9	285.9	236.3	171.4	130.7	94.2	51.2
Equity-to-assets ratio (in %)	41.8	36.4	35.7	35.1	36.1	34.0	31.2	30.1	25.9	20.7
Cash ratio (in %)	82.3	80.1	122.1	101.8	90.8	94.9	77.4	79.8	75.8	67.4
Equity and non-current liabilities to non-current assets (in %)	238.7	233.2	273.3	266.2	236.2	232.3	208.8	207.7	199.9	205.7
Working capital	822.7	650.9	512.6	692.8	474.8	420.2	413.7	443.9	368.1	415.9
Employees										
Employees as of the reporting date (including trainees)	9,077	9,060	8,968	9,467	9,100	8,425	8,191	8,134	8,127	8,391
Personnel expenses	548.1	540.4	489.0	522.8	514.9	472.8	455.7	433.1	416.8	352.3

* Figures for 2003 in accordance with U.S. GAAP.

** Under U.S. GAAP participation certificates, the silent partnership and minority interest are funds similar to equity.

Products and Services



1 //



3 //



2 //



4 //

1 // Combine



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LEXION 780-750

LEXION 670-620

TUCANO 480/470

TUCANO 450-320

AVERO 240/160

DOMINATOR

CROP TIGER 60/30

Attachments

2 // Forage harvesters



harvester.claas.com

JAGUAR 980-930

JAGUAR 900-830

JAGUAR Wood chopping

3 // Tractors



tractor.claas.com

XERION 5000/4500

XERION 3800/3300

XERION SADDLE TRAC

AXION 950-920

AXION 850-810

ARION 650-530

ARION 630-610 C

ARION 430-410

AXOS 340-310

ELIOS 230-210

NEXOS 240-210

4 // Balers



baler.claas.com

QUADRANT 3400-3200

QUADRANT 2200 ADVANTAGE

QUADRANT 2100

QUADRANT 1150

ROLLANT 455/454 UNIWRAP

ROLLANT 375/374 UNIWRAP

ROLLANT 350/340

VARIANT 385-360

VARIANT 370/350



5 //



7 //



6 //



8 //

5 // Telehandlers



telehandler.claas.com

SCORPION 9040-7030

SCORPION 6030 CP

6 // Forage harvesting machinery



forageharvesting.claas.com

DISCO Disc mowers

CORTO Drum mowers

VOLTO Tedders

LINER Swathers

CARGOS Dual-purpose wagons

QUANTUM Loader wagons

7 // EASY – Efficient Agriculture Systems by CLAAS



easy.claas.com

on board

on field

on track

on farm

8 // CLAAS Service and Parts



service.claas.com

Products for CLAAS Machines:

Bale packaging materials

Lubricants

Batteries

Camera systems

Measuring instruments

Workshop equipment

Tires

Fueling systems

Front weights



Calendar 2013: key trade fair dates

January

International Green Week, Berlin/Germany
AG CONNECT Expo, Kansas City, Missouri/USA

February

FIMA, Zaragoza/Spain
World Ag Expo, Tulare, California/USA
SIMA, Paris/France

March

Expoagro, Baradero/Argentina

June

Cereals, Boothby Graffoe/United Kingdom
NZ National Agricultural Fielddays, Hamilton/New Zealand

August

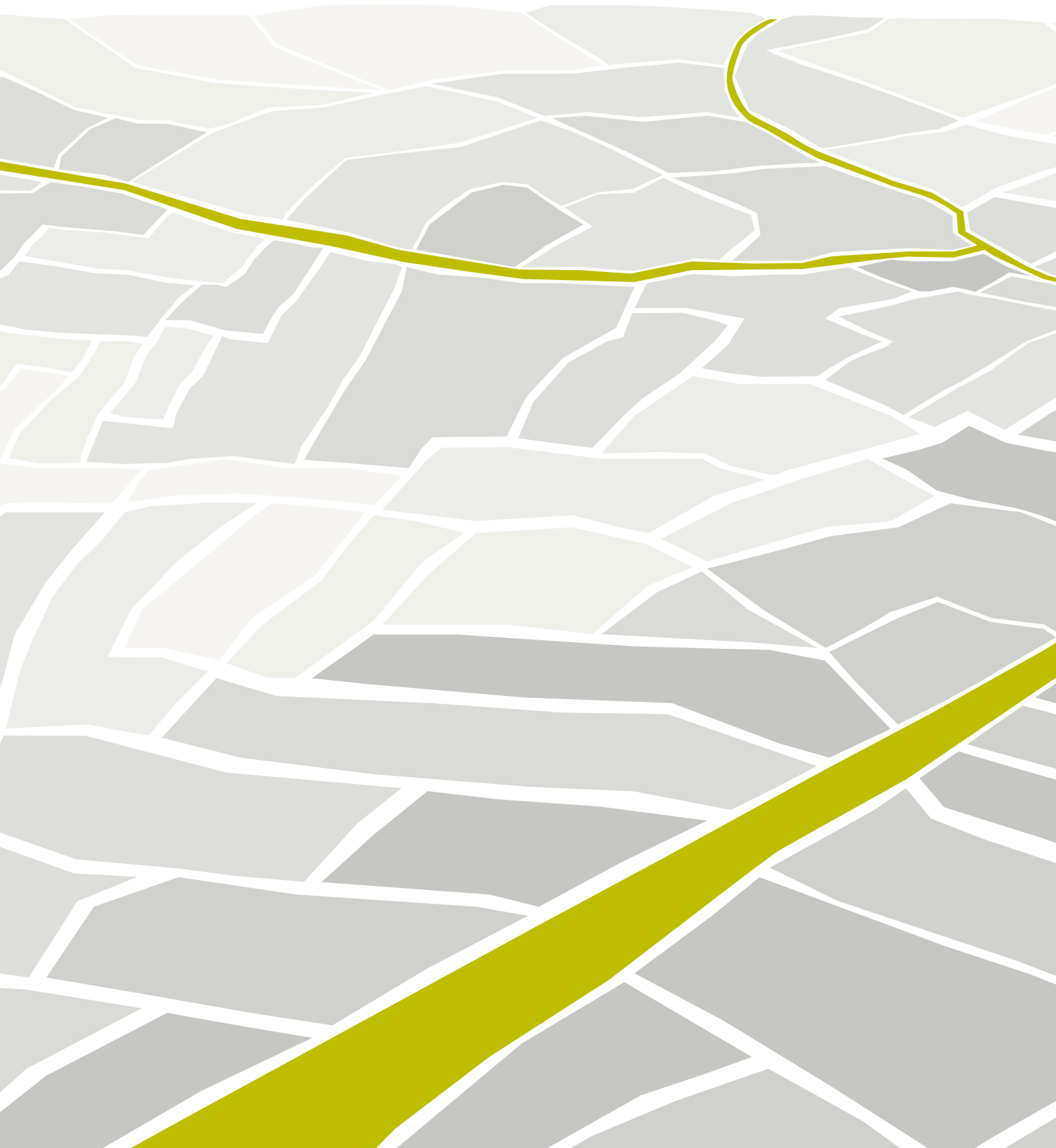
Farm Progress Show, Decatur, Illinois/USA

October

InterAGRO, Kiev/Ukraine

November

AGRITECHNICA, Hanover/Germany
SITEVI, Montpellier/France
Austro Agrar, Tulln/Austria



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