

Company report

Hauptgenossenschaft Nord AG

Facts & Figures 2010



HaGe[®]
Ihr Partner vor Ort

Hauptgenossenschaft Nord AG



Oil seed converting plant of RÖV, plant Neubrandenburg
Production: 45.000 tons oil and 75.000 tons expeller per year



Company report 2010

Preface

The previous economic crisis threw its light on the year 2010. The agricultural trade could participate in the rapid economic recovery on a global scale. Already in the third quarter of 2010, the total global trade level reached its before crisis level again. On the markets for agricultural commodities a significant recovery of prices started, based on a still high level. This applies to a global scale as well as to the domestic markets and contributed to an improved economic situation and mood in the agricultural sector as a whole.

Also HaGe can be content with the achievements of the year 2010. On the one hand a good result could be reached in all business sectors, in the subsidiaries and associated companies, and furthermore the equity could be strengthened by nonstandard revenues. On the other hand HaGe succeeded in implementing essential expansive steps in the group.

In early summer 2010 we could communicate the successful cooperation with Roth Agarhandel GmbH, Kirchhain, which led to a 60% participation of HaGe in this strong, in den federal states Hesse, Thuringia, Saxony and Saxony-Anhalt operating agricultural trade company. Also with VR-Bank Niebüll the foundation of a joint enterprise succeeded, which since 01.07.2010 further develops the direct business with the agriculture in the northwest of Schleswig-Holstein, based on the merging of HaGe business and bank business.

Moreover, a series of important investments could be realized. Central projects were, apart from the site development in the north of

Brandenburg, the extension of silo capacities, the construction of a powerful train loading at HaBeMa in Hamburg, the extension of silo capacities at the Kieler Nordhafen, the development of the BSL distribution centre situated in the heart of Schleswig-Holstein in Neumünster, and the acquisition of another oil mill in Neubrandenburg by Raiffeisen Ölsaatenverarbeitungs GmbH. The exceeding structural development of the enterprise affected in 2010 especially the further concentration of the group on the core business agricultural trade. For this the subsidiary Raiffeisen Mineralölhandel was assigned in exchange for shares of team AG, Süderbrarup. The strategic development of this business section now lies in the hands of the team AG management, which has, in the last years, very successfully brought into line its company in this business sector for the future.

We consider the projects implemented in 2010 as a consequent continuation of the development initiated in the last years. Both in its structure and in its market integration the HaGe group is prepared for future challenges. With the strength of the company achieved we are able to powerfully approach further expansion steps.

Board of Directors

Hauptgenossenschaft Nord AG and important subsidiary companies and holding in divisions



grain, oilseed, pulses



Agricultural trade

feed



fertilizer, seeds, crop protection

Hauptgenossenschaft Nord AG

HaGe[®]
Ihr Partner vor Ort

Raiffeisen
Ölsaatenverarbeitungs
GmbH

Raiffeisen
Ölsaatenverarbeitungs
GmbH, Kiel

HaBeMa

HaBeMa Futtermittel
GmbH & Co. KG, Kiel
50 %

BETRIEBSMITTEL
SERVICE
LOGISTIK

BSL
Betriebsmittel Service Logistik
GmbH & Co. KG, Kiel

Roth Agrarhandel GmbH, Kirchhain 60 %

ROTH
Agrarhandel

HaGe Polska Sp z o.o.

Partner w rolnictwie
HaGe Polska

Raiffeisen Agrodienst LEV Grevesmühlen GmbH & Co. KG 56 %

Raiffeisen Süderlügum GmbH & Co. KG 50 %

Raiffeisen Export
GmbH, Kiel

HaGe Produktions
GmbH, Rendsburg

Bio Saaten Partner
GmbH, Malchin

HaGe Logistik GmbH, Kiel

transport logistics by truck and ship



Production



Machinery



Energy and construction material

**Raiffeisen
Ölsaatenverarbeitungs
GmbH**

Raiffeisen
Ölsaatenverarbeitungs
GmbH, Kiel

Landtechnik Nord
GmbH, Kiel
24,9 %

Raiffeisen
Mineralölhandel
GmbH, Kiel
until 30th September 2010



Handelsgesellschaft
für Naturprodukte mbH
Gut Rosenkrantz,
Neumünster
24,9 %

Schmahl-HaGe
Landtechnik
GmbH & Co.,
Upahl
50 %



team AG,
Süderbrarup
25,8 %
from 1st October 2010

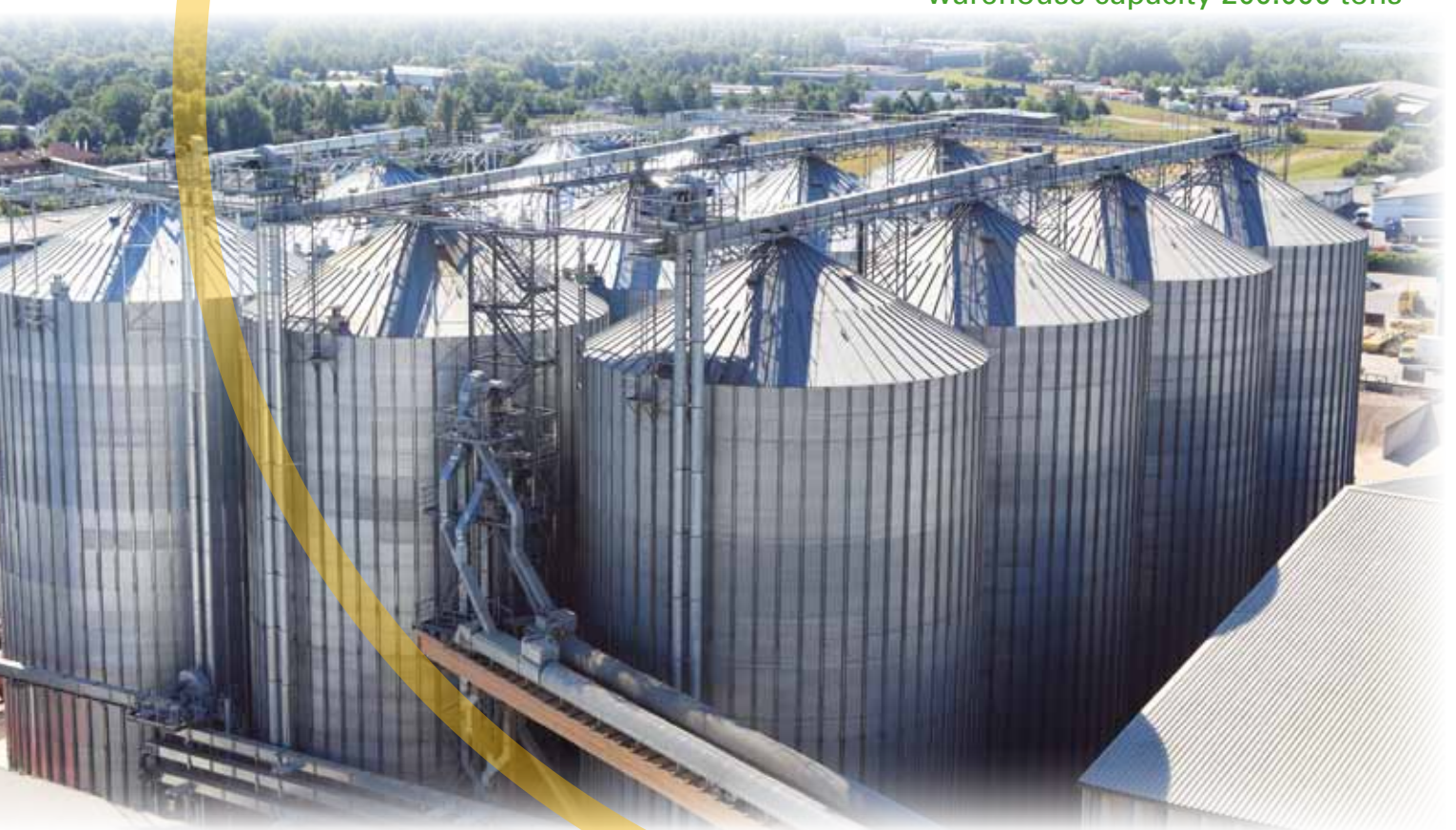


Bio-Futter
GmbH & Co. KG,
Neumünster
50 %

Annual survey of the HaGe and the affiliated groups



HaBeMa Futtermittel GmbH & Co. KG, Hamburg – feed production and transshipment
warehouse capacity 200.000 tons



Production · Trade · Market

- The **equity** of the company grew in the reporting year to an amount of abt. €182 million in HaGe AG and abt. € 190 million in HaGe group.
- The development of HaGe in 2010 can be described by three central pillars:
 - Structural development
 - Integration
 - Growth
- Within the **structural development** in the whole group, the establishment of the SAP-ERP-system was continued with great commitment, and the clear orientation of the divisional organisation was further profiled by selling the company RMH. The energy business now is a part of team AG and HaGe owns shares in that company.
- The **integration** of BSL (BSL Betriebsmittel Service Logistik GmbH & Co. KG) into the group was continued and completed in 2010 as planned. A new integration challenge arised, when HaGe acquired 60% of the shares in Roth Agrarhandel GmbH, Kirchhain. This integration process is almost completed, due to the very good involvement into the grain marketing process of the group, while in the other divisions the business is a local one with farmers in the sales region of Roth Agrarhandel.
- The **growth** in the HaGe group in 2010 continued with the acquisitions mentioned. Furthermore HaGe and VR Niebüll eG established the joint venture company Raiffeisen Süderlügum which is operating the business in the north western part of Schleswig-Holstein. Raiffeisen Ölsaatenverarbeitungs GmbH, which is already running an oilmill at the Kiel harbour, bought another oilmill in Neubrandenburg which is able to to crush abt. 120.000 tons of rapeseed.

Business Development

- The start of the **harvest** in Germany proceeded well and efficiently under dry weather conditions, but in the course of the yield very unfavourable and rainy weather prevailed. As a consequence crops and qualities declined dramatically, especially for wheat. Nationwide a large part of the wheat could only be classified as feeding quality.
- Due to the direct intake from farmers, purchase within the affiliated group and from external traders, HaGe AG could increase the **grain sales** by 9% compared to the previous year. Due to price effects, with a considerable augmentation in the second half-year 2010, the turn-over could be raised by even just under 17% compared to 2009. At the same time the profit situation was very satisfying.

Annual survey of the HaGe and the affiliated groups



BSL distribution center Neumünster, capacity: 10.500 storing-positions for euro-pallets, 1.200 tons for hazardous goods



Capacity · Investment · Profit

- In the **rapeseed** business HaGe was able to further increase the sales in the reporting year. Compared to the previous year, the sales quantity went up abt. almost 30%, the turnover nearly 23%.
- The turnover in the **crop protection** sector in HaGe and BSL developed slightly above the market trend. Despite an intensifying competition, the profit could be held steady by a good buying policy, a well-directed sales management and lean cost management. It became clear that losses in turnover and market share which partly occurred after HaGe AG became shareholder of BSL are overcome and a basis has been created to extend the business in the future.
- A formative factor for the **seed** business in 2010 was the ongoing trend of cultivating energy crops in agriculture. The installation of new biogas plants still takes place, leading to a clearly changing demand in the market.
- After the crisis in the **fertilizer** business in year 2008/2009, the application of fertilizers in Germany was intensified again. From June 2010 the prices for the farmers skyrocketed until the end of the year. As a result the demand for nitrogen fertilizer increased at the beginning of the season 2010/11 in July and temporarily surmounted the available supply. HaGe's sales of fertilizer (seasonally adjusted) was approximately on previous year's level. BSL could improve its market position, especially in South Germany.
- The quantity development in the **compound feed** sector was, with a plus of 6%, satisfying. The general conditions in the cattle sector, especially for the dairy cattle, have improved significantly. In contrast, the situation for pig farming and here in particular for farmers breeding piglets remains unsatisfying. The gross profit in the feed business was unsatisfying, due to the sectoral over-capacities in feed production, which does not always allow a price calculation based on full costs and a daily basis.
- **Transport logistics** of HaGe was used to capacity in the year 2010. In the course of the year 40 new trucks of emission standard Euro 5 EEV as well as some silo trailers were bought, so that with further enhanced environmental compatibility of the motor pool by saving of tolls the efficiency could be enhanced once more. The range of services of the central planning has been enlarged by the associated companies LEV Agrodienst Grevesmühlen and Raiffeisen Süderlügum.



RÖV Raiffeisen Ölsaatenverarbeitungs GmbH, plant Kiel



SKN Silo Kiel-Nordhafen, capacity for grain 110.000 tons

Annual survey of the HaGe and the affiliated groups

- Also in **marine logistics** further progress in the development of the concept “Shipping-Inside” (coordination of shipping traffic in the market region Baltic Sea, Hamburg and ARAG-harbours) could be achieved. The volume of the concentrated traffic flow could be further increased and new partners could be acquired for the system.
- **Investment activities** in HaGe AG and associated companies mainly affected the acquisition of financial assets in the year 2010. In the course of the purchase of shares in Roth Agrarhandel and team AG, as well as the establishment of the joint venture in Süderlügum, the financial assets in HaGe AG were raised by abt. € 35 million, in the group by abt. € 45 million.
- In the year 2010 the **energy business** has developed very good, both independently in the RMH until it was sold, and in the team AG. The sector could benefit not only from favourable weather conditions for the fuel business, but also from the very good market integration of team AG.
- The **machinery business** can look back on a very successful year. The stable and positive development of the Landtechnik-Nord Holding, already beginning to show in 2009, has continued in the reporting year. With the concentration on the brand Fendt the section succeeded after years in achieving market leadership in the tractor segment in Schleswig-Holstein (segment over 60 hp).
- At the end of the reporting year nearly 1.400 **staff members** were employed. The total number of employees was reduced compared to 31. December 2009 due to the spin-off of RMH from the group. In the corporation itself the number of employees has slightly gone up by the integration of new sites in Brandenburg.



team service station Schleswig,
depot for oil and petrol



Turnover and staff of HaGe and their subsidiary companies

	2010		2009	
	Turnover mill. Euro	Staff 31.12.10	Turnover mill. Euro	Staff 31.12.09
Grain, oilseeds and pulse branch	811.9		670.0	
Fertiliser, seeds and crop protection branch	316.6		341.7	
HaGe feed branch	299.7		277.4	
Others	0.0		0.1	
TOTAL Hauptgenossenschaft Nord AG	1,428.2	854	1,289.2	824
BSL Betriebsmittel Service Logistik GmbH & Co. KG	701.7	268	484.5	269
HaGe Logistik GmbH	15.0	53	11.3	40
HaGe Polska Sp. z o.o.	128.5	143	123.4	177
HaGe Produktions GmbH	11.7	87	11.2	78
LEV Grevesmühlen GmbH & Co. KG	53.0	16	47.1	13
Raiffeisen Mineralölhandel GmbH (until 30.09.)	256.9	112	255.7	109
Raiffeisen Ölsaatenverarbeitungs GmbH	81.6	40	66.9	27
Other subsidiary companies	0.0	0	0	0
Consolidation	-424.7		-230.3	
TOTAL AFFILIATED GROUP	2,251.9	1,573	2,058.9	1,537
At Equity				
HaBeMa Futtermittel GmbH & Co. KG	92.1	95	82.8	93
Roth Agrarhandel GmbH (since 01.05.)	185.2	135		
Raiffeisen Süderlügum GmbH & Co. KG (from 01.07.)	25.6	52		
Schmahl-HaGe Landtechnik GmbH & Co.	20.3	39	25.3	39
Beteiligungsunternehmen Landtechnik Nord GmbH	90.7	249	79.0	228
team AG (since 01.10.)	350.6	1,553		



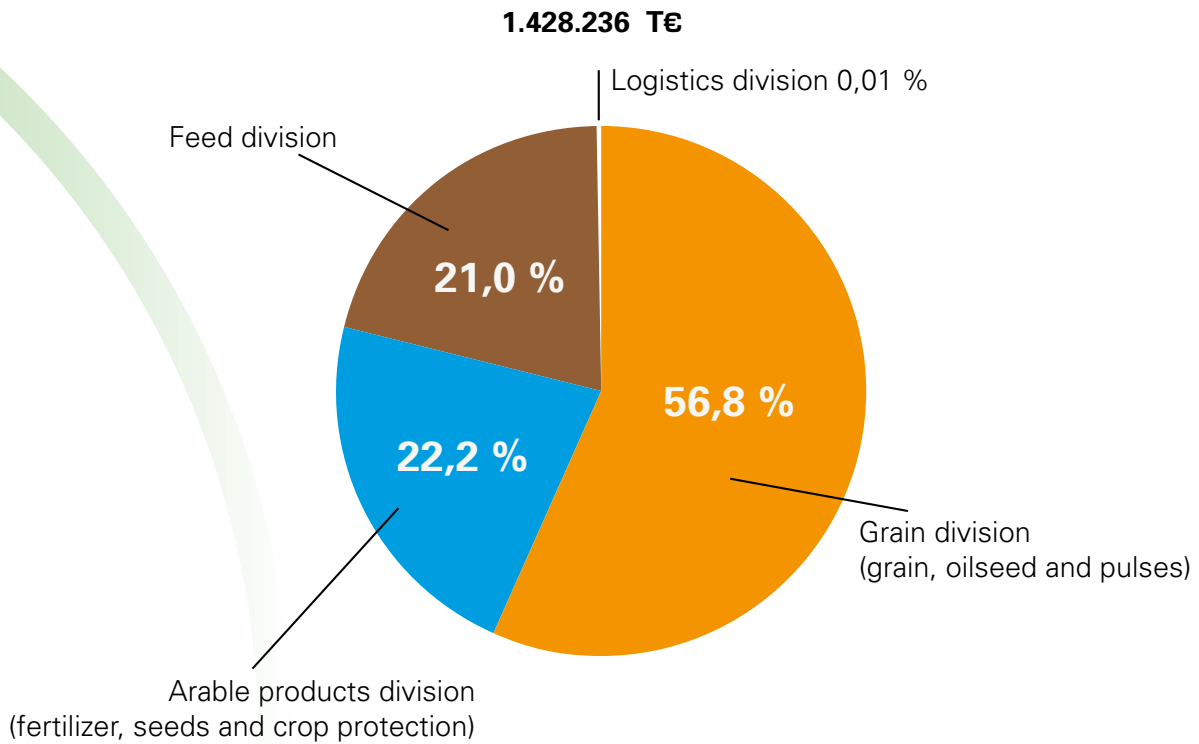
Roth Agrarhandel GmbH, Kirchhain



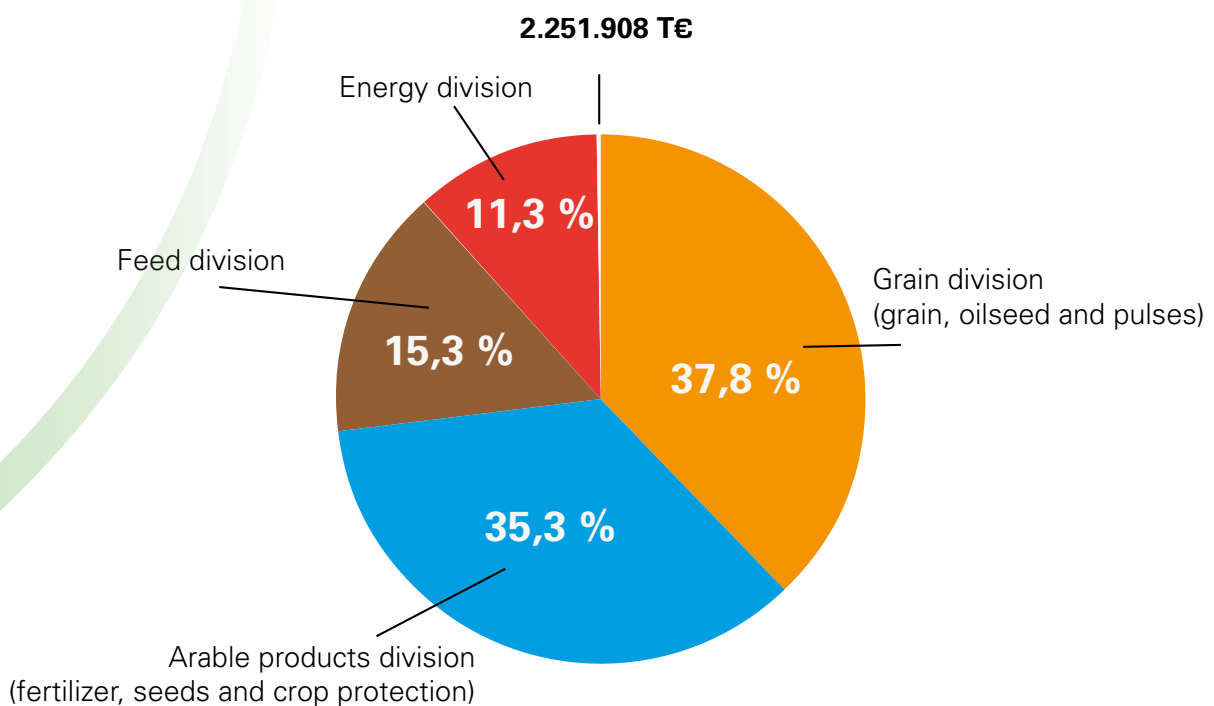
Roth Agrarhandel GmbH, Ellersleben

Turnover 2010 by divisions

Turnover 2010 - AG divisions in %



Turnover 2010 - Affiliated group divisions in %



Profit and loss account for the year 2010

Profit and loss account for the time of January 1st, 2010 to December 31st, 2010

	HaGe		Affiliated group	
	Business year in Euro	Previous year in TEuro	Business year in Euro	Previous year in TEuro
▶▶ Net sales	1,428,235,774.57	1,289,238	2,251,908,467.44	2,058,885
▶▶ Change in stock	-95,162.47	-1,043	-992,410.45	-597
▶▶ Other operating income	12,137,342.61	14,549	13,253,551.57	15,886
▶▶ Cost of materials	1,347,392,921.00	1,215,043	2,113,804,161.24	1,929,798
▶▶ Gross profit	92,885,033.71	87,701	150,365,447.32	144,376
▶▶ Personnel expenses	38,535,481.84	39,841	64,922,317.53	65,119
▶▶ Depreciation and amortisation of fixed assets	7,123,214.93	7,719	11,738,035.85	12,104
▶▶ Other operating expenses	36,481,239.76	34,356	57,879,969.61	52,579
▶▶ Subtotal	10,745,097.18	5,785	15,825,124.33	14,574
▶▶ Financial results	4,053,350.27	573	2,424,384.31	-679
▶▶ Result from ordinary activities	14,798,447.45	6,358	18,249,508.64	13,895
▶▶ Extraordinary result	6,452,196.69	831	6,915,122.36	2,250
▶▶ Income taxes	1,036,615.92	1,245	2,558,029.83	3,509
▶▶ Other taxes	556,737.53	676	371,951.83	669
▶▶ Net income	19,657,290.69	5,268	22,234,649.34	11,967
▶▶ Shareholders dividend	0	0	143,232.56	127
▶▶ Net income after minority status	19,657,290.69	5,268	22,091,416.78	11,840
▶▶ Retained earnings and accumulated deficit	0	0	8,259,087.71	1,711
▶▶ Allocation to the statutory reserve	988,175.00	263	988,175.00	263
▶▶ Accumulated profits	18,669,115.69	5,005	29,362,329.49	13,288

Balance sheet statement up to 31.12.2010

Assets

	HaGe		Affiliated group	
	Business year in Euro	Previous year in TEuro	Business year in Euro	Previous year in TEuro
▶▶ A. Assets	158,256,586.01	120,917	171,398,547.98	120,858
I. Intangible assets	2,337,627.00	2,902	3,987,493.31	11,358
II. Fixed assets	61,148,088.32	57,952	97,879,645.47	84,820
III. Financial assets	94,770,870.69	60,063	69,531,409.20	24,680
▶▶ B. Current assets	329,791,261.26	257,930	406,888,623.00	376,412
I. Inventories	146,183,135.49	157,146	226,288,704.35	221,990
II. Receivables and other assets	183,146,335.33	100,272	179,184,154.41	150,484
III. Cash assets Bank balances and cheques	461,790.44	512	1,415,764.24	3,938
▶▶ C. Accruals	2,415,945.90	3,228	2,621,353.12	3,381
▶▶ D. Deferred taxes	2,301,656.85	0	1,434,414.20	1,768
▶▶ Total assets	492,765,450.02	382,075	582,342,938.30	502,419

Equity and liabilities

	HaGe		Konzern	
	Business year in Euro	Previous year in TEuro	Business year in Euro	Previous year in TEuro
▶▶ A. Equity	181,734,409.81	158,619	190,378,428.65	170,925
I. Capital stock	61,737,600.00	61,738	61,737,600.00	61,737
II. Capital reserve	37,753,835.08	37,753	37,753,835.08	37,754
III. Revenue reserves	61,542,986.04	52,092	58,479,946.78	54,131
IV. Equity difference currency conversion	0	0	-886,372.41	-1,320
V. Accumulated profits	18,669,115.69	5,005	29,362,329.49	13,288
VI. Participation capital	2,030,873.00	2,031	2,030,873.00	2,031
VII. Balancing items minority interests	0	0	480,685.20	465
VIII. Compensatory items from capital consolidation	0	0	1,419,531.51	2,839
▶▶ B. Special reserve	0	1,637	0	0
▶▶ C. Provisions	37,710,992.23	29,624	55,558,665.99	47,180
▶▶ D. Liabilities	273,293,124.87	192,155	336,378,920.55	283,920
▶▶ E. Accruals	26,923.11	40	26,923.11	394
▶▶ Total Liabilities	492,765,450.02	382,075	582,342,938.30	502,419



HaGe Technik GmbH – Gnutz



Important key data

	HaGe			Affiliated group		
	2010 in TEuro	2009 in TEuro	2008 in TEuro	2010 in TEuro	2009 in TEuro	2008 in TEuro
<u>Profit and loss account</u>						
Turnover	1,428,236	1,289,238	1,617,131	2,251,908	2,058,885	2,249,558
Gross profit	92,885	87,701	111,687	150,365	144,376	166,323
Expenses	75,573	74,873	80,582	123,174	118,367	121,435
Depreciation	7,123	7,719	7,186	11,738	12,104	10,527
Financial result	4,053	573	-3,073	2,424	-680	-10,392
Operating profit	14,242	5,682	20,846	17,878	13,226	23,970
Income before tax	20,694	6,513	22,252	24,793	15,476	27,318
Net income	19,657	5,268	14,698	22,235	11,967	19,681
<u>Balance</u>						
Total assets	492,765	382,075	349,500	582,343	502,419	418,707
Equity	181,734	158,619	153,351	190,378	170,925	158,245
<u>Key data</u>						
EBIT	25,699	9,668	29,961	32,024	20,193	39,576
Profit margin (before tax)	1.4%	0.5%	1.4%	1.1%	0.8%	1.2%
EBIT margin	1.8%	0.7%	1.9%	1.4%	1.0%	1.8%
Equity ratio	37%	42%	44%	33%	34%	38%
Equity return (before tax)	11%	4%	15%	13%	9%	17%
ROCE	5%	3%	9%	6%	4%	10%
EBITDA	32,822	17,387	37,147	43,762	32,297	50,103

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