

Lantmännen Annual Report including Sustainability Report



**“ Lantmännen takes
responsibility from
field to fork**

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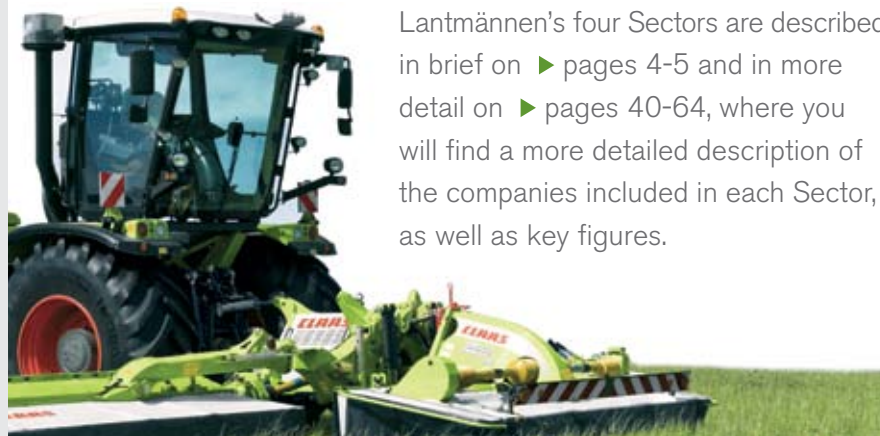
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Welcome to Lantmännen's Annual Report and Sustainability Report!

This year we have decided to further integrate our Sustainability Report which means that there is no separate section on sustainability. We have taken this step because we consider sustainability to be an important and natural aspect of our operations.

Per Olof Nyman
President & CEO, Lantmännen



Lantmännen's four Sectors are described in brief on ► pages 4-5 and in more detail on ► pages 40-64, where you will find a more detailed description of the companies included in each Sector, as well as key figures.

We have chosen to highlight some particularly important themes in the in-depth pages of this year's report. These are issues that are highly relevant to Lantmännen and which we have worked on actively during 2012.

Grain ► page 17
Innovation ► page 18
Water ► page 19



Lantmännen has chosen to conduct its sustainability reporting according to level B of the Global Reporting Initiative (GRI) by way of self-declaration. This report, together with the Appendix for sustainability-related indicators and information which can be found at www.lantmannen.com, also meets the requirements set by Global Compact. Read more on pages ► 136-137.

Lantmännen's mission is to contribute to the profitability of its owners' farms and maximize the return on their capital.

The foundation for our ownership model is an efficient agricultural business.

By owning a profitable industrial business, we are able to channel profits back to us farmers through a higher value added.

Income from industrial operations can also be used for research and to develop new business opportunities.



Lantmännen 2012

Net sales for the Group totaled MSEK 36,526 (37,896), with currency effects accounting for approx. half of the 4-percent decline.

Operating income amounted to MSEK 685 (1,204). Adjusted for items affecting comparability (restructuring costs and capital gains), it was MSEK 747 (1,063).

Income after financial items was MSEK 503 (867). Adjusted for items affecting comparability, it was MSEK 565 (841). Net financial items were MSEK -182 (-337, of which items affecting comparability -115).

Net income after tax amounted to MSEK 412 (720).

Investments in non-current assets during the year amounted to MSEK 1,292 (1,431).

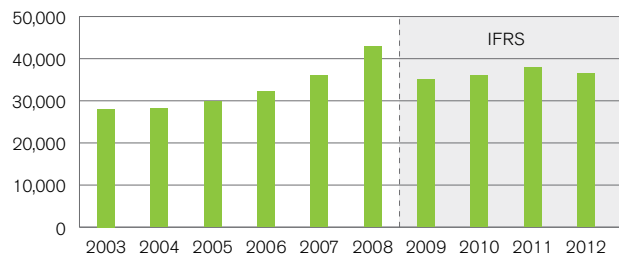
Cash flow before financing activities for the year was MSEK -222 (876). The figure for 2011 includes property sales of approx. MSEK 1,057 to the Grodden pension fund.

Dividend. The Board has decided to pay a dividend in the form of a 1.25 percent refund and final price adjustment on transactions with Lantmännen ek för and SW Seed, and 0.5 percent on transactions with Lantmännen Maskin, a total of MSEK 120 (110). The Board of Directors proposes that the Annual General Meeting adopt a 5 (5) percent dividend on contributed capital, totaling MSEK 87 (78), and a contribution issue of MSEK 80 (152). The proposed dividend on subordinated debentures is 3.75 (6.75) percent, a total of MSEK 2 (4).

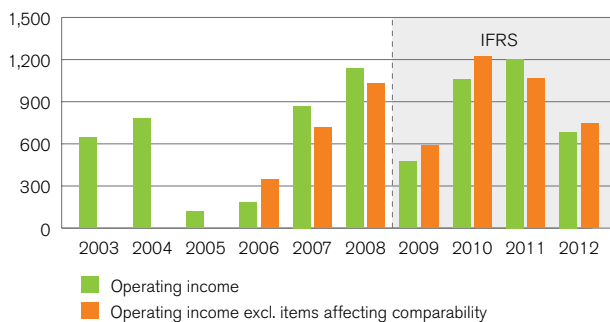
Transition to IFRS

Lantmännen began reporting under IFRS (International Financial Reporting Standards) in 2010. Comparative figures for the years 2003-2008 have not been restated under IFRS rules. A more detailed description of the effects of the transition to IFRS on the 2009 income statement and balance sheet can be found in Lantmännen's 2010 Annual Report. Lantmännen's annual reports can be downloaded from ► www.lantmannen.com/arsredovisningar

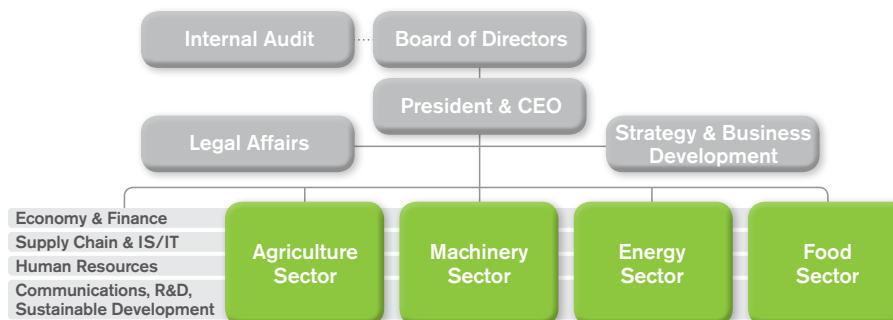
Net sales
MSEK



Operating income
MSEK



Lantmännen's organization



Key figures

	2012	2011
Net sales, MSEK	36,526	37,896
Operating income, MSEK	685	1,204
Operating margin, %	1.9	3.2
Income after financial items, MSEK	503	867
Net income for the year, MSEK	412	720
Cash flow before financing activities, MSEK	-222	876
Return on equity, %	3.8	6.7
Return on operating capital, %	3.8	6.5
Total assets, MSEK	26,367	26,621
Equity ratio, %	41.5	41.1
Investments in non-current assets, MSEK	1,292	1,431
Net debt, MSEK	7,506	7,186
Interest cover ratio, times	2.2	2.5
Number of members	33,589	34,738
Average number of employees	10,249	10,296
proportion of women, %	30	30
Total CO ₂ emissions, thousand tonnes	400.0	387.4
CO ₂ emissions, tonnes per MSEK, value added	56	51
Total sick leave, %	3.8	3.7

Key figures excl. items affecting comparability

	2012	2011
Operating income, MSEK	747	1,063
Operating margin, %	2.0	2.8
Income after financial items, MSEK	565	841
Return on equity, %	4.2	5.9
Return on operating capital, %	4.1	5.8

Sales by market, MSEK

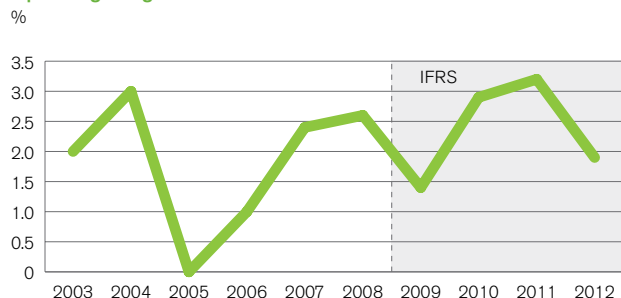
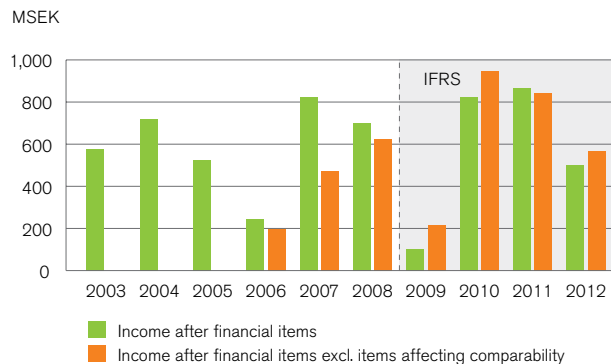
	2012	2011	Change
Sweden	18,287	20,136	-9 %
Denmark	5,104	4,883	5 %
Germany	3,124	3,751	-17 %
Norway	3,480	3,320	5 %
United Kingdom	1,581	1,516	4 %
Belgium	567	606	-6 %
Netherlands	758	544	39 %
Poland	392	467	-16 %
Baltics	437	429	2 %
Finland	484	376	29 %
Russia	330	302	9 %
Rest of Europe	1,062	947	12 %
United States	634	434	46 %
Rest of world	286	185	55 %
Total	36,526	37,896	-4 %

For more sustainability-related indicators, see ► www.lantmannen.com

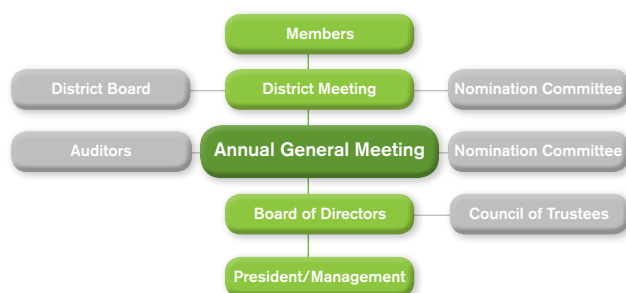
Glossary and definitions, see ► page 143.

For more information, please contact

Ulf Zenk, Senior Vice President & CFO, ulf.zenk@lantmannen.com
 Ulrika Ekström, Acting Director Communications, ulrika.ekstrom@lantmannen.com
 Claes Johansson, Sustainable Development Manager, claes.johansson@lantmannen.com

Operating margin**Income after financial items****Notice of Annual General Meeting**

The Annual General Meeting will be held at the Clarion Hotel, Ringvägen 98, Stockholm, on Monday, May 6, 2013.

**Financial Reporting**

Interim Report January-April May 31, 2013
 Interim Report May-August October 2, 2013

With effect from January 1, 2013, Lantmännen will issue reports on a four-monthly basis rather than three-monthly as previously.

Distribution & Ordering

The Annual Review, Annual Report including Sustainability Report, Sustainability-Related Indicators appendix, interim reports and other reports are available in English and Swedish. All reports can be downloaded from ► www.lantmannen.com/publications

The printed Annual Review, which is a summary of the Annual Report including Sustainability Report, will be distributed to anyone requesting a copy. Printed reports can be ordered at ► www.lantmannen.com/arsredovisningar

Our Sectors 2012

Agriculture Sector

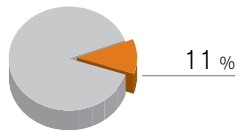
The Agriculture Sector, which constitutes Lantmännen's core business, develops and offers products and services to enable a strong and competitive farm economy. Products are marketed under well-known names such as Nötfor, Piggfor, Pullfor, Protect and the SW and Krafft brands.

The Sector operates in: Sweden, Latvia, Poland, Germany and the Netherlands.

SHARE OF GROUP'S
OPERATING REVENUE



SHARE OF GROUP'S
EMPLOYEES



In a market which is increasingly competitive, Lantmännen Lantbruk must act in a customer-oriented and business-like manner. We are continuing to work on implementing the strategic plan adopted in 2011 and we are placing a greater focus on being sharper. Initiatives under the ONE approach action program are continuing during 2013.



Monika Lekander
Senior Vice President
& Head of
Agriculture Sector

Machinery Sector

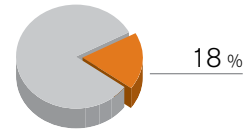
The Machinery Sector consists of Lantmännen Maskin, Swecon and Agro Oil. Lantmännen Maskin imports, markets and sells farm machinery and equipment. Swecon is a partner of Volvo Construction Equipment. Agro Oil is a major supplier of the lubricant Agrol.

The Sector operates in: Sweden, Norway, Denmark, Estonia, Latvia, Lithuania and Germany.

SHARE OF GROUP'S
OPERATING REVENUE



SHARE OF GROUP'S
EMPLOYEES



Market development is uncertain due to the global economic turmoil. This means that customers are finding it more difficult to obtain financing and are adopting a cautious approach. All of our businesses will continue to streamline their working practices and improve their customer service in order to strengthen our positions and brands.



Håkan Pettersson
Senior Vice President
& Head of
Machinery Sector

Agriculture Sector ► page 40

	2012	2011
Net sales, MSEK	10,870	11,497
Operating income, MSEK	165	183
Operating margin, %	1.5	1.6
Return on operating capital, %	4.3	4.8
Investments in non-current assets, MSEK	126	103
Average number of employees	1,133	1,154
proportion of women, %	31	30
Share of women in the executive management, %	42	29
Total CO ₂ emissions, thousand tonnes	69.5	83.3
CO ₂ emissions, tonnes per MSEK, value added	70	80
Total sick leave, %	2.3	2.6

Key figures excl. items affecting comparability

	2012	2011
Operating income, MSEK	165	183
Operating margin, %	1.5	1.6
Return on operating capital, %	4.3	4.8

Machinery Sector ► page 46

	2012	2011
Net sales, MSEK	9,146	10,328
Operating income, MSEK	300	444
Operating margin, %	3.3	4.3
Return on operating capital, %	12.9	22.4
Investments in non-current assets, MSEK	378	307
Average number of employees	1,830	1,816
proportion of women, %	9	9
Share of women in the executive management, %	33	14
Total CO ₂ emissions, thousand tonnes	n.a	n.a
CO ₂ emissions, tonnes per MSEK, value added	n.a	n.a
Total sick leave, %	3.1	2.9

Key figures excl. items affecting comparability

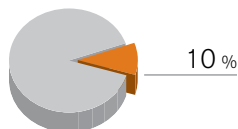
	2012	2011
Operating income, MSEK	300	444
Operating margin, %	3.3	4.3
Return on operating capital, %	12.9	22.4

Energy Sector

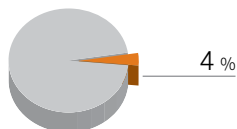
The Energy Sector is Sweden's largest bioenergy company, representing Lantmännen's operations within energy and green industrial products. Examples of our products include sustainable fuel ethanol, protein feeds, glucose syrup, starch, district heating, heating pellets and alkylate petrol. The four businesses within Lantmännen Energi are Lantmännen Agroetanol, Lantmännen Agroenergi, Lantmännen Reppe and Lantmännen Aspen.

The Sector operates in: Sweden, Latvia, France and Germany.

SHARE OF GROUP'S
OPERATING REVENUE



SHARE OF GROUP'S
EMPLOYEES



The last few years have been tough for the European ethanol industry and we have also been affected by this. Consequently, we are pushing forward with continually making ourselves more efficient. We can also see many exciting future opportunities for the Sector and are working hard to achieve them.



Carl von Schantz
Senior Vice President
& Head of
Energy Sector

Food Sector

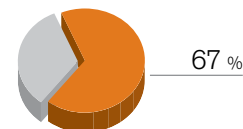
The Food Sector develops, processes and markets products including flour, breakfast foods, pasta, frozen and fresh bread, chicken, ready-to-eat meals and pet food. While the Nordic countries represent the base of the business, we also operate globally.

The Sector operates in: Sweden, Norway, Denmark, Finland, Russia, Estonia, Latvia, Lithuania, Poland, Hungary, Germany, the Netherlands, Belgium, the United Kingdom, France, Spain, Ukraine and the United States.

SHARE OF GROUP'S
OPERATING REVENUE



SHARE OF GROUP'S
EMPLOYEES



The market is expected to be affected by fierce competition in 2013, with a major focus on price. The uncertainty caused by the economic crisis is giving rise to more circumspect consumer behavior. We are meeting the market's challenges with continuing efficiency measures. Market growth is therefore likely to be limited in 2013.



Per Olof Nyman
President & CEO,
Lantmännen &
Head of Food Sector

Energy Sector ► page 52

	2012	2011
Net sales, MSEK	3,615	3,052
Operating income, MSEK	-21	-141
Operating margin, %	-0.6	-4.6
Return on operating capital, %	-0.9	-6.1
Investments in non-current assets, MSEK	67	85
Average number of employees	344	330
proportion of women, %	23	21
Share of women in the executive management, %	20	19
Total CO ₂ emissions, thousand tonnes	74.4	73.7
CO ₂ emissions, tonnes per MSEK, value added	192	229
Total sick leave, %	2.3	1.5

Key figures excl. items affecting comparability

	2012	2011
Operating income, MSEK	-21	-68
Operating margin, %	-0.6	-2.2
Return on operating capital, %	-0.9	-2.9

Food Sector ► page 56

	2012	2011
Net sales, MSEK	14,655	14,708
Operating income, MSEK	252	298
Operating margin, %	1.7	2.0
Return on operating capital, %	2.8	3.2
Investments in non-current assets, MSEK	606	814
Average number of employees	6,608	6,670
proportion of women, %	35	35
Share of women in the executive management, %	27	14
Total CO ₂ emissions, thousand tonnes	251.2	248.2
CO ₂ emissions, tonnes per MSEK, value added	65	59
Total sick leave, %	4.6	4.5

Key figures excl. items affecting comparability

	2012	2011
Operating income, MSEK	314	539
Operating margin, %	2.1	3.7
Return on operating capital, %	3.4	5.7

Chairman's comments



2012 was a very challenging year in a number of ways. It was challenging for the global economy, for cooperation in Europe, for the Swedish economy, for Swedish agriculture and for Lantmännen.

The global economy has been characterized by stagnation and uncertainty. Events in the U.S. always have a far-reaching impact – this is true of everything from presidential elections to poor harvests. The slight slowdown in China's economy is clearly having an impact on global development as well, and in Europe, one crisis package has followed another. If we evaluate the growth forecasts for Lantmännen's core markets, it is clear that we cannot count on a pacesetter from outside Sweden. From this perspective, it is easier to appreciate how the world around us affects Lantmännen and Swedish agriculture.

Looking at agriculture and developments in Europe, we are witnessing consolidation on a grand scale. Among the driving forces are the announced changes in the EU's agricultural policy, but even more so it is a consequence of agricultural commodities and foodstuffs being international merchandise. Several major mergers and acquisitions were made during the year. Within Lantmännen's industry, Hankia of Finland was bought by DLA of Denmark for example, while acquisitions took place between German companies and several grain cooperatives merged in France. The decision of the Örkelljunga local association to leave Lantmännen also demonstrates that competition is increasing. During the year, we saw Milko merge with Arla, and Skåne-mejerier sell their business to Lactalis of France. The squeezed profitability for milk producers has been discussed in different contexts, with Lantmännen playing an active role. Crop production this year has been good in many places, but another wet fall and late harvests in some areas led to a tough year.

We have said it before, but positive development in both crop production and livestock farming is extremely important for Lantmännen. We require optimism, profitability and competitiveness throughout the entire value chain from field to fork. This means that Swedish laws and regulations in agriculture, food and energy in an EU context should ultimately be governed by competition on equal terms. Looking at environmental responsibility and long-term sustainability, Swedish agriculture is at the forefront by international comparison. We should be proud of what has been achieved, but we need to communicate our added value to customers and consumers more clearly.

One of my and the Board's top priorities in 2012 was to continue our efforts to put Lantmännen Lantbruk on the right track. Work in the area of "orderliness" has been successful in laying the foundation for a more proactive business and a

One Lantmännen for optimism, profitability and competitiveness

positive income trend. The combined expertise at Lantmännen Lantbruk is impressive. We are now seeing how, piece by piece, structure and expertise provide an interchange and that we have all of the conditions in place to be able to offer products and services at a very high level. The opening of new grain receiving facilities and the launch of new and improved SW variants are positive examples.

In the machinery sector, uncertainty in the economy has resulted in restraint with regard to investments. At Lantmännen Maskin, we have seen that strong brands combined with considerable expertise in the aftermarket have helped us to maintain our positions. Testament to this is that Valtra ended the year as the most sold tractor for 2012. In the long run, I feel that the strength of a local presence will be a powerful competitive advantage. Through co-location and coordination, Lantmännen Maskin, Swecon and Lantmännen Lantbruk have the opportunity to present attractive offers. In this, I also see the possibility of creating attractive workplaces as one of our biggest challenges is linking skilled technicians to our facilities.

Within the Energy Sector, we have focused on Lantmännen Agroetanol throughout the year. The ethanol business is not only one of our most policy-dependent areas, but also one of the most media-exposed. Comparing ethanol production to methanol production feels like a pure pseudo-debate. To further discuss the ethics of making ethanol from grain feels like a debate in which it is impossible to see either the overall situation or the connection. In the long run it would be more important to talk about how we are increasing grain production and the impact of housing and roads eating up more and more arable land. Whether we use grain for horses or ethanol, it is fully possible to use the ground for food production the following year. This is not the case for housing or roads. Through determined efforts, Lantmännen Agroetanol has demonstrated that we have a highly efficient ethanol plant in which the production of protein feeds is becoming more and more significant.

Looking at Lantmännen's various activities, the greatest challenges have been within the Food Sector. Rock-hard competition, an increasing share for the private label segment and the effect of different diets poor in carbohydrates have a significant impact on us. This requires a very clear plan in order to be able to cope with long-term adaptation. At the same time I am convinced that, in the long run, our food business will continue to deliver profits which will benefit us farmers.

During the year the Board adopted a new dividend policy in which we seek to highlight the benefits of business relationships with agriculture-related operations. The objective is to distribute the full operating income of the agriculture-related

operations in the form of final price adjustments and refunds. There will also be a distribution from the income in industrial operations in the form of contribution issues and a contribution dividend in which the objective is to distribute 40 percent of net income. In this we want to pay special attention to the positive development within Lantmännen Lantbruk and highlight the link between income and dividend. Consequently, the Board has decided on a refund and final price adjustment of 1.25 percent for Lantmännen Lantbruk and 0.5 percent for Lantmännen Maskin. The Board also proposes a contribution dividend of 5 percent, totaling MSEK 87 and a contribution issue of MSEK 80.

The challenges we have faced during the year have been difficult, but plans for how we will parry and compensate for changes give us both the time to think and the space to act. I am entirely convinced that if Lantmännen is to develop its competitiveness, over time, we must become more international. The importance of international cooperation becomes clear when talking about the cost of plant breeding and feed development, but also just as much when talking about developing expertise and recruiting really first-class employees! During the cooperative seminar arranged last fall by Lantmännen together with Södra, Arla and LRF among others, we spoke about joint-ownership and alliances as a way to address the future financing of the business. For me, these are definite opportunities which we have to evaluate.

To conclude, I want to thank all of our employees whose huge commitment has contributed to this year's results. I would especially like to thank Per Olof Nyman who has taken full responsibility for the Group throughout the year as President and CEO. In such a challenging situation, it is an asset to have a CEO who knows each of our operations so well.

For me, 2012 has been an extremely interesting year. To be elected Chairman of Lantmännen is one of the most exciting and challenging tasks you can get if you are passionate about Swedish agriculture! We will not budge from our task of contributing to the profitability of our members' farms and maximizing returns on owners' capital. Or, in the words of a speaker at this fall's district board meeting, you can choose either to actively exploit opportunities, or passively accept the consequences. For me, one thing is for sure – I want to lead a company which acts, not just reacts!

Klockrike, February 2013

Bengt-Olov Gunnarson
Chairman of the Board, Lantmännen

President's Overview



Lantmännen's income after net financial items, excluding items affecting comparability, amounted to MSEK 565 in 2012. This is lower than the MSEK 841 million we reported for 2011, and is largely due to a decline in earnings in the Machinery and Food Sectors. The Agriculture Sector performed well during the year and the Energy sector reported significantly better results than in the previous year.

Through intensive efforts to improve our internal efficiency and a continuing focus on customers, innovation and competitive offerings, we have largely succeeded in parrying the difficult global financial situation which has seriously affected us during the year. Although net income for the year is lower than in the previous year, many of the implemented measures and economic adjustments have turned out well and had a positive effect on our results. In the fourth quarter, earnings were stronger than in 2011 for the first time during the year, and our main focus ahead is to create the conditions to deliver satisfactory financial results – whatever the market conditions.

How our Sectors performed

The Agriculture Sector's operating income for 2012 is on a par with the previous year. This is mainly due to a very well-executed action program in the Swedish contribution-related operations, resulting in improved earnings during the year. A comprehensive improvement program enabled Lantmännen Lantbruk to create operational order and efficiency, and the focus is now on sharpening its offerings even more. Impressive contributions have been made by all the Sector's employees.

The Machinery Sector was seriously affected by the fall in demand in the market, both for farm machinery and construction machinery – the decline in Swedish tractor sales, for example, was 16 percent compared with the previous year – and the Sector reported a lower operating income than in 2011, which was a particularly strong year. However, in historical terms, the Sector's results are at a high level and the return on operating capital remains good. It is also heartening that Valtra, which had major problems with deliveries from the manufacturer at the beginning of the year, managed to reclaim its position as the market leader in Sweden by the end of the year. All the Sector's companies are working on measures to deal with and counteract the weak market, which is expected to continue in 2013.

The Energy Sector's operating income was significantly better than in the previous year, mainly due to a considerable

improvement in earnings for Lantmännen Agroetanol. The very unfavorable ethanol-grain price relationship we saw in the first half of the year improved, and this contributed to the ethanol business showing black figures in the second half of the year. However, the price relationship deteriorated again at the end of the year, and the market continues to be very volatile. The ethanol plant set a production record during the year and continued to reduce its production costs. Efforts to develop new revenue streams in carbonic acid and feed products continue.

The Food Sector's challenges continued in 2012, with strong price pressure, low volume growth and increased competition from private labels, and its operating income for 2012 was lower than in the previous year. All the Sector's business areas are working intensively to make improvements along the entire value chain – including cost reductions, organizational efficiency, better planning and monitoring processes and more attractive concepts and offerings for customers. A new organizational structure and a large cost-adjustment program for Cerealia were some of the measures introduced during the year. These measures, which have taken full effect from the beginning of 2013, will make a positive contribution to earnings during the year.

Our presence and responsibility throughout the chain, from field to fork, represents a major strength

Continuing improvement measures in 2013

As I look back on my first year as President and CEO, I can say that the program we have launched to adapt our operations to the increasingly harsh market conditions is essential if we are to continue to be a leading and successful player in the areas in which we operate.

Perhaps the single most important measure has been the ongoing efforts to create a more efficient and competitive

Lantmännen Lantbruk. These efforts have been reflected in improved earnings and higher refunds and final price adjustments for our members. However, we still have work to do in order to actually become the market's best business partner, and there will be a strong focus on becoming even sharper in 2013.

The negative trend compared with 2011 was reversed in several of our businesses during the fourth quarter of 2012, in particular as a result of sustained efforts on cost rationalization. We are heading towards becoming a more stable company which is able to deliver good results even in difficult times, and the programs and measures initiated in 2012 will continue in 2013.

Sustainable business development is a key issue for the future

We are moving towards a future in which resources will become increasingly scarce, something we are countering with initiatives such as sustainable business development. By that, we mean identifying new business opportunities as well as increasing resource efficiency in order to create long-term, sustainable profitability. Lantmännen has a unique position of success in a sustainability context – our presence and responsibility throughout the chain, from field to fork, represents a major strength and we see great scope for obtaining economic benefits from our efforts in this area.

Consumers also recognize that we are a responsible company. In the 2012 Sustainable Brands survey we were named the most sustainable brand in the consumer goods/food category, and the fourth most sustainable brand overall in Sweden, in competition with 200 other corporate brands.

Our current initiatives will also leave us well equipped when the economy picks up again. Through innovation and customer focus, we shall achieve growth in both existing and new markets and become an even more profitable and responsible company that lives up to expectations placed on it – whether by our owners, customers, partners or employees. I look forward to all of us continuing these efforts in 2013!

Stockholm, February 2013

Per Olof Nyman
President & CEO, Lantmännen

Important events

First quarter

- ▶ Per Olof Nyman took up the position of President & CEO on March 21, having been acting President & CEO since October 2011.
- ▶ During the first quarter the petroleum business was divested. The business was transferred to Swea Energi and the five fuel stations on Gotland were sold to OKQ8.
- ▶ Lantmännen Agroetanol and Lantmännen Aspen received sustainability statements from the Swedish Energy Agency. This means that the Swedish Energy Agency formally approved the companies' control systems which were established for sustainable ethanol that meets EU sustainability criteria for biofuels. This allows us to deliver guaranteed sustainable ethanol both within Sweden and throughout Europe.
- ▶ Lantmännen took first place as Sweden's most sustainable food & beverage brand.
- ▶ Media reports of slaughter waste management problems at the Valla plant. Immediate action was taken to prevent any recurrence.

Second quarter

- ▶ At the Annual General Meeting in May, Ulf Gundemark was elected to the Board, replacing Thomas Bodén who did not seek re-election. At the statutory Board meeting, Bengt-Olov Gunnarson was elected Chairman and Nils Lundberg Vice Chairman.
- ▶ The Swedish Chemicals Agency approved Lantmännen BioAgri's biological control agent Cedress for use on carrots. Cedress resolves carrot growers' problems with the fungal disease Acrothecium which causes black spots that make carrots start to rot and become unusable. There has not previously been any effective pesticide against Acrothecium.
- ▶ A new, more efficient organization was introduced at Cerealia and a restructuring program involving a reduction of 60 full-time equivalents was carried out.

Third quarter

- ▶ Lantmännen Lantbruk opened a grain receiving facility at Laholm, thereby increasing Lantmännen's local presence in the agriculturally-dense plain of Halland.
- ▶ Lantmännen Bygglant ceased as a general contractor in farm-based biogases.
- ▶ At the end of September, there was a fire at Hansson & Möhring's plant in Halmstad, where Lantmännen Lantbruk was storing about 5,000 tons of mineral fertilizer. The fire did not cause any personal injury and the product was largely intact and usable. Water surveys did not show any demonstrable damage to plants or wildlife.
- ▶ The Board decided to move to four-monthly reporting with effect from January 1, 2013.

Fourth quarter

- ▶ At the end of the year, it was decided to open three new grain receiving facilities for next year's harvest.
- ▶ Ulf Zenk took over as CFO. He joins the Company from Bong where he served as CFO and a member of Group Management since 2004.
- ▶ The Örkelljunga local association requested its withdrawal from Lantmännen.
- ▶ During November a seminar was held on the theme "Cooperative business opportunities for the future."
- ▶ Lantmännen is continuing to develop its responsibility for soybean imports and has increased the share of certified soy from 22 to 37 percent. The work is taking place through dialog with our suppliers and the purchasing of RTRS certificates.
- ▶ Valtra ended the year as market leader thanks to the hard work of Lantmännen Maskin and Valtra boosting its production of successful products.

Significant events in 2013

- ▶ Lantmännen Agroetanol and AGA Gas AB have signed an agreement to form a jointly-owned company in order to build a facility that will utilize and purify carbon dioxide from Lantmännen Agroetanol's facility in Norrköping. Lantmännen's ownership share is 10 percent and the plant is expected to be operational in mid-2014.



SkolmatsGastro took place for the third time. The competition aims to highlight and raise the status of the profession of school cooks. School cooks prepare tasty and nutritious food for SEK 10 per serving. Follow the school cooks at ► facebook.com/skolmatsgastro



The season and parking disc makes it easier to find food which is in season.



Haute Cuisine, the farmers' way. The marketing campaign was completed in store and provided tips on ingredients and seasons.



Gooh's new meal store at Stockholm's Central Station will act as the flagship store for the brand and represents a major face-lift for the food company.



ThermoSeed is an effective and environmentally-friendly method of treating seed grain without chemicals. Norway is the second country in the world to use the ThermoSeed method on a large scale.



Lantmännen works with international partners to accelerate the development of *RTRS certified soy*. An agreement with the Dutch sustainable trade initiative IDH on the provision of training for South American soybean farmers was signed during the year.



The app *Skörda (Harvest)* shows grain prices right on your cellphone.



Lantmännen attracted interest with three new winter wheat varieties, new tractor models and much more besides at the *Borgeby Fältdagar* June 27-28, 2012.

The brand

– a competitive strength



Lantmännen is one of the largest agriculture, machinery, energy and food groups in the Nordic region. Our corporate brand is a guarantee of quality, credibility and a good reputation. Lantmännen means safety, security and someone to trust when customers and consumers make their choice. Being owned by Swedish farmers enhances our positive image.

Lantmännen's brand is strong. Almost all of the Swedish population has heard of Lantmännen. Lantmännen is primarily associated with agriculture and farmers, who represent care and stewardship of the land, safety, security, know-how and perseverance. Being associated with agriculture is a strength. Building the Lantmännen brand strengthens our competitiveness while providing more value added to our businesses.

Our brand promise – *we take responsibility from field to fork* – permeates all our operations and is based on our unique values.

Considerable business challenges and fierce competition make it even more crucial to stand out with strong brands among a growing offering of products and services. A prominent and strong brand makes it easier and more comfortable for customers to make a decision.



Lantmännen's unique values

Our unique values set us apart from our competitors.

- ▶ We are owned by Swedish farmers.
- ▶ Our activities cover the entire chain from field to fork.
- ▶ We are committed to research and sustainable development.

Our brands are a vital aspect of our offering and corporate culture and we continuously develop them to support our business. Our operations within agriculture, machinery and food mean that collectively we cover the entire chain from field to fork. With the inherent strength of being owned by farmers, and our investments in research and sustainable development, Lantmännen's brand occupies a unique position in the market which strengthens the competitiveness of every single business.

Lantmännen's strong brand provides multiple benefits for owners. In particular, the brand drives demand for products containing grain.

For the businesses within agriculture, machinery and energy, a strong brand means that they are connected to the values of long-term vision, sustainability and reliability. The more we communicate and highlight these values, the more attractive we also become as an employer. All this leads to a stronger company, employees who are more skilled, higher returns on invested capital and increased value for our owners.



Healthy fiber – projects on the beneficial properties of grain and fiber

Properties such as cholesterol reduction, improved intestinal transit and increased satiety are already known benefits of fiber. Perhaps not so well known is the ability of fiber to influence our wellbeing and our immune system. These are what we call the prebiotic properties of roughage and they represent one of Lantmännen's strategic research areas.

Lantmännen Research Foundation is funding two research projects, one in Sweden and one in Denmark, in which cooperation between leading researchers in the field is clarifying the benefits to health of prebiotic fiber from grain. For the studies we produced specially developed pancakes, pasta and bread according to the researchers' recipes.

Most people would need to double their fiber intake to reach current nutritional recommendations. Fiber is found mainly in grain, but also in fruit and vegetables. Fiber is a carbohydrate which is not degradable by endogenous enzymes, thus allowing it to pass to the colon where it becomes food for intestinal bacteria. The intestine is home to both good and bad bacteria. Good bacteria include bifidobacteria and lactobacilli which make us feel good, while bad bacteria have the reverse effect. If the good bacteria are fed in the form of prebiotic fiber, then they increase in number, and the more good bacteria there are the better.

If a certain type of fiber increases the amount of good bacteria in the gut, or if it contributes to a reduced risk of a certain disease, then the fiber is called prebiotic.

FibFlo is a study in which, together with the Karolinska Institute, we look at how the fiber beta-glucan in oats affects intestinal flora. Twenty-two healthy men have been put on a diet rich in oats for two weeks and will then



switch to a control diet without oat fiber for the same length of time. The expected outcome of the study includes the enhanced value and increased understanding of the health benefits of oats.

Together with Aarhus University, we are participating in a study about the health effects of arabinoxylan, a specific fiber found, for instance, in wheat and rye. The study, called ButCoIns, focuses on the relationship between the bacterial production of butyric acid in the colon and improved glucose and insulin responses.

Through the knowledge we gain from these projects, we are strengthening the perception of the beneficial health properties of grain and fiber.

Read more at ► www.lantmannen.com/forskning

FACT: Prebiotics affect the composition of intestinal bacteria. These act not only locally in the intestine, but also have systemic effects which can boost the immune system. A strengthened immune system can reduce the risk of infection or allergies. More studies are needed which show how the immune system is affected by different prebiotics.

Lantmännen takes first place as Sweden's most sustainable food & beverage brand

Lantmännen is continuing its climb in the overall ranking of Sweden's most sustainable brands and has taken first place in the food & beverage category. Lantmännen is also strengthening its position among all brands and is now Sweden's fourth most sustainable brand according to the IDG Sustainable Brands survey ► sustainablebrands.idg.se



As a responsible company, Lantmännen has strict requirements in the area of climate and sustainability, and within research and development. The results of the survey show that Lantmännen's efforts can also be seen externally.

Lantmännen works to monitor compliance with the code of conduct in the supply chain, and targets for sustainable procurement of soy and palm oil were reached back in 2011. Lantmännen's goal is to reduce carbon emissions by 40 percent between 2009 and 2020 through structured energy efficiency measures and switching to renewable energy sources.

Farmer owned and run

Lantmännen is owned by around 33,500 farmers from all over Sweden. Lantmännen's mission is to contribute to the profitability of its owners' farms and maximize the return on their capital in the association.

The farmer is a member of the Lantmännen co-operative economic association, which in turn owns an industrial part. The profits from the industrial part are then returned to the economic association, which decides how much will be reinvested in the business and how much will be paid to the members. This fulfills the mission. Lantmännen's corporate governance takes place via the districts, the General Meeting, the Board and a number of other forums, including elected members in some of Lantmännen's subsidiaries.

The Board's action plan in 2012 included a tour of all the districts to increase district participation in strategic ownership issues. Issues discussed at the meetings included return requirements, questions concerning capital and Lantmännen's ownership organization.

During November a seminar was held on the theme "Cooperative business opportunities for the future." The seminar came as a direct result of a motion adopted by the Annual General Meeting to develop the cooperative business model. The seminar was attended by around 140 leading elected representatives from across the agricultural cooperatives. During the year a number of other activities took place in connection with the Year of Cooperatives in 2012

District activities

The districts are the basis of the members' role as owners of Lantmännen. Each district has a board that works both locally and on cross-cutting issues for Lantmännen. The future seminar for district scholarship holders was held in June in conjunction with Borgeby Fältdagar (Field Days). A "day two" was arranged during the district board conference, with training on sustainability issues on the theme "Vision 2050", as well as supply chain and finance.

Annual General Meeting

Lantmännen's 2012 Annual General Meeting was held on May 2 in Stockholm. The Annual Meeting dealt with a total of 8 motions including a motion from four districts to develop the cooperative business model within Lantmännen. At the meeting, Thomas Bodén, who did not seek re-election to the Board, was thanked for his contribution. Ulf Gundemark was elected a new member of the Board. At the Statutory Board meeting, Bengt-Olov Gunnarson was elected as Chairman and Nils Lundberg as Vice Chairman.

District Board Conference

The District Board Conference, held on November 14, had the theme "Lantmännen's international operations". At the conference, each Sector presented its international activities and its reasons for developing a business outside Sweden.



Ingrid Larm-Ödeen, one of the owners of Larm's Farm.

Owning Lantmännen

Lantmännen shall generate regular and stable dividends for its owners over time. A total dividend of MSEK 287 is proposed for 2012.

Many reasons to be a member

As a member you get:

- part ownership of an industrial business
- a share of the association's profits
- active participation in the association and voting rights at district association meetings
- the chance to be elected to various offices at Lantmännen
- to participate in the various activities of your district
- "Grodden" magazine.

Where are earnings created?

Lantmännen consists of farming activities and extensive commercial and industrial activities including international machinery operations, mills and bakeries. Most of the earnings are generated in the industrial activities that operate with market profitability targets. As owners, farmers receive a higher margin higher up the value chain, rather than just being sub-suppliers. The value created is then shared with the members.

Lantmännen Lantbruk's Swedish operations

Grain, feed, fertilizer,
crop protection etc.

Operating income in 2012

MSEK 100

Lantmännen's trading and industrial operations

Bakeries, mills, ethanol
plants, machinery etc.

Operating income in 2012

MSEK 585

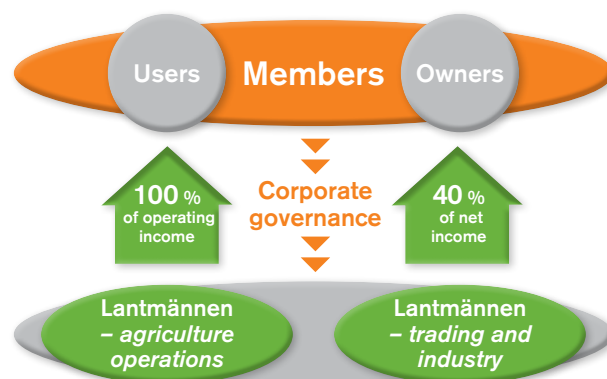
Dividend policy

An updated dividend policy was adopted by Lantmännen's Board in June 2012. The Group Board's aim is that Lantmännen shall generate regular and stable dividends to its owners over time in the form of refunds and final price adjustments,

contribution dividends and contribution issues. The objective is to pay out the entire operating income in the contribution-based agriculture operations in the form of refunds and final price adjustments and to distribute 40 percent of the remaining net income (industrial activities) as contribution dividends and contribution issues.

How are earnings distributed?

Refunds and final price adjustments are to be based on earnings from contribution-based agriculture operations. Contribution dividends and contribution issues are to be based on the earnings of the activities that are not contribution-based, such as food, energy and parts of machinery.



Refunds and final price adjustments are paid in proportion to the members' business with the Association. They are calculated as a percentage of contribution-based purchases and sales. For 2012, the Board has decided to pay a dividend in the form of a refund and final price adjustment of 1.25 percent on business with Lantmännen ek för and SW Seed and 0.5 percent for Lantmännen Maskin.

Contribution dividend or "interest" on the contributed capital is paid in proportion to the member's paid-in and issued contributions. A contribution dividend of 5 percent is proposed for 2012. The Annual General Meeting decides the contribution dividend.

Contribution issue means that part of the collectively owned free capital is transferred to members' individual contributed capital. For 2012 the Board proposes a contribution issue of MSEK 80. It will be distributed as follows: 75 percent based on paid-in and issued contributions and 25 percent based on the member's contribution-based turnover with Lantmännen. The Annual General Meeting decides the contribution issue.



The foundation for our ownership model is an efficient agricultural business

Contributed capital – paid-in and issued

Lantmännen's members contribute capital through their contributions in the Association. At the end of 2012, contributed capital amounted to MSEK 1,769 corresponding to 16 percent of Lantmännen's total equity. Contributed capital consists of paid-in contributions totaling MSEK 753 and issued contributions totaling MSEK 1,016. The contributions enable contribution dividends and future contribution issues.

Trading in contribution issues

By trading contribution issues the seller can convert contribution issues to cash and the buyer receives future contribution dividends and upcoming contribution issues. Contribution issues provide the same right to contribution dividends, "contribution interest" and new contribution issues as the

paid-in contributions. There were 10 trading sessions in 2012. The total turnover was MSEK 18.1, with 131 purchase orders and 213 sales orders resulting in transactions. The transaction price varied between 95 and 108 percent of the nominal value. Read more about contribution issues at

► www.lantmannen.com/emissionsinsatser

The proposed dividend on subordinated debentures for 2012 amounts to 3.75 percent (6.75), equivalent to MSEK 2 (4).

Estimate your dividend – Lantmännen's calculator

In order to show how your dividend and contributions are affected by Lantmännen's income and what financial return you can achieve over time, we have developed our own calculator.

You can find it at ► www.lantmannen.com/raknemodell

Dividend

MSEK	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Refund, final price adjustment ¹	120	110	95	1	122	83	64	139	199	154
Contribution dividend ²	87	78	68	63	57	50	56	50	49	38
Contribution issue ²	80	152	177	100	110	151	99	100	39	-
Total	287	340	340	164	289	284	219	289	287	192

Contribution dividend and contribution issue as % of contributed capital

9 % 15 % 18 % 13 % 14 % 20 % 13 % 14 % 9 % 4 %

¹ Reported amount may include restatements of previous years. ² Pursuant to the Board of Directors' proposal for 2012.

Member contributions

MSEK	2012	2011	2010
<i>Member contributions:</i>			
Paid-in	753	680	612
Issued	1,016	888	738
Total	1,769	1,568	1,350

IN-DEPTH: Grain

Grain is a core aspect of Lantmännen's operations and is widely used as food, animal feed and energy. The development of long-term sustainable grain cultivation is vitally important for the entire agricultural sector. Lantmännen is able to work with farmers and customers to drive development and demand for more sustainable grain primary produce.

What does sustainability mean and what perspective is needed?

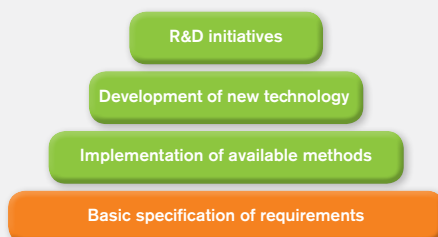
Long-term sustainable agriculture will supply the world with food, energy and renewable materials. This means demand for lasting high crop yields with minimal adverse impacts. Key parameters are soil condition, climate impact and the impact on water and biodiversity.

The example of phosphorous

The plant nutrient phosphorus is another key parameter for sustainable cultivation. Before the arrival of commercial fertilizer, Swedish arable land was divided into outlying land, where hay was harvested for cows, and land close to the farm, where manure was spread and most of the grain was grown. Phosphorus was transported in the hay to the center of the farm and then away from the farm in all of the products that were sold. This left the soil impoverished and less fertile. At the end of the 19th century, fertility improved significantly as the commercial fertilizer super phosphate began to be used. Phosphorus fertilization during the 20th century gave arable land a nutritional status that we still use today, both in conventional and organic cultivation.

We have a flow of phosphorus in grain to towns and to specialist livestock farms where nutrition is concentrated and can become a problem. Phosphorous recovery from sludge is a controversial area in Sweden. However, an effective ecocycle for key resources like phosphorus is essential for a sustainable cultivation system.

A step-by-step approach to sustainable cultivation



Our view is that development towards sustainable grain cultivation must take place gradually and with parallel management of all key parameters.



Now – Basic specification of requirements

Legal requirements at national or EU level form the basis of Lantmännen's requirements for its grain suppliers. In addition, different customers may also have specific requirements. One such area is the baby food industry. By linking grain producers to customers requiring different types of added value, Lantmännen contributes to farms' business development.

In the short-term – Implementing best practice and technology

Use of the best technology available brings rapid positive effects. Precision cultivation and biological or thermal seed treatment are typical areas for Lantmännen. Nitrogen fertilizer with a reduced climate impact is possible to promote, as it is different from the alternative products.

In the long-term – New solutions

Continuing development, research and innovation is needed in order to progress further in the direction of sustainability. The agriculture of the future needs to be even more knowledge-intensive to increase resource efficiency. Lantmännen carries out variety breeding with a clear focus on sustainability and is at the forefront of chemical-free seed treatment.

Cooperation and cohesion – a success factor

Lantmännen plays an important role in communicating the added value produced by Swedish farmers and in channeling and managing the requirements and expectations of customers and the market. Cooperation between the various players in the value chain and cohesion in terms of what sustainable agricultural production involves are prerequisites for development in the right direction.

IN-DEPTH: Innovation

Research and development is a key element of the Innovation focus area. In simple terms, this means that we do things in new ways, resulting in new production methods, new products, new sales concepts, new business models, new alliances and new working practices. The goal of research and development investments is to strengthen the Group's competitiveness and customer satisfaction and in doing so to generate profitability and growth at our owners' farms.

The resources we invest through Lantmännen Research Foundation are showing an eight-fold increase in value. This year, a total of MSEK 18 was awarded to 24 research projects which, with their other funding, now have a turnover of over MSEK 146. Our long-term investment in Lantmännen Research Foundation gives us a significantly larger research portfolio and represents an important component of the Group's R&D work. The structure of work processes associated with Lantmännen Research Foundation is designed to ensure that we invest in research that has long-term relevance to our businesses and that we focus on research along the entire chain from field to fork. The aim is for all research-generated knowledge to be converted into businesses in the Sectors' development and marketing departments.

About 200 people are engaged in developing Lantmännen's different businesses throughout the entire grain value chain

– from plant breeding and cultivation to further processing, product development and consumption. Lantmännen's corporate research department focused on the following strategic areas during the year:

Productivity

- For increased sustainable production in crop production, in our processes and in livestock production.
- New, efficient commodities in areas such as power generation.

Primary production

- Research for improved primary production and farm value.

Technology

- Techniques in plant breeding, new or improved food processes and analyses.
- Grain-based biorefinery in order to upgrade flows from mills and ethanol production.
- Development of messages, technology and systems for our sustainability processes.

Client and customer experience

- The ability of our products to contribute to increased wellbeing through prebiotics, increased satiety and bioactive elements.
- Research in sensory factors, traceability, behavioral science and safe products that deliver greater customer value.

Research and development must be needs-based in order to provide continuous improvements, although idea-based research, which provides strategic advantages, is equally important. Lantmännen focuses on both!



Lantmännen Research Foundation

Lantmännen Research Foundation invests in external research at universities, colleges and institutes. By doing so, we want to develop ideas and support the development of new knowledge that can increase value throughout the entire chain, from field to fork. Applications to the Foundation are considered in three Ideas & Working Groups that cover three strategic areas: agriculture and machinery, energy and green materials and food and packaging. The groups define the research areas and are staffed by owner representatives, administrative employees from Lantmännen's Sectors and external researchers. The aim is to ensure that projects are comprehensive and that they satisfy existing businesses and generate new businesses in the future. Read more at ► www.lantmannen.com/forskningsstiftelse

IN-DEPTH: Water

Water is a resource that is vital for agriculture and for Lantmännen's operations. Water supply and water consumption are areas where we need further knowledge in order to manage long-term risks and potential. Our continuing work in this area included a calculation of the water footprint of some of our products during 2012.

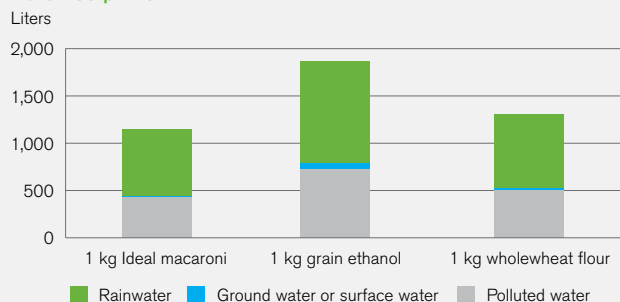
The water footprint of agriculture

One-third of the world's countries are threatened by water shortage. To ensure universal access to clean water from a global perspective, we need to achieve more efficient use of water, avoid over-abstraction from risk areas and minimize pollution of water supplies.

Agriculture accounts for approx. 70 percent of global water consumption through activities such as irrigation. The agricultural sector also has a significant impact on water resources through the leaching of nutrients and pesticides that pollute watercourses. Swedish farmers have been working for some time to minimize the risk of leaching and contamination.

By importing and exporting food and other agricultural products between different parts of the world, water resources are also moved on a global scale which can be problematic if the exports are from water-stressed areas.

Water footprints



The production of 1 kg of wheat flour in Sweden requires approx. 1,000 – 1,500 liters of water. The majority of this is during the cultivation stage. The water footprint from growing 1 kg of wheat varies between countries depending on climate, cultivation method and irrigation. The global average is approx. 2,000 liters, with irrigation (blue water) accounting for a considerable proportion of this. Swedish grain production has a significantly smaller water footprint and normally only uses ordinary rainwater (green water). Other comparisons include 290 liters for 1 kg of potatoes, 2,500 liters for 1 kg of rice and 15,500 liters for 1 kg of beef.

Sources: Beef: Hoekstra, A.Y., Chapagain, A.K., 2007. Water footprints of nations: water use by people as a function of their consumption pattern. Water Resour. Manage. 21, 35e48. Potatoes: Mekonnen, M.M. and Hoekstra, A.Y. (2011) The green, blue and grey water footprint of crops and derived crop products. Hydrology and Earth System Sciences, 15(5): 1577-1600. Rice: Chapagain, A.K. and Hoekstra, A.Y. (2011) The blue, green and grey water footprint of rice from production and consumption perspectives, Ecological Economics, 70(4): 749-758.



Green, blue & gray water

By calculating a water footprint, we obtain a picture of a product or activity's need for water and its own impact on water. Water is divided into blue water (taken from ground water or surface water), green water (rainwater taken up directly by plants) and gray water (volume of water required to dilute pollutants).

Lantmännen's water footprint

In order to steer development in the right direction, we need to know how different raw materials and their sources affect water resources. In 2012, Lantmännen calculated the water footprint of three different products – Ideal macaroni, grain ethanol and wholewheat flour. This was done in the form of an exam thesis. We are continuing to analyze water risks for more products.

Dependency on "green" water in the cultivation stage

As much as 99 percent of the water footprint for the products we analyzed was in the cultivation stage. However, grain is grown using normal rainwater in Sweden, which has a negligible direct impact on water resources. For other activities in the processing stage, a preliminary analysis of water availability was conducted in 2011 in locations where Lantmännen has production facilities or workshops. Most plants are located in areas with a low water shortage risk. Measures for more efficient water consumption are regularly implemented at our plants as part of the resource management process.

Impact in the cultivation stage – eutrophication

Any loss of nutrients from arable land affects water supplies in the drainage basin. Lantmännen has been working for some time to reduce eutrophication by developing and offering products and services for optimized cultivation. Two examples are our plant advisory services and the N-sensor for optimized nitrogen fertilization. We also participate in several partnerships for optimized cultivation, including Cultivation in Balance and Focus on Nutrients. Read more at ► www.odlingibalans.com and www.greppa.nu

Lantmännen's value chain

PURCHASING AND SALES



To produce food we buy in grain and oilseed rape. We also produce seeds and buy fertilizer, pesticide and machinery in order to sell the products and services needed in agriculture.



We purchase commodities and production materials from suppliers throughout the entire world.

AGRICULTURE



Our owners' farms produce various crops which are sold on as raw materials for different products following harvesting, or are used within the farm for feed, for example.



STRAIGHT TO FURTHER PROCESSING

How do we generate value?

By responsibly managing the development of inputs and utilizing the advantages of cooperation in the procurement stage.

Important activities include:

- Research and innovation
- Plant breeding
- Supplier Code of Conduct with risk assessment and monitoring

Goods and services purchased from suppliers totaled MSEK 30,265 in 2012.

By offering a competitive range of products and services to generate profitability for each farm and by being an effective marketing channel for the sale of the harvest.

Important activities include:

- Developing a business concept (futures trading, drying contracts)
- Driving research and technological development (such as the N-sensor for optimum fertilization)
- Collaboration and advisory services

The dividend paid to our owners in 2012 is estimated at MSEK 287, of which MSEK 120 are refunds and final price adjustments.

What is the impact on people and the environment?

At our suppliers, this concerns the working conditions of employees and the environmental impact when raw materials are produced.

Important issues:

- Human rights
- Social conditions
- Safe working environment
- Business ethics
- Climate impact
- Biodiversity
- Sustainable cultivation systems

On the farm and in the cultivation stage, much of the overall impact takes place in the value chain.

Important issues:

- The farm working environment
- Animal welfare and health in livestock farming
- Climate impact
- Soil fertility
- Biodiversity
- Water
- Plant nutrition
- Pesticides

Read more

See ► pages 18, 29.

See ► pages 15-16, 18, 19, 40-45.

responsibility all the way

PROCESSING



Processing of grain and other raw materials for food (flour, muesli, pasta, chicken), feed (cattle, pigs, poultry) and bioenergy (ethanol, heating).

By having an efficient and innovative organization and operations.

Important activities include:

- Handling grain with specific qualities and properties for different purposes
- Attracting, developing and retaining employees
- Driving innovation and product development
- Resource efficiency (capital, supply chain, organization)

MSEK 5,322* in salaries and pension provisions for 10,249 employees in 19 countries*.

* employee benefits expense.

In our own business, this concerns our own employees and how efficiently we utilize our resources.

Important issues:

- Working environment
- Animal welfare during transport and slaughter
- Climate impact
- Food safety
- Exploitation of resources, including materials, energy, chemicals and water
- Transportation

See ► pages 17-19, 26-28, 35-39.

CUSTOMERS AND CONSUMERS



We sell our products to consumers through supermarkets and food service/catering, to corporate clients in the energy and food industries, and grain as a raw material to industrial clients.

By offering innovative products and services developed responsibly.

Important activities include:

- Marketing and product information for increased knowledge, inspiration and brand awareness

In 2012, net sales (products and services sold) amounted to MSEK 36,526.

Tax income to society MSEK 117.

Income is returned to the owners (dividend and issues) and is used for investment to generate demand and added value for grain.

Our customers and consumers focus on the product's properties and environmental impact throughout its life.

Important issues:

- Responsibly produced food throughout the entire chain from field to fork
- Nutritious and healthy food
- Product safety
- Food wastage

See ► pages 12-13, 40-64.

Our 8 strategies

Lantmännen's strategies harness the combined resources of the organization and contribute to the profitability of its owners' farms and maximize the return on their capital in the organization.

1. Create business opportunities for Lantmännen's owners

Lantmännen's objective is to be the best business partner for our owners and to create and develop business opportunities that contribute to the profitability of our owners' farms.

Lantmännen develops business opportunities and creates the right environment for competitive Swedish agriculture. Targeted activities are found in a number of Lantmännen's operations.

2. Focus on core business

Develop Lantmännen's product portfolio in order to optimize owner value and long-term profitability and growth potential by active commitment to the acquisition and disposal of companies.

Lantmännen's portfolio strategy is to become leaner and stronger.

Lantmännen's Brand promise

We take responsibility from field to fork.

Lantmännen's Business concept

With our customers in focus, we develop and process farmland resources in a responsible manner. We operate in an international market, with Sweden constituting the foundation of our business activities.

Lantmännen's Vision

We make the most of our land to give everyone the chance of a healthier life.

Lantmännen's Objective

Lantmännen's objective is to be seen as a responsible, innovative and customer-oriented company that keeps up with the times.

Lantmännen's Values

Openness, a Holistic View and Drive.

3. Higher cost and capital efficiency

Increase cost and capital efficiency through continuous improvement efforts.

Increased cost and capital efficiency means resources are freed up for Lantmännen's future investments in areas such as Lantmännen's brands and product development. Important areas for streamlining are the supply chain, including procurement and production, together with structural rationalization measures.

4. Develop strong brands

Develop and invest in Lantmännen's brands for long-term profitability and competitiveness.

Lantmännen currently has a number of well-known product brands. Focusing on the Lantmännen brand and linking Lantmännen to our product brands will make our customers and consumers more confident in their choices. This contributes to increased profitability and competitiveness.

5. Develop the product portfolio through active research and development work

Create long-term profitability and competitiveness by means of research and development.

Investments in R&D and product development must be even more vigorous in order to ensure a long-term pole position in the market.

6. Improve our partnership with our customers

Stimulate increased demand by developing our partnership with customers.

In the chain from field to fork, there is potential to strengthen the offering to different customer groups and become the customer's primary choice.

7. Sustainable development

Develop Lantmännen's sustainable development work and become a responsible player in our business areas.

Ensure responsibility and develop businesses in a sustainable direction in order to contribute towards profitability in the short and long term.

8. Employees and organization

Continuously develop our organization and employees' skills in order to achieve our goals.

The participation and performance of each employee is crucial to our success. Lantmännen's performance is dependent on the individual's performance.

Financial targets

Lantmännen defines profitability targets in terms of return on operating capital for all of its operations and for the Group as return on equity.

The Group's **target rate of return** depends on the composition of the business portfolio. The current business portfolio has an overall return potential of 8 percent on equity over a business cycle.

Lantmännen's **equity ratio target** is 40 percent.



Target rate of return

2012 outcomes

Return on equity amounted to 3.8 (6.7) percent. The year 2012 was dominated by uncertainty and weak growth, which reduced the investment appetite and adversely affected consumers' purchasing behavior in all of our core markets.

A number of strong measures have been taken to improve cost efficiency and help increase competitiveness, particularly in the Food Sector. One of the measures was an extensive reorganization and streamlining of Cerealia in the second half of the year, with a reduction of 60 FTEs, which resulted in annual savings of approx. MSEK 60.

The *Agriculture Sector* is showing positive development and stable income. This is largely due to the action program in the contribution-related operations, where operating income has

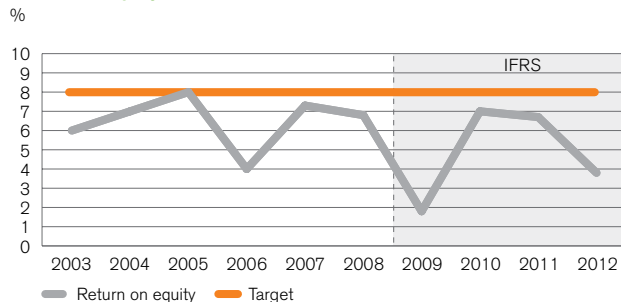
improved by 30 percent. Operating income for international operations and interest holdings was somewhat lower than 2011.

The *Machinery Sector* also reported a good operating income for 2012, although lower than in 2011, which was a very strong year. The Swedish machinery market adversely affected income from farm machinery in Sweden. The Sector as a whole also felt the effects of a cautious market, with little interest in investment.

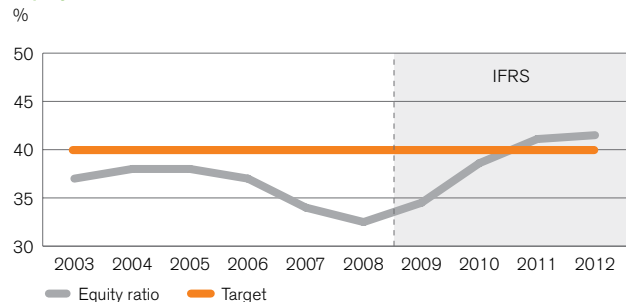
The *Energy Sector* developed considerably better than last year, largely as a result of improved productivity and favorable world market prices for ethanol during the second half of the year.

The *Food Sector* demonstrated stable growth in a difficult market. The food market is still dominated by strong price pressure and private label competition, which resulted in a weaker operating profit.

Return on equity



Equity ratio



Value-driven growth and profitability factors

High efficiency, high capacity and high capital turnover rate in our production facilities are of great importance to our profitability, particularly for operations with low margins, which consequently depend on large production and sales volumes.

Innovation in all parts of our business plays an essential role in strengthening our brands, stimulating and satisfying new needs of customers and consumers, and increasing the proportion of profitable products. Innovation is also important to our internal efficiency work, with innovative thinking required at every stage.

Good leadership is an important factor in creating motivation and attracting and retaining the right talent with the right skills. Good leadership is therefore crucial for Lantmännen's future development.

Our responsibility from field to fork and our good reputation with customers and consumers are important factors for developing our businesses.

Equity ratio

Lantmännen's target is an equity ratio of 40 percent which is based on Lantmännen's desired financial risk profile and reflects the Board's view of long-term financial stability. The equity ratio was 41.5 (41.1) percent at December 31, 2012, which exceeded our long-term target. The equity ratio has improved from 32.5 percent to 41.5 percent since 2008, partly as a result of extensive work on capital efficiency.

Investments

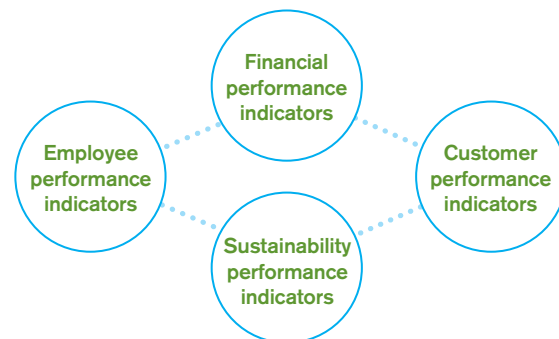
Lantmännen's investments in non-current assets in 2012 amounted to MSEK 1,292 (1,431). All investments are assessed from a profitability perspective and prioritized in accordance with our portfolio strategy. Investments for the year were mainly efficiency and replacement investments. The investments include Lantmännen Unibake's new croissant production facility in Mouscron in Belgium, a new packaging line at Lantmännen Cerealia's mill in Vejle, Denmark, and upgrades to the Group's ERP systems within a variety of operations.

Our management model is evolving

All of our operations must contribute if Lantmännen is to achieve its overall return target. Each business has fixed return targets which vary depending on the type of operation and profitability levels for comparable companies within the same industry outside Lantmännen.

A number of non-financial key performance indicators are included in the benchmarking process alongside the traditional financial benchmarking, with key figures also produced for customers, sustainable development and employees.

Lantmännen's key performance indicators



Financial: Return on operating capital, operating cash flow.

Customers: Satisfied Customer Index, market shares, price and mix.

Sustainable development: CO₂ emissions per value added.

Employees: Job satisfaction and leadership, accident rate.

Business environment

Complex challenges in the long and short term

There is now general agreement regarding the need for a sustainable social change. At the same time, the ongoing recession and financial crisis are steering short-term priorities. In order to maintain profitability and success over time, a balance must be achieved between the different perspectives and the different strategies required.

2012: Financial crisis – short-term priorities

Much of Europe was affected by a weak economy during 2012 and it is becoming increasingly clear that this weak economy and the low rate of growth will persist over a longer period. As a result, we are seeing a focus on short-term measures and crisis management both in politics and business, and among consumers. In the agriculture and food sectors, this has manifested itself in the form of increased demand for low-priced products and a focus on private labels, which makes it more difficult to get paid for value-added quality or environmental performance. Other effects include a lower rate of investment in development, new technology and innovation.

Business conditions in the agricultural sector are also affected by high mobility in the commodities market. Bad weather conditions in many parts of the world during the year resulted in sudden price changes for grain and other crops.

2050: Nine billion people

The global economy faces some difficult challenges going into the future. In 2050, the world's population will reach nine billion people with an ever-growing middle class, particularly in Asia. This will result in significantly increased demand for commodities and resources, which in turn will force a more resource-efficient utilization of commodities and a shift from fossil to renewable input materials.

Agriculture is a key area. In order to ensure sufficient food and biofuels for a larger and richer population in the longer term, global agricultural productivity needs to double, while at same time, the climate impact must reduce significantly. Other challenges that need to be overcome include the over-exploitation of water, eutrophication and decreased biodiversity.

Good prospects for the grain market

Increased demand for agricultural products and arable land is contributing to an increasingly global market with rising commodity prices. This trend is also contributing to stronger drivers of innovation and resource efficiency in every stage of the value chain.



Adapted seed – higher yields!

Lantmännen's development company, BioAgri, develops seed which will result in higher yields while being adapted to a future climate; one that is milder and wetter. Without this adaptation, agriculture will be affected by new fungal diseases and will be forced to increase its need for chemicals. The research conducted by Lantmännen BioAgri is a good example of long-term sustainable business development.

Three drivers that contribute to increased demand for grain

- ▶ Increased prosperity and increased meat consumption in emerging markets.
- ▶ Large countries such as China no longer have food self-sufficiency.
- ▶ Increased demand for bioenergy rather than fossil fuels.

Lantmännen's direction up to 2020

There is ongoing discussion at Lantmännen about what threats and sustainable business opportunities the trend presents – in both a short and long-term perspective. The first phase of our strategy for long-term profitability extends until 2020. Efforts to formulate concrete goals are in progress – our goal is profitable growth with sustainable products.

Cooperation and a common vision are essential

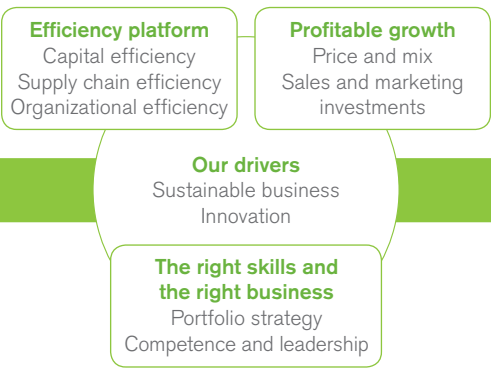
The challenges that the world faces with regard to sustainable social change up to 2050 require cooperation towards a common vision. To maintain profitability along the way, short-term considerations must be balanced against the long-term vision. Lantmännen seeks active dialog with key stakeholders in our value chain. We also participate in public debates and raise the issues relevant to us in various forums. In addition, we continuously invest in innovative R&D partnerships.

Our focus areas

for efficient business



Lantmännen's combined expertise and our business portfolio represent the core of our business. We shall continuously streamline the business and identify more efficient ways of working while striving towards the goal of profitable growth. The key drivers within Lantmännen are sustainable development and innovation.



Everything we do at Lantmännen must benefit our customers and result in increased profitability.

The right skills and the right business

Portfolio strategy

We have made a large number of acquisitions over the last ten years and Lantmännen now consists of 25 different businesses. The broad range of activities and sectoral diversity reduces our overall risk, partly at the expense of the potential for high returns. Lantmännen continually evaluates potential acquisitions in growth areas, as well as divestments of non-core businesses where the price is right.

Objective: While our objective is to increase profitability of all the businesses, we also seek to find a good balance between good returns and risk.

Focus on competence and leadership

For us to be able to take action, deliver and achieve our overall objectives it is essential that the right skills are in the right place. All managers at Lantmännen must take responsibility for their business, deliver according to their targets and have the competence to proactively manage change.

Our origin and our values

In order to create a value and performance-driven culture that promotes commitment and responsibility, it is important for an understanding of Lantmännen's origin and our common values to permeate the organization.

Increased competence

We continue to recruit employees and prospective managers through effective external recruitment and by improving the

	The right skills and the right business	Efficiency platform	Profitable growth	Our driving forces
Capital efficiency		●		
Supply chain efficiency		●		
Organizational efficiency		●		
Sustainable business development				●
Innovation				●
Price and mix			●	
Sales and marketing investments			●	
Portfolio strategy	●			
Focus on Competence and leadership	●			

process of supporting and facilitating internal recruitment. By identifying talent and developing our platform for leadership development and management tools, we can offer different programs and skills development at the right level and to the right people. We shall pay particular attention to equal gender division and diversity in management positions. We shall also prioritize and further develop Group-wide employer branding aimed at students.

Objective: The right skills in the right place and managers who take responsibility and deliver.

Read more at ► www.lantmannen.com/arbete

Efficiency platform

In order to create the conditions for long-term competitiveness, we are intensifying the work on our efficiency platforms. Being more efficient requires constant improvements in our day-to-day work as well as structural changes in several businesses.

Capital efficiency

A reduction in tied-up capital and improved cash flow will be achieved by financial benchmarking and an increased focus on cash flow and return on operating capital. ROOC is one of our most important key financial ratios and the return targets for all of the business units are continuously monitored.

Efficiency measures regarding working capital, which is a key element of operating capital, are conducted within the Cash Race program, the purpose of which is to free up restricted capital, particularly in trade receivables and inventories. Working capital efficiency, measured as working capital divided by sales, declined by 1.5 percentage points in 2012, largely as a result of high grain prices and a large Swedish harvest volume which significantly increased the inventory value. The target is an annual improvement in working capital efficiency of at least 0.5 of a percentage point.

We continue to work on

- ▶ Objectives and monitoring so that the cost of operating capital is made visible.
- ▶ Working capital efficiency with the goal of freeing up capital, mainly through supply chain efficiency, see below.
- ▶ More efficient use of capital relating to non-current assets by increased capacity utilization, structural rationalization and sales of non-strategic assets, and improved project planning, implementation and monitoring of investment projects. All investments over MSEK 3 are discussed by the Investment Committee.
- ▶ Analytical work and development of industrial plans with the aim of optimizing the capital base and investment requirements.

Supply chain efficiency

Continuous work in the areas of supply chain improvement for Group companies and cost reduction and cost avoidance were intensified in 2012.

LEAD is our basis for our continuous improvement efforts

In 2012, work continued to establish a culture of continuous improvement, driven by 'LEAD' (Learn, Engage, Analyze, Do = Lantmännen's Lean Enterprise initiatives). LEAD is a business system and methodology for continuous improvement, which is based on loss analysis and focuses on the elimination of losses. The foundation of LEAD is the engagement of the entire organization, participation, skills development and, in particular, benchmarking.

SME drives the development of our purchasing and supply capacity

A new comprehensive transformation initiative 'SME' (Supply Management Excellence = world-class supply) was also established during the year in order to improve the capacity and working practices within purchasing and supply. The program is expected to result in a decreased level of costs of MSEK 500-700, which will be reached by the end of 2014. Some results from the SME initiative were delivered in 2012, although the main effects are expected in 2013 and 2014.

FLOW is our framework for the development of planning and control

A concept and reading model for the supply chain, the Supply chain model/FLOW, was also developed during the year. The model comprises an audit/reading structure to analyze the current situation and potential for improvement in the flow of goods, with a focus on planning and control. The model also contains solution packages and tools. The concept was successfully tested on Lantmännen Doggy in the fall of 2012 with the results of the work covering the entire supply chain (planning – purchasing – production – logistics) and thus forming the basis of Doggy's improvement strategy. The objective for 2013 and beyond is to use the model in other sections of the Group in order to accelerate improvement and efficiency efforts and to establish efficient control and planning processes.

Industrial plans and structures

Lantmännen's various businesses have significantly different industrial structures and value added. This means that the efficiency and rationalization potential of the supply chain vary in size and nature depending on the business. In 2012, complete industrial structure plans were developed for certain businesses with the aim of rationalizing the capital base and capital efficiency.

During 2012

- ▶ Lantmännen's first in-house LEAD auditors were trained.
- ▶ The investment process was improved and a Group project manager was recruited.
- ▶ Industrial structural projects were established for increased profitability.
- ▶ Energy efficiencies were initiated with a savings potential (25-30 percent by 2020) which supports our overall climate targets.
- ▶ The SME program was developed and started. The Group-wide program will drive significant and sustainable performance improvement in the area of purchasing and supply, with the aim of boosting our cost efficiency.
- ▶ Stage 1 of the SME initiative was implemented, which is expected to deliver a decreased cost level of MSEK 64 in 2013 and MSEK 148 in 2014.
- ▶ A new measuring method was established for our cost base which more clearly focuses on efficiency and productivity.

Organizational efficiency

Lantmännen's sales and administrative costs must not be allowed to increase; any inflation or salary increases will be accommodated through rationalization. At the same time, all costs must be reviewed regularly. The only costs that are allowed to increase are selling costs in new markets, or where the number of customers has increased significantly, and R&D and marketing costs, provided these are linked to profitable growth.

To achieve this objective, operations must be streamlined and properly organized on an ongoing basis. A large-scale competence shift process has been initiated with the aim of ensuring that the right person with the right skills works at the right place in the organization. Read more on ▶ pages 35-37.

Profitable growth

Price and mix

Price and mix represents the core of the concept of profitable growth. It is about increasing sales in the areas where we have the best margin. We shall avoid fixing volumes and achieve profitable growth through products with added value for which customers are willing to pay. The rationalization of the product range is continuing.

Three key areas in the price and mix focus area:

- ▶ Focusing on products and customers, with improved profitability through efficient control. Individual follow-up of customers and products will increase our understanding of profitability at all levels, creating an approach where businesses gradually switch to customer and product segments with better profitability.
- ▶ Developing offerings and products that provide long-term profitability and link innovation work with increased profitability.
- ▶ Reducing the number of items. Every single item involves some fixed cost in supply chain management. A prerequisite for profitable growth is a gradual rationalization of products with low volumes or profitability.

Objective: To continuously increase the proportion of products with good profitability and reduce the range by ongoing rationalization of products with low profitability or turnover.

Customer value and increased profitability are important

Sales and marketing investments

In Sweden, we shall continue to market Lantmännen with the aim of establishing the message “Good food from Lantmännen”. We shall also increase the link between the Lantmännen brand and our product brands. To demonstrate our credibility we must highlight and further develop our unique assets by ensuring that:

- ▶ our owners have a strong and long-term influence
- ▶ we take responsibility throughout the entire chain
- ▶ we invest in knowledge, research and development
- ▶ we are transparent and committed.

Segmentation and brand platforms are available for the Group’s leading product brands. Where possible, we aim for common working practices and consolidation within the area of marketing in order to streamline and professionalize brand and marketing investments.

Objective: Lantmännen shall be perceived as Sweden’s most sustainable brand in the 2015 Sustainable Brands contest.

Our drivers

Sustainable business development

Sustainability efforts have primarily focused on ensuring responsibility in our business operations and improved resource efficiency. We shall gradually increase our sustainable business development in order to generate new revenues. This will involve new products and services, and will mean a strong position in our existing markets and the opportunity to capture shares of new markets. We shall increasingly offer products and services that help our customers and consumers to become more resource efficient.

Objective: Together with our customers, consumers, suppliers and other stakeholders, we shall make our resource utilization significantly more efficient and reduce the environmental impact of the entire chain from field to fork. Between 2009 and 2020, our carbon dioxide emissions will have been reduced by 40 percent.

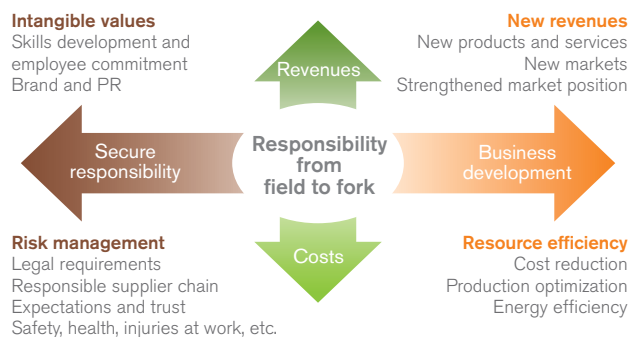
Innovation

The innovation focus area means that we do things in new ways – new production methods, new products, new sales concepts, new business models, alliances and new practices. This involves innovation at every level and is an evolutionary approach based on today’s activities. We have many examples of successful innovation and it is a major challenge to highlight and harness the power of innovation that exists. Read more in the Innovationsboken (Innovation Book) at ▶ www.lantmannen.com/forskningsstiftelse

Research and development (R&D)

R&D investments are made in order to bolster our competitiveness, increase customer satisfaction and strengthen our profitability. Most of the Group’s research and development activities are conducted in the public enterprise sector of the Group. Success requires processes with clear responsibilities and decision-making forums, and endurance. Our R&D organization comprises an R&D committee and topic forums on various subjects. Every year, Lantmännen contributes MSEK 15 to its Research Foundation. The task of the foundation is to pursue projects which can be commercialized with the support of each Sector’s development department. Read more at ▶ www.lantmannen.com/forskningsstiftelse

Objective: To develop innovation and showcase good examples in order to spread knowledge about the value of the innovation. To further develop leadership that encourages innovation in order to underpin higher margins, lower costs, new business concepts, satisfied customers and good business opportunities for the owners.



Responsible procurement

The procurement of commodities, production inputs and services is a key part of Lantmännen's operations. We strive for long-term, productive supplier relationships in which responsibility and profitability go hand-in-hand. The implementation of our supplier code of conduct is based on prioritizing areas where we can do most good. In 2012, work was also carried out to further integrate the supplier code of conduct into our purchasing processes.

Supplier monitoring – prioritizing the greatest benefit

Lantmännen's supplier code of conduct applies to all suppliers and sets clear expectations in terms of environmental protection, working conditions and business ethics. Since 2008, we have worked systematically to implement the code and to identify, minimize and monitor supplier risks.

An initial risk assessment is made for all suppliers. Monitoring takes place through self-assessment and, if necessary, the use of independent third-party audits. Our strategy is to focus our efforts where they do the most good. Our prioritized supplier and procurement categories are as follows:

- ▶ those where we have identified high risk and significant improvement potential
- ▶ those where we are a major player and have considerable opportunity to exert an influence
- ▶ those which are business critical.

Audits that make a difference

Each supplier audit conducted must contribute to improvement. Experience so far shows that there is the greatest opportunity for

achieving change and improvement at the suppliers where we were first to conduct audits. Examples of action taken by suppliers following an audit include the payment of overtime, training of in-house auditors and improved procedures for protective equipment. Read more at ► www.lantmannen.com/uppforandekod

Next steps: More audits and productive partnerships

Our aim for the period ahead is to conduct more supplier audits and to continue to develop the working practices and skills of key individuals internally. We shall develop more proactive international partnerships within prioritized special-risk procurement categories. This will be undertaken in a similar way to soy and palm oil, where international roundtable processes (RTRS and RSPO) have proved an effective way of driving change in complex global supplier chains. By investing resources in the international initiatives and acting proactively, Lantmännen is able to play a greater role in real change than its size actually allows. Lantmännen maintains its position as one of the leading players in RTRS and in 2012 took the step of initiating dialog in the Swedish food industry on how joint responsibility for the issue of soy can increase throughout the value chain.

Read more about our efforts towards more sustainable soybean production at ► www.lantmannen.com/soja

An integrated approach

A project aimed at a more cross-functional approach to procurement was launched in 2012 and runs until 2014. Implementation of the supplier code of conduct and supplier monitoring will be more integrated into the procurement process and we shall develop the risk assessment to better reflect our key procurement categories.

How Lantmännen has implemented the supplier code of conduct

Activity	2008	2009	2010	2011	2012	Target
	Supplier code of conduct launched	Employee training, targeted at purchasers	First independent supplier audit	Approx. 20 supplier audits	Integration into procurement process Targeted information to poultry farmers	
<i>Indicators:</i>						
Percentage of suppliers assessed ¹	n.a ¹	n.a ¹	35 %	66 %	75 %	Ongoing follow-up of all suppliers
Percentage of soy purchased with RTRS certificate	n.a ²	n.a ²	n.a ²	22 %	37 %	50 % 2013
Percentage of palm oil purchased with RSPO certificate	n.a ³	0 %	17 %	100 %	100 %	100 % 2011

¹ Percentage of the purchase value where the supplier has been monitored
n.a.¹ = measurement began in 2010. n.a.² = first available on the market in 2011. n.a.³ = first available on the market 2009.

Risks and risk management

Risks are an inherent part of doing business. Risk is an event which, if it occurs, has a negative effect on Lantmännen's business. A risk may arise from mishandling or events or decisions outside our control. Risk management aims to identify risks and avert, limit or prevent them from materializing and negatively impacting the business. Effective risk management is of fundamental importance for Lantmännen's ability to conduct business.

High demands

Lantmännen is one of the largest players within agriculture, machinery, energy and food in the Nordic region. Consequently owners, customers, employees, consumers and suppliers set high requirements for transparent risk management at Lantmännen and for our products and services.

It is vital to monitor and minimize all events and behavior that could adversely affect confidence in us and our brand. Our corporate culture is based on established values, a Code of Conduct, principles and practices, as well as our responsibility from field to fork, and forms the basis of the Company's efforts to manage risks.

Identifying risks

Identifying and managing risks is part of the day-to-day work at Lantmännen and is an integral component of both strategic planning and corporate governance. Continuous business intelligence and dialog with different stakeholders play an important role in identifying risks and monitoring their evolution.

Governance

Risks associated with business development and long-term planning are primarily handled by discussing and preparing major strategic decisions at Group management level followed by Board action and as part of the annual strategic planning process.

Operational risk management is based on a proactive risk management process, a number of key risk policies and our Code of Conduct.



Our management of financial and commodity-related risks is based on the Group's financial policy and the risk policies specific to each business area. Risk policies include those for trade in commodities with clear boundaries for each business. Financial and risk policies are evaluated and ratified by the Group Board on an annual basis or as required.

Risk management – an integral part of the business

A structured and proactive ERM (Enterprise Risk Management) process has been applied since 2008. In this process, the risks of all operations are identified, assessed and reported each year in connection with the strategy and business planning process. If possible, an unwanted event is eliminated or minimized by means of preventive measures. One alternative is to transfer the risk by means of insurance or agreements. However, certain risks cannot be eliminated or transferred. These are normally an active part of business operations.

Risk analysis at the company level is an important part of the budget process. The companies document their risks and comment on how individual risks are managed which reduces the risk of overlooking threats and making incorrect decisions. The descriptions form the basis of an overall review in each Sector. The purpose of these reviews is to ensure quality assurance of the underlying analyses and also to weigh the individual companies' risks. The risk inventories at the Sector level are used in an assessment of what risks represent the greatest threats to us.

Organization for operational risk management

Lantmännen's Board is responsible to shareholders for the Company's risk management. The Group management reports risk issues to the Board and to the Board's Audit Committee on an ongoing basis. Read more in the Corporate Governance Report on ► page 128. Risk identification and continuity planning are vital elements of each manager's responsibility.

Lantmännen's Risk Committee is charged with ensuring compliance with the risk mandate adopted by the Group Board. Reports from the meetings are sent to the Board's Audit Committee on a monthly basis.

Group Treasury takes care of the control and management of Lantmännen's finance, energy trading and currency trading based on Lantmännen's financial policy. In the areas where financial risk is not centralized, such as commodity trading, Group Treasury has control and monitoring responsibility for ensuring that the issued risk mandate is not contravened. The development of Lantmännen's financial risks and commodity risks is reported regularly to the Group Board in the financial report.

Systematic safety and working environment work

Damage prevention has high priority. Lantmännen works continuously with the identification, analysis and management of insurable risks, both at Group level and at the local level. All plants are inspected regularly by reference to the Group's policy. Between 50 and 60 inspections are conducted each year and the plants' safety level is assessed with the aid of a scoring system. In the event of defects, the inspection report provides guidance on how they are to be corrected. Thanks to constant improvements in the approach to safety at the facilities, we have gradually managed to improve the overall safety level considerably over the years, thereby reducing the risk of production disruption. Insurance companies look favorably on our systematic safety work during claim settlements and premium negotiations.

The process of protecting the plants goes hand in hand with a better and safer working environment. Starting in 2011, the process has also systematically included risks in the working environment that are not directly related to the plants themselves. Active preventive measures resulted in the number of reported incidents increasing from 915 in 2011 to 1,555 in 2012, which is a positive contribution to the work on preventing accidents. Environmental and supply chain risks are now also gradually being introduced into the surveys which gives us an effective comprehensive assessment.

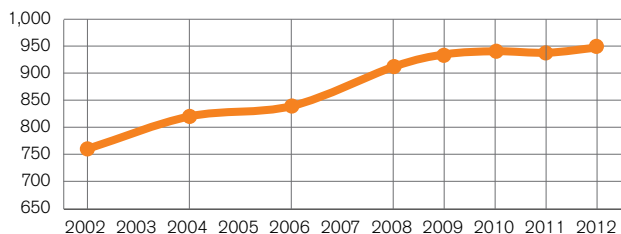
Lantmännen risk management is responsible for Lantmännen's global insurance portfolio for property, product liability, general liability and shipping, among other things. Any damage is analyzed and preventive measures are proposed in close cooperation with insurance companies. Lantmännen has its own insurance company, Swiss-based Dirual AG, through which Lantmännen insures certain risks not insurable on the open market. Over the years, the company has provided substantial savings for Lantmännen.

Screening of Code of Conduct-related risks

A risk screening tool was implemented during the year in order to manage risks within the Code of Conduct. Read more about our Code of Conduct on ► page 37. Screening is based on type of risks, such as commodity, country and industry. This is then compared with available risk indices from established organizations, such as the corruption index or survey of water resources by the World Business Council for Sustainable Development.

Security level at Lantmännen's facilities

Index



The results from the screening provide a basis for each business to further prioritize the risks relevant to their area.

Risk overview

The risk management process has allowed identification of a number of main risk areas for Lantmännen. A selection of these is shown on the following pages, together with a general description of how each risk area is managed. Financial risk management is detailed under Note 22 on ► page 109. The Corporate Governance Report on page 131 contains a description of the internal control and risk assessment designed to prevent errors in financial reporting. Our working environment risks and Code of Conduct are outlined on ► pages 32-34 and 37.



Fertilizer fire in Halmstad

A fire at Hansson & Möhring's plant in the port of Halmstad caused a warehouse building of approx. 17,000 m² to burn down. Lantmännen was storing about 5,000 tons of mineral fertilizer in the building where Hansson & Möhring had been commissioned to pack the loose material in large bags. No one was injured. The area was water bombed as part of the extinguishing efforts and embankments were made to minimize discharge into the water. The product was largely intact following the fire. This was ascertained through sampling and analysis of possible contamination. Only a couple of containers had to be destroyed due to severe product damage. The municipality's ongoing assessments of the water adjacent to the harbor basins have not identified any demonstrable damage to plant or animal life in the water.

Thanks to close collaboration between Hansson & Möhring, the insurance company, Lantmännen Lantbruk and Lantmännen's Risk Management department, the majority of the mineral fertilizer has been delivered to customers.

Strategic risks

The strategic risks are related to business development, long-term planning and the value and credibility of our brand. This means that the most significant strategic risks are associated with our ability to adapt the business to changes in the economic cycle, to pursue appropriate business development and to fulfill our brand promises.

Group management establishes the levels of the strategic risks facing the Board, with the help of governance and policies. Strategic risks are evaluated as part of the annual strategic planning process and in connection with critical business decisions. With our flexibility and cost and capital efficiency at every level, we have ample options. The rapid dissemination of appropriate information is safeguarded through the company's management structures and processes.

External risks

Some of the main strategic risks that Lantmännen faces are different types of external risks, notably from market-related risks in the form of changes in the economy, trends, competitors and positioning of the overall brands. Risks also exist in

the markets in which Lantmännen is active, and include political resolutions and regulatory changes.

Confidence

Lantmännen's good reputation is one of our strengths and forms the basis for market leadership and our ability to recruit successful employees. This means that our activities aimed at maintaining and strengthening Lantmännen's brand represent a strategic area. Lantmännen's Code of Conduct reflects our ambitions in areas such as social responsibility, business ethics and environment. Read more on ► page 37.

Our reputation is also important to us as an employer. We are carrying out a number of prioritized activities aimed at strengthening the recruitment processes through a unified structure and common and coordinated methods and tools.

Business development

The risk of overlooking threats and opportunities related to business development, the sub-optimization of operations and making the wrong decisions are risks common to all businesses. Lantmännen's strategy and business development is managed systematically. All research and development projects that are an important part of our strategic business development are regularly reviewed.

Description of risk	Risk level 2012/2013*		Risk management
	Probability	Impact	
Regulation and supervision. New laws and regulations can result in restrictions on operations or impose new, higher standards. Lantmännen's operations are partly subject to authorization, regulation and supervision and are affected by regulatory changes in Sweden and the EU.	Moderate	Moderate	Each Sector and business monitors changes on an ongoing basis and adapts its operations accordingly. 2012 outcome: Lantmännen's measures during the year included continued discussions on asset pledge requirements in connection with ethanol shipping.
Economic situation and price competition. The risk of business operations being affected by general cyclical changes, changes in demand in specific areas and by Lantmännen's relative competitiveness in the market. Price competition is strong in most of Lantmännen's markets. A continued economic downturn increases the risk of further price pressure.	High	High	We strive for flexibility and adapt the cost situation to economic fluctuations. Action plans have been prepared for major changes in demand. We minimize and counteract price competition for our products by working with price and mix, innovation and by continuing to strengthen our brands. 2012 outcome: Major uncertainties in the economy and business environment affected margins and volumes, especially for the Food Sector, which were offset by savings.
Customer and consumer trends. There are both opportunities and risks with regard to customers' and consumers' changing behavior.	Moderate	Moderate	Lantmännen is continuously developing innovative products and services based on customer and consumer demands. 2012 outcome: The trend of a low carbohydrate content is a disadvantage to us. We are participating actively in the debate.
Business ethics risks. Lantmännen operates in an international environment with a variety of business ethics risks depending on the business climate.	Low	Low	In 2012, Lantmännen's Board of Directors adopted an anti-corruption policy that applies to all businesses in all countries. 2012 outcome: Training in competition law took place for the management group and other selected individuals.
Trademark risks. The risk that Lantmännen's brand will be damaged if Lantmännen's activities are conducted in a manner that, from an economic, environmental, ethical and social perspective, is unsustainable in the long term.	Low	High	Lantmännen works actively on its sustainability responsibilities. Implementation and follow-up of Lantmännen's Code of Conduct. 2012 outcome: Lantmännen continued its successful work on sustainable development and the Lantmännen brand during the year.
Shortage of skills. A shortage of the right skills and large-scale impending retirements could be a potential risk.	Low	High	Systematic, strategic efforts are underway with regard to management/skills supply and our brand as an employer.
Long-term climate risks. Climate changes can affect soil fertility, access to good quality water and resistance against pests.	High	Moderate	This is a risk which demands developments in cultivation techniques, plant breeding and adaptation to geographical location. 2012 outcome: Work is underway with regard to ongoing research and development efforts in order to meet changing cultivation conditions.

* The risk assessment is carried out by the area manager and internal expertise.

Operational risks

Operational risks are an element of each Sector's day-to-day operations. Price risks of raw materials and handling errors with regard to quality and safety are examples of operational risks.

As there are a large number of operational risks, they are often regulated by policies, guidelines and instructions in order to provide consistent and effective security throughout the entire Group. A large proportion of the operational risks are also insurable. Risks associated with compliance with laws and regulations and risks in the area of financial reporting and internal control are also considered operational risks.

Price risk

Lantmännen uses the financial markets to manage price risk in commodity purchases, sales of ethanol and the purchase of energy such as gas and electricity. Hedging prices in the longer term

increases predictability and evens out rapid price fluctuations. Price risks are managed through the financial policy.

















Production disruption risk

The importance of working systematically and preventively on operational risks increases as the capacity utilization of our plants increases and integrated operating processes are implemented, resulting in increased sensitivity. Our systematic work on ERM seeks, among other things, to minimize these risks.

Handling errors can also occur at our suppliers, so auditing together with monitoring and measurement of our suppliers' performance and the products we buy are of key importance.

Sustainability risks in supplier chain

To ensure that our suppliers share our values with regard to ethics, the environment and the working environment, our suppliers have to agree to comply with our supplier code of conduct. All suppliers are risk assessed on the basis of the code, see ► page 29.

Description of risk	Risk level 2012/2013*		Risk management
	Probability	Impact	
Energy prices. Sharply fluctuating electricity and gas prices in the energy market and Lantmännen's annual consumption of approximately 700 GWh represent a considerable risk.	 Low	 Low	Lantmännen hedges electricity through financial futures for up to 36 months depending on the situation of the individual business. 2012 outcome: Electricity price hedging was implemented according to the financial policy.
Commodity prices. Commodities such as grain, soybeans and oilseed rape represent a large part of Lantmännen's total costs which is why we are particularly sensitive to changes in their prices.	 Moderate	 Moderate	Lantmännen works actively to hedge commodity prices by means of supplier agreements and on the financial commodity markets. Commodities trading is governed by the policy document. 2012 outcome: Commodities have been hedged.
Price relationship in Swedish ethanol production. The ethanol plant in Norrköping is very much affected by grain and ethanol price trends, as well as by political decisions such as the EU's tariff rules regarding fuel ethanol.	 High	 High	Lantmännen continuously hedges grain prices, but there are limited possibilities for hedging the price of ethanol. 2012 outcome: The margins in ethanol production are still low and imports of American subsidized ethanol to Europe adversely impacted the price situation during the year.
Working environment and safety. Some of our facilities have hazardous working environments and activities likely to cause danger or risk to health.	 Moderate	 High	Increased systemization, reporting and monitoring in the area remains a priority. Since 2009, between 50 and 60 follow-up checks of workplaces are carried out annually. Work environment training is compulsory for all our managers. 2012 outcome: The number of accidents increased slightly and continued focus is needed.
Product safety risks. Defective Lantmännen products represent a risk to customers and consumers.	 Moderate	 High	Products are regularly assessed from a safety perspective and provided with clear product information. 2012 outcome: Lantmännen is working on initiatives such as a third-party certification system for food safety.
Animal welfare risks. Consumers are becoming more demanding in the area of animal welfare and animal ethics. Incidents of contagion, such as salmonella in feed plants and livestock production, can potentially have a major impact on results.	 Low	 Moderate	A comprehensive control program is conducted in our own factories based on the Code of Conduct. The control programs also include analyses of suppliers and transport companies. 2012 outcome: A survey of animal welfare requirements in Lantmännen's operations was implemented.
Sustainability risks in supplier chain. Lantmännen has suppliers in high-risk countries with regard to working environments, social conditions and corruption. Lantmännen also handles a number of high-risk commodities such as fertilizers, cocoa, soy and palm oil. Even with regard to grain, there are a number of aspects to deal with such as sludge fertilizing, stem shortening, cadmium and DON.	 High	 Moderate	Active work to incorporate the Supplier Code of Conduct into all agreements, and monitoring. International partnerships and a desire to reduce our dependency on risk commodities. Ongoing development of clear and transparent requirements for commodity grains. 2012 outcome: 4 supplier audits carried out (of a total of 24), 75 percent of suppliers followed up. 37 percent RTRS certified soy, 100 percent RSPO certified palm oil.
Insurable risks. Assets such as property and production equipment can suffer serious damage in the event of fire or power failure. The recall of food products may give rise to major costs, partly as a result of direct costs, but also indirectly in the form of a decline in reputation among consumers.	 Low	 Low	Lantmännen has an insurance program for property and liability risk and works systematically to limit the risk of incidents. Most of the insurance program is channeled via the Group's own insurance company, which reduces costs. 2012 outcome: Food products were withdrawn resulting in costs which were largely covered by insurance. Some minor fires occurred.

* The risk assessment is carried out by the area manager and internal expertise.

Financial risks and commitments

Lantmännen is exposed to financial risks. How they are dealt with is described in the financial policy, Lantmännen's overall governing document for financial risks. Financial status reporting and compliance with financial policy are regularly reported to Group Management and the Group Board.

Lantmännen's financing

The credit crunch in the wake of the financial crisis is affecting all companies, even Lantmännen. To ensure our long-term financing, agreements with binding financial commitments have been signed with a number of banks. At the end of 2012, loans from credit institutions amounted to MSEK 4,900, of which MSEK 4,609 were long-term loans. The loans have an average maturity of 6.1 years. In 2013–2015, MSEK 2,778 in loans will fall due for payment. The financial policy regulates liquidity risk by stipulating that guaranteed unused credit facilities and cash resources must exceed MSEK 1,500.

Lantmännen's Group Treasury is responsible for financing, financial and commodity risk controls, liquidity planning and payment solutions and capital efficiency projects. Consolidating and controlling risk minimizes the actual risk and the cost of measures such as hedging currency flows.

Counterparty risks

Financial transactions with a financial or commercial counterparty involve credit risks, which are minimized, for example, by credit checking of customers and having a good spread of

customers across multiple segments and markets. Counterparty risk in financial transactions is minimized by using several different players with good credit ratings.

LARMA risk management system

Each year, Lantmännen Lantbruk handles large volumes of grain purchased locally or internationally. The grain is then sold to outside customers or internally to our industries. The fact that the market price is in constant motion exposes us to risk when buying and selling. Commodity risk can be minimized by matching purchases and sales or hedging the price in the financial markets.

LARMA, a risk management system, is used to measure and manage risk in the grain chain, from procurement and trading through to the finished product. LARMA measures the volume and value of a current commodity position, which is compared to the risk that each business unit is allowed to take as per the risk policy.

Commitments

Lantmännen has pledged assets and made other financial commitments. Many of these relate to assets pledged for credit institution loans, such as pledges in properties. At the end of December 2012, pledged assets amounted to MSEK 1,158.

Lantmännen also has pension obligations, primarily to Swedish salaried employees. Lantmännen's Grodden pension fund has managed and safeguarded Lantmännen's defined benefit pension obligation to the majority of its administrative employees since 2011. The pension obligation to beneficiaries ultimately remains with Lantmännen.

Description of risk	Risk level 2012/2013*		Risk management
	Probability	Impact	
Refinancing and liquidity risk. When loans and credits are renewed, there is a risk of higher costs and limited opportunities for new financing. Liquidity risk is the risk that payment obligations cannot be met as a result of insufficient liquidity.	Moderate	Moderate	Refinancing risk is limited by having a spread of counterparties and maturity profiles of loans and debts to credit institutions. Lantmännen's financial policy regulates liquidity risk by stipulating that guaranteed unused credit facilities and cash resources shall exceed MSEK 1,500. 2012 outcome: Liquidity forecasts were made on a daily basis. Liquidity was affected by large payments for grain in the fall.
Interest rate risk. Changes in the market rate may have adverse effects on earnings and cash flows. The time it takes for changes in interest rates to have an impact on net interest depends on the fixed-interest period for loans.	Low	Low	Lantmännen's strategy is to take out loans with short fixed-interest periods but long maturities. Lantmännen has entered into a number of interest rate swaps and has extended the fixed-rate period on existing loans in order to extend the fixed-interest periods. 2012 outcome: The strategy covering fixed-interest periods and tied-up capital has minimized the interest rate risk. The duration of the average fixed-interest period has increased to 19 (4) months.
Currency risk. Changes in exchange rates affect Lantmännen's earnings, equity and competitive situation in different ways. Payment flows and agreements in different currencies create currency risk.	Low	Low	Lantmännen's currency risk is managed centrally and the aim is to minimize currency effects by using currency inflows for payments in the same currency. In addition, financial instruments are used to hedge expected payment flows, in accordance with the guidelines contained in Lantmännen's financial policy. 2012 outcome: Currency flows were hedged in accordance with policy and precision was improved by means of the LARMA risk management system.
Credit and counterparty risk. Lantmännen's financial transactions give rise to credit risks associated with financial and commercial counterparties.	Low	Moderate	Lantmännen only works with banks that have a high credit rating and in particular those that participate in the Group's long-term financing. In order to minimize the credit risk associated with outstanding trade receivables, Lantmännen has a policy of conducting special credit checks. 2012 outcome: Lantmännen had low credit losses in 2012 as a result of its work on credit risk.

* The risk assessment is carried out by the area manager and internal expertise.

Working with us

Lantmännen aims to be an attractive workplace where everyone can contribute to the business's goals. We work actively to attract, retain and develop our employees. Leadership, skills development and internal mobility are some of our focus areas. In 2012, we also made further investments in health and safe working environments.

Lantmännen is an international group with 10,249 employees in 19 countries, more than 60 percent work directly with production. Lantmännen works continuously to make organizational adjustments to meet changes in the market and the business cycle.

Values, teamwork & leadership

Our values, *openness, a holistic view and drive* must be ingrained in our behavior and actions. We see this as a criterion for achieving targets and profitability requirements in a confident corporate culture. Managers and employees alike have a responsibility to continually work to integrate these values into every part of the Group. In 2012, the Group established a Values Committee, which is charged with supporting, running and monitoring work in the area of values.

One way of monitoring the functioning of teamwork and leadership at Lantmännen is the employee survey which is conducted throughout the Group every other year (last in 2011). Lantmännen's result for job satisfaction in 2011 was 68. This corresponds to the average level of the benchmark system, the European Employee Index, which is 67.

At Lantmännen, equality and diversity act as a basis for new ideas, broader perspectives and development. Our operations are more successful when we utilize and value the skills, qualities and experience of all our employees. Lantmännen will not tolerate any bullying, harassment or discrimination.

Competence and leadership supply

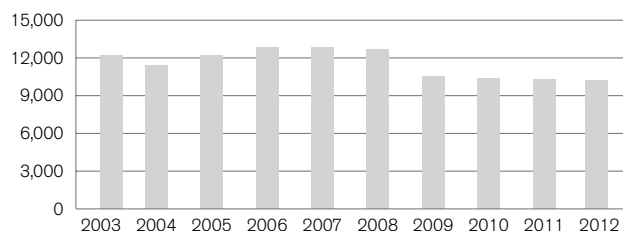
Several areas of Lantmännen are facing major generational shifts and it is therefore a challenge to safeguard skills supply in the future. Employee development is crucial to Lantmännen's development as a company and we are working actively on internal skills and leadership development programs. We completed one round of Grow, the eight-year international management development program for identified talent, during the year and started another. More than 100 managers participated in Lantmännen's Leadership Training in order to develop their leadership skills. Internal mobility and recruitment is a strategic focus area for developing and retaining the right skills. Of all managerial recruitment which has taken place over the last few years, 44 percent of those appointed were internal candidates.

An inspiring culture and good working environment!

A Group-wide training portal, eCampus, is being implemented. The portal will provide efficient and effective management of our internal training opportunities, including both web-based and tutor-led training. An example of web-based training in eCampus is the compulsory training in information security, which is increasingly important as the level of digitization rises.

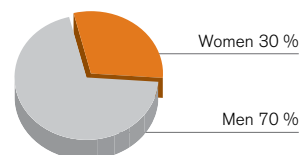
Read more at ► www.lantmannen.com/arbete

Average number of employees

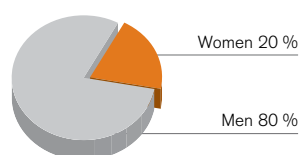


The average number of employees during 2012 was 10,249. At the end of 2012, the number of employees was 10,089.

Gender breakdown, employees



Gender breakdown, managers





Lantmännen shall be an attractive workplace where

Attractive employer

We also work actively and in a long-term perspective to attract and recruit the right skills externally. Efforts to strengthen and communicate Lantmännen's employer branding to students and young professionals continued in 2012. Among other things, we took part in job fairs and exhibitions, contributed to the career pages of major newspapers and were active within social media. Lantmännen has provided an attractive international trainee program for several years, and the ongoing program for 10 trainees was completed in 2012.

Read more at ► www.lantmannen.com/jobba-hos-oss/trainee

The perception of Lantmännen as an attractive employer is confirmed by a good position in several rankings.

Universum's Career Barometer

	2006	2007	2008	2009	2010	2011	2012
Engineering	106	76	95	76	60	46	59
Business	119	95	92	76	62	55	33

In Universum's 2012 ideal employers survey of how young professionals perceive the 150 largest companies in Sweden, Lantmännen climbed from 55th place to 33rd in the business professionals category. In the engineering professionals category, we went from 46th place to 59th. The lower ranking is partly due to the rising competition for skills among technology-oriented companies.

Whistleblower function

Lantmännen aims to be an open and transparent company with an ethical approach to all decisions and actions. There is a need for employees to be able to feel comfortable in speaking up and pointing out irregularities. As a natural step in our work on our values and our Code of Conduct, Group Management decided to introduce a whistleblower function in 2012. This means that anyone who does not want to report a case to their manager is now able to report anonymously by calling an external number to an independent legal representative.

More efficient administration

The process of collating all employee-related information into a master data system continued in 2012, and will create the

conditions for more efficient administration. In addition to centralizing payroll management within a common payroll center in Sweden, we have also initiated an organizational development of the payroll center, with the establishment of a support department for payroll-related matters and for administration of the HR system.

We have worked intensively throughout the year to develop a uniform system to describe the different roles and positions within Lantmännen. We use the Hay Group's structure and methodology which ensures the process is standardized and recognized, and also provides valid reference levels from other companies worldwide. Positions can easily be related to each other and pay surveying is made possible by market comparisons, which is important in areas such as gender equality analysis. We also benefit greatly from the uniform system with regard to recruitment, skills development and career and succession planning.

Lantmännen's intranet is a vital tool for our employees. We have conducted a large scale review of all HR-related information, which is what is the information most widely read on the intranet. The HR information has been collated in "The HR Guide".

Safety first

Many of our employees work in an industrial production environment, where there are several work-related hazards. Safe working environments are a high priority within Lantmännen and we work systematically to continuously identify risks and take action. In 2009, we started regularly monitoring of the working environment of all our businesses, with an annual outcome review by Group Management.

Working environment targets

- A safe work environment – no employee shall be placed in danger or injured in the workplace.
- Zero injuries and deaths.
- Systematic working environment measures by all businesses.
- Learning from incidents and accidents and taking action in order to prevent any recurrence.



everyone can contribute to the business's goals.

Incidents and accidents

Identifying and analyzing incidents and taking appropriate action are important elements in Lantmännen's preventive measures. Our goal is 10 incidents per accident. The number of reported incidents increased considerably, rising from 915 in 2011 to 1,555 in 2012, which is a positive contribution to the work on preventing accidents.

In 2012, 327 (313) accidents resulting in at least one day of sick leave occurred. The most common incidents are falls and injuries from machinery or machinery parts.

Developed working environment training

In order to safeguard Lantmännen's high level of expertise with regard to working environment issues, our compulsory working environment training was further developed during the year and a working environment network was established with participants from all businesses. The network provides a forum for decision-making and exchange of experience in areas such as risk management and system support for accident and incident reporting.

Healthier Lives! – A success factor

We consider proactive health interventions as a necessary condition for sustainable performance. An evaluation of Lantmännen's health interventions in Sweden was conducted during the year and revealed that 14 percent believe they are in better health today than in 2009. Sick leave increased slightly from 3.7 percent to 3.8 percent in 2012. However, there are still significant opportunities for improvement as the health status varies from business to business.

A drug and alcohol policy has been in place at Lantmännen for several years. Training initiatives have been started with the aim of increasing the focus on the problem of alcohol and substance abuse. There is currently a partnership agreement in place with an external supplier, as these issues often require specialist knowledge.

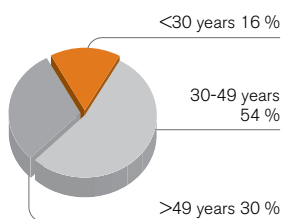
Code of Conduct and anti-corruption policy

The Code of Conduct contains comprehensive guidelines for environmental responsibility and how we should act in a social sense. It acts as a guide for all employees. Relevant sections also apply to elected representatives in the owner organization, as well as suppliers and partners. All employees are trained in the Code of Conduct.

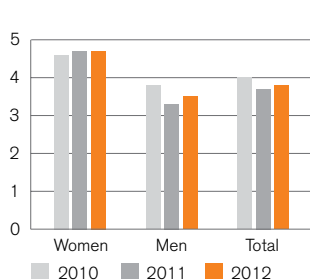
New, stricter laws and an increased focus on morality and ethics form the basis of the anti-corruption policy adopted by Lantmännen's Board of Directors in 2012. The policy is part of our Code of Conduct and applies to all businesses in all countries. Everyone has a responsibility to comply with both the law and the policy and the Board has ultimate responsibility for implementation, monitoring and review. Management teams at higher levels have been trained in anti-corruption and have delegated responsibility for employee training and compliance with the policy to the manager of each business.

Lantmännen implements procedures to review and prevent the various representatives, such as distributors and retailers, from violating laws and regulations. The Code of Conduct can be read in its entirety at ► www.lantmannen.com/uppforandekod

Age breakdown



Sick leave, % of total working hours



Incidents and accidents

	2012	2011
Number of fatalities due to work-related injuries	0	0
Number of accidents ¹	327	313
Accident frequency ²	20.2	24.4
Number of reported incidents ³	1,555	915
Number of incidents per accident (incl. sick leave)	4.8	2.9

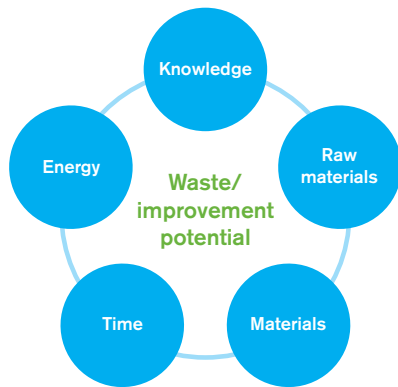
¹ Work-related accident resulting in at least one day's absence from work after the accident occurred.

² Accident frequency is defined as the number of accidents per million working hours (actual hours worked).

³ Incidents are defined as unintended events which could have resulted in ill health or an accident.

Resource-efficient processing

Lantmännen's objective is to make optimum use of all resources. Resource management is strategically important from several perspectives. Reduced waste saves costs, develops the business and is an important aspect of our responsibility from field to fork. Resources refer not only to commodities, materials and machinery, but also energy, time and knowledge.



Resource management is spreading throughout the value chain – reduced food waste saves resources at all stages, from raw material production and energy use in processing, to packaging and shipping.

Lantmännen undertakes systematic improvement work in the area of resource-efficient processing, supported by the LEAD approach. Important areas include energy, water and chemicals. Read more about LEAD on ► [pages 26-27](#).

Proactive climate work

Lantmännen has a proactive climate target: To reduce its own CO₂ emissions by 40 percent between 2009 and 2020. The

measurable target is limited to energy use in own production and shipping. In addition, Lantmännen is working to reduce its carbon footprint at other stages, in collaboration with suppliers and customers. Lantmännen is one of twelve companies in the Haga Initiative, a network of companies that take active responsibility for the climate and show that sustainable development creates business advantages.

Read more about the Haga initiative at ► www.hagainitiativet.se



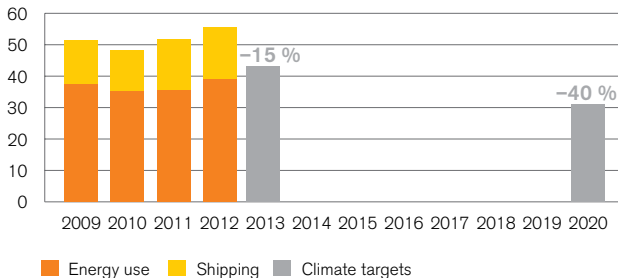
Water savings continue at Lantmännen Danpo

Measures for more efficient water use are regularly implemented at our plants. The slaughtering and processing of chicken is an energy and water-intensive operation. Lantmännen Danpo in Denmark implemented further measures to reduce its water consumption during the year.

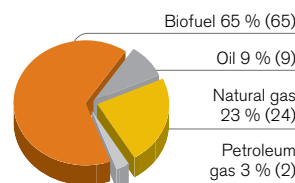
Read more at ► www.lantmannen.com/ansvar

Lantmännen's climate targets

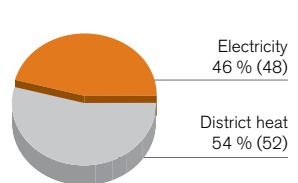
Tonne CO₂/MSEK value added



Direct energy consumption by primary source 2012



Indirect energy, electricity and district heat 2012



For more indicators and comments
► www.lantmannen.com



Energy efficiency

Work on energy efficiency and the transition to renewable energy continued in 2012, with a focus on increased energy measurement, training and the development of tools for energy efficiency.

Oil consumption was reduced further during the year through conversion to renewable fuel equivalent to one-third of oil consumption for 2011. A plan is in place for the remaining oil conversion and the target to phase out all fuel oil by 2020 is considered to be within reach.

Investment strategy

Achieving climate targets requires a proactive investment strategy. Efficiency investments are often characterized by low risk, which means that longer repayment periods can be justified. A long-term plan for investment requirements within Lantmännen is being developed in order to reach climate goals for 2020.

Climate calculation of reduced wastage

During the year, a pilot study was started to look in closer detail at the relationship between reduced waste and a reduced climate footprint. The study is initially covering two facilities where we shall calculate the impact of carbon dioxide from waste at the facilities. Results from the study will be available in 2013.

Shipping

The main challenge to achieving the climate target is the reduction of our logistics-related emissions. The trend of structural change towards fewer and larger facilities is increasing our transportation requirements, yet is also a more efficient use of energy. We are also working on transport efficiency through an increased fill rate and route optimization.

The aim is to increase the proportion of rail transport, which requires improvement of the conditions for rail freight with regard to quality of delivery and cost. At present, the development of rail transport is negative in terms of volume.

Organizationally, the sustainability aspect of our work on transportation was aligned more closely with purchasing during the year, in order to make it a clearer part of the procurement process. The rationale is that, as Lantmännen purchases essentially all its transport requirements from external suppliers, sustainability issues in the area of transportation must be driven through procurement work.

Chemical handling

In Lantmännen, chemical products occur within a wide range of applications, through our sales of fertilizer and plant protection products, to own use of inputs in the production of animal feed, lubricants and cleaners. Having an orderly system is essential in our work in the area of chemicals in order to minimize health and environmental risks and to phase out risk products on an ongoing basis. The work is largely governed by European and national legislation on chemicals. In 2012, the focus was on coordinating procurement and handling, and on skills development.

The overall goal is to reduce the number of chemical products and phase out unwanted chemical substances. The use of phase-out substances and risk-reduction substances is monitored continuously.



Lantmännen Agroenergi heats Norberg without oil

Waste heat from the chip dryer at Lantmännen Agroenergi's pellet factory is being used to heat the water in Norberg's district heating network. During severe cold weather or disruption in service, Lantmännen Agroenergi has previously provided assistance by means of oil. As part of the trimming-down of the existing facility and investment in a new pellet boiler, oil has now been phased out. One percent of heat production now comes from oil compared with the previous seven percent, which corresponds to an annual reduction in carbon dioxide emissions of 365 tonnes.

– The oil-fired boiler is only used in case of disruption to services in the winter when the effect of the pellet boiler is insufficient. “As long as the drying unit at the plant is running, we can even get through cold snaps without burning oil”, says Peter Franklin, plant manager at Lantmännen Agroenergi. Read more about our climate efforts at ► www.lantmannen.com/ansvar

Agriculture Sector



“ We grow a lot of seed and get great support from Lantmännen.
 Jan and Per Fimmerstad
 Taxinge Gärd ”

Agriculture Sector

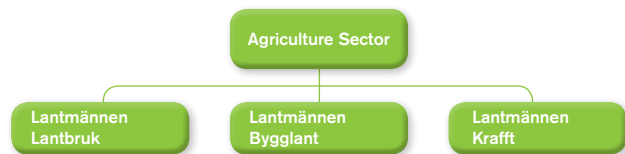
Key figures

	2012	2011
Net sales, MSEK	10,870	11,497
Operating income, MSEK	165	183
Operating margin, %	1.5	1.6
Return on operating capital, %	4.3	4.8
Investments in non-current assets, MSEK	126	103
Average number of employees	1,133	1,154
proportion of women, %	31	30
CO ₂ emissions, thousand tonnes	69.5	83.3

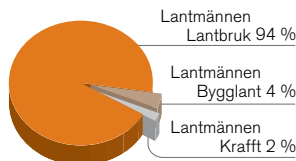
Agriculture Sector

Key figures excl. items affecting comparability

	2012	2011
Operating income, MSEK	165	183
Operating margin, %	1.5	1.6
Return on operating capital, %	4.3	4.8



Share of Agriculture Sector's net sales



Nötfor
Piggfor
Pullfor
Protect



The Agriculture Sector, which constitutes Lantmännen's core business, develops and offers products and services to enable a strong and competitive farm economy. The products are marketed under well-known names such as Nötfor, Piggfor, Pullfor, Protect and the SW and Krafft brands. The Sector accounts for 28 percent of Lantmännen's sales.

Operations

The Agriculture Sector consists of Lantmännen Lantbruk, Lantmännen Bygglant and Lantmännen Krafft. The Sector is based in Sweden, but also conducts operations in the international market. Lantmännen Lantbruk is also part-owner of the German company HaGe Kiel and the Baltic company Scandinavian Farmers.

Extreme weather conditions and rising grain prices affected 2012

Grain and oilseed prices rose in the early part of the year, as a result of declining stock levels for corn and soybeans. Volatility continued in the markets during summer when the United States, the world's largest exporter of soy, corn and wheat, was hit by the worst drought since 1956, which sent prices soaring.

The grain harvest in Sweden was good, and according to preliminary data for 2012 from Statistics Sweden (SCB), the estimated grain harvest for the year is expected to amount to approx. 5.1 million tonnes. This is an increase of 10 percent compared with the previous year's harvest and 4 percent

higher than the five-year average. The total harvest for rape and colza was extraordinary and is estimated at 325,400 tonnes. This is 30 percent more than the previous year's result and the highest harvest in 19 years. Fall sowing was affected by heavy rainfall and was significantly lower than normal in most parts of central Sweden, although in the southern part of Sweden it was normal.

At the end of 2012, the Swedish Dairy Association reported upward price movements in the dairy market and a slowing of the global production rate. Many of the Swedish livestock farmers experienced squeezed profitability during the year, partly due to high feed costs. Cautious optimism was noted among pig producers. The last parts of the EU directive on the welfare of pigs, which came into force in January 2013, are expected to benefit Swedish production, where the rules are already applied

Outlook for 2013

In an increasingly competitive market, Lantmännen Lantbruk must act in a customer-oriented and businesslike manner. To this end, new products and offerings are being developed to ensure we remain an attractive business partner to agricultural and industrial customers alike. Lantmännen Lantbruk's implementation of the strategic plan adopted in 2011 is still in progress and there is an increasing focus on becoming sharper. Work under the ONE approach action program continues. Changes are being implemented regularly and a brand new ERP system will be introduced in October.

We develop new products and offerings in order to be an attractive business partner

Responsible businesses – Agriculture Sector

Lantmännen Lantbruk is working to:

- ▶ develop and offer innovative products and services that maintain the fertility and yield potential of farmland
- ▶ make efficient use of raw materials, other materials, energy and equipment
- ▶ apply responsible production criteria when purchasing inputs and feed materials
- ▶ provide a safe and stimulating work environment that engages employees and utilizes their skills.

Lantmännen Lantbruk

Efforts to create greater customer focus, streamline operations and improve profitability continued during the year.

Operations in 2012

The diesel and fuel oil business was divested in the first quarter. The business was transferred to Swea Energi and the five fuel stations on Gotland were sold to OKQ8.

The Agriculture Sector was awarded certification under 2BSvs (biomass biofuel, sustainability voluntary scheme). This certification is important for us and our customers. It is a requirement in order to be able to deliver a sustainable raw material according to the current EU directive on renewable energy.



It was decided during the year to close the feed plant in Helsingborg. Production will cease in the first quarter of 2013, and the feed production will move to Lantmännen Lantbruk's other feed plants.

At several of Lantmännen Lantbruk's facilities, work on continuous improvement using LEAD (see ► page 27) has contributed to efficiency in terms of reduced energy consumption, increased capacity utilization and fewer rejections. In accordance with Lantmännen's energy policy, the Sector works actively to improve energy efficiency in its production processes.

Prior to the harvest, a new grain receiving facility, in the form of a grain sheet, was opened in Laholm in Halland. Lantmännen Lantbruk has previously lacked grain receiving facilities in the area and the opening has increased the opportunities for purchases in the region. The process of developing a systematic working environment and safety program continued. An important part of this work was to increase the focus on reporting and monitoring. Efforts to create a clear and well implemented approach towards developing chemical management in a sustainable direction intensified.

Lantmännen Lantbruk annually invests significant resources in research and development for a viable Swedish agriculture and this was also the case in 2012. During the year, Lantmännen Lantbruk became sole owner of the experimental farm Nötcenter Viken. The acquisition is a strategic and long-term investment for feed development.

Financial performance of the Agriculture Sector's contribution-related operations

The Swedish contribution-related operations performed positively during the year as a result of a well-executed action program which has created operational order and efficiency.

Despite the large, far-reaching changes and high staff turnover, operating profit was MSEK 100 (77), which is an improvement of almost thirty percent. Virtually all of the positions in the new organization have now been filled, and the focus is increasingly on creating attractive customer offerings.

Lantmännen Lantbruk Sweden Key figures for contribution-related operations

	2012	2011 ¹
Net sales, MSEK	10,189	10,638
Operating income, MSEK	100	77
Operating margin, %	1.0	0.7
Return on operating capital, %	3.6	2.9
Investments in non-current assets, MSEK	112	90
Average number of employees	950	963
proportion of women, %	30	29

¹ Including business transferred from SW Seed in early 2012.

Lantmännen Lantbruk Sweden Key figures for contribution-related operations, excl. items affecting comparability

	2012	2011
Operating income, MSEK	100	77
Operating margin, %	1.0	0.7
Return on operating capital, %	3.6	2.9



Mona Wikberg runs pig production at Östergård in Skåne.

Seed & Forages

Under the SW brand, Lantmännen Lantbruk breeds and markets varieties of seed in the areas of seed grain, oilseeds and grass seed. Lantmännen Lantbruk further expanded its already wide range by introducing several new varieties during the year, thereby strengthening the seed & forages product segment.

Three new winter wheat varieties, Cumulus, Julius and Nimbus, were presented in June. These are the result of Lantmännen Lantbruk's investment in the development of new varieties with a focus on high yield and quality.

Sales of seeds and forages were good before the spring planting season, but the late harvest and the high rainfall in central Sweden meant that they were a little lower than expected for the fall planting. In the international operations, extensive winterkill in central Europe led to increased sales, in particular sales of spring rape to Poland and spring wheat to Germany. Sales volumes of winter rape declined in both Germany and Poland, partly due to a gradual transition from conventional rape to different hybrid varieties.

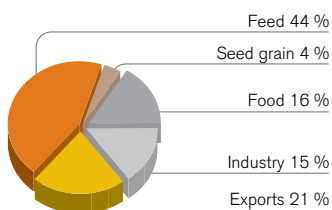
In spring, the Swedish Chemicals Agency approved Lantmännen BioAgri AB's biological pesticide Cedress for the treatment of the fungal disease acrothecium in carrots. A new product called Amase, which increases the growth of forest plants, was launched in fall.

Goods for resale

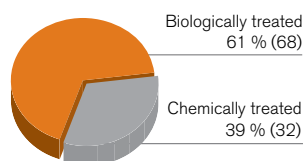
Lantmännen Agriculture sells and markets a wide range of products for crop production and feed conservation. The range includes fertilizer, lime, pesticides, silage agents and specialty products such as stretch film, plastic, net and yarn.

Fertilizer sales have been subjected to intense competition in recent years. Net sales started the year cautiously, but grew in late fall, with a strong order intake as a result. The market for pesticides was also affected by growing competition. Despite this, sales developed well, although glyphosate sales declined due to the rainy autumn. New offerings in the areas of crop protection and fertilizer received a positive response from the market.

Use of Swedish harvest

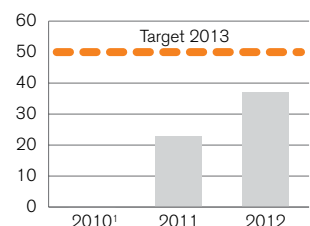


Share of biologically treated seed



For more indicators and details, go to
www.lantmannen.com

Proportion of RTRS-certified soy %



¹ First available on the market in 2011.

We offer a comprehensive range of feeds for livestock production

Animal feed

Lantmännen Lantbruk offers a comprehensive range of feeds for livestock production under names such as Nötfor, Piggfor, Pullfor and Protect. Most feed sales are to livestock producers in Sweden.

Competition in the Swedish feed market increased in the year. Nötfor maintained its market-leading position, but the dairy farmers' squeezed profitability had an adverse effect on the overall market. Pullfor Värp showed very positive sales growth thanks to a market-leading range of products. Sales of Piggfor decreased in volume and customers turned to more concentrated products. A new wider range of feeds for sows was presented and three new feeds were launched during the year.

Grain

Lantmännen Lantbruk buys and sells grain and oilseeds. In a normal harvest year, the volume is approx. 2.2 million tonnes. About 75 percent of this is then sold to Swedish industry – mainly to mills, distilleries, and feed, ethanol plants and malting plants. The export market is also important for Swedish grain farming, with the main market being Western Europe.

The harvest in Sweden was not only quantitatively large but also unusually prolonged. The central parts of the country were hit by heavy rains and the harvest lasted into November. Lantmännen Lantbruk extended the reception period in most parts of the country to allow for later deliveries. There was a major problem with the mold toxin DON, particularly in western Sweden, although the toxin was also present in eastern parts of the country and Mälardalen. The early harvested grain was generally of good quality.

The new smartphone app “Skörda” (Harvest) was launched in spring. Using the app, farmers can quickly and easily get information about Lantmännen Lantbruk's grain prices and market information directly on their mobile. The app has been a success with many users.

Read more at ► www.lantmannenlantbruk.se



Lantmännen Bygglant

Lantmännen Bygglant designs and constructs buildings and heating plants for Swedish agriculture. The company offers everything from small deliveries of materials to turnkey construction and heating contracts. Lantmännen Bygglant has 60 employees and is headquartered in Örebro.

A reduction in investment subsidies for farmers, the difficult situation of lower settlement price for dairy farmers and the prevailing recession all had an adverse effect on Lantmännen Bygglant during the year.

In the early part of the year, a new strategic plan was adopted, which means that the company will focus on its core business, namely construction and heating projects. As a step in this direction, a decision was taken to discontinue Lantmännen Bygglant's operations as a general contractor in farm-based biogas. Lantmännen Bygglant will instead assume the role of strategic partner and sub-supplier to Browik, which will take on full responsibility for supplying farm-based biogas to customers.

Read more at ► www.lantmannenbygglant.se

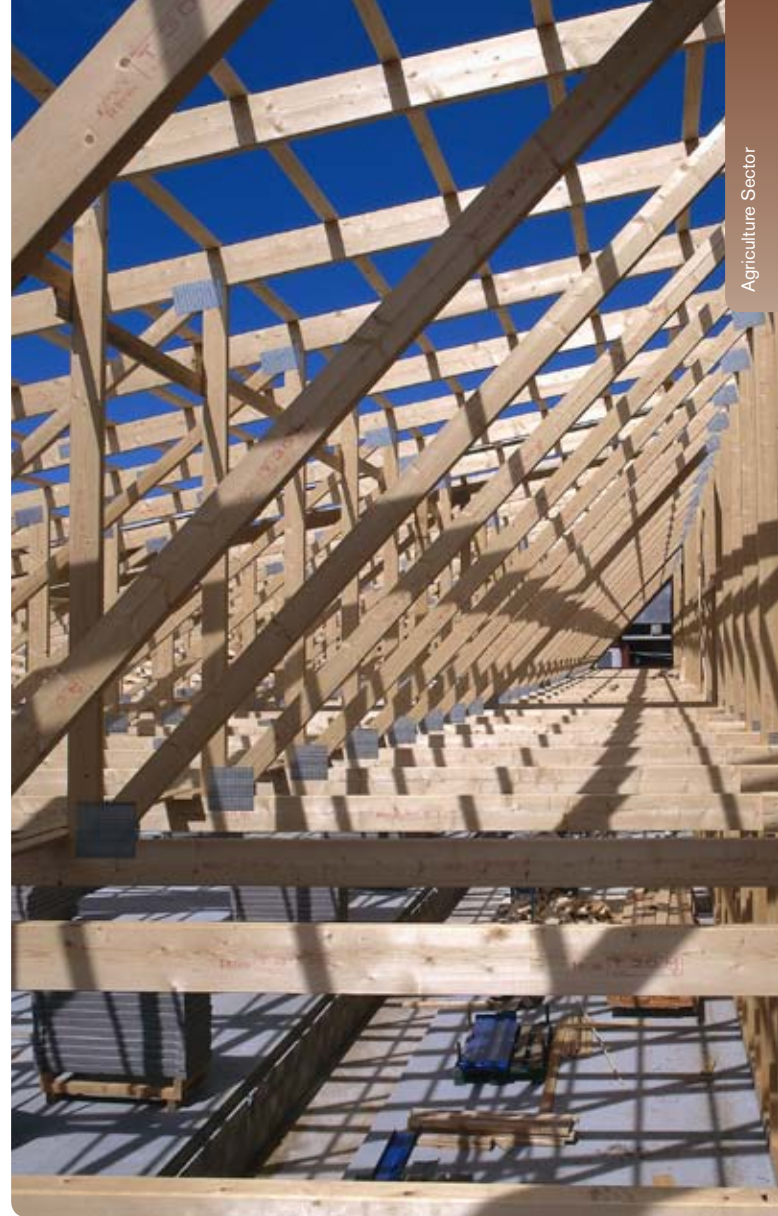
Lantmännen Krafft

Lantmännen Krafft develops and markets a broad product range of horse feeds for the professional equine nutrition market. Krafft is the market leader in Sweden and is represented in over 20 countries. The company has 45 employees and is headquartered in Falkenberg.

The feed market for trotting horses remained stable during the year and an extra investment was made in the showjumping and dressage category. The export market continued to perform well and Krafft's premium range went on sale in

Denmark. Lantmännen Krafft's customers continued to reap success during the year. This is confirmed by a number of fine performances in different disciplines and trotting races, both in Sweden and abroad. Five of Lantmännen Krafft's customers also competed in the Olympics in London. Read more at

► www.krafft.nu



International partnerships

The agriculture market is becoming increasingly globalized and the Agriculture Sector is a partner in two international companies. These operations are primarily located in Germany, Poland and the Baltic countries.

Lantmännen Lantbruk has a 39-percent ownership share in the German company HaGe Kiel. Scandinavian Farmers AB is jointly (50-50) owned by Lantmännen and DLG (Dansk Landbrugs Grovvarereselskab). The company is engaged in grain sales and feed and crop production in the three Baltic countries.

Machinery Sector



“ We buy machinery and inputs from Lantmännen and are pleased with the reception and advice we get.

Clas Ödeen
Larm's Farm, Brunflo

Machinery Sector

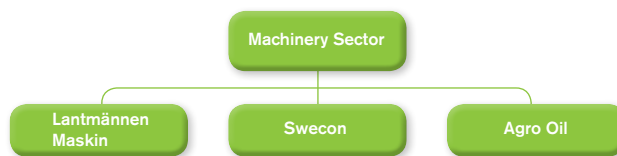
Key figures

	2012	2011
Net sales, MSEK	9,146	10,328
Operating income, MSEK	300	444
Operating margin, %	3.3	4.3
Return on operating capital, %	12.9	22.4
Investments in non-current assets, MSEK	378	307
Average number of employees	1,830	1,816
proportion of women, %	9	9

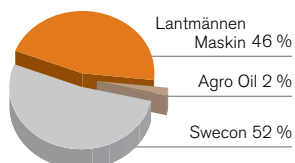
Machinery Sector

Key figures excl. items affecting comparability

	2012	2011
Operating income, MSEK	300	444
Operating margin, %	3.3	4.3
Return on operating capital, %	12.9	22.4



Share of Machinery Sector's net sales




Lantmännen
Maskin




The Machinery Sector's operations encompass farm machinery in Lantmännen Maskin, construction machinery in Swecon and lubricating oils in Agro Oil. The Sector accounts for 24 percent of Lantmännen's sales and has 1,830 employees.

Operations

Swecon and Lantmännen Maskin represent strong brands and have long-term collaborations with world-leading machinery manufacturers.

Lantmännen Maskin markets and sells farm machinery and equipment in Sweden, Norway and Denmark. The largest suppliers of agricultural machinery are Valtra, Fendt and Claas. The machinery companies have unique service networks with modern workshops and fully equipped service vehicles which creates flexible customer servicing.

Swecon is a dealer and partner of Volvo Construction Equipment (Volvo CE) and is engaged in marketing, sales and servicing in Sweden, Germany and the Baltic countries.

Agro Oil develops, markets and sells lubricants and chemical maintenance products in Scandinavia under the Agrol brand. Sales are both directly to customers and through dealers, the largest of which are the internal machinery companies and the Agriculture Sector.

Business Environment and Market

In 2012, the global market for construction and farm machinery declined after a period of rapid rise. A significant decline was noted in construction machinery as the Chinese market fell sharply. The decline was not as great for farm machinery, although it was still noticeable in Europe. The Sector's companies showed a decline in their order intake in the first half of the year, followed by a slightly downward trend during the year. For Swecon's markets, this has meant a small volume decline in the overall market, which is expected to continue.

Demand for farm machinery in Scandinavia weakened in Sweden and fell slightly in Denmark, but was unchanged in Norway. In response to the slowdown, savings and economic adjustments were made in the Sector's operations, primarily in the Swedish machinery company.

Agro Oil's launched a new lubricating grease in late 2012. The new product reduces the consumption of chain lubricant by up to 90 percent compared with regular chain oil and increases the life of the bar and chain. Read more at ► www.agrol.se



We continue to focus on our working practices and customer service

Agro Oil was also affected by a volume decline, mainly due to lower demand from agricultural and construction customers.

Outlook for 2013

The market is uncertain because of the economic turmoil in the world. The consequence is that customers are finding it more difficult to obtain financing and are becoming more cautious. Exchange rate movements mean that there is an increased influx of machines coming through other channels, which makes it more difficult to maintain volumes and positions. At best, we expect a flat sales level compared with 2012.

All of our companies will continue to focus on streamlining their working practices and improving their customer service in order to strengthen our positions and brands. Reducing working capital remains a high priority for us, particularly for inventories and receivables.

Responsible businesses – Machinery Sector

We offer innovative machinery and service. We are also developing services that meet the outside world's and the market's demands and expectations concerning performance, quality, fuel efficiency and skills. This means:

- ▶ safe handling of chemicals and efficient practices for the use of energy and equipment in workshops
- ▶ completion of the work to replace the current detergent with one which is better from an environmental and safety perspective during 2013. The new detergent is being introduced at all Swecon and Lantmännen Maskin plants.
- ▶ a safe and stimulating work environment that engages employees and utilizes their skills
- ▶ further development of customer offerings with knowledge and technology for more sustainable use of machinery.

Lantmännen Maskin

Lantmännen Maskin is an importer and dealer in farm machinery in Sweden, Norway and Denmark. The product range includes tractors, combines, combine harvesters and implements for farming and forestry. Lantmännen Maskin represents the strongest brands in the market and is the exclusive partner of Valtra, Fendt and Claas.

Operations

At the beginning of 2012, work started on a strategic analysis of the entire operations. This represents the basis for the strategy that we start implementing in 2013 to strengthen our position as a market leader and to meet our profitability targets.

Our main suppliers introduced new tractors and combines during the year. Valtra has moved to the next stage in its development of biogas tractors. Limited series production of the N101, 110 hp, using dual-fuel (biogas and diesel) technology is expected to start in the winter. There is keen market interest in the biogas tractor. Read more at ► www.lantmannenmaskin.se

Sweden

A change process was initiated in the Swedish company and a reorganization was carried out in the second half of the year. Jonas Arvidsson took over as the new Managing Director of the company in September. The organizational changes will strengthen

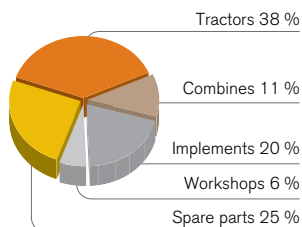


our efforts to improve customer value and profitability. As part of the improvement program we have initiated to help us achieve our strategic goals, we are focusing on greater customer satisfaction. We shall be starting continuous CSI (customer satisfaction index) measurement of servicing and repair work performed. In

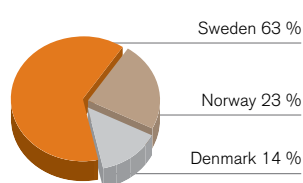


Lantmännen Maskin represents the

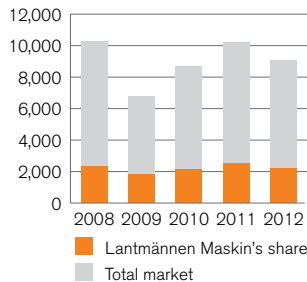
**Lantmännen Maskin:
Sales by product group**



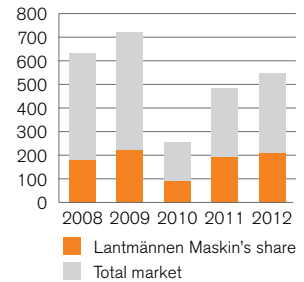
**Lantmännen Maskin:
Sales by country**



**Total market, tractors
Number registered in Scandinavia**



**Total market, combines
Number in Scandinavia**



early 2013, we are also conducting a large number of customer meetings in order to listen and take note of customers' views.

Customers can purchase accessories from Lantmännen Maskin's online store. From spring 2013, they will also be able to buy spare parts online, which further increases our availability and allows for more convenient purchasing.

Norway

In Norway, work continued to link our own dealers, Akershus and Midt-Norge, more closely with our distribution company Lantmännen Maskin AS. This primarily concerns the management and finance functions; the aim being to improve efficiency and also to have better management and control of operating capital. Profitability improved at Akershus as a result of increased activity and better efficiency in the servicing market. At Midt-Norge, resources were allocated to servicing structure, costs and efficiency. Activities are still required in these areas before the company can generate a consistent return. The Norwegian business as a whole was stable compared with 2011.

Denmark

In Denmark, it was necessary to deal with the relatively weak market and low volumes. Danish agriculture is under pressure and investment is at a low level.

Business environment

The price trend in 2012 was positive for grain growers and the harvest was generally good, although it varied considerably from regional to region due to rainfall.

However, milk producers and other livestock farmers continued to struggle with a difficult price situation. The financial instability is making customers more circumspect and cautious about machinery investments. In addition, credit is tighter, which is adversely affecting demand, particularly in Denmark and Sweden.

A large-scale process aimed at developing distribution structures is in progress in Europe. This is largely controlled by the suppliers and was initiated by John Deere a few years ago. The aim is to obtain greater control and give clear instructions on how distribution should work. Other suppliers are following suit and appear to be increasing their exclusivity in the distribution chain.

Market

The markets in Sweden, Norway and Denmark performed weakly. Tractor registrations in 2012 declined by 10 percent in Sweden and 5 percent in Denmark, while in Norway they were unchanged.

New model launches in connection with new engine technology led to disruptions and delivery delays and low volume growth in the early part of the year. These factors and a decline in order intake resulted in a reduced market share. The servicing market was also affected by lower sales of spare parts and lower external demand.

The combine markets were relatively stable, as were sales of forage equipment and implements.



strongest brands on the market

Lantmännen Maskin Key figures

	2012	2011
Net sales, MSEK	4,308	4,527
Operating income, MSEK	26	78
Operating margin, %	0.6	1.7
Return on operating capital, %	2.1	6.4
Investments in non-current assets, MSEK	10	27
Average number of employees	869	866
proportion of women, %	8	8

Lantmännen Maskin Key figures excl. items affecting comparability

	2012	2011
Operating income, MSEK	26	78
Operating margin, %	0.6	1.7
Return on operating capital, %	2.1	6.4



Swecon

Swecon is an importer and dealer of Volvo Construction Equipment in Sweden, northern and central Germany and the Baltic countries. The product line consists of Volvo front loaders, dumpers, excavators and road construction equipment.

Operations

Sweden

Swecon's market position weakened somewhat during the year as a result of increasing competition and a strong Swedish krona. Deliveries to the Swedish Defence Materiel Administration (FMV) were carried out according to plan, although with some delays due to problems with a sub-contractor. Additional orders were received for new deliveries in 2014.

LEAD improvement projects were implemented. The focus of the projects was reducing tied-up capital and improving management of operations. Training aimed at increasing sales and customer satisfaction was provided during the year. All staff involved in the servicing market took part in the training.

Construction of an equipment workshop at Swecon's headquarters began. Its purpose is to reduce lead times for new deliveries – mainly of excavators – and at the same time we are gaining a standardized and uniform equipment extension and better pricing that benefits our customers. The equipment workshop is expected to be completed in November 2013.

Read more at ► www.swecon.se

Germany

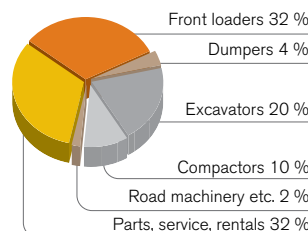
After the successful integration of Baumaschinen Könicke, the focus in 2012 was on developing and implementing common processes and practices. Swecon Baumaschinen was certified to ISO 9001 during the year.

Sales of new and used machines were relatively stable, but unfortunately the market share in production machinery declined a little, as a result of the more cost-intensive and environmentally friendly engine technology that Volvo introduced.

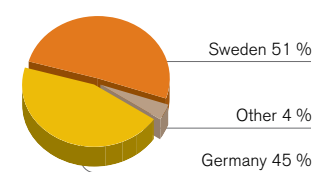
The aftermarket business was stable and contributed positively to the reported results.



Swecon:
Sales by product group



Swecon:
Sales by market



Baltic region

The three Baltic companies are operating from a situation of low volumes. We successfully took advantage of a cost-effective structure and stable servicing activities during the year. The difficult market situation of low volumes and unfavorable prices was partly offset by successful sales of used machinery.

Business environment

The instability in the Eurozone is affecting our customer's investment decisions and we expect a further decline in the overall market in 2013. The strengthening of the Swedish currency may also involve a risk of an increased number of alternative procurement routes for new machinery in 2013.

Larger operations with less machine-intensive processes, such as waste management, showed changes in their purchasing strategies. The purchasing mix has shifted from new machines to a higher proportion of slightly used machines.

Deliveries of the new engine technology, which is being developed under more stringent emissions requirements, began during the year. In time, more contracts will have these emissions requirements and we will then be already equipped with proven technology.

Market

The overall markets in Sweden, Germany and the Baltic region were largely unchanged in 2012 compared with the year before. However, the order trend weakened slightly during the year across the entire industry, which indicates slightly lower volume growth in the future. In Sweden, there was a fall in demand in several segments, including construction, forestry and industry. The mining sector was also affected by the weaker economy and there was some slowing down in infrastructure projects. Lower utilization of machinery in Sweden also resulted in a decrease in external servicing and lower parts sales.

The German market weakened during the year as a result of the financial turmoil, but was still at a high level. After this decline, the rental fleets were built up. The servicing market increased and parts sales were stable due to high utilization of existing machines. The trend in the German machinery market shows a further decline in 2013.

There is very low demand for new machines in the Baltic countries. Although the trend has been rising slightly in 2012, external factors are likely to cause a weak performance in the future.



Agro Oil

Agro Oil is a major supplier of lubricants to the professional market. The products are sold under the brand name Agrol through internal and external distributors in Sweden, Norway, Denmark and Estonia.

Operations

Agro Oil offers a customized and comprehensive range of products for agricultural, forestry and construction customers. Several of the products are proprietary and have unique features. An important component of product development is to minimize customers' impact on the environment, either directly with eco-friendly products, or indirectly with products that extend the service life, increase the efficiency and reduce the fuel consumption of machinery. Most of the products are produced by Petrolia AB, which is jointly owned by Lantmännen, OKQ8 and OK-föreningar.

Agro Oil reported stable sales during the year, although they were a little lower than in the previous year. Sales through internal dealers declined, while external sales increased compared with the previous year.

At the end of the year, Agrol Entreprenadfett Bio was launched in a new version. In addition to general lubrication of machines, the grease is particularly suitable for lubricating saw chains on forestry machines. With the new product and special lubrication equipment, consumption of chain lubricant is reduced by 90 percent compared with regular chain oil. At the same time, the life of the bar and chain increases considerably, which means a more economical solution for our customers and a further reduction in their environmental impacts.

Read more at ► www.agrol.se

Energy Sector



“

Growing ethanol wheat feels natural to us.

Magnus Andersson (ethanol wheat grower of the year) and advisor Johan Lagerholm

Energy Sector

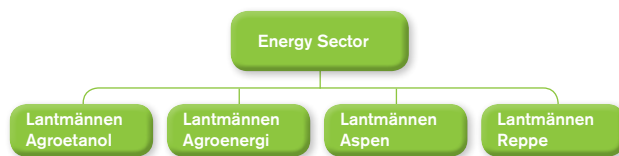
Key figures

	2012	2011
Net sales, MSEK	3,615	3,052
Operating income, MSEK	-21	-141
Operating margin, %	-0.6	-4.6
Return on operating capital, %	-0.9	-6.1
Investments in non-current assets, MSEK	67	85
Average number of employees	344	330
proportion of women, %	23	21
CO ₂ emissions, thousand tonnes	74.4	73.7

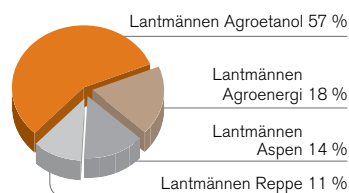
Energy Sector

Key figures excl. items affecting comparability

	2012	2011
Operating income, MSEK	-21	-68
Operating margin, %	-0.6	-2.2
Return on operating capital, %	-0.9	-2.9



Share of Energy Sector's net sales



Bioenergy accounts for one-third of energy consumption in Sweden

The Energy Sector encompasses Lantmännen's energy operations and is divided into four main businesses: Lantmännen Agroetanol, Lantmännen Agroenergi, Lantmännen Aspen and Lantmännen Reppe. The Sector accounts for 10 percent of Lantmännen's sales and is Sweden's largest bioenergy company.

Operations

Lantmännen's Energy Sector manufactures and markets products such as sustainable fuel ethanol, solid biofuel (heating pellets and briquettes), district heating, protein feed, starch, alkylate petrol and potable spirits. Our production facilities are located in Sweden and Latvia, and our products are sold in a global market, mainly in Europe. In 2012, Lantmännen Energi was named the largest bioenergy company in Sweden for the third consecutive year, and in energy terms Lantmännen Agroenergi is the largest Swedish supplier of solid refined biofuels. The Sector has a turnover of SEK 3.6 billion. Read more at www.lantmannenenergi.se

Business Environment and Market

Bioenergy is consolidating its role as the most widely used energy source in Sweden. One-third of our energy consumption comes from bioenergy, in the form of biopower, heating and biofuels. Bioenergy is larger than hydro and nuclear power together. However, there was a slight decline in bioenergy use in 2012, compared with the record year 2011. The reason was the warm winter, which dampened demand for solid biofuels.

June was a strong month for Aspen, which broke volume records in some countries. Over the last decade, Lantmännen Aspen has evolved from a small enterprise into a medium-sized company and after entry into the Estonian market in 2012 it is now has a presence in 19 countries. New areas of application and favorable weather conditions are the main drivers of the increased sales in existing markets.

Ethanol use hit a new record high in Sweden during the year. Never before has so much ethanol been filled into fuel tanks as in the summer months of 2012. This was due to unusually high prices for fossil fuels and increasing numbers of consumers seeking out sustainable biofuels, which were price competitive for long periods during the year. It is expected that in 2012 Sweden became the first country in Europe to reach the 2020 target of 10 percent renewable energy in the transport sector. To maintain the impetus, further visions and goals are needed for sustainable conversion of our transport. In the long term, the goal of a fossil-free vehicle fleet by 2030 is a driving force for increased use of sustainable biofuels.

Prices

Market conditions for European ethanol producers have been difficult since 2010. Imports of large quantities of U.S. subsidized ethanol have been pushing down European ethanol prices, and this unfavorable situation persisted as we entered 2012. However, the market situation improved after the first half of the year, when the tax-subsidized incentives in the United States came to an end. The more favorable market situation, production records and a total volume increase of approx. 20 percent were all factors in the improved economic situation compared with the previous year. The protein market was strong, particularly in the second half of the year, when the shortage of soy and rape had a positive impact on the price of the feed product Agrodrank, a protein-rich by-product of ethanol production.

Lantmännen Agroenergi was affected by unfavorable business conditions in 2012. The tight economic situation for Swedish producers of solid biofuels is largely due to currency effects arising from the strong Swedish krona and the mild weather which contributed to the decline in solid biofuel use at the start of the year.

Sustainability as a tool for innovation

The overall strategy for the Sector is to create value from all parts of the raw material. One example is Lantmännen Agroetanol's feed and carbon projects, which were intensified during the year. The feed project is aimed at further developing and diversifying our protein product and achieving more areas of application. Lantmännen Agroetanol's protein production corresponds to one-third of Sweden's protein imports. Increased global demand for sustainable protein products, primarily for livestock production, creates interesting market conditions for further refinement of Agrodrank.

Responsible businesses – Energy Sector

We offer responsibly manufactured bio-based energy products and eco-friendly service products. This means that we continue to:

- ▶ manufacture with a low carbon footprint and make efficient use of raw materials, other materials, energy and equipment
- ▶ guarantee responsibly produced energy products
- ▶ develop and further refine our products
- ▶ provide a safe and stimulating work environment that engages employees and utilizes their skills
- ▶ maintain and develop our leading-edge knowledge in the bioenergy debate.

A jointly-owned company has been established with AGA Gas AB for the construction of a carbon dioxide plant. Utilization of the climate-neutral biogenic carbon dioxide which is formed during the fermentation process at Agroetanol is important from a business point of view but also from a sustainability perspective, in that it leads to increased resource optimization of raw materials and an improved climate performance for our other products.

During the year we and Lantmännen Lantbruk conducted a successful project to strengthen grain cultivation in Sweden. The aim of the project was to enable larger volumes of grain with a high starch content to be delivered to Agroetanol from the surrounding region. The project was also aimed at giving the grower an improved contribution margin through higher yields and lower cultivation costs. This is a clear example of how our activities from field to fork can create enhanced business opportunities in several parts of the value chain, both for the individual farmer and the company.

The Group's overall climate and energy targets permeate the Energy Sector's operations. We increased our share of bio-based heating supplies during the year, replacing large volumes of fossil fuel oil with sustainable bio-oil

Sustainability criteria for biofuels and bioliquids

Lantmännen Agroetanol's production is certified according to the EU's sustainability criteria and the company delivers sustainable ethanol with high a climate performance. All the businesses in the Energy Sector followed Lantmännen Agroetanol's suit during the year and obtained sustainability verification for biofuels and bioliquids.

Outlook for 2013

We are working continuously on developing all areas of the Sector and we see new opportunities emerging. One such example is the biorefinery development taking place at Lantmännen Agroetanol. We also see new markets in biotechnology, which is a timely development for Lantmännen Reppe.

The government offices are currently investigating how Sweden will achieve the target of a fossil-free vehicle fleet by 2030. We are closely following and actively participating in this investigation, which will help Sweden to break the transport sector's dependency on fossil fuel and will bring market growth for sustainable biofuels with a high climate performance.



Lantmännen Agroetanol

Lantmännen Agroetanol processes grain into ethanol for the vehicle fuel market and protein products for the animal feed market.

Our production and sales of fuel ethanol and protein products create recognized climate benefits and added value at every stage. Our plant in Händelö has an annual production of 225,000 cubic meters of ethanol and 200,000 tonnes of the protein-rich animal feed Agrodrank, making Lantmännen Agroetanol the largest producer of sustainable fuel ethanol in the Nordic region. Our customers are mainly Swedish oil companies, although we also have sales in other markets, notably in northern Europe. Net sales for the year amounted to MSEK 2,067 (1,532) and operating income was MSEK -82 (-131).

We work continuously to create value from all parts of the raw material. As part of these efforts, we intensified our development of new food products during the year. The feed project made a strategic decision with regard to which technology and new products to focus on. The new products will create greater value for the feed industry than the product we have today. Other important aspects of our development work are to further reduce the environmental impact of our products and to expand our operations. In line with our development strategy and our vision, Lantmännen Agroetanol plans to utilize the biogenic carbon dioxide produced in the fermentation process. This creates additional revenue for Lantmännen Agroetanol and increases the sustainability of our other products. Read more at ► www.agroetanol.se

Lantmännen Agroenergi

Lantmännen Agroenergi manufactures, markets and sells biofuels, such as heat pellets, heat logs, powder and briquettes, under the Agrol brand.

Production takes place at four plants in Sweden and Latvia. The company also operates fifteen heating and district heating plants in southern and central Sweden.

The main market is Sweden and northern Europe and the customers are heating plants, thermal power stations for local heating, commercial and industrial premises, the manufacturing industry and property and house owners. Our Latvian subsidiary SBE Latvia Ltd produces pellets, mainly for export to Europe. Producers of solid biofuels in Sweden found themselves in a tight financial position during the year, with bankruptcies, lay-offs and production cutbacks as a result. Warmer weather than normal left the market with a surplus of pellets and a reduction in demand. Heating operations achieved stable profitability during the year. The proportion of bioenergy in heat production was 95 percent, the target being 94 percent. The plants in Kalmar and Bankeryd were divested in 2012. All Lantmännen Agroenergi's district heating operations are certified under the Swedish District Heating Association's Reko District Heating quality label. Read more at ► www.agroenergi.se

Aspen supplied fuel to the Powerboat World Championships on Riddarfjärden, Stockholm, in June.



Lantmännen Aspen

Lantmännen Aspen develops, manufactures and markets alkylate petrol under the Aspen brand in Hindås, near Göteborg.

Focusing on people, machinery and the environment, Aspen has evolved to become the market leader in large parts of Europe and in Canada. Alkylate petrol is an eco-friendly petroleum product primarily used in small engines such as lawn mowers, chainsaws and boats. Using Aspen alkylate petrol almost entirely eliminates dangerous substances such as benzene and aromatics – substances that can cause serious health problems. Customers are mainly found in park and property management, and the forestry, agriculture, horticulture, marine and motor sports sectors. With the first delivery to Estonia during the year, Aspen now has a presence in 19 countries.

Sales were good in most of our markets, with volume records in Sweden, Denmark, Finland and the Netherlands. The strong sales were attributable to good grass growth and successful marketing initiatives to reach lawn mower customers.

There was a high level of activity in motor sports during the year, with fuel deliveries to the STCC and TTA motor racing series. Aspen was a fuel supplier to the Powerboat World Championships on Riddarfjärden in Stockholm in June and the Roslagsloppet powerboat race which celebrated its 50-year jubilee.

Read more at ► www.aspen.se

Lantmännen Reppe

Lantmännen Reppe creates value by processing wheat into five main products: glucose syrup, wheat gluten, potable spirits, dried and modified starch and animal feed.

We supply our products to the food and paper industries, and the company also has one of the largest distilleries in the Nordic region, which produces spirits for the beverage industry. Lantmännen Reppe's operations are located in Lidköping and Växjö, and our customers are mainly from the food and paper industries.

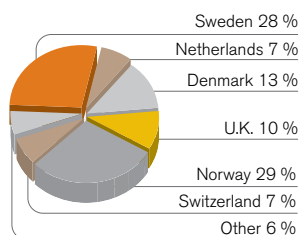
Lantmännen Reppe was affected by high commodity prices during the year and a recession that reduced demand for its products. This was clearly noticeable in the market for starch where we saw a production surplus and inventory build-up, with falling price levels as a result.

At the beginning of the year, a new starch dryer was taken into operation for the production of raw starch primarily for use in the packing and packaging industry. New customers for this product have been identified in Sweden, the Baltics, Finland and Denmark. The initiative is part of our efforts to develop and expand operations. Another example is the development of our animal feed product through the installation of a new feed evaporator.

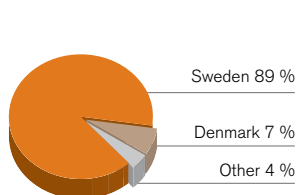
We replaced the use of fossil fuel oil with sustainable bio-oil during the year. The transition from fossil to renewable is part of Lantmännen's overall climate and energy goals and also represents significant cost savings in the face of rising oil prices.

Read more at ► www.reppe.se

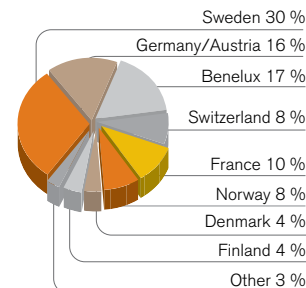
Lantmännen Agroetanol:
Sales by market



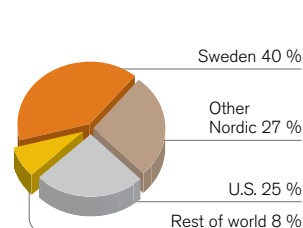
Lantmännen Agroenergi:
Sales by market



Lantmännen Aspen:
Sales by market



Lantmännen Reppe:
Sales by market



Food Sector



“
Crop production
ran smoothly in
2012, with good
conditions and a
fine harvest.

Mona Wikberg and
Mats Bengtsson
Svalöv

Food Sector

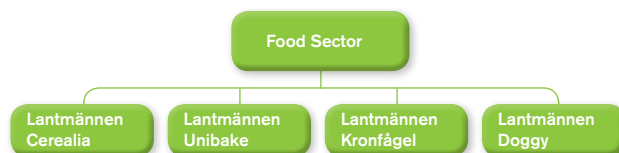
Key figures

	2012	2011
Net sales, MSEK	14,655	14,708
Operating income, MSEK	252	298
Operating margin, %	1.7	2.0
Return on operating capital, %	2.8	3.2
Investments in non-current assets, MSEK	606	814
Average number of employees	6,608	6,670
proportion of women, %	35	35
CO ₂ emissions, thousand tonnes	251.2	248.2

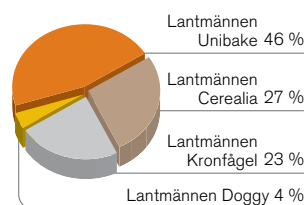
Food Sector

Key figures excl. items affecting comparability

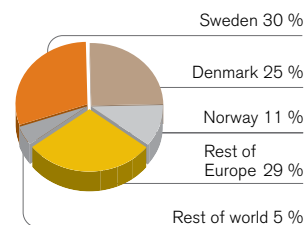
	2012	2011
Operating income, MSEK	314	539
Operating margin, %	2.1	3.7
Return on operating capital, %	3.4	5.7



Food Sector:
Sales by business area



Food Sector:
Sales by country



We are investing in our production structure to increase efficiency

The Food Sector develops, processes and markets products that include flour, breakfast foods, pasta, frozen and fresh bread, chicken, ready-to-eat meals and pet food. While the Nordic countries represent the base of the business, the Sector operates in a total of 20 countries. The Sector accounts for 38 percent of the Group's sales.

Operations

The Food Sector operates in four business areas: Lantmännen Cerealia, Lantmännen Unibake, Lantmännen Kronfågel and Lantmännen Doggy. Production takes place at more than 40 facilities. The Food Sector has a large number of strong brands, including AXA, Kungsörnen, Amo, Regal, GoGreen, Gooh, Kronfågel, Danpo, Hatting, Schulstad, Korvbrödsbagarn, Doggy and Mjau.

Business Environment and Market

2012 was a challenging year which was marked by continuing weak consumer demand and intense competition. In the face of the weak economy and economic uncertainty, consumer behavior was cautious. As retail sector participants are keen to be seen as affordable, their actions and activities focus on price. Private brands are increasing their market share and this difficult situation means that competition is intensifying even more. Commodity prices rose during the year, which led to price increases. Other trends and added value, such as health, quality, environment and sustainability, are also influencing market development.

Continuing operational efficiency

In response to the tough competitive situation in the market, we are continuing our efforts to improve operational efficiency. Costs must be constantly reduced in order to ensure competitiveness. We continue to invest in our production structure in order to increase efficiency. One such example is the efficient new production line for croissants now in place at one of our bakeries in Belgium. At the same time, we are making necessary cut-backs. We closed Lantmännen Unibake's bakery in the German city of Verden during the year, while Lantmännen Cerealia's unit in Lunderskov in Denmark was closed and its operations were transferred to the Vejle plant. We are also streamlining operations by adapting our organization and our working practices. Lantmännen Cerealia's new organization was presented during the year. The changes will bring cost savings and increased efficiency. We also made changes to the organization and working practices in other business areas during the year.

Dynamic investments

The efficiency measures that have been implemented enable us to make dynamic investments. The process of strengthening our priority brands continued during the year. A large number of new products were launched in the market, and new packaging designs were introduced for several of our product lines. New consumer communication was shown on TV and other media, and several high-profile commercial and consumer activities were well received by our consumers.

Outlook for 2013

In 2013 the market is also expected to be marked by fierce competition with a major focus on price. The uncertainty resulting from the economic crisis means cautious consumer behavior. We are meeting the market's challenges with continuing efficiency measures. Market growth is likely to be limited in 2013. It is therefore critical that efforts to rationalize our operations continue. This is necessary to ensure competitiveness in the market, and also to enable us to continue our dynamic investments.

Recipes for good food can be found at ► www.lantmannen.se



Lantmännen Cerealia

Lantmännen Cerealia develops, produces and sells grain-based products such as flour, flour mixes, meal, muesli, pasta and pancakes, as well as ready-to-eat meals, beans and lentils. Operations are conducted in Sweden, Norway, Denmark, Finland, Latvia, Russia and Ukraine. Products are sold to supermarkets, restaurants, the food service/catering segment, bakeries, wholesalers and the food industry.

Operations

In April, Carsten L. Thomsen took over as the new Lantmännen Cerealia business area manager. He had previously been Managing Director of Lantmännen Unibake Denmark and Lantmännen Schulstad in Denmark.

A new organization was presented, whereby the market and product development departments share the same management. B2C (business to consumer) and B2B (business to business), including Food service, are now run with an overall Nordic manager responsible for each channel. The aim is to increase innovation, shorten decision paths and establish a uniform approach and organization. Internal efforts were focused on reviewing costs and resources in order to increase profitability, primarily by establishing a more efficient and customer-oriented organization. This resulted in a 20-percent reduction in the administrative staff in the Scandinavian organization.

The LEAD cost and efficiency program is another important part of the internal initiatives. LEAD not only saves costs but also generates employee motivation and participation. The improvement team gives guidance and shows colleagues how to work to reduce waste and rejections and avoid operational problems.

Food trends fluctuate rapidly and competition is more intense. In order to anticipate future changes and adapt planning, production and sales, we continued our work under the

'One Plan' common initiative. Common practices are needed to improve profitability through increased sales, reduced inventories and lower costs. All Cerealia's businesses apply One Plan in the new processes. This has already helped to reduce rejections by half and decrease stock levels without impairing the level of service. Lower inventory levels mean less tied-up capital, lower costs for warehouse and production space and more efficient inventory management.

During a routine check in September, Cerealia discovered traces of soy protein in some flour and bread mixes. Because of the risk of allergic reactions, a quick decision was made to recall the affected flour products, which included wheat flour, wholemeal flour and French bread. Read more at ► www.lantmannen.com/cerealia and www.cerealiafoodservice.se

District heating from waste

Another oat husk boiler was taken into operation in Cerealia's plant in Järna during the year. The husks, which previously went to landfill or as a processed product into animal feed, now run the plant process and contribute to the district heating supplied to Järna's residents. During the low season, the boiler can also be lit with fuel pellets. The Moss plant in Norway has two similar boilers and an oat husk boiler project recently started in Riga in Latvia. This means that the consumption of fossil energy in these facilities has essentially ceased.

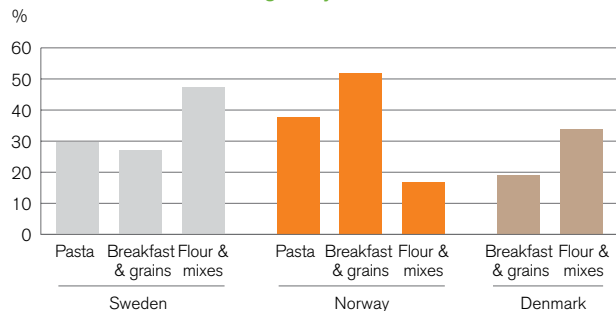
Business environment

The trends in the market show a negative consumption trend for most of Cerealia products. Commodity prices rose sharply during the year, and this also affected product prices. In B2C, private labels increased their share, while there was fierce price competition in B2B. There was a high proportion of discount sales at the beginning of the year and discount retail continued to increase. During the summer, grain prices rose sharply, driven mainly by the development of soy and the very small corn harvest in the United States.

Lantmännen Cerealia's brands



Cerealia's market shares in grocery stores



Source: The Nielsen Company.



Kungsörnen Raggmunk, more products and recipes can be found at ► www.kungsornen.se

Market and market performance

Sweden, Norway and Denmark

The breakfast market in Sweden and Denmark remained stable. Grains rose slightly and ICA gained market share in the area of breakfast cereals.

The flour market, which lost much of its volume in 2011, made a certain recovery in 2012, both in Sweden and in Denmark. In Sweden, flour increased most, while in Denmark there was an increase in both flour and the mix category. The flour market continued to lose volume in Norway, while the mix category showed a small increase.

Sales of cupcakes remained strong in all three markets and in Sweden Kungsörnen presented the TV4 production “Hela Sverige Bakar” which was a hit, with over 800 000 viewers watching the opening program.

In B2B, there was fierce competition on price levels in the Scandinavian market. In general, prices were raised by up to four percent.

Some of the activities in 2012

For the first time, one product, AXA Havreflakes, was launched simultaneously in the three Nordic markets, which proved a very effective strategy. AXA Havreflakes represents an important segment in a breakfast category where Cerealia has not existed before. Oatmeal contains some fat, and this has posed challenges in terms of product shelf life. Using a unique process and a method that none of our competitors have, we have been able to extend the shelf life. Three different kinds of flour were launched in Sweden, Denmark and Norway under the Kungsörnen, Amo and Regal brands. The variants are wheat flour, wholegrain/graham flour and rye flour under the grain varieties Vinjett and Evolo. Vinjett’s spring wheat has a higher protein content and rye and graham flour is produced using a new grinding technology. Consumers have not previously been able to buy these products.

Lactose-free pancakes are now also being produced in Laholm for Food Service and export. This is the result of over a

year of project development. One of the major challenges was to meet the tough thresholds for lactose-free labeling, and to do so required some minor investments and redevelopment in the factory. New washing procedures were introduced and we started to use another milk powder. The lactose-free pancakes are now reaching a new target group and boosting sales in Denmark and Finland.

SkolmatsGastro has been run by Lantmännen Cerealia since 2008 and is a competition for school cooks. Five competing teams of three school cooks go through to the finals. They have to cook good food, make a nutritional and diet calculation and ensure the average cost of a meal of over 100 servings does not exceed SEK 10. The 2012 winning team was Värnamo Gastrokockar with parsnip and potato soup, smoked sausage and baked beetroot bread.

GooH’s “Find the Golden Ticket” campaign was launched in the fall. A number of golden tickets were hidden in GooH’s food packs. Those who found the tickets got the chance to visit Operakällaren’s kitchen in Stockholm and cook with renowned chef Stefano Catenacci.

Responsible businesses – Lantmännen Cerealia

We continue to offer innovative products that we develop in a responsible manner. This means that we:

- ▶ manufacture with renewable energy, efficient use of raw materials, other materials, energy and equipment
- ▶ provide a safe and stimulating work environment that engages employees and utilizes their skills
- ▶ develop grain in a sustainable manner, continuing to safeguard agronomic standards
- ▶ promote responsible production conditions for other commodities such as palm oil and animal raw materials.

Lantmännen Unibake

Lantmännen Unibake is a leading international manufacturer of frozen and fresh bread products for both the food service and food retail sectors. Lantmännen Unibake has a wide assortment of bread, fast food, pastries, croissants and rye bread.

Lantmännen Unibake has 3,800 employees at bakeries in Denmark, Sweden, Norway, Finland, Poland, Belgium, Germany, Russia, Hungary, the U.K. and the U.S., and sales offices in Spain, the Netherlands, France, Latvia, Italy, South Africa and Australia. Our brands include Hatting, Schulstad, Bakehouse, Schulstad Bake Off, Schulstad Royal Danish Pastry, Pastridor, Korvbrödsbagarn and Paaskebrød.

Operations

2012 was a year of challenges and change for Lantmännen Unibake. A strategic process for Lantmännen Unibake's international companies was initiated in April. The goal is to streamline Lantmännen Unibake's work processes, organization and production in order to improve profitability and competitiveness.

With the bread business facing major challenges in a highly competitive market, the restructuring of bakeries in order to streamline operations and create synergies was a priority in 2012.

In 2011, Lantmännen Unibake opened a bakery in the English town of Bedford incorporating the latest technology to enable the company to deliver locally produced pastries to



Responsible businesses – Lantmännen Unibake

Priorities in the area of sustainability are to:

- ▶ reduce the climate impact of daily operations by 33 percent between 2009 and 2020
- ▶ calculate the carbon footprint of products from our various product categories
- ▶ promote sustainability of all palm oil by buying credits for a corresponding amount of sustainable palm oil from 2011
- ▶ ensure compliance with and monitoring of our supplier code of conduct
- ▶ incorporate sustainability issues into our planning.

the British market. Commissioning and start-up costs for Unibake's new bakery in England were considerably higher than anticipated. These costs, together with unsatisfactory accounting control and deficiencies in the financial reporting, had a highly negative impact on the Food Sector's results.

Lantmännen Unibake's new croissant production facility in Mouscron, Belgium, was put into operation in 2012, while Unibake's bakery in Verden, Germany, was closed. Unibake's sales, particularly in Eastern Europe, Russia and the United States, are showing positive growth. Read more at

▶ www.lantmannen-unibake.com

Markets

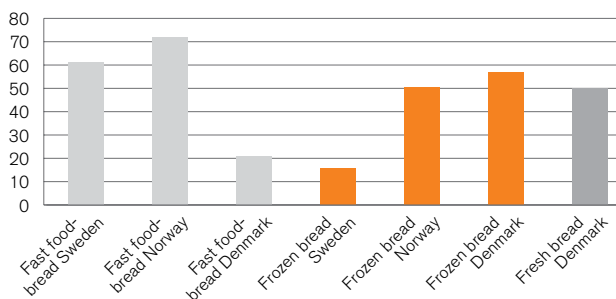
The financial crisis is affecting the bakery business and one effect is a significant change in consumer habits. With consumers increasingly choosing discount products, a continuing focus and hard work is needed in order to achieve growth in the current market situation.

In contrast with the rest of Europe, growth is positive in the Central and Eastern European countries. In particular, Lantmännen Unibake achieved steady growth in Russia, mainly in the traditional fast food market. We also expect strong growth for snacks and on-the-go products in the region. Higher commodity prices are also a major challenge. The prices of flour and other commodities are rising, while competition in the market is intensifying.

Lantmännen Cerealia's brands



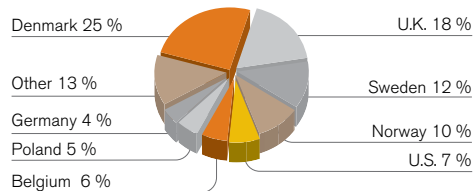
Market shares in grocery stores, %



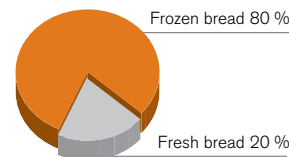


Lantmännen Unibake offers something for every meal and snack

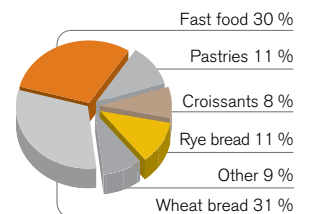
Lantmännen Unibake: Sales by market



Sales by product group



Sales by product category



Lantmännen Kronfågel

Lantmännen Kronfågel is the Nordic region's largest producer of chicken-based foods with market-leading positions in Sweden and Denmark. Lantmännen Kronfågel produces, markets and sells fresh and frozen chicken and processed chicken-based products. The products are marketed under the well-known Kronfågel, Danpo, Ivars, Kronfågel Stinas and Chicky World brands.

Operations

Lantmännen Kronfågel's customers include supermarkets, restaurants and food service/catering, as well as the food industry. The business area's largest customers are ICA, Coop, Axfood, SuperGros and McDonald's. Production plants are located in Valla in Sweden, and Farre and Aars in Denmark. Read more at www.kronfagel.se

Leif Bergvall Hansen took over as the new Managing Director of Lantmännen Kronfågel on June 1, 2012, and an Operational Board consisting of key individuals from Lantmännen Danpo and Lantmännen Kronfågel was appointed for the purpose of achieving better leverage of synergies in the business area. A strategy to optimize the business and organization was adopted and an overall production manager was appointed for the three production plants.



Lantmännen Danpo has made focused efforts under the LEAD program and achieved many production improvements, for which we won the Confederation of Danish Industry's wild-card prize. With an energy-controlling program, Lantmännen Danpo further reduced its CO₂ and water consumption. Both Lantmännen Danpo and Lantmännen Kronfågel have updated their internal transport systems for live animals, which has contributed to fuel savings and improved animal welfare.

The facility at Valla continues to sharpen its production. A number of projects, including LEAD, have been initiated to get Valla to the same efficiency level as Aars. Targets have been set for the reduction of oil, chemicals, carbon dioxide, water, accidents and sick leave.

Lantmännen SweHatch is a hatchery which delivers day-old chicks to broiler breeders in Sweden and for export. Erik Hult took over as Managing Director at the beginning of the year. The company is steadily increasing its sales in the domestic and export market.

Business environment

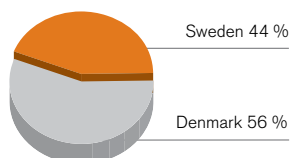
The global animal protein market is growing, and the highest growth is expected in the chicken market. The region with the highest growth is expected to be Asia. World consumption and production is rising, while European producers are not quite up to that level. Industry is being squeezed by higher and more volatile feed prices, increased import competition and retail price pressure. It is necessary to optimize and focus on exports and increased internationalization in order to compete. The feed price trend has meant price increases in the Swedish market. Danish products and the Danish home market have found it more difficult to obtain compensation from trade.

Customers are increasingly concerned about added value such as environmental and sustainability issues. During the year, Lantmännen Kronfågel worked on a social responsibility program, which included the environment, quality and animal welfare, in order to clearly communicate our initiatives and aims in this area.

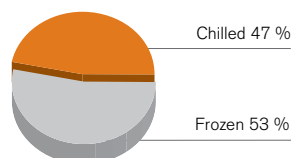
Lantmännen Kronfågel's brands



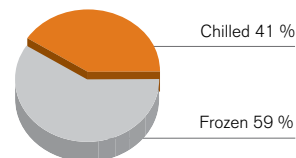
Lantmännen Kronfågel: Sales by company



Lantmännen Kronfågel Sweden: Sales by product category



Lantmännen Danpo Denmark: Domestic sales by product category





Tips and chicken recipes can be found at ► www.kronfagel.se

Market

Total Swedish chicken production in 2012 remained at the same level as in 2011, about 78 million chickens, with Kronfågel accounting for more than half of the number. Danpo accounted for 47 million of Denmark's total production of 113 million chickens. Swedish annual consumption is 18.7 kg poultry meat per person. Imports represent about 40 percent of this figure and the proportion is increasing. About 24 kg is consumed in Denmark, which is slightly above the average in Europe (2011)*. Swedish consumption of the Swedish raw product increased by about 1.5 percent in 2012.

Growth in the chicken category is positive in Sweden, with sales of fresh chicken particularly strong. Kronfågel remains the market leader, although volume shares in both the frozen and chilled ranges fell during the year and are currently at about 30 and 35 percent, respectively. Danpo strengthened its home position in the retail and food service/catering sectors, although the Danpo brand came under pressure from private labels.

Spontaneous brand recognition for Kronfågel's chilled chicken increased to 57 percent while for frozen chicken it fell a little to 50 percent.

Lantmännen Kronfågel launched the Kronfågel Premium

* 2012 figures are not yet available.

strategic concept. This is freshly jointed skin-on chicken, and is supplied to supermarkets and restaurants. The brand was strengthened by "kyckling med hemadress", which is Swedish chicken from Kronfågel's 46 farms. At the same time, implementation of a new packaging design began during the year.

Danpo successfully launched chicken sausages and chicken frikadeller to the retail sector and chicken kebabs to the food service/catering sector.

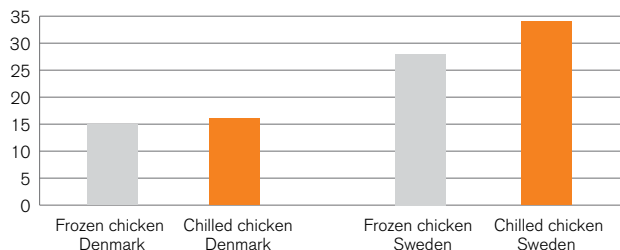
Read more at ► www.danpo.dk

Responsible businesses – Lantmännen Kronfågel

We continue to offer our customers chicken products that we produce in a responsible manner. We take responsibility for:

- optimizing our energy consumption and handling of raw materials
- creating a safe working environment
- promoting diversity and utilizing employees' skills
- ensuring good animal welfare
- contributing to the development of sustainable feed
- using the services of responsible suppliers.

Market shares in grocery stores, %



Source: Nielsen Rolling 12 months.

We launched Kronfågel Premium – Freshly jointed skin-on chicken for supermarkets and restaurants

Lantmännen Doggy

Lantmännen Doggy manufactures dry and wet cat and dog food. Our brands are Doggy, Doggy Professional, Mjau, Bozita, Bozita Feline and Bozita Robur. The company's production and headquarters are located in Vårgårda.

Lantmännen Doggy has operations in Sweden, Germany and Poland. Anette Rosengren was appointed the new Managing Director in the third quarter of 2012.

Markets

Sales and distribution channels for pet food are becoming increasingly fragmented. We sell our products mainly through supermarkets, the Internet and specialists (pet stores). Sweden is our home market, but we also have sales in the other Nordic countries, Germany, Switzerland, Austria, Russia, the Netherlands and Poland. During the year, we decided to discontinue our local organization and warehouse in Finland. The operations were wound up during the fall and the closure was completed by the end of the year. During the year, we established a partnership with Futterhaus, which is Germany's largest pet store chain, with about 130 stores.

Launch with added value

During the year, we launched a new product, Large, in the Bozita Feline Funktion™ range. Bozita Feline Funktion™ is a range of dry and wet food for cats with a high proportion of fresh Swedish meat, including chicken from Lantmännen Kronfågel. The food contains functional added value such as rosehip for antioxidant protection, cellulose fiber for dental cleaning and the Lantmännen patented SPC oats for a stable stomach.

Sustainable marketing efforts

To raise awareness of our sustainable Tetra packaging options and help a relative of the cat, the Bengal tiger, we had an offer in fall and winter on the Mjau cat food box – "Katt hjälper katt" (cat helps cat) – with SEK 2 per box going to the WWF's fundraising efforts to save the tiger. The campaign was carried out in

collaboration with the WWF and Tetra Pak, and attracted considerable interest from cat lovers. We are making continuous efforts to find exciting alternative fish and seafood flavors that are not endangered, as the listing is constantly changing. It is hoped that the availability of MSC-labeled fish will increase.



Kick-off for a new approach with a process-controlled supply chain

In August, we began work on a process-controlled supply chain to make us better able to efficiently respond to customer demand. In close cooperation with the corporate function supply chain, we conducted a pilot study for a new supply chain program.

Climate smart cooperation with West Cargo for transport and storage

- ▶ All employees are trained in heavy eco-driving.
- ▶ The consumption of all vehicles/employees is monitored.
- ▶ The focus is on minimal idling.
- ▶ Smooth-running and nitrogen-filled tires save fuel.

Responsible businesses – Lantmännen Doggy

- ▶ Investment in a new dryer for the production of dry food which consumes 50 percent less energy.
- ▶ Initiatives, such as LEAD, aimed at reducing pet food waste have cut material loss by 30 percent.
- ▶ 8 percent reduction in electricity consumption per manufactured tonne from 2011 to 2012.

We continue to offer innovative products that we develop in a responsible manner. This means that:

- ▶ all production is based on renewable energy, efficient use of raw materials, packaging materials, energy and equipment
- ▶ we provide a safe and stimulating work environment that engages employees and utilizes their skills
- ▶ we always have responsible production criteria for raw materials such as fish and other animal ingredients.

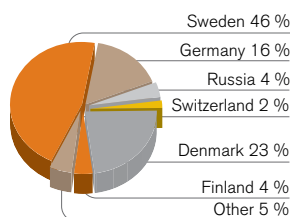
Lantmännen Doggy's brands



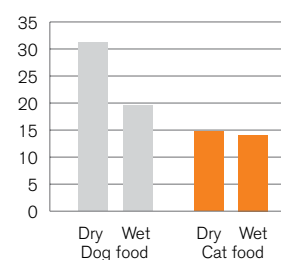
Read more at ► www.doggy.se



Lantmännen Doggy: Sales by market



Market shares in Swedish grocery stores, %





Annual Report **2012**

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The Board of Directors' report is a review of the Company's operations, financial position and results of operations.

The income statement and statement of comprehensive income show revenue and costs.

The statement of financial position shows assets and liabilities including equity

The statement of changes in equity shows the change in equity/net assets.

The statement of cash flows shows where the money comes from and what it is used for.

Board of Directors' Report

The Board of Directors and President and CEO of Lantmännen ek för, Corporate Identity No. 769605-2856, hereby present the annual report for the 2012 financial year. The earnings and financial position of the Parent Company and Group are stated in the following income statements and statements of financial position with associated comments and notes.

Agriculture Sector Net sales MSEK 10,870 Operating income MSEK 165	Machinery Sector Net sales MSEK 9,146 Operating income MSEK 300
Energy Sector Net sales MSEK 3,615 Operating income MSEK -21	Food Sector Net sales MSEK 14,655 Operating income MSEK 252

The Group's business and organization

Lantmännen is one of the largest groups in the Nordic region, with operations in agriculture, machinery, energy and food. Lantmännen's main markets are in Northern Europe, based in the Nordic countries, and the Company has a presence in 22 countries. The starting point for Lantmännen's activities is arable land and its associated business opportunities. Lantmännen is active throughout the value chain from field to fork. Operations are conducted in four sectors.

- ▶ **The Agriculture Sector**, which constitutes Lantmännen's core business, develops and provides products and services for a strong and competitive farm economy. The products are marketed under well-known names such as Nötfor, Piggfor, Pullfor and Protect, and the SW and Krafft brands. The Sector has operations in Sweden, Latvia, Poland, Germany and the Netherlands.
- ▶ **The Machinery Sector** encompasses the businesses Lantmännen Maskin, Swecon and Agro Oil. Lantmännen Maskin imports, markets and sells farm machinery and implements. Swecon is a partner of Volvo Construction Equipment. Agro Oil is a major supplier of lubricants under the Agrol brand. The Sector has operations in Sweden, Norway, Denmark, Estonia, Latvia, Lithuania and Germany.

- ▶ Net sales for the year amounted to MSEK 36,526 (37,896), which is a decline of 4 percent. Currency effects accounted for approx. half of the decline. The Energy Sector's net sales increased by 18 percent, while the other Sectors reported sales in line with or down on the previous year.
- ▶ Operating income amounted to MSEK 685 (1,204). Adjusted for items affecting comparability, operating income was MSEK 747 (1,063). The Energy Sector's operating income was better than the previous year, while the other Sectors reported a decline in operating income.
- ▶ Income after financial items totaled MSEK 503 (867) and adjusted for items affecting comparability it amounted to MSEK 565 (841).
- ▶ Net income after tax was MSEK 412 (720).
- ▶ Investments totaled MSEK 1,292 (1,431).
- ▶ Cash flow before financing activities amounted to MSEK -222 (876).
- ▶ Total refunds and final price adjustments paid in 2012 amounted to MSEK 120 (110).
- ▶ The Board proposes a contribution dividend of MSEK 87 (78) and a contribution issue of MSEK 80 (152).

- ▶ **The Energy Sector** is Sweden's largest bioenergy company and encompasses Lantmännen's operations in energy and green industrial products. Examples of its products include sustainable fuel ethanol, feed protein, glucose syrup, starch, district heating, heating pellets and alkylate petrol. The Sector's four businesses are Lantmännen Agroetanol, Lantmännen Agroenergi, Lantmännen Aspen and Lantmännen Reppe. The Sector has operations in Sweden, Latvia, France and Germany.
- ▶ **The Food Sector** develops, processes and markets products that include flour, breakfast foods, pasta, frozen and fresh bread, chicken, ready-to-eat meals and pet food. The Nordic countries represent the base of the business, but the Sector also operates globally. The Sector has operations in Sweden, Norway, Denmark, Finland, Russia, Estonia, Latvia, Lithuania, Poland, Hungary, Germany, Netherlands, Belgium, UK, France, Spain, the United States and Ukraine.

Changes in Group management

On March 21, Per Olof Nyman was appointed and took up his position as President and CEO of Lantmännen. He had been acting President and CEO since October 2011 and prior to that was Vice President and CFO of Lantmännen. During the fall, Per Olof Nyman also assumed the role of Head of the Food Sector. The former Head of Sector Johan Karlström took on a new role as Director of Marketing and Business Development for the Sector.

Ulf Zenk took over as Lantmännen's CFO in December 2012. He is also a member of Group Management.

Other significant events in 2012

In July, Lantmännen negotiated a new borrowing facility, which replaced the previous one from 2010. The new facility limit is MSEK 1,500 and the facility matures in the second quarter of 2015. The terms of the loan reflect standard financial conditions, including a limit for the net debt to EBITDA ratio. The interest rate is linked to the Group's earnings trend and net debt. The purpose of the new borrowing facility is to strengthen Lantmännen's long-term financial position and flexibility, thereby providing a solid foundation for developing operations in line with the Group's strategy.

The Agriculture Sector sold its petroleum business (diesel and fuel oil sales) to Swea Energi and Lantmännen's five fuel stations on Gotland to OKQ8. The commencement dates were March 1, 2012 for Swea Energi and February 20, 2012 for OKQ8.

It was decided to close the Agriculture Sector's feed production in Helsingborg and move this production to other facilities within the Sector. The closure is being implemented in the first quarter of 2013 and involves 12 layoffs.

Lantmännen's Board has decided to publish interim reports on a four-monthly basis with effect from 2013.

Sustainability

Sustainable development is one of Lantmännen's eight core strategies. For the third consecutive year, Lantmännen is

reporting in accordance with GRI (Global Reporting Initiative), level B. Lantmännen also applies the industry-specific GRI Food Processing Sector Supplement. Lantmännen's sustainability reporting also fulfills the requirements of Communication on Progress (COP), which is a disclosure on progress in implementing the UN Global Compact's principles for corporate responsibility

Lantmännen's Code of Conduct is the basis of its sustainability work and acts as a guide for employees. The Code contains overall guidelines on Lantmännen's social and environmental conduct. All employees undergo training in the Code of Conduct. Relevant sections also apply to elected representatives in the owner organization, suppliers and partners.

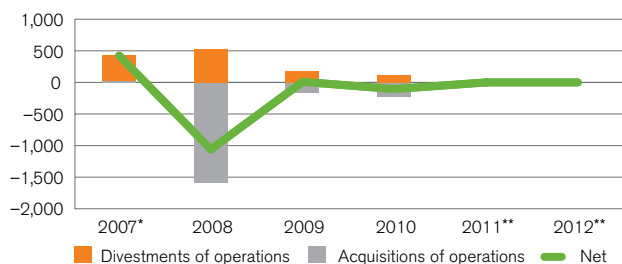
New stricter laws and an increased focus on morals and ethics form the basis of the anti-corruption policy adopted by Lantmännen's Board in 2012. The policy is part of our Code of Conduct and applies to all businesses in all countries. Everyone has a responsibility to comply with both the law and the policy, and the Board has overall responsibility for implementing, reviewing and ensuring compliance with the policy.

It is Lantmännen's view that successful sustainability efforts must be well integrated into the governance processes. During the year, the organization continued to increase the transparency of responsibility work and link it more closely to the businesses. This means greater integration into each business's strategic work, including targets, key figures and action plans.

Lantmännen has a proactive approach to sustainability issues, and in 2010 a new climate target was established, namely to achieve a 40 percent reduction in carbon emissions between 2009 and 2020. Oil consumption was reduced during the year by converting to renewable fuel, equivalent to 34 percent of the oil consumption for 2011. A pilot study has been initiated to investigate the link between reduced waste and reduced climate impact. In addition, Lantmännen is also working to reduce its climate impact in other stages of production, in collaboration with suppliers and customers. Lantmännen is one of twelve companies in the Haga Initiative, a network of companies that take active responsibility for the

Acquisitions and divestments

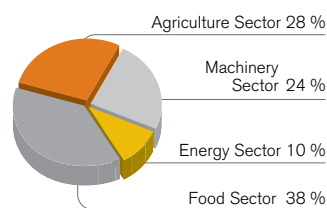
Cash effects, MSEK



* Acquisition of minority in Lantmännen Kronfågel provided a positive cash flow.

** No acquisitions or divestments in 2011 and 2012.

Share of Lantmännen's sales



climate and show that sustainable development creates business advantages. Lantmännen has 100 percent RSPO certification for its palm oil purchases, while approx. 37 percent of its total soy imports are RTRS certified.

In Sweden, Lantmännen engages in operations subject to permit requirements at 37 plants and operations subject to notification requirements at 115 plants, all in accordance with the Environmental Code. These activities include mills, workshops and factories for manufacturing feeds, ethanol, fuel pellets and food. The main direct environmental impacts are noise, emissions into the air and water, and temporary storage of hazardous waste.

Production units in other countries adapt their operations, apply for any required permits and report to the authorities in accordance with local laws. Further information about the Group's sustainability work is integrated into the general section of the annual report, see ► pages 1-64.

Human resources

The average number of employees in the Lantmännen Group was 10,249 (10,296). The slight decline compared with the previous year is partly the result of implemented efficiency programs. 4,522 (4,506) of the average number of employees were employed in Sweden.

Lantmännen's goal is to be perceived as an attractive employer providing a healthy working climate where skills are nurtured and developed throughout the Group.

Lantmännen's equal opportunity and diversity policy states that the Group shall safeguard and value the skills, qualities and experience of all employees regardless of gender, age, ethnicity, beliefs, sexual orientation, disability or other individual differences. In addition, it states that the Group will not tolerate any bullying, harassment or discrimination. For further information about Lantmännen's human resources work, see the section entitled Working with us on pages ► 35-37.

Remuneration of senior executives

The guidelines for remuneration of senior executives in 2012 are described in Note 5. The Annual General Meeting adopts remuneration guidelines on the basis of Board proposals. These guidelines govern remuneration concerning fixed and variable salary, pensions, other benefits and termination benefits.

The 2012 annual general meeting decided on the guidelines to be applied in 2013. These are in line with the 2012 guidelines.

Variable salary is only paid for performance beyond what would normally be expected. As in 2012, the variable salary program for 2013 consists of quantitative and qualitative targets. The quantitative targets represent 75 percent of the maximum variable salary and are linked to the EVA (economic value added) that the operating units generate for Lantmännen. This value is calculated by charging the estimated cost of operating

capital, currently 8 percent of average operating capital during the year, to operating income. The cooperative operations in the Agriculture Sector are not included in the calculation basis for variable salary. The result does not include non-recurring costs and revenues beyond what is contained in the budget. The remainder, 25 percent of the maximum variable salary, is linked to individual targets that differ according to the position held. These can be based on both economic and operational assessments. The maximum variable salary that can be paid to Lantmännen's Group Management for 2013 is 30 percent of fixed salary. No variable salary is paid if financial targets are not met. No variable salary is paid to the Head of the Agriculture Sector.

Guidelines on other remuneration can be found in Note 5 ► page 97.

Research and development

One of Lantmännen's core strategies is to create product and process innovation through active research and development, thereby strengthening the Group's competitiveness. R&D is a key component of the innovation focus area, see ► page 28 and Innovation in-depth ► page 18.

Investments are being made in R&D to strengthen competitiveness and increase customer satisfaction, and therefore profitability. Successful research and development requires processes with clear responsibilities and decision-making forums, as well as endurance. The R&D organization consists of an R&D Committee and thematic forums on various topics.

Lantmännen makes an annual contribution of MSEK 15 to Lantmännen Research Foundation, which allocates funds to external research projects. This year, a total of MSEK 18 was awarded to 24 projects, which, with their other funding, have a turnover of over MSEK 146. Applications to the Foundation are considered in three Ideas & Working Groups covering three strategic areas: Agriculture and Machinery, Energy and Green Materials and Food and Packaging. The groups define research areas and are staffed by owner representatives, administrative staff from Lantmännen's Sectors and external researchers.

Lantmännen's total R&D expenses during the year totaled MSEK 275 (288).

Significant risks and uncertainties

Lantmännen works continually to assess and evaluate the risks to which the business is exposed. Risks are a natural part of all business activity and if they materialize, they can have a negative impact on Lantmännen's operations and earnings. Risks can arise from mismanagement or from events or decisions outside Lantmännen's control. Risk management aims to identify risks and limit or prevent them from materializing and adversely affecting the business. Effective risk management is fundamental to Lantmännen's ability to conduct business.

The risks in Lantmännen's operations encompass strategic

risks associated with trademarks and external regulations, operational risks in business activities and financial risks. A summary of identified risks and uncertainties and a description of how each risk area is managed can be found on ► pages 32-34.

Financial risk management is described in more detail in Note 22 on ► pages 108-111. The Corporate Governance Report on ► pages 126-130 contains a description of the internal control and risk assessment aimed at preventing errors in financial reporting. Work environment risks and the Code of Conduct are described on ► pages 32-34.

Strategic risks

Strategic risks are associated with business development, long-term planning and brand value and care. This means that the most significant strategic risks concern the ability to adapt in the event of economic changes and to conduct effective business development that reflects the brand promise we have made. Other important strategic risks are the risk that new laws and regulations may change operating conditions and the risk that Lantmännen's brand may be damaged.

Group management establishes the levels of the strategic risks, using management and policies. Strategic risks are evaluated as part of the annual strategic planning process and in connection with critical business decisions. Maneuverability is reinforced by flexibility and cost and capital efficiency at all levels. Fast dissemination of appropriate information is ensured through the company's management structures and processes. Lantmännen's most important tools for successful management of price competition are efficient, flexible production and ongoing brand strengthening through innovation and other initiatives.

Operational risks

Operational risks arise in the course of the Sectors' day-to-day business and include commodity price risks and handling errors in the area of quality and safety. Many operational risks can be controlled, and are often regulated by policies, guidelines and instructions in order to provide consistent and effective safety throughout the Group. A large number of operational risks are also insurable. Risks regarding compliance with laws and regulations, financial reporting and internal control are also operational risks.

Lantmännen uses the financial markets to manage price risk in commodity purchases, ethanol sales and the purchase of energy such as electricity and gas. Hedging prices in the longer term increases predictability and evens out rapid price fluctuations. Price risks are managed within the framework of the Group's financial policy. See below under financial risks.

Contagion such as salmonella in feed plants and livestock production is counteracted by an extensive control program at Lantmännen's factories and by conducting analyses of suppliers and transporters of incoming risk commodities.

For insurable risks, Lantmännen's different operations are supported by the Group's Risk Management function, the purpose of which is to minimize the total cost of damages in the Group. This is partly done by continuously developing risk prevention and risk-limiting efforts in operations and partly through Group-wide insurance solutions. Insurable risks are placed with large Swedish and international direct insurance companies and with a Group-owned captive company that purchases reinsurance in the international reinsurance market.

Business ethics risks, supply chain risks and commodity risks are mainly managed through partnerships in international organizations. The risks are also managed through systematic efforts to follow the code of conduct and ethical guidelines, and by applying the supplier code of conduct to all agreements and regularly monitoring its compliance.

Product safety risks are managed by continuous evaluation of the safety of Lantmännen's products and by the provision of clear product information. Lantmännen participates in development of cultivation techniques, plant breeding and adaptation to geographical location. Knowledge about operations' dependence and impacts on ecosystem services is constantly expanding.

Financial risks

The Group is exposed to financial risks that can lead to fluctuations in earnings and cash flow resulting from changes in exchange and interest rates. Lantmännen is also exposed to liquidity and finance risks as well as credit and counterparty risks.

The handling of Lantmännen's combined financial risks is addressed in and governed by the Group's financial policy. The financial policy is set annually or as needed by Lantmännen's Group Board. The policy describes the conditions and rules for the risk policies of the Group and Sectors, which include the division of responsibility, risk mandate and limits, reporting procedures relating to risks and earnings and risk measurement and valuation methods.

To leverage economies of scale and synergies and to minimize operational risks, financial risk management has been largely centralized in the Group's treasury function, which continuously works to monitor and control the Group's financial risks and serves as its internal bank. Risks are followed up monthly at meetings of the Group's Risk Committee.

Refinancing risk is limited by having a spread of counterparties and maturity profiles of loans and debts to credit institutions. Lantmännen's financial policy regulates liquidity risk by stipulating that guaranteed unused credit facilities and cash resources shall exceed MSEK 1,500. At December 31, 2012 Lantmännen's total payment capacity, including cash and bank balances, amounted to MSEK 1,287 (1,615). The failure to meet the liquidity condition is an effect of the covenant linking the facility limit to EBITDA. Lantmännen's interest rate risk is mainly managed by taking out loans with short fixed-rate

periods and long maturities. Lantmännen has entered into a number of interest rate swaps in order to extend the fixed-rate periods. The average remaining fixed credit period at the end of the year was 6.1 (6.4) years.

Lantmännen's currency risk is managed centrally and the aim is to minimize currency effects by using currency inflows for payments in the same currency. In addition, financial instruments are used to hedge expected payment flows, in accordance with the guidelines contained in Lantmännen's financial policy.

Lantmännen only works with banks that have a high credit rating and in particular those that participate in the Group's long-term financing. In order to minimize the credit risk associated with outstanding trade receivables, Lantmännen has a policy of conducting special credit checks. In some cases the risk of credit losses is limited through credit insurance of certain large trade receivables.

Election of the Board

Members of the Board of Lantmännen ek för are elected for two-year terms. The Board consists of nine AGM-elected members, three employee representatives and the President. Ulf Gundemark was elected to the Board at the Annual General Meeting in May. He replaces Thomas Bodén who decided not to seek re-election. At the meeting, Helle Kruse Nielsen, Thomas Magnusson and Björn Wallin were re-elected to the Board. Bengt-Olov Gunnarson, Per Lindahl, Nils Lundberg, Anitra Steen and Hans Wallemyr were also re-elected in 2012.

At the statutory Board meeting, Bengt-Olov Gunnarson was elected Chairman and Nils Lundberg Vice Chairman.

Significant events after the reporting date

Lantmännen Agroetanol and AGA Gas AB have signed an agreement to establish a jointly-owned company, in order to build a facility to utilize and purify carbon dioxide from Lantmännen Agroetanol's Norrköping plant. Lantmännen's ownership share will be 10 percent. The plant is expected to be taken into operation in the middle of 2014.

Outlook

We enter 2013 amid great uncertainty, with an unpredictable financial situation and global growth prospects that are expected to remain weak.

Agriculture Sector

In an increasingly competitive market, Lantmännen Lantbruk must act in a customer-oriented and businesslike manner. Efforts to create greater customer focus, streamline operations and improve profitability continued during 2012, resulting in an increased market presence. The ONE approach action program is continuing and will be intensified in 2013. Changes will be implemented throughout the year and a brand new ERP system will be introduced during the fall.

With a more stable operation, the Agriculture Sector will be able to focus more on growth. To remain an attractive partner, the Sector develops new products and offerings for agricultural and industrial customers. Lantmännen Lantbruk annually invests significant resources in research and development for a viable Swedish agriculture.

Machinery Sector

The Machinery Sector's market is uncertain as a result of the economic turmoil in the world. This means that customers are finding it more difficult to obtain financing and are becoming more cautious in their purchasing. A strong Swedish currency increases competition and makes it harder to maintain volumes and market position. The Sector will continue to focus on streamlining its working practices and improving customer service in order to strengthen its positions and brands. Reduction of working capital, particularly in the areas of inventories and receivables, remains a high priority.

Energy Sector

Ethanol use achieved a new record high in Sweden in 2012. Never before has so much ethanol been filled into fuel tanks as in the summer months of 2012. The Energy Sector works continuously on development in all its parts and sees business opportunities emerging in the form of product development, innovation and new markets. One such example is the bio-refinery development taking place at Lantmännen Agroetanol. There is also a new market in biomedicine and biotechnology which is a timely development for Lantmännen Reppe. The government offices are currently investigating how Sweden will achieve the target of a fossil-free vehicle fleet by 2030. Lantmännen is closely following and actively participating in this investigation, which will help Sweden to break the transport sector's dependency on fossil fuel and will bring market growth for sustainable biofuels with a high climate performance.

Food Sector

2012 was a challenging year which was marked by continuing weak consumer demand and intense competition. In the face of the weak economy and economic uncertainty, consumer behavior was cautious. As retail sector participants are keen to be seen as affordable, their actions and activities focus on price. Private brands are increasing their market share and this difficult situation means that competition is intensifying even more. Other trends and added value, such as health, quality, environment and sustainability, are also influencing market development. The market is also expected to be affected by fierce competition in 2013, with a major focus on price. Market growth can therefore be assumed to be limited in 2013, and the process of streamlining operations will continue in order to safeguard the Sector's competitiveness and allow dynamic investments.



Focus areas

Lantmännen responds to fluctuations in the economy by further increasing the strong focus on efficiency and cost efficiencies, and also by identifying new or different solutions that can increase our competitiveness. By affirming innovation and creativity in every part of the business, Lantmännen will create profitable growth, while also ensuring good results for our operations in the shorter term. Read more about our focus areas on ► [pages 26-28](#).

Having the right skills and the right activities is fundamental to Lantmännen's operations. This means that skills and management development are priority areas for Lantmännen.

In order to create the conditions for long-term competitiveness, Lantmännen is intensifying its work on efficiency platforms, i.e., capital efficiency, supply chain efficiency and organizational efficiency. Being more efficient requires continuous improvements in day-to-day work and structural changes in several businesses. Lantmännen implemented a number of initiatives to improve profitability during the year. In addition to the structural rationalization and savings measures, which are in progress at all of the businesses, there was also tighter prioritization of planned activities and a review of the costs for corporate functions.

Profitable growth is focused on the area of price & mix, which concerns increasing sales in the areas with the best margin, while reducing the number of items with lower profitability. Lantmännen will continue to make effective sales and marketing investments and link the product brands to the Lantmännen brand even more.

Sustainable business development and innovation are driving forces that must permeate everything Lantmännen does. Sustainable business development improves resource efficiency and also generates new revenue, partly through new products and services, and partly through a strengthened position in existing markets and an opportunity to penetrate new markets. Lantmännen can also increasingly provide products and services that help customers and consumers to become more resource efficient. The goal is for Lantmännen to be perceived as Sweden's most sustainable brand in the 2015 Sustainable Brands competition.

Innovation means that Lantmännen does things in a new way – new production methods, new products, new sales concepts, new business models, new alliances and new practices, for example. This means innovation at every level and is an evolutionary approach based on today's activities.



Group net sales and earnings

Net sales

Lantmännen's net sales for the year amounted to MSEK 36,526 (37,896), which is a decline of 4 percent. Currency effects accounted for approx. half of the decline.

The decline in net sales is mainly attributable to the Machinery Sector, which experienced a fall in demand for machinery as a result of a general downturn in the machinery market. The Agriculture Sector reported a decline in net sales, primarily as an effect of the divestment of the petrochemical business at the beginning of the year. Higher sales volumes and a higher ethanol price resulted in increased net sales for the Energy Sector.

Operating income

Lantmännen's operating income for the year amounted to MSEK 685 (1,204). Items affecting comparability totaled MSEK -62 and were attributable to restructuring measures in the Food Sector. Items affecting comparability in 2011 were MSEK 141, and comprised MSEK 455 in property sales to Lantmännen's pension fund, MSEK -241 in restructuring costs and MSEK -73 in goodwill impairment. Adjusted for these items, operating income amounted to MSEK 747 (1,063).

The Energy Sector reported an improved operating income compared with the previous year, largely due to positive growth in Lantmännen Agroetanol. However, the operating income was still negative. In all the other Sectors, operating income was lower than in the previous year, with the largest decline in the Machinery Sector.

Commissioning and start-up costs for Unibake's new bakery in England were considerably higher than anticipated. These costs, together with unsatisfactory accounting control and deficiencies in the financial statements, had a negative impact on the Group's results. Extensive efforts were carried out to safeguard the subsidiary's balance sheet at December 31, 2012. The accounting deficiencies and uncertainties have been largely corrected and a project aimed at rationalizing the plant is in progress.

Net financial items

Net financial items amounted to MSEK -182 (-337). Net financial items for 2011 included an impairment loss of MSEK 115 on shares in the German company VK Mühlen. After adjustment for the impairment, net financial items for that year amounted to MSEK -222. The improvement in net financial income is largely due to Lantmännen having established a pension fund at the end of the previous year and the return on its assets making a positive contribution to Lantmännen's net financial income from 2012. Previously, net financial income was only affected by interest expenses for pension liabilities. A lower average interest rate on liabilities to credit institutions also had a positive impact on net financial items.

- ▶ Lantmännen's net sales amounted to MSEK 36,526 (37,896).
- ▶ Approx. half of the decline in net sales was due to currency effects as a result of the strong Swedish krona.
- ▶ Operating income declined to MSEK 685 (1,204).
- ▶ The Energy Sector reported a higher operating income than in the previous year, although the figure was still negative.

Tax and income after tax

Tax expense for the year amounted to MSEK -91 (-147), giving an effective tax rate of 18 (17) percent. Dividends, refunds and final price adjustments from Lantmännen ek för are tax deductible and, as such, affect the effective tax rate. The changed tax rate in Sweden with effect from 2013 has only had a marginal impact on deferred taxes.

The Group's income after tax amounted to MSEK 412 (720), with MSEK 413 (720) of this figure attributable to members of the cooperative association and MSEK -1 (0) to non-controlling interests (minority ownership) in the Group's subsidiaries.

Significant items affecting comparability *

MSEK	2012	2011
Recognized operating income	685	1,204
<i>Items affecting comparability in operating income:</i>		
Capital gains on		
- sale of properties	-	455
Impairment of non-current assets	-	-148
Impairment of goodwill	-	-73
Restructuring costs	-62	-93
Total items affecting comparability in operating income	-62	141
Operating income, adjusted for items affecting comparability	747	1,063
Recognized income after financial items	503	867
<i>Items affecting comparability in operating income according to above</i>		
	-62	141
<i>Items affecting comparability in financial items:</i>		
Impairment of shares	-	-115
Total items affecting comparability in net financial income	0	-115
Income after financial items adjusted for items affecting comparability	565	841
Return on equity, net of items affecting comparability, %	4.2	5.9
Return on operating capital, net items affecting comparability, %	4.1	5.8

* See also Note 9 on page 101.

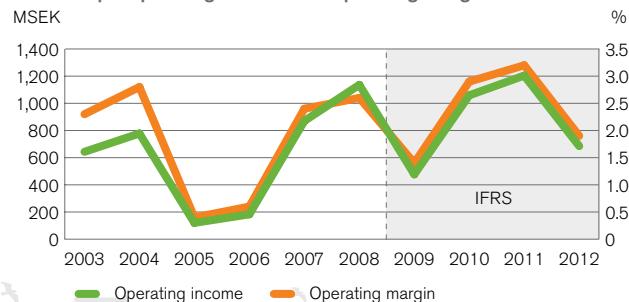
Consolidated income statement

MSEK	Note	2012	2011
Net sales	3 4	36,526	37,896
Other operating income	4	423	687
Changes in inventories of finished goods and work in progress		409	65
Capitalized work for own account		2	4
Raw materials and consumables		-14,961	-15,605
Goods for resale		-9,364	-8,712
Employee benefits expense	5	-5,322	-5,419
Depreciation, amortization and impairment	6	-1,185	-1,366
Other operating expenses	7	-5,940	-6,453
Share of income of associates	15	97	107
Operating income	9 10	685	1 204
Finance income	8	247	239
Finance costs	8	-429	-576
Income after financial items		503	867
Tax	11	-91	-147
Net income for the year		412	720
Net income for the year attributable to:			
Members of the economic association		413	720
Non-controlling interests		-1	0

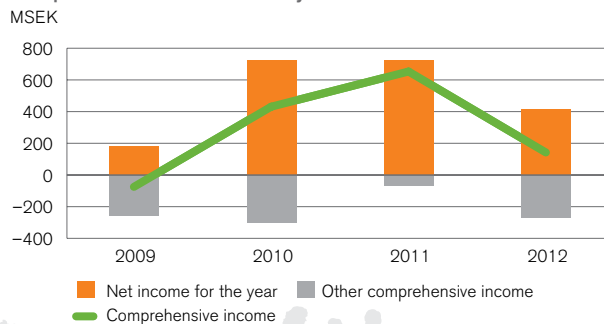
Consolidated statement of comprehensive income

MSEK	Note	2012	2011
Net income for the year		412	720
Other comprehensive income	20		
<i>Items that will not be reclassified to the income statement</i>			
Actuarial gains and losses on defined benefit pension plans		-172	-156
Tax on actuarial gains and losses		46	40
Total		-126	-116
<i>Items that will be reclassified to the income statement</i>			
Available-for-sale financial assets		41	38
Cash flow hedges		-71	37
Exchange differences on translation of foreign operations		-246	-17
Net gain on hedge of net investment in foreign operations		162	5
Tax attributable to items that will be reclassified		-30	-14
Total		-144	49
Other comprehensive income, net of tax		-270	-67
Total comprehensive income		142	653
Total comprehensive income attributable to:			
Members of the economic association		143	653
Non-controlling interests		-1	0

The Group's operating income and operating margin



Comprehensive income for the year



Performance per Sector (For full segment information, see Note 3 on pages 94-95.)

MSEK	Agriculture Sector		Machinery Sector		Energy Sector		Food Sector		Lantmännen Group	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Net sales	10,870	11,497	9,146	10,328	3,615	3,052	14,655	14,708	36,526	37,896
Operating income	165	183	300	444	-21	-141	252	298	685	1,204
Return on operating capital, %	4.3	4.8	12.9	22.4	-0.9	-6.1	2.8	3.2	3.8	6.5
Operating income, adjusted for items affecting comparability	165	183	300	444	-21	-68	314	539	747	1,063
Return on operating capital, adjusted for items affecting comparability, %	4.3	4.8	12.9	22.4	-0.9	-2.9	3.4	5.7	4.1	5.8



Agriculture Sector

Net sales for 2012 declined compared with the previous year, mainly due to the divestment of the petroleum business in the first quarter of 2012. This was partly compensated for by higher grain and fertilizer volumes. Operating income amounted to MSEK 165 (183). The decline was largely due to lower earnings from international operations, which experienced a fall in sales volumes during the year.

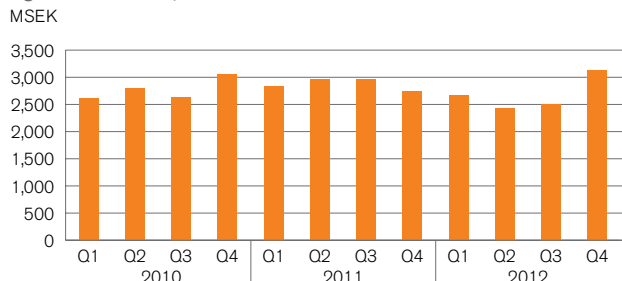
The Swedish contribution-related operations performed positively during the year as a result of a well-executed action program which has created operational order and efficiency. Despite the large and far-reaching changes, and high staff turnover, operating profit was improved by almost thirty percent. Virtually all of the positions in the new organization have now been filled, and the focus is increasingly on creating attractive customer offerings.

Agriculture-related operations	Agriculture Sector's contribution-based operations		Machinery Sector's farm machinery operations	
MSEK	2012	2011 ¹	2012	2011
Net sales	10,189	10,638	4,308	4,527
Operating income	100	77	26	78
Return on operating capital, %	3.6	2.9	2.1	6.4
Operating income, adjusted for items affecting comparability	100	77	26	78
Return on operating capital, adjusted for items affecting comparability, %	3.6	2.9	2.1	6.4

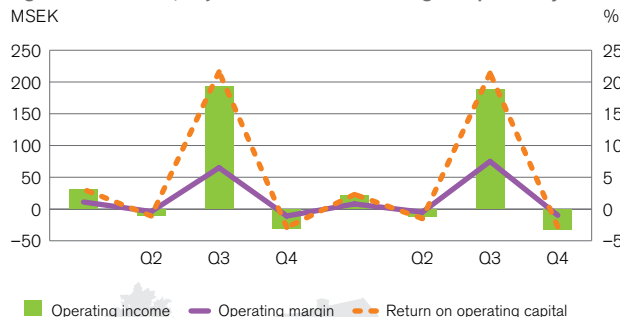
2012 was a very good year for grain growers, with the exception of certain areas. The delayed harvest in parts of the country affected the fall tillage, resulting in a reduction in fall sowing. Despite the large grain volumes, the Sector's grain receiving operations functioned well, apart from transportation problems in certain areas. At the end of the year, it was decided to open three new grain receiving facilities for next year's harvest, which met with a very positive response. The Sector conducted successful campaigns in the areas of crop protection, fertilizer and feed during the year, and delivery accuracy was generally good. Demand for grass seed declined during the year due to dairy farmers prolonging their use of existing pasture land in response to lower settlement prices.

¹ Including business transferred from SW Seed in early 2012.

Agriculture Sector, net sales



Agriculture Sector, adjusted for items affecting comparability



Machinery Sector

Net sales for 2012 showed a decline compared with the previous year, as a result of a general downturn in the machinery market. Operating income amounted to MSEK 300 (444).

The global market for both farm and construction machinery is declining, with sales falling sharply, particularly in Sweden. The aftermarket is also weaker than previously. The decline was larger than expected.

Interest in investing in agriculture, particularly among dairy farmers, is noticeably weaker than in the previous year. Although there are still many enquiries, fewer of them lead to completed purchases.

The delivery problems that affected both the farm and construction equipment operations in the first half of the year were remedied in the second half of the year. Valtra has regained its position as the market leader in tractors in the Swedish market, and the backlog of construction equipment deliveries is being cleared.

Measures to adapt the Sector's operations to changed market conditions have been largely implemented, although some are yet to be completed. All companies in the Sector constantly review their administrative costs, organizational efficiency and level of tied-up capital.

The Machinery Sector works actively with our key suppliers on marketing and customer contact in order to strengthen its market position.

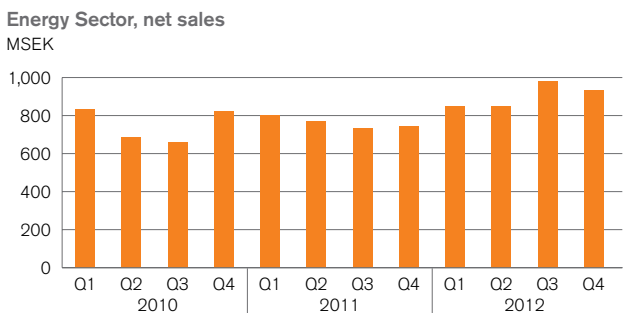
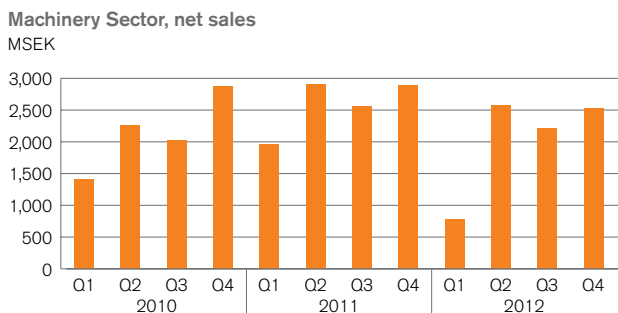
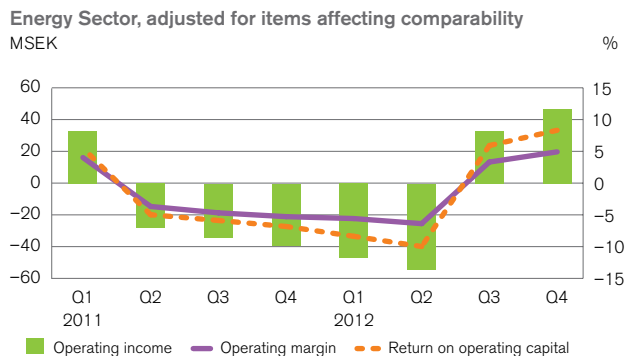
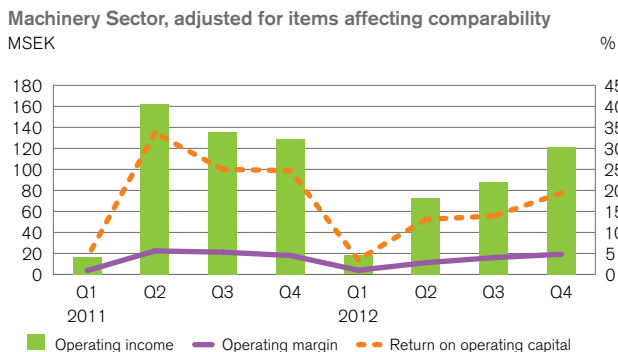
Energy Sector

Net sales for 2012 showed an increase, which was largely an effect of higher sales volumes and higher ethanol prices. Operating income amounted to MSEK -21 (-141). This is an increase compared with the previous year and was mainly due to a positive performance from Lantmännen Agroetanol.

The ethanol-grain price relationship, which had previously been unfavorable, improved during the second half of the year, resulting in a better operating income for the ethanol business. Operating income was also positively affected by an end to U.S. ethanol imports into Europe under the wrong tariff and by a drought in the United States that brought a poor corn harvest and rising corn and ethanol prices in the U.S. market. Operating income for Lantmännen Agroetanol amounted to MSEK -82 (-131). However, the market continues to be very volatile. The European Commission concluded that U.S. support for domestic ethanol production had caused a dumping on the EU market, and decided to issue, on February 22, 2013, a decision to impose anti-dumping duties of approx. 10 percent on ethanol imports from the United States.

Production efficiency at the ethanol plant was improved even more during the year, with production records on several consecutive months in the second half of the year. Efforts to develop new revenue streams from production (protein feed and carbon dioxide, for example) also continued.

The situation for the Swedish pellet industry stabilized during the year, although competition remains fierce and



profitability is under pressure. With new management, Lantmännen Agroenergi is now reviewing its industrial structure to strengthen the company's profitability.

Lantmännen Aspen continues to develop in a positive direction and showed sales growth during the year. Work to identify new customer groups and applications for Aspen's products continues.

At the beginning of 2013, Lantmännen Agroetanol AB and AGA Gas AB signed an agreement to form a jointly owned company, of which Lantmännen's ownership share will be approx. 10 percent, in order to build a facility to utilize and purify carbon dioxide from Lantmännen Agroetanol's Norrköping plant. The plant is expected to be taken into operation in the middle of 2014.

Food Sector

Net sales were at the same level as the previous year. Operating income after adjustment for items affecting comparability was MSEK 314 (539), which is a decline compared with 2011.

The year was characterized by intense price competition and rising commodity prices, resulting in squeezed margins. Competition from private labels remains strong, and demand for low-price products continues.

Commissioning and start-up costs for Unibake's new bakery in England were considerably higher than anticipated. These costs, together with unsatisfactory accounting control and deficiencies in the financial statements, had a highly

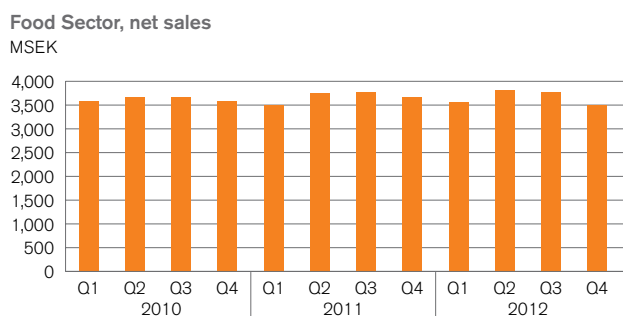
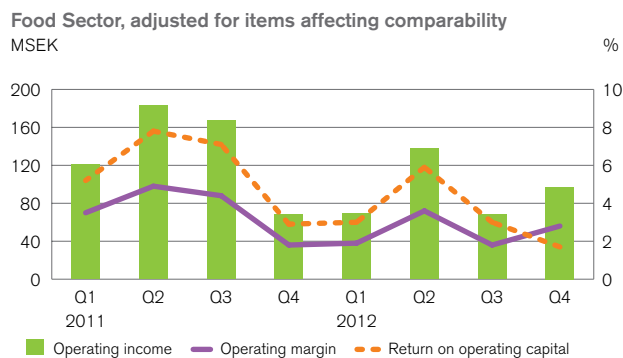
negative impact on the Food Sector's results. Extensive efforts were carried out to safeguard the subsidiary's balance sheet at December 31, 2012. The accounting deficiencies and uncertainties have been largely remedied and a project aimed at rationalizing the plant is in progress, including new management and improvement of accounting skills.

All of the Sector's business units are working intensively on improvements along the entire value chain. The aim is to achieve reduced costs, a more efficient organization, better planning and monitoring processes and to create more attractive concepts and offerings to customers. The product portfolio is also being reviewed and sharpened in a number of food categories, while several business areas made new management appointments during the year.

Lantmännen Cerealia's sales declined in the first half of the year, but the negative trend eased off during the rest of the year. Measures were implemented to streamline the organization and enhance supply chain efficiency – by improving planning processes along the entire value chain, for example.

Lantmännen Unibake's new croissant production facility in Mouscron, Belgium, was put into operation in 2012, while Unibake's bakery in Verden, Germany, was closed. Unibake's sales are showing positive growth, particularly in Eastern Europe, Russia and the United States.

Other activities worthy of note during the year included the ongoing production improvements at Lantmännen Kronfågel's facility in Valla and the implementation of supply chain efficiencies and market adjustments at Lantmännen Doggy.



Consolidated statement of financial position

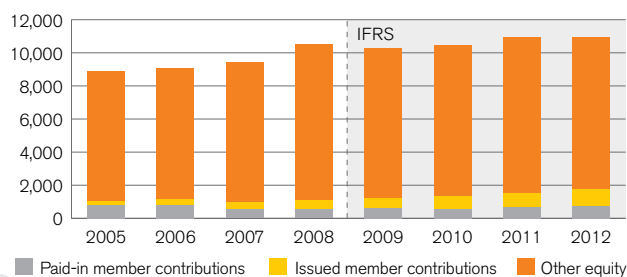
MSEK	Note	2012 Dec 31	2011 Dec 31
ASSETS			
Non-current assets			
Property, plant and equipment	12	8,662	9,057
Investment properties	13	266	201
Goodwill	14	2,554	2,640
Other intangible assets	14	875	767
Investments in associates	15	1,269	1,277
Non-current financial assets	16	619	515
Deferred tax assets	11	217	232
Other non-current assets		46	45
Total non-current assets		14,508	14,734
Current assets			
Inventories	17	5,946	5,506
Trade and other receivables	18	5,454	5,511
Current interest-bearing assets	19	96	119
Current tax assets	11	11	12
Cash and cash equivalents	19	352	739
Total current assets		11,859	11,887
TOTAL ASSETS		26,367	26,621

MSEK	Note	2012 Dec 31	2011 Dec 31
EQUITY AND LIABILITIES			
Equity			
Member contributions		1,769	1,568
Other contributed capital		2,479	2,300
Reserves		-279	-135
Retained earnings		6,930	7,173
Total equity attributable to members of the economic association		10,899	10,906
Non-controlling interests		33	36
Total equity	20	10,932	10,942
Non-current liabilities			
Non-current interest-bearing liabilities	21 22	5,002	4,570
Provisions for pensions	23	432	347
Deferred tax liabilities	11	125	147
Other non-current provisions	24	324	273
Other non-current liabilities		36	23
Total non-current liabilities		5,919	5,360
Current liabilities			
Current interest-bearing liabilities	21 22	3,036	3,642
Trade and other payables	25	6,222	6,278
Current tax liabilities	11	57	90
Current provisions	24	201	309
Total current liabilities		9,516	10,319
TOTAL EQUITY AND LIABILITIES		26,367	26,621

Pledged assets and contingent liabilities, see Note 31 on page 116.

Contributed capital and equity

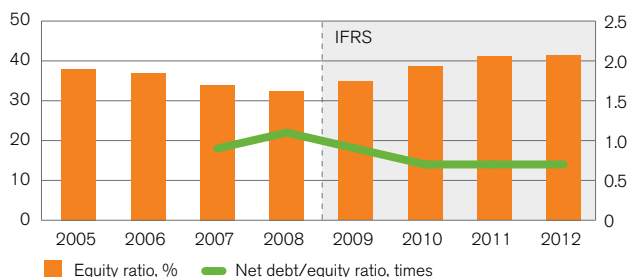
MSEK



Equity ratio and net debt/equity ratio

%

Times



- ▶ The equity ratio was 41.5 (41.1) percent.
- ▶ Return on equity was 3.8 (6.7) percent.
- ▶ The Group's average operating capital decreased slightly to MSEK 18,105 (18,430).
- ▶ The capital turnover rate was 2.0 (2.1).

Assets and investments

Total assets amounted to MSEK 26,367 (26,621) at the end of the year, which is a decline of MSEK 254.

The Swedish krona strengthened against other currencies during the year, which reduced the value of balance-sheet items from non-Swedish subsidiaries. The value of property, plant and equipment and intangible assets declined by more than MSEK 200 (MSEK 80 of which goodwill), as a result of currency fluctuations.

Inventories increased by approx. 8 percent, largely due to large grain stocks, a good harvest and high grain prices.

The Group's investments in non-current assets during the year amounted to MSEK 1,292 (1,431). The largest individual investments were the Food Sector's investments in a new croissant production line in Belgium and a new packaging line in the mill in Vejle, Denmark.

Liabilities and equity

Group equity amounted to MSEK 10,932 (10,942) at the end of the year, MSEK 33 (36) of which was attributable to owners other than the members of the economic association, i.e. non-controlling interests in Group companies. Net income for the year increased equity by MSEK 412 (720), while dividends and contributed capital reduced equity by MSEK 151 (137). Remeasurement effects recognized in OCI reduced equity by MSEK 270 (67).

The Group's net debt amounted to MSEK 7,506 (7,186) at the end of the year. The increase of MSEK 320 was largely due to a negative cash flow after investments.

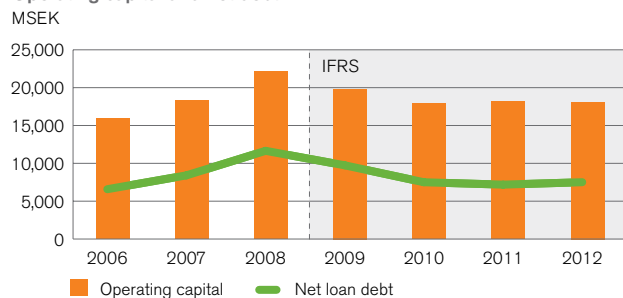
The Group's payment capacity at the end of the year was MSEK 1,287 (1,615). The figure is calculated on the basis of Lantmännen's current loan agreements and their covenants. The reduced payment capacity was due to renegotiated and extended loan terms and a lower EBITDA, which affects the facility limit. At the end of December, Lantmännen was within the framework of the covenants associated with its existing loan agreements.

The equity ratio was 41.5 percent (41.1) at the end of the year.

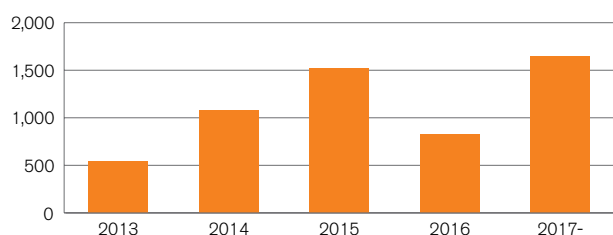
Net debt, MSEK	2012	2011
Liabilities to credit institutions	4,900	5,394
Savings and capital accounts, members etc.	2,661	2,330
Pension liabilities	432	347
Subordinated debentures	56	56
Other interest-bearing liabilities	421	432
Total interest-bearing liabilities	8,470	8,559
Other interest-bearing assets	612	634
Short-term investments	83	342
Cash and bank balances	269	397
Total interest-bearing assets	964	1,373
Group's net debt	7,506	7,186

With effect from 2012, shares held on an operational basis have been reclassified from net debt to operating capital. Their value is MSEK 103 for both 2012 and 2011. The net debt for 2011 has not been adjusted.

Operating capital and net debt



Maturity profile of liabilities to credit institutions, incl. future interest payments, MSEK



Consolidated statement of cash flows

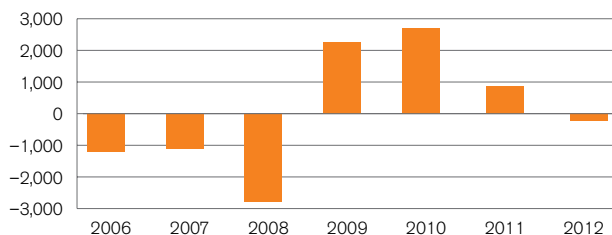
MSEK	Note	2012	2011
OPERATING ACTIVITIES			
Income after financial items		503	867
Adjustment for non-cash items ¹⁾		972	894
		1,475	1,761
Taxes paid		-117	-106
Cash flow from operating activities before change in working capital	32:1	1,358	1,655
<i>Cash flow from changes in working capital</i>			
Change in inventories		-479	-285
Change in operating receivables		-52	-124
Change in operating liabilities		156	-231
		-375	-640
Cash flow from operating activities		983	1,015
INVESTING ACTIVITIES			
Acquisition of operations	32:2	0	0
Divestment of operations	32:3	0	0
Investment in property, plant and equipment	32:4	-1,221	-1,385
Investment in intangible assets		-71	-46
Sale of property, plant and equipment and intangible assets ²⁾		129	1,271
Change in financial investments		-42	21
Cash flow from investing activities		-1,205	-139
Cash flow before financing activities		-222	876
FINANCING ACTIVITIES			
Paid-in contributed capital		99	90
Refunded capital contribution		-50	-49
Change in loans		-16	700
Transfer of cash to pension fund		-	-1,578
Dividend paid		-190	-167
Cash flow from financing activities		-157	-1,004
Cash flow for the year		-379	-128
Cash and cash equivalents at beginning of year		739	869
Exchange gains/losses		-8	-2
Cash and cash equivalents at end of year	32:5	352	739
MSEK			
		2012	2011
¹⁾ Adjustment for non-cash items			
Depreciation, amortization and impairment of non-current assets		1,185	1,366
Share of income of associates		-78	-86
Capital gains on sale of non-current assets and operations		-81	-490
Other items		-54	104
Total		972	894

²⁾ MSEK 1,057 of which sold to Lantmännen's Grodden pension fund in 2011.

Depreciation and investment in property, plant and equipment
MSEK



Cash flow before financing activities
MSEK



- ▶ Positive cash flow from operating activities, amounting to MSEK 983 (1,015).
- ▶ The Group's net investments in non-current assets generated a cash flow of MSEK –1,163 (–160).
- ▶ Cash flow before financing activities amounted to MSEK –222 (876).

Cash flow from operating activities

The cash operating surplus, i.e. before changes in working capital, gave a positive cash flow of MSEK 1,358 (1,655), while a higher working capital than the previous year reduced the cash flow by MSEK –375 (–640), mainly due to increased inventory build-up in the face of a large harvest and higher grain prices. In total, this generated a positive cash flow of MSEK 983 (1,015) from operating activities.

Cash flow from investing activities

Payments relating to investments in property, plant and equipment and intangible assets were lower than in the previous year, amounting to MSEK –1,292 (–1,431), while sales

of non-current assets generated a cash flow of MSEK 129 (1,271). The sale of property in 2011 to the Swedish pension fund established during that year generated a cash flow of MSEK 1,057. Overall, this gave a cash flow from net investments in non-current assets of MSEK –1,163 (–160), which is in line with the depreciation for 2012. No large acquisitions or divestments of operations affecting cash flow were made during the year. Total cash flow from investing activities amounted to MSEK –1,205, compared with MSEK –139 the previous year.

Cash flow from financing activities

Financing activities generated a cash flow of MSEK –157 (–1,004). Payments to the Swedish pension fund in 2011 resulted in an outflow of MSEK –1,578, while increased external borrowing generated an inflow of MSEK 700. The dividend figure of MSEK –190 (–167) is distributed as follows: MSEK –78 (–68) in contribution dividends and MSEK –110 (–95) in refunds and final price adjustments to members of the association.

Cash flow for the year

The Group's total cash flow for the year was negative at MSEK –379 (–128), while cash and cash equivalents stood at MSEK 352 (739) at the end of the year.

Consolidated statement of changes in equity

MSEK	Note	Member contributions	Other contributed capital	Reserves	Retained earnings	Total Lantmännen's owners	Non-controlling interests	Total equity
Opening balance, January 1, 2011		1,350	2,090	–184	7,134	10,390	32	10,422
Net income for the year		-	-	-	720	720	0	720
Other comprehensive income, net of tax		-	2	49	–116	–67	0	–67
Total comprehensive income		-	-	49	604	653	0	653
Distributions to owners		177	210	-	–565	–178	–1	–179
Contributed capital paid in by members		90	-	-	-	90	-	90
Contributed capital paid out to members		–49	-	-	-	–49	-	–49
Other changes relating to non-controlling interests		-	-	-	-	0	5	5
Closing balance, December 31, 2011	20	1,568	2,300	–135	7,173	10,906	36	10,942
Net income for the year		-	-	-	413	413	–1	412
Other comprehensive income, net of tax		-	-	–144	–126	–270	-	–270
Total comprehensive income		-	-	–144	287	143	–1	142
Distributions to owners		152	179	-	–529	–198	–2	–200
Contributed capital paid in by members		99	-	-	-	99	-	99
Contributed capital paid out to members		–50	-	-	-	–50	-	–50
Purchase of NCI in Nötcenter Viken AB		-	-	-	–1	–1	-	–1
Closing balance, December 31, 2012	20	1,769	2 479	–279	6,930	10,899	33	10,932

More information about equity can be found in the Parent Company's statement of changes in equity on page 86 and in Note 20 on page 107.

Equity attributable to members of the economic association, MSEK	2012	2011
Contributed capital, paid in	753	680
Contributed capital, issued	1,016	888
Other equity	9,130	9,338
Total equity attributable to members of the economic association	10,899	10,906

Parent Company Lantmännen ek för

Operations

The activities of the Parent Company Lantmännen ek för consist of Lantmännen's core operations in the Agriculture Sector, Lantmännen's lubricating oil operations and the corporate functions.

Number of members

The number of members at December 31, 2012 was 33,589 (34,738).

Net sales and operating income

Net sales amounted to MSEK 10,646 (11,057).

Operating income for the year amounted to MSEK -95 (-201). The improvement was partly due to the fact that operating income in 2011 was affected by pension costs of MSEK 68 as a result of changed life expectancy assumptions in the calculation of pension obligations based on the PRI Pension guarantee. Another factor was higher capital gains on the sale of property than in the previous year. Operating income from agriculture operations during the year was MSEK 81 (57). The increase compared with the previous year was due to a well-executed action plan, which created operational order and efficiency.

Income after net financial items

Income after financial items totaled MSEK 873 (462). Net financial items amounted to MSEK 968 (663). Net financial items for the year include a capital loss of MSEK -10 (19) on the sale of shares and interests, and dividends of MSEK 613 (739), mainly from subsidiaries. Net financial items also include a foreign exchange gain of MSEK 251, most of which relates to a gain on the repayment of share capital from Lantmännen Finance Ireland, and the strengthening of the Swedish krona against other currencies in 2012. The figure also includes a write-down of shares in subsidiaries of MSEK 5 (183).

Investments

The year's net investments in non-current assets amounted to MSEK 143 (138).

Equity ratio

The equity ratio at the end of the year was 42.5 (43.7) percent.

Human resources

The average number of employees was 1,244 (1,157). The increase is due to the transfer of operations and staff from SW Seed.

APPROPRIATION OF PROFIT

Refund and final price adjustment

The Board of Directors has decided to pay a 1.25 percent (1) refund on members' purchases from Lantmännen ek för and

SW Seed and 0.5 (1) percent on their purchases from the Machinery Sector's Swedish operations. The Board has also decided that a final price adjustment of 1.25 (1) percent will be paid for delivered grain, oilseed and grass seed. The total refund and final price adjustment is expected to be MSEK 120 (110). The refund and final price adjustment is recognized as a dividend in consolidated equity.

Contribution dividend

The Board proposes that the Annual General Meeting adopt a contribution dividend of 5 (5) percent on paid-in and issued contributions to direct members, organization members and local associations, a total of MSEK 87 (78).

Contribution issue

The Board proposes that the Annual General Meeting adopt a contribution issue of MSEK 80 (152). The issued capital will be distributed as follows: 75 percent based on the members' paid-in and issued contributed capital and 25 percent on the members' contribution-based turnover with the Association in 2012.

In total, the contribution dividend and contribution issue amount to 9 (15) percent of the association's contributed capital.

Subordinated debentures

The Board proposes that the Annual General Meeting adopt a dividend on subordinated debentures of 3.75 (6.75) percent, which corresponds to MSEK 2 (4).

Proposal for appropriation of profit

The Board of Directors proposes that the Parent Company's unappropriated earnings of TSEK 6,138,050 be allocated as follows:

Contribution dividend	TSEK	87,250
Contribution issue	TSEK	80,000
Dividend on subordinated debentures	TSEK	2,108
Transferred to statutory reserve	TSEK	123,000
Carried forward	TSEK	5,845,692
Total	TSEK	6,138,050

Because of trading in contribution issues, the Board has decided that the date on which holdings give entitlement to dividends, contribution dividends and contribution issues will be the date of the Annual General Meeting, May 6, 2013.

The dividend is calculated on the basis of the membership roll as updated on December 31, 2012. The contribution dividend and contribution issue amounts may be changed as a result of membership changes up to May 6, 2013.

The 2012 accounts will be presented for adoption at the AGM on Monday, May 06, 2013.



Parent Company income statement

MSEK	Note	2012	2011
Net sales, external		8,573	8,970
Net sales, intra-Group		2,073	2,087
Net sales, total	33	10,646	11,057
Excise duties		-8	-9
Change in products in progress, finished goods and work in progress for third parties		33	10
Capitalized work for own account		1	4
Other operating income	33	348	298
		11,020	11,360
Operating expenses			
Raw materials and consumables		-6,460	-6,169
Goods for resale		-2,085	-2,750
Other external costs	34	-1,516	-1,591
Employee benefits expense	5	-904	-897
Depreciation, amortization and impairment of assets		-150	-154
Total operating expenses		-11,115	-11,561
Operating income	35 36	-95	-201
Income from financial items			
Income from investments in Group companies	36	583	531
Income from investments in associates	36	19	21
Income from other securities and receivables classified as non-current assets	37	9	22
Interest income from Group companies		362	366
Other interest and similar income		462	180
Interest expenses to Group companies		-104	-108
Interest and similar expenses		-363	-349
Total financial items		968	663
Income after financial items	38	873	462
Refund and final price adjustment		-120	-110
Group contributions received		443	515
Group contributions paid		-315	-348
Income before tax		881	519
Tax on net income for the year	39	-35	9
NET INCOME FOR THE YEAR		846	528

As there is no difference between net income and comprehensive income, a statement of comprehensive income has not been prepared.

Parent Company statement of cash flows

MSEK	2012	2011
OPERATING ACTIVITIES		
Income after financial items	873	462
Adjustment for non-cash items ¹⁾	-85	281
	788	743
Taxes paid	0	0
Cash flow from operating activities before change in working capital ²⁾	788	743
<i>Cash flow from changes in working capital</i>		
Change in inventories	-289	-123
Change in operating receivables	-232	523
Change in operating liabilities	18	-122
	-503	278
Cash flow from operating activities	285	1,021
INVESTING ACTIVITIES		
Acquisition of operations and shareholder contributions	-192	-371
Divested operations, share capital repayments	1,084	-
Investment in intangible assets	-41	-42
Investment in property, plant and equipment	-102	-96
Sale of non-current assets	114	112
Change in financial assets	-3,033	-70
Cash flow from investing activities	-2,170	-467
FINANCING ACTIVITIES		
Paid-in contributed capital	99	90
Refunded capital contribution	-50	-49
Transfer of cash to pension fund	-	-791
Change in loans	1,562	237
Dividend paid	-82	-71
Cash flow from financing activities	1,529	-584
Cash flow for the year	-356	-30
Cash and cash equivalents at beginning of year	356	386
Cash and cash equivalents at end of year ³⁾	0	356
¹⁾ Adjustment for non-cash items		
Depreciation, amortization and impairment of non-current assets	144	167
Impairment of shares in subsidiaries	-	183
Repayment of share capital in subsidiary	-137	-
Capital gains on sale of non-current assets and operations	-76	-34
Other items	-16	-35
Total	-85	281
²⁾ Interest paid and dividends received		
Dividends received	595	719
Interest received	209	167
Interest paid	-338	-303
Total	466	583
³⁾ Cash and cash equivalents		
Cash and bank balances	0	148
Short-term investments, maturity less than 3 months	0	208
Total	0	356



Parent Company statement of financial position

MSEK	Note	2012	2011
ASSETS			
Non-current assets			
Intangible assets	40	210	194
		210	194
Property, plant and equipment			
Land and buildings	41	200	219
Investment properties	42	63	52
Plant and machinery		513	563
Other non-current assets		84	88
		860	922
Non-current financial assets			
Investments in Group companies	43	6,185	6,935
Investments in associates	15	832	861
Receivables from Group companies		1,165	125
Receivables from associates		3	2
Other non-current financial assets		425	256
Deferred tax assets	39	107	142
Other non-current assets		3	8
		8,720	8,329
Total non-current assets		9,790	9,445
Current assets			
Inventories	44	2,242	1,953
Trade receivables		1,964	1,757
Receivables from Group companies		10,799	8,676
Receivables from associates		7	6
Other current receivables		83	97
Prepayments and accrued income	45	198	295
		15,293	12,784
Short-term investments		0	207
Cash and bank balances		0	148
Total current assets		15,293	13,139
TOTAL ASSETS		25,083	22,584

MSEK	Note	2012	2011
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Member contributions		1,769	1,568
Subordinated debentures		56	56
Restricted reserves		2,479	2,300
		4,304	3,924
Non-restricted equity			
Non-restricted reserves, retained earnings		5,292	5,177
Net income for the year		846	528
		6,138	5,705
Total equity		10,442	9,629
Untaxed reserves			
	46	311	311
Provisions			
Provisions for pensions	47	3	3
Other provisions	48	196	212
Total provisions		199	215
Non-current liabilities			
Non-current liabilities to credit institutions		4,491	4,102
Other non-current liabilities		41	37
Total non-current liabilities		4,532	4,139
Current liabilities			
Current liabilities to credit institutions		145	981
Trade payables		1,888	1,707
Liabilities to Group companies		5,484	3,582
Liabilities to associates		10	6
Other current liabilities	49	1,759	1,625
Accruals and deferred income	50	313	389
Total current liabilities		9,599	8,290
TOTAL EQUITY AND LIABILITIES		25,083	22,584
Pledged assets			
	52	506	414
Contingent liabilities			
	52	1,152	1,682

Parent Company statement of changes in equity

MSEK	Contributed capital	Subordinated debentures	Statutory reserve	Non-restricted equity	Total equity
Equity, 2011-01-01	1,350	56	2,090	5,635	9,131
Net income for the year	-	-	-	528	528
Dividend paid ¹⁾	-	-	-	-71	-71
Contributed capital paid in by members	90	-	-	-	90
Contributed capital paid out to members	-49	-	-	-	-49
Appropriation of profit	177	-	210	-387	0
Equity, December 31, 2011	1,568	56	2,300	5,705	9,629
Net income for the year	-	-	-	846	846
Dividend paid ¹⁾	-	-	-	-82	-82
Contributed capital paid in by members	99	-	-	-	99
Contributed capital paid out to members	-50	-	-	-	-50
Appropriation of profit	152	-	179	-331	0
Equity, December 31, 2012	1,769	56	2,479	6,138	10,442

¹⁾ Contribution dividend MSEK -78 (-68), dividend on subordinated debentures MSEK -4 (-3), reported as interest expense in the Group.

MSEK 7 (1) of the contributed capital paid out is attributable to refunds resulting from changed conditions with regard to members' obligation to invest in the association, while MSEK 43 (48) is attributable to refunds to members who have left the association.

In 2013, an estimated MSEK 50 (46) in contributed capital will be refunded to members. MSEK 43 (40) refers to refunds to members who have left the association and MSEK 7 (6) to refunds to members resulting from changed assumptions relating to the obligation of members to invest in the association

The unmet obligation of members to invest in Lantmännen pursuant to the association's articles of association amounted to MSEK 741 (727) at December 31, 2012.

Contributed capital, MSEK	2012	2011
Paid-in contributed capital	753	680
Issued contributed capital	1,016	888
Total	1,769	1,568

Outstanding subordinated debentures run until December 30, 2014.



Notes to the annual financial statements

Amounts in MSEK unless otherwise stated

Lantmännen ek för conducts its operations as a co-operative economic association and is headquartered in Stockholm, Sweden. The address of the main office is S:t Göransgatan 160 A. Lantmännen ek för's corporate identity number is 769605-2856. The operations of the Lantmännen Group are described in the Board of Directors' report and in Note 3, Segment reporting. The 2012 financial statements for the Group and Parent Company will be presented for adoption by the Annual General Meeting on May 6, 2013.

NOTE 1 ACCOUNTING POLICIES

The principal accounting policies applied in preparing this annual report are summarized in this note. The same policies are normally applied for both the Parent Company and the Group. Parent Company policies that differ from those of the Group are described under separate headings.

BASIS OF PREPARATION

Lantmännen's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. IFRS includes International Accounting Standards (IAS) and interpretations of standards (IFRIC and SIC). In addition to the Annual Accounts Act and IFRS, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups, has also been applied.

The Parent Company's annual financial statements have been prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. From 2011, the principle relating to accounting for group contributions has been amended and the Parent Company now reports group contributions in the income statement. The 2010 figures have been restated.

Lantmännen applies the cost method for measuring assets and liabilities, except for derivative instruments and the categories available-for-sale financial assets and financial assets and liabilities measured at fair value through profit or loss. These financial assets and liabilities are not measured at fair value in the Parent Company. Non-current assets and non-current liabilities essentially consist only of amounts expected to be recovered or paid after more than twelve months reckoned from the closing date. Current assets and current liabilities essentially consist only of amounts that are expected to be recovered or paid within twelve months reckoned from the closing date.

Standards, amendments and interpretations that entered into force in 2012 and have been adopted by the EU

IFRS 7 Financial Instruments: Disclosures – amendment

The amendment requires additional quantitative and qualitative disclosures to be made when derecognizing financial instruments.

The amendment has not had any impact on the Group's financial reporting.

Standards, amendments and interpretations that entered into force in 2012 and have been adopted by the EU, but are not relevant to the Group

IAS 12 Income Taxes – amendment

Standards, amendments and interpretations that have not entered into force, but have been early adopted by the Group

IAS 1 Presentation of Other Comprehensive Income – amendment

The amendment requires items that are recycled to profit or loss to be reported separately from those that are not. The actual content of other comprehensive income does not change.

The amendment means that actuarial gains and losses are reported separately from 2012.

Standards, amendments and interpretations that have not entered into force or been adopted by the EU, and have not been early adopted by the Group

IAS 7 Financial Instruments: Disclosures – amendment

The amendment is effective from 2013.

Disclosures are required for financial assets and liabilities that have been offset in the statement of financial position. Disclosures are also required for financial assets and liabilities for which there is a right of set-off, even if this has not been exercised.

The amendment may require additional disclosures primarily relating to transactions with members.

IFRS 10 Consolidated Financial Statements

IAS 27 Separate Financial Statements – amendment

IFRS 10 and the amendment to IAS 27 are effective from 2014.

IFRS 10 supersedes the section of IAS 27 concerning the preparation of consolidated financial statements. IAS 27 will then be used only for the Parent Company's reporting of Investments in Group companies.

The rules concerning the preparation of consolidated financial statements have not changed. However, IFRS 10 clarifies the procedure for determining whether control exists or not.

Shareholdings, i.e. voting rights, are not necessarily required for control to exist.

The amendment is not expected to have any impact on the Group's financial reporting in the current situation.

IFRS 11 Joint Arrangements, IAS 28 Investments in Associates and Joint Ventures

IFRS 11 and the amendment to IAS 28 are effective from 2014.

IFRS 11 addresses accounting for joint arrangements, defined as an arrangement of which two or more parties have joint control. IFRS 11 supersedes IAS 31 and SIC 13.

Joint arrangements are divided into two categories – joint operations and joint ventures.

In joint operations, each joint operator accounts for the assets, liabilities, revenues and expenses relating to its interest in the joint arrangement.

In joint ventures, each joint venturer shall account for its interest using the equity method. Use of proportional consolidation is prohibited.

The amendment is not expected to have any impact on the Group's financial reporting in the current situation.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 is effective from 2014.

IFRS 12 establishes what information is required to be disclosed about interests in subsidiaries, associates and joint arrangements. An entity is required to make significant qualitative and quantitative disclosures about the nature of any risks associated with its interests in other entities and the effects of these interests on its financial statements.

The amendment is not expected to have any significant impact on the Group's financial reporting in the current situation.

IFRS 13 Fair Value Measurement

IFRS 13 is effective from 2013. IFRS 13 sets out in a single IFRS a framework for measuring fair value when another IFRS permits fair value measurement.

Note 1 continued

The standard clarifies the definition of fair value and requires additional disclosures about fair value measurement.

In the current situation, the amendment is only expected to have an effect on submitted disclosures.

IAS 19 Employee Benefits – amendment

The amended IAS 19 is effective from 2013.

The amendments involve significant changes to accounting for defined benefit pension plans. For example:

- actuarial gains and losses are to be recognized in other comprehensive income (Lantmännen already does so)
- sensitivity analyses for reasonable changes to all assumptions shall be made
- the actuarial calculations shall also include future payments of payroll taxes
- interest expense shall be calculated on net debt and at the selected discount rate

The amendment will increase the value of the pension obligation and reduce other provisions, as a result of processing the payroll tax. At the end of 2012, this amounted to MSEK 89. More sensitivity analyses will be needed.

IAS 32 Financial Instruments: Classification – amendment

The amended IAS 32 is effective from 2014. The amendment clarifies the definition of certain terms regarding offsetting of financial assets and financial liabilities. The amendment is not expected to have any impact on the Group's reporting in the current situation.

IFRS 9, Financial Instruments: Recognition and Measurement

This standard is part of a complete project to replace the existing standard IAS 39. There is no timetable for EU adoption, but IFRS 9 will probably be effective from 2015 at the earliest.

The Group is awaiting completion of all the parts of the standard, and has not yet assessed the impact of the new standard.

Standards, amendments and interpretations that have not entered into force or been adopted by the EU, and are not relevant to the Group Investment Entities

Changes to the Parent Company's accounting policies

The Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities has been amended by the introduction of new guidelines for reporting group contributions. These guidelines are effective from 2013 but early application is possible. Lantmännen has chosen to apply the guidelines from 2012.

Lantmännen has chosen to apply the alternative rule in RFR 2, which means that both group contributions received and group contributions made, are reported as an appropriation.

ASSUMPTIONS AND ACCOUNTING ESTIMATES

To ensure preparation of the financial statements in accordance with IFRS, assumptions and estimates must be made which affect reported assets and liabilities and income and expenses, as well as other information disclosed. The actual outcome may differ from these estimates. The areas in which assumptions and accounting estimates have the greatest impact on carrying amounts are described in more detail in Note 2.

USE OF ESTIMATES IN THE APPLICATION OF ACCOUNTING POLICIES

Contributed capital in an economic association is refunded when the member leaves the association. Based on the rules contained in IAS 32 that are applicable to the contributed capital of co-operative enterprises, Lantmännen has, on the basis of the conditions that apply to capital contributions in accordance with its Articles of Association, made the judgment that the association's contributed capital shall be treated as equity in the consolidated financial statements.

Lantmännen has furthermore made the judgment that the refunds and final price adjustments payable to members, and which depend on the association's performance, shall be considered dividends in the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

The Group's financial statements comprise the financial statements for the Parent Company and all Group entities in accordance with the definitions below. A Group entity is consolidated as of the date on which the Group has control, or for associates significant influence, over the enterprise, while divested Group entities are included in the consolidated financial statements up to and including the date on which the Group still has control, or for associates significant influence, over the enterprise.

Subsidiaries

Subsidiaries are companies in which Lantmännen, directly or indirectly, holds or controls more than 50 percent of the votes or otherwise exercises control.

The consolidated financial statements are prepared according to the purchase method. The cost of an investment in a subsidiary is the cash amount and the fair value of any non-cash consideration paid for the investment. The value of the acquired net asset, the equity in the company, is determined by measuring acquired assets and liabilities and contingent liabilities at their fair value on the date of acquisition. Those fair values constitute the Group's cost. If the cost of an investment in a subsidiary exceeds the fair value of the acquired company's identifiable net assets, the difference is recognized as consolidated goodwill. Whether a minority's share of goodwill should be measured and included as an asset is determined for each acquisition. If the cost is less than the final fair value of the net assets the difference is recognized directly in the income statement.

All intra-Group transactions, including receivables and liabilities, income and expenses as well as unrealized earnings, are eliminated in their entirety.

Associates

Associates are companies over which Lantmännen has a significant, but not controlling, influence. This is normally the case when the Group holds between 20 and 50 percent of the voting rights.

Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. Acquired assets and liabilities are measured in the same way as for subsidiaries and the carrying amount includes any goodwill and other Group adjustments. The Group's share of the associate's income after tax arising after the acquisition, adjusted for any depreciation/reversals of the consolidated value, is reported on a line in the income statement and is included in operating income. The share of income is calculated on the basis of Lantmännen's share of equity in the associate. The equity method means that the consolidated carrying amount of investments in associates corresponds to the Group's share of the equity of associates plus the residual value of fair value adjustments.

Unrealized gains and losses that do not involve an impairment loss are eliminated in proportion to the Group's investment in the associate.

Joint ventures

Joint ventures are companies over which Lantmännen and other parties have contractual joint control and are accounted for according to the equity method in the same way as associates.

Non-controlling interests (minorities)

The minority interest's share of a subsidiary's net assets is recognized as a separate item in consolidated equity. In the consolidated income statement, the minority's share is included in accounting profit and information is disclosed about the amount in connection with the accounting profit. Transactions with minority shareholders are recorded as transactions within equity. Any difference between the minority's share of equity and consideration paid or received is recognized directly as a change in equity attributable to the Parent Company's owners.

With each acquisition, Lantmännen assesses whether the minority's share of equity should be measured at fair value or as a proportion of identifiable net assets.



*Note 1 continued***Translation of foreign Group entities**

Statements of financial position and income statements for all Group entities whose functional currency is not the presentation currency are translated into the Group's presentation currency using the following procedures:

- Assets and liabilities are translated at the closing rate on each reporting date reported in the statement of financial position.
- Revenues and expenses are translated at the average rate for each year reported in the income statement and statement of comprehensive income.
- All translation differences that arise are recognized as a separate item under other comprehensive income in the statement of comprehensive income.

In cases where net investments in foreign operations are hedged with financial instruments the foreign exchange differences arising on translation of these instruments are also recognized in the statement of comprehensive income.

When a foreign operation is disposed of, the cumulative translation differences and exchange differences for any financial instruments held for hedging the net investment in the company are recognized as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated according to the same principles as the entity.

Parent Company

The Parent Company recognizes all investments in Group entities, associates and joint ventures at cost, adjusted where applicable by accumulated impairment losses.

FOREIGN CURRENCY TRANSACTIONS AND BALANCE SHEET ITEMS

The various entities within the Group present their reports in the currency of the primary economic environment in which they operate (the functional currency). The consolidated financial statements are prepared in Swedish kronor (SEK), which is the Parent Company's functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the transaction date.

Foreign currency receivables and liabilities are remeasured at closing-date rates at the end of each reporting period. Exchange differences arising on such remeasurement, and upon payment of the transaction, are recognized in the income statement. However, exchange differences arising on remeasurement of items that are hedging transactions, and that qualify for hedge accounting, are recognized in other comprehensive income. Gains and losses on operating receivables and liabilities are netted and reported within operating income. Gains and losses on borrowings and financial investments are reported as financial items.

Exchange differences on receivables which represent an extended investment in subsidiaries are recognized in other comprehensive income in the same way as translation differences relating to investments in foreign subsidiaries.

SEGMENT REPORTING

Reported operating segments are consistent with the internal reporting submitted to the chief operating decision maker, who is the person that allocates resources and evaluates the results of the operating segments. In Lantmännen, this role is assumed by the President, who, on behalf of the Board, takes charge of day-to-day management and governance.

The business segments are consistent with the Group's operational structure in which activities are divided into Sectors. The Sectors are organized around different types of products and services. The four Sectors are Agriculture, Machinery, Energy and Food. Activities not included in a Sector, mainly property operations and corporate functions, are reported as Other operations. A further description of the operating segments is provided in Note 3 on ► pages 94-96.

The Sectors are responsible for their operating income and the assets and liabilities used in their own operations, namely the operating capital. Financial items and taxes do not fall within the Sectors' responsibility; these are reported centrally for the Group. The Sectors use the same accounting policies as the Group, apart from pensions, which they do not account for in accordance with IAS 19, and financial instruments, which they do not account for in accordance with IAS 39.

Transactions between Sectors, segments and businesses are carried out on commercial terms.

PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are recognized at cost less accumulated depreciation and any accumulated impairment. Cost includes expenditure that can be directly attributed to the acquisition of the asset, including the effect of cash flow hedges relating to investment purchases in foreign currencies. Start-up and pre-production costs that are necessary for bringing the asset to its pre-determined condition are included in the cost. For major investments, where the total investment value is at least MSEK 300 and the investment period lasts at least 12 months, interest during construction is included in the cost of the asset.

Subsequent expenditure on property, plant and equipment increases the cost only if it is probable that the Group will have future economic benefit from the subsequent expenditure. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

Investment properties

Investment properties are recognized at cost less accumulated depreciation and any accumulated impairment. The fair value of investment properties is provided as an additional disclosure, see ► Notes 13 and 42. In the Group, properties where more than 90 percent is rented to parties other than Group entities are classified as investment properties. In the Parent Company, properties are classified as investment properties when more than 90 percent is rented to other entities. The Parent Company's investment properties rented to Group entities are reported as operating properties in the consolidated financial statements.

Depreciation policies for property, plant and equipment

Land is assumed to have an indefinite useful life and is therefore not depreciated. Depreciation of other property, plant and equipment is based on cost less estimated residual value. Depreciation is straight-line over the asset's estimated useful life. Each component of a larger item of property, plant and equipment with a cost that is significant in relation to the asset's total cost and with a useful life significantly different from the rest of the asset, is depreciated separately.

The assets' residual values and useful lives are tested at least annually and adjusted as necessary.

The following depreciation schedules are applied:

Buildings	14–100 years
Grain elevators	10–33 years
Property fixtures	10–25 years
Plant and machinery	5–20 years
Equipment, tools	5–15 years
Vehicles	5–10 years
Office equipment	3–10 years

INTANGIBLE ASSETS

An intangible asset is recognized when the asset is identifiable, the Group controls the asset, and it is expected to yield future economic benefits. Intangible assets such as goodwill, trademarks and customer relationships are identified and measured normally in connection with business combinations. Expenditures on internally generated trademarks, customer relationships and internally generated goodwill are recognized in the income statement as an expense when they are incurred.

Goodwill

Goodwill is the amount by which the cost of acquisition exceeds the fair value of the net assets acquired by the Group in a business combination. The value of the goodwill is allocated to the operating segment's cash-generating units which are expected to benefit from the acquisition that gave rise to the goodwill item. Goodwill is carried at cost less accumulated impairment losses and is tested annually for impairment. Goodwill impairment is not reversed.

Goodwill arising on acquisition of associates is included in the carrying amount of the associate and is tested for impairment as part of the value of the total investment in the associate.

Net gains or losses on the disposal of Group entities include the remaining carrying amount of the goodwill attributable to the divested entity.

Trademarks

The value of trademarks is carried at cost less any accumulated amortization and impairment losses. Trademarks with an indefinite useful life are not amortized

Note 1 continued

but are tested annually for impairment in the same way as goodwill. Trademarks that Lantmännen intends to continue using for the foreseeable future and that have a cost of at least MSEK 10 are classified as trademarks with an indefinite useful life.

The relief from royalty method is used to measure trademarks identified in a business combination.

Trademarks with a finite useful life are amortized on a straight-line basis over their expected useful life, which varies between 5 to 10 years.

Parent Company

The Parent Company recognizes the value of trademarks at cost less any accumulated amortization and impairment losses.

Customer and supplier relationships

Intangible assets in the form of customer and supplier relationships are identified in connection with business combinations. The value of customer relationships is calculated using the multi-period excess earning method, together with any other relevant information, and is carried at cost less accumulated amortization and impairment losses.

At present, existing customer relationships are considered to have a useful life of 7 years and existing supplier relationships a useful life of 10 years.

Research and development

Expenditure on research is recognized as an expense in the period in which it is incurred. Expenditure on development is recognized as an intangible asset only if it is technically and financially feasible to complete the asset, it is expected to provide future economic benefits and the cost of the asset can be measured reliably. In respect of development of seed grain, this means that costs cannot be capitalized until an official variety test has shown potential success for the variety. With regard to the development of fuels, expenditure is capitalized only when the product can demonstrate technical acceptance and commercial potential and political decisions have been made. Currently, this means that all expenditure on the development of commercial products and similar products is expensed as incurred. Expenditure on development of business-related IC/IT systems is capitalized if the general preconditions according to the above are met and the total expenditure is estimated to exceed MSEK 3.

Capitalized expenditure is amortized on a straight-line basis over the estimated useful life of 5 to 10 years.

Other intangible assets

Intangible assets also include patents, licenses and other rights. The assets are carried at cost less accumulated amortization and impairment losses. Amortization is straight-line over the expected useful life of the asset, which is estimated at 5-10 years.

Subsequent expenditure on other intangible assets increases the cost only if it is likely that the Group will have future economic benefit from the subsequent expenditure. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

IMPAIRMENT LOSSES


Intangible assets with an indefinite useful life are not amortized but are tested for impairment annually or more frequently if there is an indication of impairment. The carrying amounts of assets that are amortized are regularly tested. At the end of each reporting period, an assessment is made as to whether there is any indication that the assets are impaired and need to be written down. The recoverable amount is estimated for these assets and for assets with indefinite useful lives. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. An impairment loss is recognized if the recoverable amount is less than the carrying amount. A previously recognized impairment loss is reversed if the reasons for the earlier impairment no longer exist. However, an impairment loss is reversed only to the extent that it does not increase the carrying amount of an asset above the amount that would have been determined had no impairment loss been recognized in prior years. Impairment of goodwill is never reversed.

For an asset that depends on other assets generating cash flows, the value in use of the smallest cash-generating unit to which the asset belongs is estimated. Goodwill is always allocated to the cash-generating units that benefit from the acquisition that generated the goodwill.

An asset's value in use is the present value of the estimated future cash flows that are expected from using the asset and its estimated residual value at the end of its useful life. When calculating the value in use, future cash flows are discounted at an interest rate before tax that takes into account a market assessment of risk-free interest rates and risk involved with the specific asset. At Lantmännen the risk premium is estimated in relation to the proximity of the operation to the farmer. Operations close to the farmer have a lower risk premium level.

INVENTORIES

Inventories are measured at the lower of cost and net realizable value at the reporting date. The cost is estimated by applying the FIFO (first in/first out) method or weighted average prices. The cost of self-produced goods includes raw materials, direct wages, other direct costs and production-related overhead costs, based on normal production capacity. Borrowing costs are not included in the measurement of inventories. Net realizable value is the estimated selling price in operating activities less the estimated costs to complete and sell the product.

For recognition of grain stocks, see also "Revenue recognition – grain" on  page 93.

CONSTRUCTION CONTRACTS AND SIMILAR ARRANGEMENTS

In the consolidated financial statements, the percentage of completion method is applied to construction contracts for which the outcome can be calculated in a satisfactory manner. Income and expenses are recognized in the income statement in relation to the contract's stage of completion. The stage of completion is determined on the basis of contract costs expended in relation to the total calculated contract costs for the contract. Expected losses are expensed immediately.

FINANCIAL ASSETS AND LIABILITIES – FINANCIAL INSTRUMENTS

All financial instruments are recognized in the statement of financial position. Financial assets include cash and cash equivalents, trade receivables, shares and other equity instruments, loan receivables, other interest-bearing instruments and derivatives. Financial liabilities include trade payables, loans and derivatives. Derivative instruments include forward contracts, futures and swaps used primarily to cover risks relating to exchange rate and commodity price fluctuations and exposure to interest-rate risks. Derivative instruments are recognized in the statement of financial position when the agreements are made. Trade receivables are recognized in the statement of financial position when the invoice is issued. Trade payables are recognized when an invoice is received. Other financial assets and financial liabilities are recognized in the statement of financial position on the settlement date. A financial asset or part of the asset is derecognized on the settlement date or when it expires. A financial liability or part of a financial liability is derecognized on the settlement date or when it is extinguished in another manner.

Classification of financial instruments

Measurement depends on how the financial instrument is classified. Classification takes place at the time the transaction is conducted. Lantmännen classifies its financial instruments in the following categories:

Financial assets measured at fair value through profit or loss

A financial asset is assigned to this category if it is held for trading. Derivative instruments with a positive market value are assigned to this category if they have not been identified as hedging instruments. Changes in value in this category are recognized in profit or loss.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets in this category are carried at amortized cost and are subject to impairment testing.

Impairment of a financial asset takes place if events occur that provide evidence that the future cash flows from the asset will be adversely affected. Impairment testing of trade receivables, for example, is based on an individual assessment of each bad debt receivable and the counterparty in question.

Available-for-sale financial assets

A financial asset that has not been classified in any of the above categories and is not a derivative instrument is included in this category. Financial assets are carried at fair value, and the change in value is recognized in OCI and accumulated in equity until the asset is sold, unless an impairment loss requires a change in value to be reclassified to profit or loss beforehand.



*Note 1 continued***Financial liabilities measured at fair value through profit or loss**

Derivative instruments with a negative fair value are assigned to this category, unless the instrument has been identified as a hedging transaction. Changes in the values of these instruments are recognized in profit or loss.

Other liabilities

This category includes all liabilities except for derivative instruments. Other liabilities are carried at amortized cost.

Derivatives used in hedge accounting

This category includes derivatives used in hedge accounting in accordance with the description in the section on Derivative instruments and hedge accounting.

Non-current financial assets

Equities and interest-bearing securities acquired for permanent use in operations are reported under non-current financial assets. Listed equities are categorized as "available-for-sale financial assets". Unlisted shares and market-listed securities are categorized as "at fair value through profit or loss". Unlisted interest-bearing securities are categorized as "loans and receivables".

Trade receivables

Trade receivables are included in the "loans and receivables" category and are recognized at the amount expected to be collected based on an individual assessment of doubtful trade receivables.

Short-term investments

Short-term investments are mainly short-term bank deposits with an original maturity of between 3 and 12 months or instruments that are immediately marketable. Short-term investments are included in the "loans and receivables" category.

Cash and cash equivalents

Cash and cash equivalents comprise cash, immediately available bank deposits as well as other money market instruments with an original maturity less than three months and are included in the "loans and receivables" category.

Interest-bearing liabilities

Interest-bearing liabilities are mainly loans from credit institutions and members. Also included are deposits from the public in Lantmännen Finans AB. Interest-bearing loans are initially recognized at cost corresponding to the fair value of the performance received. The transaction costs are amortized over the term of the loan. These liabilities are included in the "other liabilities" category.

DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

Holdings of financial derivative instruments comprise interest rate and currency swaps, currency forward contracts, commodity derivatives and electricity derivatives.

Derivative instruments are carried at fair value and the result of the remeasurement affects the income statement when the derivative does not qualify for hedge accounting. Hedge accounting may be applied if certain criteria are met with regard to documentation of the hedge relationship and the hedge effectiveness. Most of the derivative contracts used at Lantmännen have been entered into to hedge risks such as currency risk.

The majority of the derivative instruments held by Lantmännen are hedging instruments that qualify for hedge accounting. Financial derivative instruments that are hedging instruments hedge either an asset or a liability, a net investment in foreign operations or are a hedge of an actual or forecast transaction.

IAS 39 defines three different hedging relationships: cash flow hedges, hedging of net investments and fair value hedges. Lantmännen currently applies only cash flow hedging and hedging of net investments.

A **cash flow hedge** is a hedge held to reduce the risk of an impact on profit or loss from changes in cash flow relating to a highly probable forecast future transaction or in transactions associated with an asset or liability. In cash flow hedge accounting, the change in the derivative instrument's fair value is recognized in equity via other comprehensive income. When the hedged position is recognized in profit or loss, the result of the revaluation of the derivative instrument is also transferred to profit or loss.

Cash flow hedging using various types of derivative instruments is applied to currency and commodity price risks in commercial flows, electricity price risks and interest rate risks in the debt portfolio.

Hedging of net investments refers to hedges held to reduce the effect of changes in the value of a net investment in a foreign operation owing to a change in foreign exchange rates. Foreign currency gains or losses arising from remeasurement of the fair value of the instruments used for these hedges are recognized in other comprehensive income and accumulated in equity. The result is reclassified from equity to profit or loss upon disposal of the foreign operation.

Net investments are currently hedged by borrowing and currency swaps in the corresponding foreign currency.

Exchange differences on receivables which represent an extended investment in subsidiaries are recognized in OCI in the same way as translation differences relating to investments in foreign subsidiaries.

Currency risk

Currency derivatives are entered into with the aim of limiting the impact of short-term currency movements on Lantmännen's earnings and financial position. The basis for Lantmännen's financial policy is that the currency is part of the pricing and shall therefore be hedged by no later than when agreements are entered into with customers.

Interest rate risk

Interest rate derivatives are used for the purpose of changing the fixed-rate interest period of underlying financial assets and liabilities. Interest rate swaps are used to hedge against interest rate risks. Amounts that are to be paid or received according to the interest rate swap agreement are recognized on an ongoing basis as interest income or interest expense.

Commodity price risk

Commodity derivatives are used for the purpose of reducing earnings fluctuations caused by variations in the price of commodities, particularly wheat, malting barley, oilseed rape and soybeans. Hedge accounting is applied, which means that the effect of the hedge is recognized in the income statement in the same period as the underlying transaction.

Electricity price risk

Electricity derivatives are entered into to increase the predictability of costs, thereby reducing earnings volatility and the need for changes in prices to customers caused by fluctuations in the price of electricity.

Ethanol price risk

Ethanol derivatives are used for the purpose of reducing earnings volatility caused by variations in the price of ethanol. The capacity to hedge price risk via derivatives in the ethanol market is limited. Ethanol is priced in EUR or USD. The basis for the Group's financial policy is that the currency is part of the transaction's pricing and shall therefore be hedged by no later than when agreements are established. Ethanol price risk only arises in the Energy Sector.

Parent Company

In the Parent Company, financial instruments are accounted for using the cost method. As the interest-bearing assets and liabilities of the Parent Company are consistent in all material respects with those of the Group, no special disclosures are provided for the Parent Company.

DETERMINATION OF FAIR VALUE

Most of Lantmännen's financial instruments are listed in official markets and measured at the quoted market prices. This applies, for instance, to commodity futures and energy derivatives.

For unlisted financial instruments, or if the market for a certain financial asset is inactive, the value is determined through the application of generally accepted valuation techniques, whereby the Group makes assumptions based on market conditions prevailing at the reporting date. The fair value of forward exchange contracts and currency swaps is estimated based on current forward rates at the reporting date, while interest rate swaps are valued using estimates of future discounted cash flows. Market rates and current credit margins form the basis for determining the fair value of long-term borrowings.

Note 1 continued

For financial assets and liabilities with short maturities, the fair value is estimated at cost adjusted for any impairment. If the fair value of equity instruments cannot be determined, they are reported at cost adjusted for any impairment.

PROVISIONS

Provisions are recognized when Lantmännen has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation. The amount of the provision is recognized the best estimate of the expenditure required to settle the obligation at the reporting date. For long-term material amounts, provisions are measured at the present value of the expenditure required to settle the obligation, taking into account the time value of money. Provisions for warranty obligations are made and estimated on the basis of previous years' warranty costs and an assessment of the future warranty risk. Provisions are made when the product or service has been sold. Provisions for restructuring measures are made when a detailed, formal plan for measures is in place and well-founded expectations have been created for those who will be affected by the measures. No provisions are made for future operating losses.

EMPLOYEE BENEFITS

Pensions

Lantmännen has both defined contribution and defined benefit pension plans, most of which are funded.

With defined contribution plans, the company pays fixed contributions to a separate legal entity and has no obligation to pay further contributions thereafter. The costs for these plans are charged to consolidated profit as the benefits are earned.

Defined benefit pension plans define an amount of pension benefit that an employee will receive on retirement, based on factors such as salary, years of service and age. The Group's companies bear the risk associated with paying out promised benefits. Plan assets in funded plans can only be used to pay benefits under the pension agreement.

The liability recognized in the statement of financial position consists of the net of the estimated present value of the defined benefit obligation and the fair value of the plan assets associated with the obligation at the reporting date, either in a pension fund or in some other arrangement.

Pension costs and pension obligations for defined benefit plans are calculated according to the projected unit credit method. This method allocates the costs for pensions as the employees carry out services for the company that increase their entitlement to future benefits. The company's obligation is calculated annually by independent actuaries. The obligation comprises the present value of the expected future payments. The discount rate that is used corresponds to the interest rate for high-quality corporate bonds or treasury bonds with a maturity that corresponds to the average term for the obligations and the currency. An interest rate equivalent to the interest rates of high-quality mortgage bonds is used for Swedish plans. These bonds are considered equivalent to corporate bonds as they have a sufficiently deep market to be used as the basis for the discount rate.

Actuarial gains and losses may arise in determining the present value of the defined benefit obligation and fair value of plan assets. These arise either when the actual outcome diverges from the previously calculated assumption or the assumption changes.

Lantmännen recognizes actuarial gains and losses directly in OCI.

A special payroll tax is calculated on the difference between the pension obligation determined according to IAS 19 and the pension obligation determined according to the rules applied in the legal entity. The calculated future payroll tax is recognized in the statement of financial position under other non-current provisions. The present value of the provision is not calculated. The change in the provision is recognized to the extent that it relates to actuarial gains or losses in OCI.

Parent Company

The Parent Company applies the Pension Obligations Vesting Act (Tryggandelagen) and the Swedish Financial Supervisory Authority's rules relating to defined benefit pensions, which is a requirement for tax deductibility. The accounting follows RFR 2 Accounting for Legal Entities and FAR's recommendation No. 4, Accounting of pension liabilities and pension costs. The most significant differences from the rules in IAS 19 relate to the determination of the discount rate

and the fact that the obligation is calculated on the basis of present salary level and that actuarial gains and losses are recognized in the income statement as soon as they arise.

Termination benefits

A provision for costs in connection with termination of personnel is recognized only if the company is obligated to end employment before the normal retirement date or when benefits are provided as an incentive to encourage voluntary termination. Estimated termination benefits are recognized as a provision when a detailed plan for the measure is presented.

Variable salary

Provisions for variable salary are expensed on an ongoing basis in accordance with the economic substance of current agreements.

TAXES

The Group's tax expense consists of current tax and deferred tax. Taxes are recognized in the income statement, except when the underlying transaction is recognized directly in equity or OCI, in which case the related tax effect is also recognized in equity or OCI. However, in the case of contribution dividends, refunds and final price adjustments, which are reported as dividends in equity, the tax effect of these tax-deductible items is recognized in the income statement according to the rules applicable to tax effects of dividends. Current tax is the tax payable or receivable for the current year. Current tax also includes adjustments to current tax attributable to prior periods.

Deferred tax is recognized using the balance sheet liability method on all temporary differences arising between the tax base of assets and liabilities and their carrying amount. Deferred tax is measured at the nominal amount and is calculated by applying the tax rates and regulations that have been enacted or substantively enacted by the reporting date. Deferred taxes relating to temporary differences attributable to investments in subsidiaries and associates are not recognized, as, in each case, Lantmännen is able to control the date for their reversal and it is not considered probable that any such reversal will occur in the near future.

Deferred tax assets relating to deductible temporary differences and loss carryforwards are recognized only to the extent that it is considered probable that these will result in lower tax payments in the future.

Deferred tax assets and deferred tax liabilities are offset when they are attributable to the same tax authority and the companies in question have a legally enforceable right to offset current tax assets against current taxation liabilities.

Parent Company

Because of the relationship between tax expense and accounting profit, the Parent Company recognizes deferred tax liabilities in untaxed reserves. However, in the consolidated financial statements, untaxed reserves are divided into deferred tax liabilities and equity.

REVENUE

Revenue is recognized net of value added taxes, excise duties and, where relevant, the value of discounts provided.

Revenue from the sale of goods and services is recognized on delivery to the customer and in accordance with the terms of the sale, i.e., when the significant risks and rewards of ownership have been transferred to the customer. Rental income is recognized in the period to which the rental relates.

The percentage of completion method is used for construction contracts when the outcome can be estimated reliably. Revenue is recognized in the income statement by reference to the contract's stage of completion.

Interest income is recognized on a time-proportion basis using the effective interest method.

Royalties and similar revenues are recognized on an accruals basis in accordance with the substance of the relevant agreement.

Dividends are recognized when the right to receive a dividend has been established.

Other revenue includes compensation for sales outside the Group's ordinary activities, such as external rental income, gains or losses on sales of non-current assets and gains or losses on disposals of Group entities.



Note 1 continued

REVENUE RECOGNITION – GRAIN

Lantmännen's entire contractual purchases of the grain harvest for a single harvest year are considered as one project from a hedging perspective. The project starts on July 1 of the harvest year and ends when the grain for this harvest year has been sold out, or no later than September of the following year. In this way, the result of the entire project is distributed evenly in relation to delivered quantities over the lifetime of the project, regardless of fluctuations in actual sale and purchase prices during the period. Whenever a loss is identified, it is recognized directly in the income statement.

The valuation of current grain stocks is based on the purchase prices that are determined according to the policies described above at the end of each reporting period.

REFUND AND FINAL PRICE ADJUSTMENT

Members of Lantmännen ek för may receive a refund for patronage with the association and the machinery business, plus a final price adjustment on sales to the association. The amount of the refund and final price adjustment is decided by the Board at the end of the year. The refund and final price adjustment represents part of the economic association's dividend to its members and is recognized as a dividend in the consolidated financial statements.

Parent Company

In the Parent Company the refund and final price adjustment is recognized as an expense in the income statement and is reported under income after financial items. It is not recognized on an accruals basis during the year but in its entirety when the Board makes its decision on the refund and final price adjustment amount.

LEASING

The Group acts both as lessor and lessee. The Group acts as a lessor only with regard to goods it normally sells, i.e., in connection with customer financing.

Leases are classified in the consolidated financial statements as finance leases or operating leases. A finance lease is a lease that transfers substantially all the financial risks and rewards incident to ownership. An operating lease is a lease other than a finance lease.

The lessee recognizes a finance lease as a non-current asset and a corresponding interest-bearing liability in the statement of financial position at an amount equal to the value of the leased asset. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned. The lease payments are apportioned between interest and amortization of the initially recognized liability.

The lessee does not recognize an operating lease as asset in the statement of financial position. The total lease payments are recognized as an expense on a straight-line basis over the lease term.

When the Group is lessor, assets leased under operating leases are recognized as non-current assets in the statement of financial position and are depreciated over their estimated useful life. The lease payments are included in operating income and allocated on a straight-line basis over the term of the lease. In the case of finance leases, the transaction is recognized as a sale that gives rise to a receivable, which is recognized as a finance lease receivable. Payments received in connection with finance leases are recognized as interest income and amortization of the finance lease receivable.

Parent Company

All leases in the Parent Company are accounted for according to the rules for operating leases. The Parent Company only acts as a lessee.

GOVERNMENT GRANTS

Government grants are recognized in the statement of financial position and the income statement when there is reasonable assurance that the Group will comply with any conditions attached to the grant and the grant will be received. Grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. If the government grant or assistance is neither related to the acquisition of assets nor to compensation of costs, it is recognized as other income.

BORROWING COSTS

Borrowing costs attributable to investments in assets that take more than 12 months to complete, and for which the investment amount is at least MSEK 300, are capitalized as part of the investment amount. Other borrowing costs are expensed in the period in which they are incurred.

BIOLOGICAL ASSETS

Biological assets are measured and carried at fair value in accordance with IAS 41. Within Lantmännen there are businesses that own and manage biological assets. These assets normally have a short life, less than one year. For that reason Lantmännen has chosen to view the recognized cost as an estimate of fair value. These operations account for a small fraction of Lantmännen's overall operations.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Lantmännen only reclassifies assets as held for sale if their value is substantial. The current threshold is MSEK 50.

GROUP CONTRIBUTIONS AND SHAREHOLDER CONTRIBUTIONS

Parent Company

The Swedish Financial Reporting Board has introduced new rules for reporting group contributions in its recommendation RFR 2 Accounting for Legal Entities. The rules are effective from 2013, but early application is permitted and Lantmännen has chosen to apply the rules from 2012. Lantmännen is applying the alternative rule, which means that both group contributions received and group contributions made are reported as an appropriation.

The issuer capitalizes the shareholder contribution in shares and interests to the extent that impairment is not required. The recipient recognizes the shareholder contribution directly in equity.

RELATED PARTIES

By virtue of its control, the Parent Company has a related party relationship with its subsidiaries and sub-subsidiaries. By virtue of their significant influence, the Group and Parent Company have a related party relationship with their associates, which include directly and indirectly owned companies.

Lantmännen's Grodden pension fund is a post-employment benefit plan for employees of companies in the Lantmännen Group. As such, the fund is considered to be a related party.

Intra-Group purchases and sales of goods and services are conducted at market prices.

By virtue of their right to participate in the decisions concerning the Parent Company's strategies, Board members have significant influence over the Parent Company and are therefore considered to be related parties. The purpose of an economic association is to promote the economic interests of its members through the economic activities in which they participate. Accordingly, purchases and sales of goods and services have been conducted during the financial year between the Parent Company and individual Board members who are members of the association. These individual Board members also participate in the financing of the association. Transactions between Board members in their capacity as owners and the economic association have taken place in accordance with the association's objectives. As Board members are subject to the same conditions as other members, the amounts involved in these transactions are not disclosed.

The Group's main currencies:

MSEK	2012		2011	
	Average rate	Closing rate	Average rate	Closing rate
DKK	1.17	1.16	1.21	1.20
EUR	8.71	8.62	9.03	8.94
GBP	10.73	10.49	10.41	10.68
NOK	1.16	1.17	1.16	1.15
USD	6.78	6.52	6.50	6.92



NOTE 2 SIGNIFICANT JUDGMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS

Preparation of annual financial statements in accordance with IFRS in many cases requires management to make judgments and use of accounting estimates and assumptions in determining the carrying amounts of assets and liabilities. These estimates are based on historical experience and assumptions that are considered reasonable and realistic in the current circumstances. The actual outcome may differ from the accounting estimates and assumptions.

The estimates and underlying assumptions are regularly reviewed. The effect of a change in an accounting estimate is recognized in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

A general description of the accounting policies where management's accounting estimates and assumptions are expected to have a material effect on the Lantmännen Group's financial position and financial statements is provided below. The carrying amounts at the reporting date can be found in the statement of financial position and associated notes.

Impairment of goodwill and other assets

Goodwill and other intangible assets with indefinite useful lives are tested for impairment annually or whenever there are indications of possible impairment – in situations such as a changed business environment, a divestment decision or closure of operations. The Group's goodwill and other intangible assets amounted to MSEK 3,429 (3,407) at the end of the year, which corresponds to 31 (31) percent of the Group's equity. Other assets are tested for impairment as soon as there is an indication that an asset's recoverable amount is lower than its carrying amount.

In most cases, an asset's value in use is estimated by reference to the present value of the future cash flows the Group expects to derive from the asset. The cash flow projection is based on assumptions that represent management's best estimate of the economic conditions that will exist over the remaining useful life of the asset, and are based on the latest financial plan. An impairment loss is recognized if the estimated value in use is lower than the carrying amount.

The discount rates used to calculate the present value of the expected future cash flows are estimated from the current weighted average cost of capital established within the Group for the markets in which the cash-generating units are active.

Other estimates regarding expected future results and the discount rates used can give different values of assets from those applied.

Impairment is described in more detail in ► Note 6.

Deferred tax assets and tax liabilities

Assessments are made to determine deferred tax assets and tax liabilities. Deferred tax assets, which arise mainly from unused tax losses or unused tax credits, are recognized as an asset when it is considered likely that the deferred tax assets can be utilized and offset against future taxable profits. Other assumptions regarding the outcome of these future taxable profits, as well as changes in tax rates and rules can result in significant differences in the measurement of deferred taxes.

More detailed information about amounts can be found in ► Note 11.

Pensions

The value of pension obligations for defined benefit pension plans is determined by using actuarial calculations based on assumptions about discount rates, future salary increases, inflation and demographics. The discount rate, which is the most critical assumption, is based on the market return on high-quality corporate bonds, namely mortgage bonds with long maturities. The rate is extrapolated to correspond to the pension plan's obligations. A lower discount rate increases the present value of the pension obligation and pension cost, while a higher discount rate has the reverse effect. A 0.25 percent change in the discount rate would change the pension obligation by approx. MSEK 75.

More detailed information about amounts can be found in ► Note 23.

NOTE 3 SEGMENT REPORTING

INFORMATION ABOUT OPERATING SEGMENTS

Financial year 2012 MSEK	Agriculture Sector	Machinery Sector	Energy Sector	Food Sector	Other operations	Group- wide	Total Group
Net sales							
External sales	9,285	9,122	3,485	14,604	30	-	36,526
Internal sales	1,585	24	130	51	57	-1,847	0
Total net sales	10,870	9,146	3,615	14,655	87	-1,847	36,526
Operating income per segment	165	300	-21	252	223	-234	685
<i>Of which share of income of associates</i>	<i>75</i>	<i>-</i>	<i>-</i>	<i>12</i>	<i>10</i>	<i>-</i>	<i>97</i>
Finance income							247
Finance costs							-429
Tax expense for the year							-91
Net income for the year							412
Other disclosures							
Assets	4,612	3,768	2,598	10,835	1,647	-309	23,151
Equity share of associates	906	-	10	162	191	-	1,269
Unallocated assets							1,947
Total assets	5,518	3,768	2,608	10,997	1,838	-309	26,367
Liabilities	978	1,306	410	2,150	1,488	-352	5,980
Unallocated liabilities							9,455
Equity							10,932
Total liabilities and equity	978	1,306	410	2,150	1,488	-352	26,367
Investments	126	378	67	606	83	32	1,292
Depreciation, amortization and impairment	-125	-201	-174	-627	-35	-23	-1,185



Note 3 continued

Financial year 2011 MSEK	Agriculture Sector	Machinery Sector	Energy Sector	Food Sector	Other operations	Group- wide	Total Group
Net sales							
External sales	9,921	10,298	2,920	14,658	99	-	37,896
Internal sales	1,576	30	132	50	510	-2,298	0
Total net sales	11,497	10,328	3,052	14,708	609	-2,298	37,896
Operating income per segment	183	444	-141	298	-95	515	1,204
<i>Of which share of income of associates</i>	<i>88</i>	<i>-</i>	<i>2</i>	<i>13</i>	<i>4</i>	<i>-</i>	<i>107</i>
Finance income							239
Finance costs							-576
Tax expense for the year							-147
Net income for the year							720
Other disclosures							
Assets	4,100	3,789	2,606	11,209	2,698	-742	23,660
Equity share of associates	897	-	10	151	219	-	1,277
Unallocated assets							1,684
Total assets	4,997	3,789	2,616	11,360	2,917	-742	26,621
Liabilities	1,087	1,625	335	2,115	2,081	-742	6,501
Unallocated liabilities							9,178
Equity							10,942
Total liabilities and equity	1,087	1,625	335	2,115	2,081	-742	26,621
Investments	103	307	85	814	155	0	1,464
Depreciation, amortization and impairment	-134	-174	-239	-759	-63	3	-1,366

INFORMATION ABOUT GEOGRAPHIC AREAS

MSEK	2012		2011	
	External sales	Non-current assets	External sales	Non-current assets
Sweden	18,287	6,090	20,136	7,190
Denmark	5,104	2,868	4,883	3,081
Norway	3,480	451	3,320	355
Germany	3,124	1,105	3,751	976
United Kingdom	1,581	971	1,516	1,019
Netherlands	758	16	544	17
Belgium	567	1,162	606	390
Finland	484	203	376	232
Baltics	437	226	429	102
Poland	392	134	467	131
Russia	330	39	302	48
Rest of Europe	1,062	61	947	62
United States	634	299	434	339
Rest of world	286	1	185	0
Total	36,526	13,626	37,896	13,942

The information presented regarding distribution of revenue by geographical area is grouped according to customer location.

Information regarding assets is based on geographical areas grouped according to asset location, i.e., where the entity carries on its production of goods and services, and includes property, plant and equipment, intangible assets and investments in associates.

Note 3 continued

Lantmännen's activities are operationally divided into Sectors.

Internal reporting to Group Management and the Board corresponds with the Group's operational structure, which means the Group's operating segments are its Sectors. The division into Sectors is based on the Group's operations from a product and customer perspective.

Sales between the Group's entities are conducted at market terms and conditions.

The assets and liabilities used in the segments' operating activities are attributed directly to the Sector that is responsible for the relevant area. These assets and liabilities include property, plant and equipment, intangible assets, current assets, operating liabilities and provisions attributable to the sale of goods and services, i.e., the Sectors' operating capital. Assets and liabilities are attributed directly to the Sectors or allocated to them in a reasonable and reliable manner.

Responsibility for the management of what the Group defines as financial assets and liabilities, and for the Group's tax lies with the corporate functions at central level. Financial assets and liabilities, provisions for pensions, taxes and gains and losses arising from the remeasurement of financial instruments under IAS 39 and pension obligations under IAS 19 have not been allocated to each Sector.

All capital expenditure on property, plant and equipment and intangible assets, apart from expendable equipment and company acquisitions, are included in the Sectors' investments.

The Group consists of four Sectors each specializing in a particular line of business. The segment 'other operations' encompasses property management and a number of small companies which are controlled at central level. The Sectors are outlined below:

The Agriculture Sector is the Group's core business. The Sector develops and supplies products and services that will create the conditions for profitable and competitive agriculture for Lantmännen's owners. The Sector buys and sells grain and processes, develops and markets products in feed, crop production and seed. The Sector also includes Lantmännen Bygglant, which constructs different types of farm buildings, and the Group's international agriculture operations in the form of shares in associates.

The Machinery Sector imports, markets and sells farm machinery and equipment in Scandinavia and is the distributor and dealer of Volvo construction equipment in Sweden, the Baltics, and northern and central Germany. The Sector also markets and sells lubricants and hydraulic oils and engages in servicing and parts sales in its area of operation.

The Energy Sector develops and manufactures bio-based energy products and environmentally friendly service products, such as grain-based fuel ethanol, heating pellets, district heating, alkylate petrol and alcohol for the beverage industry.

The Food Sector encompasses the Group's food production and consumer product entities. These include:

- Lantmännen Cerealia which develops, manufactures and sells grain-based products such as flour, flour mixes, hulled grains, muesli, pasta and pancakes, as well as ready-to-eat meals, beans and lentils. Products are distributed through supermarkets, restaurants, food service providers, bakeries, wholesalers and the food industry in Northern Europe.
- Lantmännen Unibake, which develops, manufactures and sells frozen bread and bake-off products all over the world, and fresh bread mainly in Denmark and Poland. Lantmännen Unibake is one of Europe's largest bakery companies, with customers in food service operations and food retailing.
- Lantmännen Kronfågel, which is the largest producer of fresh, frozen and processed chicken products in the Nordic countries. The company also raises day-old chicks for delivery to breeders.
- Lantmännen Doggy, which develops and manufactures dry and wet cat and dog food.

NOTE 4 BREAKDOWN OF REVENUE

MSEK	2012	2011
Net sales		
Sales of goods	35,685	36,460
Service contracts	214	664
Construction contracts	354	314
Leasing activities, machinery	170	294
Royalties	31	128
Other	72	36
Total	36,526	37,896
Other operating income		
Services	13	17
Capital gains	70	490
Government grants	7	6
Leasing activities, premises	127	48
Other	206	126
Total	423	687

Capital gains include a gain of MSEK 55 (465) on the sale of properties. The majority of the previous year's capital gains came from the sale of properties to the pension fund that Lantmännen established in 2011.

NOTE 5 EMPLOYEES AND EMPLOYEE BENEFITS EXPENSE

Average number of employees	2012	of which female	2011	of which female
Group				
Sweden	4,522	29 %	4,506	29 %
Denmark	1,993	31 %	2,084	30 %
Germany	802	26 %	839	28 %
United Kingdom	657	22 %	603	21 %
Poland	497	33 %	513	29 %
Norway	451	32 %	452	34 %
Belgium	382	33 %	372	33 %
Ukraine	239	58 %	243	58 %
United States	213	31 %	215	31 %
Russia	159	51 %	160	52 %
Latvia	142	30 %	137	30 %
Finland	63	18 %	59	15 %
Hungary	57	52 %	41	54 %
Estonia	34	15 %	34	15 %
Netherlands	13	7 %	14	14 %
Lithuania	11	9 %	11	9 %
Spain	9	50 %	9	44 %
France	4	0 %	4	0 %
Ireland	1	0 %	-	-
Total, Group	10,249	30 %	10,296	30 %
Parent Company				
Sweden	1,244	37 %	1,157	35 %
Total, Parent Company	1,244	37 %	1,157	35 %



Note 5 continued

Employee benefits expense MSEK	Group		Parent Company	
	2012	2011	2012	2011
Salaries and benefits, Boards and Managing Directors	87	94	6	11
- of which variable component	1	2	-	-
Salaries and benefits, other employees	3,903	3,991	586	507
Social security costs	867	821	204	199
Pension costs ¹⁾	269	291	70	125
Other staff costs	196	222	38	55
Total	5,322	5,419	904	897

¹⁾ MSEK 7 (13) of the Group's pension costs relate to boards of directors and Managing Directors. The outstanding pension obligation for these individuals amounts to MSEK 11 (7). MSEK 2 (2) of the Parent Company's pension costs relate to the board of directors and Managing Director. The outstanding pension obligation for these individuals amounts to MSEK 0 (0).

Gender representation in executive management Female representation, %	Group		Parent Company	
	2012	2011	2012	2011
Boards of Directors	13	16	15	15
Other senior executives	28	28	38	44

SALARIES AND REMUNERATION OF SENIOR EXECUTIVES

Senior executives

Senior executives as referred to in this note include Group Management, which consists of the President & CEO, Heads of Sectors and Directors of Corporate Functions. Members of Group Management may be employed by the Parent Company or by subsidiaries. In 2012, the composition of the senior executives group changed from 10 individuals at the beginning of the year to 8 individuals at the end of the year. In 2011, the group consisted of 10 individuals throughout the year. The two individuals who left in 2012 were not replaced. One person has changed position in Group Management and been replaced by new person. The Acting President & CEO was appointed permanent President & CEO in March.

Lantmännen's Remuneration Committee

Lantmännen's Board of Directors has a special Remuneration Committee. Among its tasks, the Remuneration Committee is charged with preparing the Board's decisions regarding the President & CEO's salary and other benefits, as well as approving other Group Management's salaries and other benefits.

Lantmännen's remuneration policy

The objective of Lantmännen's remuneration policy is to offer compensation that promotes Lantmännen's ambition to attract and retain qualified expertise. The fundamental guidelines are to:

- ensure that employees at Lantmännen receive market-based, competitive compensation that makes it possible to recruit and retain capable employees in line with Lantmännen's shared values: openness, a holistic view and drive.
- offer a salary structure based on individual performance, duties, qualifications, experience and position, which means that it is neutral with regard to gender, ethnicity, disability, sexual orientation, etc.

Remuneration structure, 2012

Lantmännen's remuneration structure has the following components:

- Fixed salary
- Variable salary
- Pension
- Termination and other benefits

Fixed salary

The salaries of members of Lantmännen's Group Management are reviewed annually at January 1. The review takes into consideration performance, pay developments in the market, changes in area of responsibility, the company's performance as well as local agreements and rules.

Variable salary

Lantmännen has a Group-wide variable salary program for a defined target group. The target group consists of Group Management, key individuals who report to Group Management, members of the senior management of Sectors, business areas and large subsidiaries and the Managing Directors of smaller companies. Decisions about target groups and guidelines for variable salary are made annually by the Annual General Meeting in the case of the Group Management and by the Board of Lantmännen in other cases. For 2012 the program consists of quantitative and qualitative targets. The quantitative targets represent 75 percent of maximum variable salary and are linked to the economic value added that operating units bring to Lantmännen. This value is calculated by charging the estimated cost of operating capital, currently 8 percent of average operating capital during the year, to operating income. The maximum variable salary that could be paid to Lantmännen's Group management in 2012 was 30 percent of fixed salary with full achievement of targets. As the President & CEO and members of Group Management did not achieve the variable salary targets, they will not receive variable salary for 2012. The total maximum variable salary that could be paid to employees entitled to variable salary in 2012 was approx. MSEK 38, excluding social security costs. A variable salary provision of MSEK 1.4, excluding social security costs, was recognized in 2012.

Pensions

Lantmännen offers its employees occupational pensions unless otherwise regulated in local agreements or other regulations. In Sweden the majority of employees are covered by defined benefit pension plans (ITP) through PRI Pensionstjänst AB. Defined benefit plans also exist in Norway, Germany and other countries. There are currently two different pension guidelines for Lantmännen's Group management: accrual of occupational pension according to the ITP agreement with a pensionable salary ceiling of 30 income base amounts, and with sickness benefits paid according to the ITP agreement, and a premium-based pension, where the premium is equal to 25-30 percent of the pensionable salary. Within the premium framework, the employee personally selects the subdivision between old-age, survivor and sickness benefits. The President & CEO will receive a defined contribution pension with a premium of 30 percent of pensionable salary, with a retirement age of 65 years. Other members of Group Management have an executive pension plan with a premium provision corresponding to 30 percent of salary over 30 income base amounts.

Conditions for pensions before the age of 65

There is at present one senior executive who is accruing pension rights from the age of 63 to the age of 65. This is a defined benefit pension arrangement corresponding to 60 percent of a previously defined pensionable salary. All pension rights are accrued on a straight-line basis and are protected and guaranteed by means of insurance. Other senior executives have no entitlement to a pension before the age of 65.

Conditions for pensions after the age of 65

Four senior executives are accruing in principle an occupational pension in accordance with ITP, with a pensionable salary ceiling of 30 income base amounts. Four senior executives are accruing a defined contribution pension with an allocation for insurance corresponding to 25-30 percent of pensionable salary, which is the fixed salary with or without a ceiling. Within the premium framework, the employee personally selects the distribution between old-age, survivor and sickness benefits. All pension rights are accrued on a straight-line basis and are protected and guaranteed by means of insurance. Four individuals have the new executive pension plan which represents a premium provision corresponding to 30 percent of salary over 30 income base amounts. Sickness benefits are payable in accordance with ITP. Two senior executives have supplementary health insurance.

Other benefits and termination benefits

Other benefits

In addition to fixed salary, pension and long-term sickness benefits, Lantmännen offers occupational injury insurance and occupational group life insurance in accordance with local agreements and regulations. In addition, senior executives are entitled to private health insurance.

Note 5 continued

Termination benefits

The President and CEO has a notice period of six months for termination of employment at the request of the Company and six months for termination at his own request. If the President and CEO's employment is terminated at the request of Lantmännen, he will receive termination benefits corresponding to the fixed salary and other benefits (including occupational pension and insurance during the notice period), in addition to pay during the notice period

corresponding to 12 months' fixed salary, but with a full deduction of any salary from a new employer. Other senior executives have a notice period of six months for termination of employment at their own request and six months for termination at Lantmännen's request. If the termination is at Lantmännen's request, termination benefits corresponding to 12 months are paid, with any income from other employment during this period deducted.

Salaries and remuneration of senior executives 2012 TSEK	Directors' fees	Fixed salary ⁵⁾	Variable salary ⁶⁾	Pension ⁵⁾	Other benefits ⁷⁾	Total 2012
Elected board members of Lantmännen ek för, according to specification below ¹⁾	4,495					4,495
President & CEO Per Olof Nyman ²⁾		5,875	-	1,821	114	7,810
Executive Vice President ³⁾						-
Group Management, other ⁴⁾		18,517	-	5,070	827	24,414
	4,495	24,392	-	6,891	941	36,719

Salaries and remuneration of senior executives 2011 TSEK	Directors' fees	Fixed salary ⁵⁾	Variable salary ⁶⁾	Pension ⁵⁾	Other benefits ⁷⁾	Total 2011
Elected board members of Lantmännen ek för, according to specification below ¹⁾	4,201					4,201
President & CEO Per Strömberg ⁸⁾		7,426	-	2,250	127	9,803
Per Olof Nyman ²⁾		693	-	370	24	1,087
Executive Vice President Per Olof Nyman ²⁾		3,150	-	974	98	4,222
Group Management, other ⁴⁾		16,149	365	4,230	796	21,540
	4,201	27,418	365	7,824	1,045	40,853

¹⁾ Includes remuneration from both Lantmännen ek för and other Group companies.

²⁾ Acting President & CEO from 2011-10-19 to 2012-03-20, and permanent President & CEO thereafter; Executive Vice President from 2011-01-01 to 2011-10-18.

³⁾ The position of Executive Vice President was vacant in 2012.

⁴⁾ Other Group Management consisted of 7 (8) individuals at year-end, the average for the year being 8.5 (8). Disclosures regarding Group Management only apply to individuals who are members of Lantmännen's Group management.

⁵⁾ Certain members of the Group Management are entitled to alternate between fixed pay and pension within the framework of current tax legislation.

⁶⁾ Estimated variable salary for 2012 (2011), payable in 2013 (2012).

⁷⁾ Mainly company cars; other benefits include accommodation and subsistence.

⁸⁾ Under a voluntary salary reduction arrangement, Per Strömberg was entitled to waiver-of-premium insurance that covered monthly premium payments for occupational pension in the event of illness lasting longer than 90 days. The benefit was limited to a maximum amount equal to his fixed salary for 2009 (SEK 5,200,000). The waiver-of-premium insurance entitlement ceased on October 14, 2011 when Per Strömberg resigned from his position. The cost of the insurance is included in Other benefits Per Strömberg's term of employment was until the middle of March 2012, but he was released from his contract with effect from October 19, 2011. Compensation for the portion of the notice period that fell in 2012 was recognized as a cost in 2011, with SEK 1,426,000 attributable to fixed salary, 450,000 to retirement benefits and SEK 21,000 to other benefits.

Board of Directors' fees	2012	2011
Thomas Bodén ⁹⁾	331	843
Bengt-Olov Gunnarson ¹⁰⁾	665	561
Nils Lundberg ¹¹⁾	526	432
Anitra Steen	420	383
Helle Kruse Nielsen	449	389
Ulf Gundemark ¹²⁾	271	-
Per Lindahl ¹³⁾	497	275
Thomas Magnusson	410	390
Hans Wallemyr	392	370
Björn Wallin	434	370
Birgitta Carlander ¹⁴⁾	100	188
Total	4,495	4,201

⁹⁾ Chairman of the Board until May 2, 2012, when Thomas Bodén also left the Board.

¹⁰⁾ Chairman of the Board from May 2, 2012; Vice Chairman prior to this date.

¹¹⁾ Vice Chairman of the Board from May 2, 2012.

¹²⁾ From May 2, 2012.

¹³⁾ From May 4, 2011.

¹⁴⁾ To May 4, 2011.

NOTE 6 DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

MSEK	2012	2011
Depreciation and amortization		
Land and buildings	145	150
Plant and machinery	803	755
Equipment, tools, fixtures and fittings	117	136
Investment properties	3	3
Intangible assets	121	101
Total	1,189	1,145
Impairment, reversal of impairment		
Land and buildings	-	96
Plant and machinery	1	44
Equipment, tools, fixtures and fittings	-5	8
Goodwill	-	73
Total	-4	221
Total		
Land and buildings	145	246
Plant and machinery	804	799
Equipment, tools, fixtures and fittings	112	144
Investment properties	3	3
Goodwill	0	73
Other intangible assets	121	101
Total	1,185	1,366

Impairment by Sector

MSEK	2012	2011
Agriculture Sector, as an effect of restructuring decision	9	-
Energy Sector, from annual impairment testing	-	73
Food Sector, as an effect of restructuring decision	-13	148
Total	-4	221

For further details see also Notes 12, 13 and 14.

Impairment

Lantmännen measures the recoverable amount of assets in predefined cash-generating units when there are indications that there may have been a material decline in value and this is not expected to be temporary.

Lantmännen always conducts annual impairment testing (usually in the fourth quarter) of cash-generating units that contain goodwill and other intangible assets with an indefinite useful life, irrespective of whether there is any indication that the assets may be impaired.

The recoverable amount of cash-generating units is determined by calculating their value in use. Value in use is the present value of the estimated future cash flows expected to be derived from continuing use of the asset and the calculated residual value at the end of its useful life. The estimates for the year are based on adopted budgets for 2013 and adopted strategic plans for 2014 and 2015. The calculation of value in use is also based on what management believes are reasonable market assumptions, and includes cash flow projections for the existing operations over these three years and over the estimated remaining useful life, with annual growth after 2015 assumed to be weak, i.e. 1 percent for most operations.

The discount rates used for the present value calculation of the expected future cash flows correspond to the long-term return requirements, before tax, that have been defined for operations in the cash-generating units. In determining the discount rate, the risk associated with the asset in question is taken into account; proximity of operations to the farmer have a lower risk premium.

The cash-generating units, as defined at Lantmännen, are at a lower organizational level than the segments which are shown in Lantmännen's segment reporting and which correspond to the Group's Sectors.

The majority (87 percent) of the Group's value of goodwill and other assets with indefinite useful lives is attributable to the business area Lantmännen Unibake. A pre-tax discount rate of 9 (9) percent was applied during impairment testing of this cash-generating unit and no impairment was identified. An increase of 1 percentage point in the discount rate would reduce the estimated value in use by MSEK 750. With an increase of just over 1 percentage point, an impairment loss would occur, all other assumptions remaining unchanged.

Other units with goodwill and intangible assets with indefinite useful lives were well within the estimated value in use limit during impairment testing for the year.

Other impairment of non-current assets during the year was an effect of restructuring decisions and not a result of impairment testing of the assets in cash-generating units.

In 2011, impairment testing of goodwill and intangible assets with indefinite useful lives resulted in a goodwill impairment loss of MSEK 73 in Lantmännen Agroenergi, which corresponded to the entire goodwill reported for that cash-generating unit. An impairment loss on property, plant and equipment was recognized, as a result of restructuring decisions

NOTE 7 FEES AND REIMBURSEMENT OF EXPENSES TO AUDITORS

MSEK	2012	2011
Ernst & Young		
Annual audit	16	15
Other auditing services	0	0
Tax consultancy services	2	5
Other services	12	10
Total	30	30
Other auditors		
Annual audit	1	1
Other services	1	1
Elected auditors		
Annual audit	1	1

The annual audit comprises the auditing of the annual financial statements for the Parent Company and Group, the accounting records and the administration of the Board of Directors and President & CEO. It also include other duties incumbent on the company's auditors, as well as advice and other assistance arising from observations made while performing the audit or carrying out such other duties.

NOTE 8 FINANCE INCOME AND EXPENSE

MSEK	2012			2011		
	Income	Expense	Total	Income	Expense	Total
Financial assets at fair value through profit or loss						
Dividend	6	-	6	3	-	3
Capital gains ¹⁾	1	-	1	19	-	19
Impairment, reversal of impairment	-5	-	-5	-	-	0
Other income	-	-	0	-	-1	-1
			2			21
Loans and receivables						
Interest income, receivables from members	77	-	77	72	-	72
Other interest income	82	-	82	46	-	46
			159			118
Available-for-sale financial assets						
Dividend	6	-	6	2	-	2
Capital gains	5	-	5	-	-	-
Impairment, reversal of impairment ²⁾	-	-	0	-	-115	-115
			11			-113
Derivatives used in hedge accounting						
Interest on currency forward contracts and swaps	74	-73	1	85	-51	34
Ineffective portion of hedges	1	1	2	3	-1	2
			3			36
Other financial liabilities						
Interest expense, pension plans	-	4	4	-	-76	-76
Interest expense, liabilities to members	-	-83	-83	-	-77	-77
Interest expense, liabilities to the public	-	-30	-30	-	-22	-22
Interest expense, borrowing	-	-148	-148	-	-160	-160
Other borrowing expenses	-	-39	-39	-	-31	-31
Other interest expenses	-	-48	-48	-	-42	-42
Currency effects	-	-13	-13	9	-	9
			-357			-399
Total	247	-429	-182	239	-576	-337

¹⁾ The majority of the figure for 2011 was attributable to the liquidation of Malmö Hamn AB, which generated both a cash payment and a valuation gain relating to the distribution of shares in Copenhagen Malmö Port AB.

²⁾ The figure for 2011 relates to a write-down of the shares held in VK Mühlen AG to their estimated fair value.



NOTE 9 ITEMS AFFECTING COMPARABILITY

The Group's income can be inflated or reduced by certain items that affect comparability. An overview of these items is presented in the table below. See also the Board of Directors' report on ► page 73. An item affecting comparability is a one-time item that is not directly related to the planned future operations and is outside the range of MSEK +/- 30.

MSEK	2012	2011
Capital gains on sale of properties	-	455
Items affecting comparability in other operating income	0	455
Impairment of non-current assets	-	-148
Impairment of goodwill	-	-73
Restructuring costs	-62	-93
Total items affecting comparability in operating income	-62	141
Items affecting comparability in income after financial items		
Impairment of financial assets	-	-115
Total	0	-115
Total items affecting comparability in income after financial items	-62	26
Tax effect of items affecting comparability	16	59
Total items affecting comparability in net income for the year	-46	85

Items affecting comparability by Segment/Sector in 2012

MSEK	Impairment of non-current assets	Restructuring cost	Other	Total
Food Sector	-	-62	-	-62
Total	0	-62	0	-62

The Food Sector implemented structural measures in order to adapt operations to current market conditions. Restructuring costs for the year relate primarily to operations in the business areas Lantmännen Cerealia and Lantmännen Unibake.

Items affecting comparability by Segment/Sector in 2011

MSEK	Impairment of non-current assets	Restructuring cost	Other	Total
Energy Sector	-73	-	-	-73
Food Sector	-148	-93	-	-241
Other operations	-	-	455	455
Total	-221	-93	455	141

Impairment of non-current assets in the Energy Sector related to impairment of goodwill in the operations of Agroenergi as a result of the annual goodwill impairment testing. The Food Sector's impairment and restructuring costs were associated with the efficiency program initiated during the year in the Lantmännen Unibake business area. The positive result for Other operations was attributable to capital gains from the sale of real estate and property companies to Lantmännen's Grodden pension fund, the pension fund which Lantmännen established in 2011.

NOTE 10 EXCHANGE DIFFERENCES AFFECTING INCOME

MSEK	2012	2011
Exchange differences affecting operating income	66	16
Exchange differences, financial items	-13	9
Total	53	25

Exchange differences in operating income are included in:

	2012	2011
Net sales	0	2
Cost of materials	77	16
Other operating income/expense	-11	-2
Total	66	16

NOTE 11 TAXES

Tax on net income for the year

MSEK	2012	2011
Current tax expense (-)/tax income (+)		
Tax expense/income for the period	-57	-101
Adjustment of tax attributable to prior years	4	-15
Total current tax	-53	-116
Deferred tax expense (-)/tax income (+)		
Deferred tax from changes in temporary differences	-6	-3
Deferred taxes arising from changes in tax rates	-7	2
Deferred tax income in capitalized loss carryforwards	40	37
Utilization of previously capitalized loss carryforwards	-65	-67
Total deferred tax	-38	-31
Total reported tax expense	-91	-147

Reconciliation of effective tax

	2012		2011	
	Percent	MSEK	Percent	MSEK
Income before tax		503		867
Anticipated tax according to enacted Swedish tax rate	26,3 %	-132	26,3 %	-228
Impairment of shares	0 %	-	4 %	-31
Impairment of consolidated goodwill	0 %	-	2 %	-19
Non-deductible expenses	5 %	-23	3 %	-23
Tax-exempt capital gains	1 %	-3	-14 %	119
Other non-taxable income	-6 %	28	-2 %	15
Loss carryforward arising during the year, not capitalized as a deferred tax asset	8 %	-38	2 %	-18
Utilization of previously uncapitalized loss carryforward	-4 %	21	-2 %	18
Effect of special tax rules for economic associations*	-11 %	55	-6 %	51
Tax attributable to prior years	-1 %	4	2 %	-15
Effect of changed tax rates and tax rules	1 %	-7	0 %	-2
Reversal of income of associates	-5 %	25	-3 %	27
Other	4 %	-21	5 %	-41
Recognized effective tax	18 %	-91	17 %	-147

* According to the tax rules applicable to economic associations, the dividend proposed by the Board, which will be paid in the subsequent year, is tax-deductible in the current year and was taken into account in calculating the current tax.

Note 11 continued

The effective tax expense for the year increased somewhat as a result of uncapitalized tax loss carryforwards during the year and a remeasurement of previously capitalized tax loss carryforwards. The effect of the changed tax rate in Sweden and the UK had only a marginal impact.

Contribution dividends, refunds and final price adjustments are not recognized in the income statement in accordance with IFRS, but are tax deductible under special tax rules for economic associations and reduce the effective tax expense.

Tax items recognized in equity through other comprehensive income

MSEK	2012	2011
Deferred tax recognized in other comprehensive income		
Actuarial gains and losses in defined benefit pension plans	46	40
Cash flow hedges	16	-10
Available-for-sale financial assets	-3	-3
Total	59	27
Current tax expense recognized in net income for the year		
Current tax in hedges of net investments	-43	-1
Total tax effects in other comprehensive income	16	26

Deferred tax asset/tax liability

MSEK	2012			2011		
	Deferred tax asset	Deferred tax liability	Net	Deferred tax asset	Deferred tax liability	Net
Land and buildings	64	94	-30	65	109	-44
Machinery and equipment	115	312	-197	96	319	-223
Intangible assets	-	118	-118	-	164	-164
Trade receivables	5	-	5	7	-	7
Pension provisions	104	-	104	96	-	96
Other provisions	34	-	34	50	-	50
Loss carryforwards	243	-	243	300	-	300
Other	138	87	51	128	65	63
Total	703	611	92	742	657	85
Offsetting of assets/liabilities	-486	-486	0	-510	-510	0
Total, net deferred tax asset	217	125	92	232	147	85

Deferred tax assets and liabilities attributable to the same tax authority have been offset against each other.

Change in deferred tax in temporary differences and loss carryforwards 2012

MSEK	Amount at beginning of year	Recognized in income statement	Recognized in OCI	Changes in acquisition/divestment of companies	Reclassifications	Translation differences	Amount at end of 2012
Land and buildings	-44	11	-	-	3	-	-30
Machinery and equipment	-223	38	-	-	-12	-	-197
Intangible assets	-164	0	-	-	44	2	-118
Trade receivables	7	-2	-	-	0	-	5
Pension provisions	96	-38	46	-	0	-	104
Other provisions	50	-7	-	-	-9	-	34
Loss carryforwards	300	-48	-	-	-7	-2	243
Other	63	8	13	-	-29	-4	51
Total	85	-38	59	-	-10	-4	92

Change in deferred tax in temporary differences and loss carryforwards 2011

MSEK	Amount at beginning of year	Recognized in income statement	Recognized in OCI	Changes in acquisition/divestment of companies	Reclassifications ¹⁾	Translation differences	Amount at end of 2011
Land and buildings	-54	13	-	2	-8	3	-44
Machinery and equipment	-247	-15	-	-	39	-	-223
Intangible assets	-104	-9	-	-	-51	-	-164
Trade receivables	10	-5	-	-	3	-1	7
Pension provisions	92	-35	40	-	-	-1	96
Other provisions	71	-4	-	-	-21	4	50
Loss carryforwards	329	-30	-	-	-	1	300
Other	34	54	-13	-	-5	-7	63
Total	131	-31	27	2	-43	-1	85

¹⁾ The majority of the reclassifications were attributable to the final acquisition balance sheet for Könicke Baumaschinen.

Note 11 continued

Loss carryforwards

At the end of the year the Group had loss carryforwards of MSEK 1,521 (1,381), of which MSEK 1,026 (1,116) was taken into account in the computation of deferred tax.

The remainder related mainly to loss carryforwards in the German and UK operations. These have not been assigned any value as it is currently uncertain whether they will be utilized.

The loss carryforwards not included in the computation of deferred tax amount to MSEK 495 (265) and expire as follows:

	MSEK
2013	1
2014	1
2015 and later	5
	7
Indefinite life	488
Total	495

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

MSEK	Land and land improvements		Buildings		Plant and machinery		Equipment, tools, fixtures and fittings		Construction in progress		Total property, plant and equipment	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Accumulated acquisition value	682	681	4,691	4,801	14,483	14,286	1,665	1,871	433	727	21,954	22,366
Accumulated depreciation	-94	-82	-2,102	-2,122	-9,297	-9,089	-1,267	-1,287	-9	-4	-12,769	-12,584
Accumulated impairment	-1	-1	-164	-245	-333	-447	-25	-32	-	-	-523	-725
Carrying amount	587	598	2,425	2,434	4,853	4,750	373	552	424	723	8,662	9,057
Balance at beginning of year	598	652	2,434	3,016	4,750	4,788	552	474	723	585	9,057	9,515
Investments ¹⁾	0	4	69	21	568	405	44	149	531	838	1,212	1,417
Company acquisitions ²⁾	-	-	-	-	-	199	-	-	-	-	-	199
Company divestments	-	-8	-	-	-	-	-	-	-	-	-	-8
Sales and disposals	-2	-37	-10	-470	-96	-264	-12	-51	-14	-6	-134	-828
Regular depreciation for the year	-8	-8	-137	-142	-803	-755	-117	-132	-	-4	-1,065	-1,041
Impairment losses for the year	-	-	-	-96	-9	-44	-	-8	-	-	-9	-148
Reversal of impairment losses	-	-	-	-	8	-	5	-	-	-	13	-
Reclassifications	6	-4	115	114	499	435	-90	123	-811	-693	-281	-25
Translation differences	-7	-1	-46	-9	-64	-14	-9	-3	-5	3	-131	-24
Carrying amount	587	598	2,425	2,434	4,853	4,750	373	552	424	723	8,662	9,057
Leases, MSEK												
Carrying amount of assets held under finance leases	-	-	92	63	413	255	40	24	-	-	545	342

¹⁾ Investments for the year do not include any capitalized interest.

²⁾ The 2011 company acquisitions relate to adjustments based on the final acquisition balance sheet for Konicke Baumaschinen, which was acquired in 2010.

No government grants affecting investment values were received in 2012 or 2011.

Contractual obligations relating to investments in property, plant and equipment amounted to MSEK 270 (274) at the end of the year.

For further information about depreciation and impairment, see Note 6 ► on page 99.

For further information about leases, see Note 26 (lease obligations) and Note 27 (customer financing) ► on page 114.

NOTE 13 INVESTMENT PROPERTIES

MSEK	Land		Buildings		Total investment properties	
	2012	2011	2012	2011	2012	2011
Accumulated acquisition value	70	61	315	276	385	337
Accumulated depreciation	-13	-13	-106	-123	-119	-136
Carrying amount	57	48	209	153	266	201
Balance at beginning of year	48	55	153	188	201	243
New acquisitions	2	0	6	0	8	0
Sales and disposals	-5	-8	-5	-44	-10	-52
Regular depreciation for the year	0	0	-3	-3	-3	-3
Reclassifications	12	1	58	12	70	13
Carrying amount	57	48	209	153	266	201

Properties where less than 10 percent of office space is used for the Lantmännen Group's own activities are classified as investment properties in the Group.

Note 13 continued

Changes in fair value

MSEK	2012	2011
Fair value at beginning of year	621	713
New acquisitions	0	0
Investments in properties	21	30
Divestments	-68	-185
Changes in value	10	29
Reclassifications	1	34
Fair value at year-end	585	621

Fair value has been determined on the basis of internal assessments. Property sales carried out during the year have also been reconciled.

The value has been estimated using the following measurement methods:

- In the majority of cases the market price method has been used, where sales of equivalent properties in the market are used to support the valuation.
- Capitalization of earnings using cash flow calculations, where the properties' future net operating income and estimated residual value have been calculated.
- In certain cases the capitalization of earnings using the net capitalization method has been utilized, where a normalized figure for net operating income is seen in relation to a market-adjusted direct return requirement.

Investment properties' impact on income for the period

MSEK	2012	2011
Rental income	64	72
Direct costs, including costs for repair and maintenance		
- Properties that generate rents	-31	-34
- Properties that do not generate rents	-1	0
Net operating income	32	38

NOTE 14 INTANGIBLE ASSETS

Other intangible assets

MSEK	Goodwill		Brands		Customer and supplier relationships		Patents, licenses and similar rights		Capitalized expenditure for development work, internally generated		Total other intangible assets	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Accumulated acquisition value	2,627	2,713	526	516	384	396	545	337	271	224	1,726	1,473
Accumulated amortization	-	-	-169	-151	-150	-115	-352	-278	-166	-136	-837	-680
Accumulated impairment	-73	-73	-	-	-	-	-9	-21	-5	-5	-14	-26
Carrying amount	2,554	2,640	357	365	234	281	184	38	100	83	875	767
Balance at beginning of year	2,640	2,779	365	370	281	230	38	54	83	59	767	713
Investments	-	-	-	-	-	-	25	-	46	46	71	46
Company acquisitions ¹⁾	-	-	-	-	-	21	-	-	-	-	-	21
Regular amortization for the year	-	-	-7	-5	-39	-39	-45	-24	-29	-33	-120	-101
Impairment for the year	-	-73	-	-	-	-	-	-	-	-	-	-
Reclassifications ¹⁾	-5	-69	-	-	-	69	168	8	-	11	168	88
Translation differences	-81	3	-1	0	-8	0	-2	0	0	0	-11	0
Carrying amount	2,554	2,640	357	365	234	281	184	38	100	83	875	767
Allocation of goodwill, brands and customer/supplier relationships per Sector												
Machinery Sector	7	7	-	-	69	80						
Energy Sector	136	136	50 ²⁾	50	-	-						
Food Sector	2,411	2,497	307 ³⁾	315	165	201						
of which Lantmännen Unibake business area	2,384	2,457	187 ³⁾	196	165	201						
Total	2,554	2,640	357	365	234	281						

¹⁾ The final acquisition balance sheet established for Konicke Baumaschinen in 2011 involved a reclassification of previously recognized goodwill as a supplier relationship. Unlike goodwill, supplier relationships are amortized, which means that the value of the asset has increased by the estimated deferred tax liability.

²⁾ Brand with indefinite useful life, Aspen.

³⁾ Of which brands with indefinite useful lives MSEK 304 (302): Soppa and GoGreen in the Lantmännen Cerealia business area (MSEK 121) and Schulstad in the Lantmännen Unibake business area (MSEK 183).

Contractual obligations relating to investments in intangible assets amounted to MSEK 21 (27) at the end of the year. Further information about amortization, impairment and annual impairment testing of goodwill and trademarks with indefinite useful lives can be found in Note 6 on ► page 99.

NOTE 15 INVESTMENTS IN ASSOCIATES

MSEK	Group		Parent Company	
	2012	2011	2012	2011
Accumulated acquisition value	1,271	1,278	834	863
Accumulated impairment	-2	-1	-2	-2
Carrying amount	1,269	1,277	832	861
Balance at beginning of year	1,277	1,157	861	851
Purchases	2	10	2	10
Sales	-	-1	-	-
Share of income of associates	97	107	-	-
Dividend for the year	-21	-21	-	-
Reclassifications	-31	9	-31	-
Impairment	-1	-	-	-
Translation difference	-54	16	-	-
Carrying amount	1,269	1,277	832	861

Investments in associates relates VetGross Holding AB and HaGe Kiel AG. During the year, Mackmyra Svensk Whisky AB was reclassified from associates to available-for-sale financial assets (see ► Note 16).

MSEK	Share of income of associates		Dividend from associates	
	2012	2011	2012	2011
HaGe Kiel AG	79	86	19	21
Viking Malt Oy	6	4	-	-
Scandinavian Farmers AB	-4	2	-	-
Leibur AS	12	11	-	-
Other	4	4	2	-
Carrying amount	97	107	21	21

Information on large associates in 2012 is 100 per cent.

MSEK	Assets	Liabilities	Net sales	Net income
HaGe Kiel AG	8,931	6,897	23,054	201
Viking Malt Oy	1,009	521	1,186	16
Scandinavian Farmers AB	778	646	1,594	-8
Leibur AS	422	37	280	27
Carrying amount	11,140	8,100	26,114	236

Any impairment and reversal of impairment is recognized in the income statement under share of income of associates.

Parent and Group holdings of shares in associates, December 31, 2012

Company name	Corporate Identity No.	Domicile	Number of participations	Share of capital %	Carrying amount, Group, MSEK	Carrying amount, Parent Company, MSEK
<i>Associates owned by Parent Company:</i>						
Piteå Spannmåls AB	556090-8187	Piteå	1,500	30	0	0
Raiffeisen Hauptgenossenschaft Nord AG (HaGe Kiel AG)	DE134852742	Germany	9,431,404	39	798	576
Rural Patent Svenska AB	556530-9654	Stockholm	50	50	0	0
Scandinavian Farmers AB	556009-3121	Stockholm	85,000	50	62	42
AB Tillväxt för Svensk Animalieproduktion	556155-9831	Stockholm	135,000	50	26	24
Svenska Pig AB	556779-6858	Stockholm	230	23	0	0
European Crop Protection A/S	21538388	Denmark	232	46	0	0
European Fertilizer A/S	20296372	Denmark	250	50	0	0
European Agri Trade A/S	26207177	Denmark	180	36	0	0
Vegolia AB	556020-6574	Stockholm	500	50	0	0
VetGross Holding AB	556892-6108	Stockholm	1,041,667	25	11	11
Viking Malt Oy	FI 0802004-9	Finland	1,381,387	38	191	178
Åhus Stuveriinteressenter AB	556039-8256	Åhus	5,987	50	1	1
					1,089	832
<i>Other associated companies in the Group:</i>						
Energy Sector						
Aspen-Produkte Handels GmbH	HR205654	Germany		50	10	-
Food Sector						
Unibake Japan Inc		Japan		49	2	-
Struer Brød AS		Denmark		33	6	-
Leibur AS	10224864	Estonia		45	134	-
Farmfood AS		Denmark		33	20	-
Other						
Kajan 18 i Luleå Fastigheter AB	556831-3679	Stockholm		50	8	-
Total					1,269	832

During the year, Mackmyra Svensk Whisky AB was reclassified from associates to available-for-sale financial assets (see ► Note 16). Operations in Pharmadistribution AB were transferred to VetGross Holding AB during the financial year.

NOTE 16 NON-CURRENT FINANCIAL ASSETS

MSEK	2012	2011
Receivables from associates	6	4
Other shares and interests	103	106
Bonds	49	30
Available-for-sale financial assets	333	217
Derivative instruments	3	3
Other non-current financial assets	124	155
	618	515
Finance leases (Note 28)	1	0
Total	619	515

Available-for-sale financial assets

MSEK	2012	2011
Balance at beginning of year	217	313
Investments	24	-
Divestments	-3	-
Impairment	-	-115
Fair value remeasurement for the year	62	20
Reclassifications	33	0
Translation difference	0	-1
Carrying amount	333	217

Available-for-sale financial assets, fair value

MSEK	2012	2011
VK Mühlen AG	153	118
Swedbank AB	134	94
Mackmyra Svensk Whisky AB	41	-
Cloetta AB	1	5
Other	4	-
Carrying amount	333	217

Available-for-sale financial assets refer to shareholdings in listed companies. During the year, Mackmyra Svensk Whisky AB was reclassified from associates to available-for-sale financial assets.

The largest individual holdings of other shares and participations are holdings in LRF. The carrying amount of other shares and participations is considered consistent with fair value.

Remeasurement to fair value of available-for-sale financial assets is recognized in OCI in the consolidated statement of comprehensive income. Impairment and reversal of impairment is recognized in the income statement under finance income and costs.

NOTE 17 INVENTORIES

MSEK	2012	2011
Raw materials and consumables	2,094	2,164
Products in progress	124	33
Finished goods and merchandise	3,702	3,309
Advances to suppliers	26	0
Total	5,946	5,506

MSEK 109 (45) of inventories for the year were measured at net realizable value. Impairment losses of MSEK 20 were recognized during the year, while previous impairment of MSEK 12 was reversed. The total cost of goods sold during the year amounted to MSEK 29,951 (30,067).

NOTE 18 TRADE AND OTHER RECEIVABLES

MSEK	2012	2011
Trade receivables	3,918	3,849
Finance service, members	668	738
Operating receivables from associates	8	14
Derivative instruments	23	67
Other current receivables	390	369
Prepayments and accrued income	447	474
Total	5,454	5,511

Note 18 continued

Age analysis of trade receivables

MSEK	2012	2011
Receivables, not yet due	3,352	3,230
Receivables, past due		
< 30 days	441	371
31-60 days	64	111
61-90 days	31	76
> 91 days	130	136
Total	4,018	3,924
Provision for doubtful debts	-100	-75
Total	3,918	3,849

Provision for doubtful debts

MSEK	2012	2011
Provision at beginning of year	-75	-100
New provision for anticipated losses	-17	-24
Utilization of provision for identified losses	9	18
Reversal of provisions no longer required	10	18
From acquired, divested companies	-28	-
Other	0	13
Exchange differences	1	0
Provision at end of year	-100	-75

The cost of doubtful debts for the year was MSEK -7 (-6) and was recognized in other operating expenses. For information about trade receivables' credit quality, see Note 22 on ► pages 108-111.

Prepayments and accrued income

MSEK	2012	2011
Prepaid rent	56	33
Prepaid insurance	36	26
Bonuses and discounts	9	10
Other prepayments	154	149
Other accrued income	192	256
Total	447	474

NOTE 19 CURRENT INTEREST-BEARING ASSETS AND CASH AND CASH EQUIVALENTS

Current interest-bearing assets

MSEK	2012	2011
Receivables from associates	6	5
Finance leases, Lantmännen Finans AB	0	4
Hire purchase receivables, Lantmännen Finans AB	3	1
Interest-bearing receivables	44	80
Other short-term investments	20	-
Derivative instruments	7	14
Other current financial assets	16	15
Total	96	119

Cash and cash equivalents

MSEK	2012	2011
Cash and bank balances	269	397
Short-term investments < 3 months	83	342
Total	352	739

Receivables with a maturity of up to one year and investments with maturities between three months and one year are recognized as current interest-bearing assets.

As short-term investments normally have a fixed rate period of less than three months, they carry very little interest rate risk.

NOTE 20 EQUITY

MSEK	Member contributions	Other contributed capital	Hedge reserve	Available for sale assets	Translation reserve	Retained earnings	Equity attributable to members of the association	Equity attributable to NCI	Total equity
Equity, January 1, 2011	1,350	2,090	-32	19	-171	7,134	10,390	32	10,422
Net income for the period after tax	-	-	-	-	-	720	720	0	720
Actuarial gains and losses in pension plans ¹⁾	-	-	-	-	-	-156	-156	-	-156
Available-for-sale financial assets	-	-	-	38	-	-	38	-	38
Cash flow hedges									
- remeasurement for the year	-	-	91	-	-	-	91	-	91
- transferred to income statement	-	-	-54	-	-	-	-54	-	-54
Exchange differences on translation of foreign operations	-	-	-	-	-17	-	-17	0	-17
Net gain on hedge of net investment in foreign operations	-	-	-	-	5	-	5	-	5
Tax relating to components of other comprehensive income	-	-	-10	-3	-1	40	26	-	26
Other comprehensive income for the period, net of tax	-	-	27	35	-13	-116	-67	0	-67
Total comprehensive income	-	-	27	35	-13	604	653	0	653
Dividend paid ²⁾	-	-	-	-	-	-68	-68	-1	-69
Refund and final price adjustment	-	-	-	-	-	-110	-110	-	-110
Contributed capital paid in by members	90	-	-	-	-	-	90	-	90
Contributed capital paid out to members	-49	-	-	-	-	-	-49	-	-49
Appropriation of profit	177	210	-	-	-	-387	0	-	0
Other non-owner changes	-	-	-	-	-	-	0	5	5
Total equity, December 31, 2011	1,568	2,300	-5	54	-184	7,173	10,906	36	10,942
Net income for the period after tax	-	-	-	-	-	413	413	-1	412
Actuarial gains and losses in pension plans ¹⁾	-	-	-	-	-	-172	-172	-	-172
Available-for-sale financial assets	-	-	-	41	-	-	41	-	41
Cash flow hedges									
- remeasurement for the year	-	-	-71	-	-	-	-71	-	-71
- transferred to income statement	-	-	0	-	-	-	0	-	0
Exchange differences on translation of foreign operations	-	-	-	-	-246	-	-246	0	-246
Net gain on hedge of net investment in foreign operations	-	-	-	-	162	-	162	-	162
Tax relating to components of other comprehensive income	-	-	16	-3	-43	46	16	-	16
Other comprehensive income for the period, net of tax	-	-	-55	38	-127	-126	-270	0	-270
Total comprehensive income	-	-	-55	38	-127	287	143	-1	142
Dividend paid ²⁾	-	-	-	-	-	-78	-78	-2	-80
Refund and final price adjustment	-	-	-	-	-	-120	-120	-	-120
Contributed capital paid in by members	99	-	-	-	-	-	99	-	99
Contributed capital paid out to members	-50	-	-	-	-	-	-50	-	-50
Appropriation of profit	152	179	-	-	-	-331	0	-	0
Acquisition of NCI in Nötcenter Viken AB	-	-	-	-	-	-1	-1	-	-1
Total equity, December 31, 2012	1,769	2,479	-60	92	-311	6,930	10,899	33	10,932

¹⁾ Including payroll tax.

²⁾ Refers to contribution dividend concerning parent association members.

Restricted reserves are reported under other contributed capital in the Parent Company.

For cash flow hedges where the hedged transaction has not yet occurred, the hedging reserve comprises the accumulated effective portion of gains or losses arising from remeasuring the hedging instruments at fair value. The accumulated gain or loss recognized in the hedging reserve will be recycled to profit or loss when the hedged transaction affects profit or loss.

The translation reserve comprises all exchange differences arising on translation of financial statements of foreign operations to the Group's presentation currency (SEK). Gains and losses on hedging instruments that qualify as hedges of a net investment in a foreign operation are also included in the translation reserve and recognized there after deduction of tax.

The reserve for available-for-sale assets includes the accumulated net change in fair value of financial assets classified as "available-for-sale financial assets" until the asset is sold or is written down in the income statement before then.

Management of the Group's capital

Lantmännen has two overall financial objectives:

- a return on equity of at least 8 percent
- an equity ratio of at least 40 percent over a business cycle.

To achieve these objectives, Lantmännen uses financial instruments for its operations and specific profitability targets for each business. These profitability targets are expressed as a percentage of operating capital and vary according to the type of business and profitability levels for comparable companies outside Lantmännen. It is Lantmännen's aim that each business will achieve a return on operating capital that is at least on a par with that of comparable companies outside the Group.

Future investments are allocated primarily to areas that meet the profitability target and have potential for profitable growth.

The aim of Lantmännen's dividend policy is to generate regular and stable dividends for members over time. The goal is to distribute approx. 40 percent of Lantmännen's income after tax, net of items affecting comparability, each year. Further information about benchmarking and management of the Group's capital can be found on ► pages 23 and 24.

NOTE 21 INTEREST BEARING-LIABILITIES

Non-current interest-bearing liabilities			
MSEK	Note	2012	2011
Non-current liabilities to credit institutions	22	4,609	4,233
Debentures		56	56
Financial liabilities, leases	26	271	231
Other non-current interest-bearing liabilities		31	21
Derivative instruments		35	29
Total		5,002	4,570
Current interest-bearing liabilities			
MSEK	Note	2012	2011
Current liabilities to credit institutions	22	291	1,161
Liabilities to members, savings		769	757
Liabilities to members, capital account		715	654
Deposits with Lantmännen Finans AB from the public		1,177	919
Financial liabilities, leases	26	58	104
Liabilities to associates		-	-
Other current interest-bearing liabilities		26	46
Derivative instruments		-	1
Total		3,036	3,642

Deposits with Lantmännen Finans AB from the public are from companies, members, employees and other individuals. The account offers unrestricted withdrawals, interest from the first SEK 1 and cover of EUR 100,000 under the national deposit guarantee scheme.

NOTE 22 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

RISK MANAGEMENT

Lantmännen is exposed to different types of financial risk in the course of its international operations. Financial risk is the risk of fluctuations in the Group's earnings and cash flow as a result of changes in commodity market prices, exchange rates, interest rates and refinancing, and also includes credit and counterparty risks.

Lantmännen conducts internal banking activities through Group Treasury, Lantmännen ek för and the subsidiary Lantmännen Finance Ireland. The main task is to provide cost-effective financing, identify and efficiently minimize financial risks to which the Group is exposed in its daily operations, support management and Group companies and optimize the Group's net financial items and tied-up capital.

The financial policy governs how financial risks shall be handled and specifies the mandate, limits and which financial instruments may be used. The Group's financial policy is established annually by Lantmännen's Board of Directors. The Group's Risk Committee receives regular reports on changes to the Group's financial risks.

Group Treasury also handles the Lantmännen's netting system and is responsible for handling the Group's liquidity via cash pools in banks. Only banks and credit institutions that have a high credit rating and have a high level of participation in the Group's long-term financing are accepted as counterparties to Lantmännen in financial transactions.

CAPITAL STRUCTURE AND FINANCIAL COVENANTS

Lantmännen is actively working on its capital structure to ensure long-term financial stability, meet the organization's need for capital at the lowest cost and ensure opportunities for future acquisitions. Lantmännen uses multiple financial ratios to measure its capital structure and has, for example, a long-term objective that its equity ratio shall exceed 40 percent.

To fund its activities, Lantmännen has loans from several banks and credit institutions. The credit conditions for the loans depend on Lantmännen's financial performance and are described in the covenants contained in the agreements. For further information on Lantmännen's covenants, see "Refinancing risk" below.

Lantmännen also has loans where collateral is pledged as security, mainly in real estate mortgages. For further information see ► Note 31.

Note 22 continued

CURRENCY RISK

In the course of its operations, Lantmännen is exposed to currency risk, in the form of exchange rate fluctuations affecting the Group's earnings and financial position.

The Group's currency exposure includes both transaction exposure and translation exposure. The Group's currency risk management is aimed at minimizing the short-term effect of exchange rate fluctuations and their adverse impact on the Group's earnings and financial position.

Transaction exposure

Under the Group's financial policy, the Sectors' foreign currency sales and purchases are hedged with Group Treasury, either by order or based on a rolling 12-month exposure forecast. Currency risks are managed by Group Treasury and the aim is to minimize the effects of currency fluctuations in the first instance by using foreign currency inflows for payments in the same currency. In addition, financial instruments are used to hedge forecast cash flows, in accordance with the guidelines contained in Lantmännen's financial policy.

Approx. 90 percent of the forecasted currency risk in EUR was hedged for the first quarter of 2013.

Distribution of trade receivables by currency, December 31, 2012

MSEK	Group	Parent Company
SEK	1,647	1,171
EUR	663	95
DKK	511	30
GBP	10	0
Other currencies	1,087	0
Total	3,918	1,296

Distribution of trade payables by currency, December 31, 2012

MSEK	Group	Parent Company
SEK	2,252	1,638
EUR	747	110
DKK	244	3
GBP	98	0
Other currencies	622	137
Total	3,963	1,888

Translation exposure

Translation exposure is the effect of changes in exchange rates when foreign subsidiaries' income statements and statements of financial position are translated into the Group's presentation currency (SEK). Currency hedging of investments in foreign subsidiaries (net assets including goodwill on consolidation) is managed by means of foreign currency loans and currency swaps, which are referred to as the equity hedge. These are recognized at the closing rate on the reporting date. In the Parent Company, exchange differences attributable to these loans (net of tax) and translation differences from the net assets of subsidiaries are recognized in other comprehensive income and accumulated in consolidated equity. Only net investments with significant exposure to a currency are hedged. At present, net investments in EUR, DKK and GBP are hedged.

If the Swedish krona weakened against other currencies by 10 percent, equity would increase by MSEK 550 (620), not taking into account the equity hedge. If the equity hedge is included, equity would increase by MSEK 150, all other things being equal.

Exchange rate fluctuations also affect the translation of foreign subsidiaries' income statements to SEK. As this translation is not hedged, the translation difference is exposed to currency risk and as such is included in the sensitivity analysis below.

Foreign-exchange sensitivity in transaction and translation exposure

Lantmännen is primarily exposed to the EUR, DKK, GBP, USD and NOK. The different currencies represent both inflows and outflows against the Swedish krona and a large proportion of them are hedged. Consequently, the transaction-related earnings impact of an exchange rate change is considered to be minimal.



Note 22 continued

If, on translation of operating income, the Swedish krona weakened against other subsidiaries' currencies by 10 percent, this would have an adverse impact of MSEK -39 (-34) on operating income, all other things being equal. The calculation does not take into account any changes in prices and customer behavior caused by the exchange rate movements.

Risk	Change	Operating income effect, MSEK	
		2012	2011
EUR/SEK	-10 %	-28	-26
GBP/SEK	-10 %	19	-5
DKK/SEK	-10 %	-10	11
NOK/SEK	-10 %	-8	-12
USD/SEK	-10 %	-4	-3
Other	-10 %	-8	1
Total		-39	-34

The currency derivatives used are forward exchange contracts. The average remaining maturity of the forward contracts at December 31, 2012 was 3 (4) months.

The currency distribution of the Group's outstanding forward contracts was as follows:

Currency distribution and payment structure, operating forward contracts			
MSEK	2013	2014	2015
EUR	-1,725	-	-
DKK	86	-	-
NOK	-71	-	-
GBP	-46	-	-
USD	109	-	-
CHF	-16	-	-
PLN	-2	-	-
Total	-1,665	-	-

The nominal net amount per currency is shown in the table above. Negative amounts represent sales of a particular currency and positive amounts represent purchases.

PRICE RISK

Lantmännen uses the financial markets to manage price risk associated with commodity and energy purchases and ethanol sales. The purpose of the price hedges is to increase predictability and even out rapid price fluctuations, thereby ensuring the right prices are passed on to customers.

Commodity price risk

Lantmännen's main commodity price risk is associated with wheat, oilseed rape, malting barley, oats and soybeans. The pricing of commodities varies over time as a result of international supply and demand. Commodity risks are primarily attributable to Lantmännen Lantbruk's activities, Lantmännen Cerealia's milling operations and Lantmännen Agroetanol's ethanol production. In addition to hedging prices by means of supply contracts, prices are also hedged through commodity exchanges and banks. Most commodities are priced either in USD or EUR. Under Lantmännen's financial policy, the currency is considered to be part of the transaction's pricing and must be hedged on or before the transaction date.

A +/-10 percent movement in the commodity price would affect the valuation of the underlying derivatives outstanding on the closing date, which in turn would affect operating income by MSEK -/+3 and equity by MSEK -/+96.

Energy price risk

Through its energy-intensive operations Lantmännen is subject to risks associated with price changes for energy, particularly electricity and gas. If the energy price risk is not hedged, the price changes in the energy market will have a direct impact on the Group's operating income. Consequently, most of the Group's electricity consumption, i.e., in Sweden, Denmark and Norway, is hedged through NordPool.

Risk management of electricity prices is aimed at creating predictability in power purchasing costs. Electricity derivatives are priced in EUR. A minimum of 70 percent of the currency risk in electricity contracts is normally required to be hedged when the budget price is set for the following year's electricity consumption.

Electricity price hedging for Sweden, Denmark and Norway

Maturity year	2013	2014	2015	2016
Hedged share of forecast annual need	78 %	37 %	26 %	2 %

The Group's total electricity consumption in 2012 was 643 GWh, with the operations in Sweden, Denmark and Norway accounting for 522 (550) GWh of the figure. Total hedged volumes through NordPool and supply of wind power for 2013 amounts to 407 GWh. Electricity certificates have been price hedged at 38 percent of the requirement for 2013. Approx. 49 percent of the Group's 2013 gas requirement for Denmark and Sweden has been hedged through supply contracts.

A +/-10 percent movement in the price of electricity would affect the valuation of the underlying derivatives outstanding on the closing date, which in turn would affect operating income by MSEK +/-0 and equity by MSEK +/-18.

Ethanol price hedging

Ethanol derivatives were entered into in 2012 for the purpose of reducing earnings volatility caused by variations in the price of ethanol and were attributable to Lantmännen Agroetanol in the Energy Sector. Ethanol is normally priced in EUR.

A +/-10 percent change in the price of ethanol would affect operating income by MSEK 0 and equity by MSEK -/+3.

INTEREST RATE RISK

Interest-bearing borrowing means that the Group is exposed to interest rate risk. Interest rate risk is the risk that changes in market interest rates will have an adverse effect on the Group's earnings and cash flows. How quickly a lasting change in interest rates is reflected in the Group's net financial items depends on the borrowing's fixed-rate period. The Group's fixed-rate period is normally brief but may be extended to limit the effect of a rise in interest rates. Interest rate swaps are among the tools that are used to manage liabilities' fixed-rate periods without changing the underlying loans.

At December 31, 2012, the Group's outstanding liabilities to credit institutions, including outstanding interest rate swaps, had a weighted average fixed-rate period of just over 19 (4) months. The increase in the fixed-rate period is mainly due to the fact that interest rates on loans of approx. MDKK 800 at the end of the year were fixed for 3 and 5 years.

A +/-1 percentage point change in interest rates would affect the valuation of interest rate swaps outstanding on the closing date, which in turn would affect operating income by MSEK +/-1 and equity by MSEK +/-27.

REFINANCING RISK, LIQUIDITY RISK AND PAYMENT CAPACITY

Refinancing risk is the risk that costs will be higher and opportunities for financing limited when loans and other credit arrangements are renewed. Liquidity risk is the risk that the Group will encounter difficulty in discharging payment obligations. Lantmännen limits its refinancing risk by having a well-diversified group of counterparties and maturities for its loans. The weighted average maturity of loans with credit institutions at the end of the year was 6.1 (6.4) years.

By constantly maintaining cash assets or unused credit facilities, the Group ensures it has sound payment capacity, thereby reducing the liquidity risk. The Group's payment capacity is calculated on the basis of Lantmännen's loan agreement and associated covenants signed with the syndication banks on July 4, 2012. Payment capacity at December 31, 2012 was MSEK 1,287 (1,615).

Maturity structure of liabilities to credit institutions ¹⁾

MSEK	Group		Parent Company	
	2012	2011	2012	2011
2012	-	1,521	-	1,348
2013	545	1,093	389	1,075
2014	1,076	91	1,058	72
2015	1,519	1,590	1,501	1,571
2016	824	342	806	324
2017-	1,641	1,756	1,558	1,673
Total	5,605	6,393	5,313	6,063

¹⁾ Including future interest payments

The table above includes future undiscounted interest payments. The loans' maturity structure is reported as the earliest date on which payment may be requested.

Note 22 continued

Foreign currency loans have been converted to SEK. The table below shows liabilities to credit institutions distributed by currency.

Maturity structure of liabilities to credit institutions by currency

MSEK	Total	2013	2014–2015	2016–2017	> 2017
EUR	813	116	19	666	11
DKK	2,527	51	1,197	103	1,176
SEK	2,208	322	1,379	503	4
USD	6	6	-	-	-
LVL	50	50	-	-	-
Total	5,605	545	2,595	1,272	1,192
Of which interest	705	251	111	91	251
Total excl. interest	4,900	294	2,484	1,181	941

Currency swaps attributable to liabilities to credit institutions

MSEK	Group		Parent Company	
	2012	2011	2012	2011
EUR	833	773	833	773
DKK	996	987	996	987
SEK	-3,631	-3,167	-3,631	-3,167
NOK	503	214	503	214
GBP	1,015	893	1,015	893
USD	225	247	225	247
LVL	0	32	0	32
Total	-59	-21	-59	-21

Other interest-bearing liabilities, savings and capital account

Other current liabilities include members' savings of MSEK 770 (757). Deposits into the capital account amounted to MSEK 1,892 (1,573), of which MSEK 1,177 (919) was through Lantmännen Finans AB. These liabilities are formally short-term and the deposits may be withdrawn with one day's notice. However, experience shows little movement in these liabilities. See ► Note 21.

Other non-current interest-bearing liabilities, consisting mainly of subordinated debentures and long-term lease liabilities, amount to MSEK 393 (337).

In credit agreements with banks, Lantmännen is bound by financial covenants which require its equity ratio to be always higher than 30 percent and net debt/EBITDA to be below 5.0 and EBITDA/net financial items to be at least 3.5 at the end of the year. Should Lantmännen default the bank is entitled to terminate the credits ahead of time. At December 31, 2012, the equity ratio was 41.5 (41.1) percent, net debt/EBITDA was 4.3 (3.5) and the EBITDA/net financial items was 10.3 (6.6), calculated for the full year.

Maturity structure of derivative instruments, nominal amounts
December 31, 2012

MSEK	2013	2014	2015	2016-	Fair value
Currency derivatives	-4,512	-	-	-	6
Interest rate derivatives	241	541	239	522	-34
Energy derivatives	119	48	29	3	-17
Commodity derivatives	-865	-4	-	-	-29
Ethanol derivatives	-14	-	-	-	0
Total	-5,031	585	268	525	-74

Maturity structure of derivative instruments, nominal amounts
December 31, 2011

MSEK	2012	2013	2014	2015-	Fair value
Currency derivatives	-3,694	17	-	-	19
Interest rate derivatives	241	241	541	225	-25
Energy derivatives	119	33	3	-	-24
Commodity derivatives	-763	8	-	-	36
Ethanol derivatives	-11	-	-	-	1
Total	-4,107	299	544	225	6

CREDIT AND COUNTERPARTY RISK

Credit and counterparty risk is the risk that the counterparty in a transaction will be unable to discharge its obligations, thereby causing a loss for the Group.

Counterparty risk is limited by only accepting counterparties with high credit-worthiness according to the established financial policy and by defining the maximum exposure per counterparty according to the counterparty's creditworthiness.

Financial counterparties are selected on the basis of rating criteria, taking into account the spread of counterparty risk and other mutual business interaction. Lantmännen has signed ISDA agreements and CSA agreements with the majority of its counterparties.

Customer credit risk

The credit risk associated with trade receivables is managed through special credit rating reviews. Lantmännen checks the credit of its customers by collecting information about the financial position of customers from various credit-rating agencies. Lantmännen has a good spread of the customers as a result of the Group having different business areas and operating in several countries and in different markets. Lantmännen also conducts active monitoring of trade receivables across company boundaries in the Group in order to minimize customer defaults and ensure payment precision.

Some of the trade receivables in the Food Sector and Energy Sector are resold to Nordea Finans Sverige AB and Nordea Finans Danmark A/S without recourse. At the end of the year, receivables sold amounted to MSEK 265 (224).

Lantmännen Finans AB has transferred its leasing and hire purchase contracts to ML Rental AB, a subsidiary of Swedbank. ML Rental has limited recourse. At December 31, 2012, recourse amounted to MSEK 50 (43). The item is reported under other liabilities in the consolidated statement of financial position.

See ► Note 18 for information about past due trade receivables and provisions.

Financial assets and liabilities measured at fair value in the statement of financial position at December 31, 2012

As the interest-bearing assets and liabilities of the Parent Company are consistent in all material respects with those of the Group, no special disclosures are provided for the Parent Company.

Assets, MSEK	Level 1	Level 2	Level 3	Total
Derivatives with positive fair value	23	10	-	33
Other financial assets measured at fair value	382	-	103	485
Total assets	405	10	103	518
Liabilities				
Derivatives with negative fair value	69	35	-	104
Other financial liabilities measured at fair value	-	-	-	-
Total liabilities	69	35	-	104

Financial assets and liabilities measured at fair value in the statement of financial position at December 31, 2011

Assets, MSEK	Level 1	Level 2	Level 3	Total
Derivatives with positive fair value	67	17	-	84
Other financial assets measured at fair value	247	-	106	353
Total assets	314	17	106	437
Liabilities				
Derivatives with negative fair value	56	30	-	86
Other financial liabilities measured at fair value	-	-	-	0
Total liabilities	56	30	0	86

Fair value hierarchy with information on inputs used to measure fair value

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than the quoted prices included in level 1 that are observable for the asset or liability, i.e. quoted prices or data derived therefrom.

Level 3: Unobservable inputs for measurement of the asset or liability.

The change in value of other financial assets in level 3 is primarily an effect of remeasurement of dividends received.

Note 22 continued

Financial assets and liabilities by measurement category

December 31, 2012 MSEK	Financial assets at fair value through profit or loss	Loans and and receivables	Available for-sale financial assets	Derivatives used in hedge accounting	Other financial liabilities	Total carrying amount	Fair value
ASSETS							
<i>Non-current assets</i>							
Non-current financial assets							
Other shares and interests	103	-	333	-	-	436	436
Financial investments	52	131	-	-	-	183	183
Current assets							
<i>Current receivables</i>							
Trade and other receivables	-	4,586	-	23	-	4,609	4,609
Interest-bearing receivables	-	89	-	7	-	96	96
<i>Cash and cash equivalents</i>							
Cash and bank balances	-	352	-	-	-	352	352
Total financial assets	155	5,158	333	30	-	5,676	5,676
EQUITY AND LIABILITIES							
<i>Non-current liabilities</i>							
Interest-bearing liabilities	-	-	-	35	4,967	5,002	4,990
Other non-current liabilities	-	-	-	8	-	8	8
<i>Current liabilities</i>							
Interest-bearing liabilities	-	-	-	-	3,036	3,036	3,036
Trade and other payables	-	-	-	61	3,963	4,024	4,024
Total financial liabilities	-	-	-	104	11,966	12,070	12,058

Financial assets and liabilities by measurement category

December 31, 2011 MSEK	Financial assets at fair value through profit or loss	Loans and and receivables	Available for-sale financial assets	Derivatives used in hedge accounting	Other financial liabilities	Total carrying amount	Fair value
ASSETS							
<i>Non-current financial assets</i>							
Other shares and interests	106	-	217	-	-	323	323
Financial investments	30	159	-	3	-	192	192
Current assets							
<i>Current receivables</i>							
Trade and other receivables	-	4,587	-	67	-	4,654	4,654
Interest-bearing receivables	-	105	-	14	-	119	119
<i>Cash and cash equivalents</i>							
Cash and bank balances	-	739	-	-	-	739	739
Total financial assets	136	5,590	217	84	-	6,027	6,027
EQUITY AND LIABILITIES							
<i>Non-current liabilities</i>							
Interest-bearing liabilities	-	-	-	29	4,541	4,570	4,553
Other non-current liabilities	-	-	-	4	-	4	4
<i>Current liabilities</i>							
Interest-bearing liabilities	-	-	-	1	3,641	3,642	3,642
Trade and other payables	-	-	-	52	3,834	3,886	3,886
Total financial liabilities	-	-	-	86	12,016	12,102	12,085

NOTE 23 PENSIONS

Lantmännen has both defined contribution and defined benefit pension plans. The defined benefit plans, which are reported in Lantmännen's statement of financial position, are funded and unfunded. The largest defined benefit plans are PRI pension plans in Sweden. These plans have been funded since the middle of December 2011, when Lantmännen transferred assets to a pension fund to safeguard these obligations. The obligations are also still insured through the Swedish PRI Pensionsgaranti system, but at a lower amount than previously. PRI Pensionsgaranti is a mutual insurance company that guarantees employees' future pensions. Now that the assets are in a separate fund, the obligations can be reduced by the market value of the fund's assets when reported in the statement of financial position. Eight of the Swedish companies within Lantmännen are connected to the fund. There are also funded pension plans in Norway, where two of the companies have pension obligations safeguarded by funds.

Defined benefit obligations and value of plan assets in the Group:

Defined benefit pension plans MSEK	2012	2011
<i>Funded plans</i>		
Defined benefit obligations under Swedish PRI Pensionsgaranti plans	2,032	1,862
Other defined benefit obligations	144	128
Fair value of plan assets	-1,783	-1,680
Total net value of funded plans	393	310
<i>Unfunded plans</i>		
Other unfunded obligations	39	37
Total unfunded plans	39	37
Provisions for pensions, net value	432	347

Pension cost MSEK	2012	2011
<i>Defined benefit plans</i>		
Cost of pensions accrued during the year	45	41
Interest expense	78	81
Expected return on plan assets	-82	-5
Curtailments and settlements	-1	-4
Cost of defined benefit plans	40	113
Cost of defined contribution plans	225	254
Total cost relating to pensions	265	367
<i>The cost is recognized on the following lines in the income statement</i>		
Employee benefits expense	269	291
Finance costs	-4	76
Total cost relating to pensions	265	367

Pension plans by country	2012			2011		
	Obligations	Plan assets	Pension liability	Obligations	Plan assets	Pension liability
Sweden ¹⁾	2,051	-1,684	367	1,870	-1,578	292
Norway	133	-99	34	131	-102	29
Germany	29	-	29	25	-	25
Netherlands, Poland	2	-	2	1	-	1
Total	2,215	-1,783	432	2,027	-1,680	347

The following summary explains how obligations, assets and the net amount changed during the year:

MSEK	2012			2011		
	Defined benefit obligations	Plan assets	Net	Defined benefit obligations	Plan assets	Net
Opening balance	2,027	-1,680	347	1,875	-99	1,776
Cost of defined benefit plans during the year	123	-	123	122	-	122
Payment of benefits	-93	5	-88	-85	5	-80
Payment of contributions by employer ¹⁾	-	-4	-4	-	-1,585	-1,585
Effects of acquired/divested operations	-	-	-	-	-	-
Curtailments and settlements	-1	-	-1	-4	0	-4
Expected return on plan assets	-	-82	-82	-	-5	-5
Actuarial gains and losses, based on historical experience	33	-21	12	1	4	5
Actuarial gains and losses, based on changed assumptions	128	-	128	117	-	117
Other	-3	-	-3	1	-	1
Translation difference	1	-1	0	0	0	0
Closing balance, pension liability	2,215	-1,783	432	2,027	-1,680	347
Of which funded plans			393			310
Of which unfunded plans			39			37

¹⁾ MSEK 1,578 of payments in 2011 were payments into the Swedish pension fund established in 2011. No further payments into the Swedish fund were made in 2012. No reimbursement was made from the fund.

Note 23 continued

Fair value of plan asset categories and percentage of total plan assets

	2012 MSEK	2011 MSEK	2012 %	2011 %
Property	1,101	1,073	62 %	64 %
Fixed-interest investments	323	399	18 %	24 %
Structural products	51		3 %	0 %
Equity investments	128	18	7 %	1 %
Hedge funds	72		4 %	0 %
Cash and cash equivalents	108	190	6 %	11 %
Total	1,783	1,680	100 %	100 %

Return on plan assets

MSEK	2012	2011
Actual return on plan assets	103	1
Expected return on plan assets	82	5
Actuarial result for plan assets during the year	21	-4

Actuarial assumptions ²⁾

MSEK	2012	2011	2010	2009
Discount rate	3.5 %	4.0 %	4.5 %	4.0 %
Future salary increases	3.0 %	3.0 %	3.0 %	3.2 %
Inflation	2.0 %	2.0 %	2.0 %	2.0 %
Expected return on plan assets	3.5 %	5.0 %	5.1 %	6.0 %

²⁾ Weighted average, corresponding to the Swedish assumptions, as Swedish plans dominate.

Multi-year summary of certain items ³⁾

MSEK	2012	2011	2010	2009
Defined benefit obligations	2,215	2,027	1,875	2,005
Fair value of plan assets	-1,783	-1,680	-99	-95
Deficit, recognized pension liability	432	347	1,776	1,910

Changes recognized in OCI

MSEK	2012	2011	2010
Outcome-based adjustment of obligation	-33	-1	26
Outcome-based adjustment of value of plan assets	21	-4	7
Effects of changes in actuarial assumptions	-128	-117	105
Total actuarial gains (+) and losses (-)	-140	-122	138
Payroll tax on actuarial gains and losses	-32	-34	31
Total	-172	-156	169
Tax on above items	46	40	-45
Total recognized in OCI	-126	-116	124

³⁾ Presented from the transition to IFRS reporting at January 1, 2009.

Expected payments of pensions under defined benefit pension plans in 2013 amount to MSEK 93 (90).

For certain employees in Sweden insurance premiums are paid to Alecta with regard to commitments under the traditional ITP (individual supplementary pension) plan. The plan is a multi-employer defined benefit plan. At present, Alecta is unable to disclose the information that is required to recognize this plan as a defined benefit plan. Consequently, pensions insured through Alecta, are recognized as a defined contribution plan. Of the above cost of MSEK 225 (254) for defined contribution plans, MSEK 25 (24) relates to Alecta premiums for traditional ITP plans. Alecta's surplus may be distributed to the policyholders and/or the insured. At the end of the year, Alecta's surplus in the form of its collective funding ratio amounted to 129 (113) percent. The collective funding ratio reflects the market value of Alecta's assets as a percentage of its insurance obligations, calculated in accordance with Alecta's actuarial assumptions, which do not follow IAS 19.

NOTE 24 OTHER PROVISIONS

MSEK, 2012	Guarantee commitments	Actuarial provisions	Structural measures	Other	Total
Opening balance	120	45	306	111	582
Provisions during the period	70	62	78	54	264
Amounts utilized during the period	-50	-44	-127	-65	-286
Reversals during the period	-21	-	-9	-	-30
Reclassifications	-	-	-147	146	-1
Translation differences	-1	0	-3	0	-4
Carrying amount at end of period	118	63	98	246	525
Of which current provisions	90	20	84	7	201
Of which non-current provisions	28	43	14	239	324

MSEK 288 of the non-current provisions is expected to be used in 2015 and thereafter.

Increases in existing provisions are included in the period's provisions.

The majority of the year's restructuring provisions are attributable to measures in the Food Sector and Agriculture Sector and these are expected to be used in 2013.

During the year, the provisions for the estimated costs of closing down grain elevators (Blåljus) were reclassified from restructuring provisions to other provisions.

Other includes provisions for payroll tax on the difference in the Swedish pension obligation calculated according to IAS 19 and in accordance with the Swedish Pension Obligations Vesting Act. The amount is MSEK 86.

In corporate groups the size of Lantmännen, there are normally a number of ongoing disputes. Lantmännen has assessed the most likely outcome of the disputes currently at issue and where an outflow of financial resources is probable, a corresponding amount has been recognized as a provision.

NOTE 25 TRADE AND OTHER PAYABLES

MSEK	2012	2011
Trade payables	3,963	3,834
Operating liabilities to associates	11	16
Other current liabilities	933	915
Derivative instruments	61	52
Accruals and deferred income	1,254	1,461
Total	6,222	6,278

Accruals and deferred income

MSEK	2012	2011
Accrued personnel-related costs	501	501
Bonuses and discounts	143	112
Other accruals	440	820
Deferred income	170	28
Total	1,254	1,461

NOTE 26 LEASES

The Group is both a lessor and a lessee. The Group as lessor is reported in Note 27, Customer financing. The Group's obligations as a lessee are reported in this note. The Group has both operating and finance lease obligations.

Operating leases

Recognized cost of operating leases, MSEK

MSEK	2012	2011
Minimum lease payments	211	197
Contingent rents	4	4
Total	215	201

Future obligations under non-cancelable operating leases are reported below.

Minimum lease payments due

MSEK	2012	2011
Within one year	93	104
Between one and five years	333	359
After five years	516	593
Total	942	1,056

Companies in the Lantmännen Group are tenants in properties owned by Lantmännen's pension fund. The annual rent for these properties in 2012 was MSEK 77 and the figure for 2013 is expected to be MSEK 78. 30 percent of the leases run until 2020/2021 and 69 percent until 2025. The estimated rent for these contracts is included in the amounts in the above table.

Finance leases

Liabilities under finance leases are recognized as interest-bearing liabilities in the consolidated statement of financial position. Payments due within one year are recognized as current financial liabilities, while payments due after one year are non-current financial liabilities.

Note 26 continued

Recognized costs, payment of finance leases

MSEK	2012	2011
Minimum lease payments		
- reported as interest	2	3
- reported as payment (reduction of liability)	3	10
Contingent rents	0	0
Total payments under finance leases	5	13

The carrying amount of the leased assets at the reporting date is reported in Note 12, Property, plant and equipment.

Future minimum lease payments (payment and interest) by period:

Period due	2012			2011		
	Pay-ment	Interest	Total charge	Pay-ment	Interest	Total charge
Within one year	58	2	60	104	3	107
Between one and five years	250	6	256	204	8	212
After five years	21	2	23	27	3	30
Total	329	10	339	335	14	349

NOTE 27 CUSTOMER FINANCING

Customer financing is mainly concerned with financing Lantmännen's sales of farm and construction machinery to end customers.

Lantmännen Finans AB's outstanding receivables under hire purchase contracts amounted to MSEK 0 (1) at the end of the year. MSEK 0 (1) of this amount is due for payment in the next calendar year.

Customer financing through leasing occurs mainly in the Group's international machinery operations.

Customer financing under finance leases occurs to a very limited extent. At the end of the year, outstanding receivables totaled MSEK 1 (4).

Non-cancelable operating leases

For equipment leased to customers under operating leases, future payments under non-cancelable operating leases fall due as follows:

Minimum lease payments due

MSEK	2012	2011
Within one year	17	37
Between one and five years	8	10
After five years	1	-
Total	26	47



NOTE 28 RELATED PARTY TRANSACTIONS

The association's Board members have significant influence over the Parent Company and are therefore considered to be related parties. The purpose of an economic association is to promote its members' economic interests through trade with them. To this end, purchases and sales of goods and services are conducted with individual Board members who are also members of the association. Similarly, these individual Board members also participate in the financing of the association. As all these transactions have occurred in accordance with the association's purpose and under the conditions applicable to other members, the amounts involved are not disclosed.

Salaries and similar benefits to senior executives are reported in Note 5. Dividends from subsidiaries and associates are shown in Note 36. Receivables from associates and liabilities to associates are shown in Notes 16, 18, 19 and 25.

Related party transactions

	2012	2011
Intra-group purchases, share of total purchases, %	11	13
Intra-group sales, share of total sales, %	8	99
Purchases of goods and services from associates, MSEK	392	365
Sales of goods and services to associates, MSEK	134	17
Transfer of capital to Lantmännen's Grodden pension fund, MSEK	-	1,578
Sale of properties to pension fund, MSEK	-	1,057
Transfer of capital from pension fund, MSEK	-	-
Rent paid to pension fund, MSEK	77	0
Sales of goods and services to pension fund, MSEK	7	0

NOTE 29 GOVERNMENT GRANTS

MSEK	2012	2011
Grants recognized as revenue	7	3
Grants that reduced expenses	18	14
Total	25	17
Grants during the year that reduced the value of non-current assets	0	0
Grants recognized as deferred income at the reporting date	0	6

NOTE 30 ACQUISITIONS AND DIVESTMENTS

Acquisitions

No acquisitions of subsidiaries were made in 2012 or 2011.

Divestments

No divestments of subsidiaries were made in 2012.

Divestments 2011 ¹⁾	Sale date	Consolidated revenue 2011, MSEK	Average no. of employees 2011	Divested share	Holding after divestment
Kajan 18 i Luleå Fastigheter AB	Jun -11	0	0	50 %	50 %
Lantmännen Alfa AB	Dec -11	21	0	100 %	0
Fastighetsaktiebolaget Kungsholmsgatan 160	Dec -11	31	0	100 %	0
Lantmännen Fastigheter i Jönköping AB	Dec -11	4	0	100 %	0

¹⁾ All operations divested in 2011 relate to property companies and are recognized these under sale of property, plant and equipment. This is also shown in the consolidated cash flow statement. All the companies apart from Kajan 18 were sold to Lantmännen's Grodden pension fund.

The divestments made in 2011 do not relate to operations of significant value and have consequently not been classified or reported as discontinued operations

NOTE 31 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets		For own	Other com-	2012	2011
MSEK	financial liabilities	mitments			
Real estate mortgages	1,060	-	1,060	838	
Chattel mortgages	10	-	10	10	
Bank accounts	-	88	88	61	
Other	-	-	-	2	
Total	1,070	88	1,158	911	

Real estate mortgages have been provided for the liabilities of the Parent Company in the amount of MSEK 921 (668), of which MSEK 503 (315) relates to properties owned by subsidiaries. Real estate mortgages corresponding to MSEK 294 were temporarily replaced with bank guarantees in 2011 in connection with property transfers to Lantmännen's Grodden pension fund.

Contingent liabilities

MSEK	2012	2011
Guarantees for		
- associates	139	173
- others	120	418
Other contingent liabilities	531	341
Total	790	932

Other contingent liabilities mainly relate to buy-back, residual value and lease obligations in machine operations.

The Swedish fresh bread business divested in 2009 conducts part of its operations in a leased property in Umeå. Lantmännen ek för and the divested company are parties to this lease. The aim of the buyer is to continue operations in the property. All lease payments are paid directly by the divested company. Lantmännen subsidizes the lease payments as part of the sales agreement. A reserve for this subsidy has been recognized in both the Group's and Lantmännen ek för's statement of financial position. In Lantmännen's opinion there is no longer any risk that it will be required to make lease payments for the property. Consequently, no further reserves or contingent liabilities have been recognized.

NOTE 32 NOTES TO THE STATEMENT OF CASH FLOWS

MSEK	2012	2011
1) Interest paid and dividends received		
Dividends received	12	5
Interest received	218	194
Interest paid	-311	-249
Total	-81	-50

2) Acquisition of operations

No acquisitions of operations were made in 2012 or 2011.

3) Divestment of operations

There were no divestments of operations in 2012. Divested operations in 2011 relate only to real estate accounted for as sales of property.

4) Investments

The Group's investments in property, plant and equipment held under finance leases during the year amounted to MSEK 153 (33).

5) Cash and cash equivalents

Cash and bank balances	269	397
Short-term investments, maturity less than 3 months	83	342
Total	352	739

The Group's total payment capacity at the end of the year was MSEK 1,287 (1,615).



Notes to the Parent Company financial statements

NOTE 33 BREAKDOWN OF REVENUE

MSEK	2012	2011
Net sales		
Sales of goods	10,267	10,838
Service contracts	379	219
Total	10,646	11,057
Other operating income		
Services	137	136
Capital gains	63	34
Government grants	1	0
Royalties, license revenue	38	11
Rental activities	65	40
Other	44	77
Total	348	298

Customers outside Sweden accounted for approx. 18 (15) percent of the Parent Company's total net sales.

MSEK 58 (34) of the Parent Company's capital gains were from the sale of properties.

NOTE 34 FEES AND REIMBURSEMENT OF EXPENSES TO AUDITORS

MSEK	2012	2011
<i>Ernst & Young</i>		
Annual audit	4	4
Tax consultancy services	1	2
Other services	1	6
Total	6	12
<i>Elected auditors</i>		
Annual audit	1	1

NOTE 35 OPERATING INCOME

Related party transactions

Related party transactions in the Parent Company's operating income are shown below.

In this context, transactions with members in accordance with the Association's objectives are not considered related party transactions. Salaries and similar benefits to senior executives are reported in Note 5. Dividends from subsidiaries and associates are shown in Note 36.

MSEK	2012	2011
Intra-group purchases, share of total purchases, %	4	9
Intra-group sales, share of total sales, %	19	19
Purchases of goods and services from associates, MSEK	421	361
Sales of goods and services to associates, MSEK	16	14

Lease obligations

Operating expenses include MSEK 10 (9) in operating lease costs. Future obligations under non-cancelable operating leases are reported below.

Minimum lease payments due

MSEK	2012	2011
Within one year	9	9
Between one and five years	15	15
After five years	4	6
Total	28	30

NOTE 36 INCOME FROM INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

Income from investments in Group companies

MSEK	2012	2011
Dividends	584	714
Capital gain on disposal of shares	2	0
Capital loss on disposal of shares	-15	0
Impairment	-	-183
Reversal of impairment	12	-
Total	583	531

Dividends received in 2011 included Lantmännen Fastigheter AB, MSEK 469, Lantmännen Unibake Norge AS, MSEK 38, Lantmännen Finance Ireland, MSEK 37 and Lantmännen Cerealia AS, MSEK 29.

Income from investments in associates

MSEK	2012	2011
Dividends	19	21
Capital gain on disposal of shares	-	0
Total	19	21

A dividend of MSEK 19 was received from Raiffeisen Hauptgenossenschaft Nord AG (HaGe Kiel).

**NOTE 37 INCOME FROM OTHER SECURITIES AND RECEIVABLES
CLASSIFIED AS NON-CURRENT ASSETS**

MSEK	2012	2011
Dividends	10	4
Capital gain on disposal of shares	3	19
Impairment	-5	-
Other	1	-1
Total	9	22

Dividends were largely attributable to shares in Swedbank AB and Copenhagen Malmö Port AB.

The capital gain on disposal of shares was mainly attributable to Cloetta. Impairment was related to Biotain AB.

Income from shares in Accent Equity 2003 KB is reported under Other.

NOTE 38 EXCHANGE DIFFERENCES AFFECTING INCOME

MSEK	2012	2011
Exchange differences affecting operating income	63	-38
Exchange differences, financial items ¹⁾	251	-
Total	314	-38

¹⁾ Reported under interest and similar expense in the income statement.

Net financial items include foreign exchange gains which are largely due to a gain on the repayment of share capital from Lantmännen Finance Ireland and the strengthening of the Swedish krona against other currencies in 2012.

NOTE 39 TAXES

Tax on net income for the year MSEK	2012	2011
Current tax expense (-)/tax income (+)		
Tax expense/income for the period	-	-
Total current tax	0	0
Deferred tax expense (-)/tax income (+)		
Deferred tax arising from changes in temporary differences	-11	-11
Deferred tax arising from changes in tax rates and tax regulations	-21	-
Deferred tax income in capitalized loss carryforward during the year	-	33
Deferred tax expense from use of previously capitalized loss carryforwards	-3	-13
Total deferred tax	-35	9
Total recognized tax expense	-35	9

Note 39 continued

Reconciliation of effective tax	2012		2011	
	Percent	MSEK	Percent	MSEK
Income before tax		881		519
Anticipated tax according to enacted Swedish tax rate	26.3 %	-232	26.3 %	-136
Non-deductible expenses	3 %	-23	4 %	-19
Impairment of shares	0 %	-	9 %	-48
Tax-exempt capital gains/losses	0 %	-3	-1 %	5
Tax-exempt dividend	-22 %	197	-37 %	194
Contribution dividend deductible for tax purposes	-3 %	23	-4 %	22
Effect of changed tax rates and tax regulations	2 %	-21	0 %	-
Other	-3 %	24	2 %	-9
Recognized effective tax	4 %	-35	-2 %	9

Deferred tax asset/tax liability

MSEK	2012	2011
Land and buildings	-2	-5
Other provisions	15	30
Loss carryforwards	94	117
Total, net deferred tax asset	107	142

Change in deferred tax in temporary differences and loss carryforwards 2012

MSEK	Amount at beginning of year	Recognized in income statement	Amount at end of year
Land and buildings	-5	3	-2
Other provisions	30	-15	15
Loss carryforwards	117	-23	94
Total	142	-35	107

Loss carryforwards

Loss carryforwards amounted to MSEK 429 (444) at the end of the year, all of which were included in the computation of deferred tax assets.

NOTE 40 INTANGIBLE ASSETS

MSEK	Patents, licenses and trademarks		Capitalized development expenses	
	2012	2011	2012	2011
Accumulated acquisition value	262	262	148	105
Accumulated amortization	-139	-127	-61	-46
Carrying amount	123	135	87	59
Balance at beginning of year	135	147	59	18
Investments	-	-	42	42
Regular amortization for the year	-12	-12	-15	-12
Reclassifications	-	-	1	11
Carrying amount	123	135	87	59



NOTE 41 PROPERTY, PLANT AND EQUIPMENT

MSEK	Land ¹⁾		Buildings		Plant and machinery		Equipment, tools, fixtures & fittings		Construction in progress	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Accumulated acquisition value	103	95	736	783	2,982	3,089	509	530	50	43
Accumulated depreciation	-47	-48	-567	-586	-2,302	-2,352	-456	-466	-	-
Accumulated impairment	0	0	-25	-25	-167	-174	-19	-19	-	-
Carrying amount	56	47	144	172	513	563	34	45	50	43
Balance at beginning of year	47	58	172	176	563	623	45	77	43	32
Investments	-	-	-	-	-	-	-	-	102	96
Sales and disposals	-1	-7	-10	-45	-2	-8	-1	-	-14	-
Regular depreciation for the year	-1	-1	-8	-8	-93	-105	-12	-15	-	-
Impairment for the year	-	-	-	-	-8	-	-	-	-	-
Reclassifications	11	-3	-10	49	53	53	2	-17	-81	-85
Carrying amount	56	47	144	172	513	563	34	45	50	43

¹⁾ Including land improvements.

NOTE 42 INVESTMENT PROPERTIES

MSEK	Land ¹⁾		Buildings		Total investment properties	
	2012	2011	2012	2011	2012	2011
Accumulated acquisition value	20	25	152	152	172	177
Accumulated depreciation	-13	-13	-96	-112	-109	-125
Carrying amount	7	12	56	40	63	52
Balance at beginning of year	12	13	40	77	52	90
Investments	0	0	0	0	0	0
Sales and disposals	-6	-3	-6	-12	-12	-15
Regular depreciation for the year	0	0	-1	-1	-1	-1
Intra-group transfers ²⁾	-	-1	-	-13	-	-14
Reclassifications	1	3	23	-11	24	-8
Carrying amount	7	12	56	40	63	52

¹⁾ Including land improvements.

²⁾ During the previous year, properties were transferred from Lantmännen ek för to Lantmännen Group's real estate group.

Properties where less than 10 percent of the space is used for the activities of the Lantmännen Group and Parent Company are classified as investment properties.

Fair value and changes

MSEK	2012	2011
Fair value at beginning of year	251	258
Investments in properties	4	8
Divestments	-81	-72
Intra-group transfers	-	16
Changes in value	11	1
Reclassifications	42	40
Fair value at end of year	227	251

Fair value has been determined on the basis of internal assessments. Property sales carried out during the year have also been reconciled.

The value has been estimated using the following measurement methods:

- In the majority of cases the market price method has been used, where sales of equivalent properties in the market are used to support the valuation.
- Capitalization of earnings using cash flow calculations, where the properties' future net operating income and estimated residual value have been calculated.
- In certain cases the capitalization of earnings using the net capitalization method has been applied, where a normalized figure for net operating income is seen in relation to a market-adjusted direct return requirement.

Investment properties' effect on income for the period

MSEK	2012	2011
Rental income	27	23
Direct costs, including repairs and maintenance	-12	-11
Net operating income	15	12

NOTE 43 INVESTMENTS IN GROUP COMPANIES

MSEK	2012	2011
Accumulated acquisition value	6,645	7,407
Accumulated write-ups	200	200
Accumulated impairment	-660	-672
Carrying amount	6,185	6,935
Balance at beginning of period	6,935	6,757
Acquisitions	192	461
Impairment for the year	-	-183
Sales	-6	-
Reversal of impairment	12	-
Share capital repayments	-948	-100
Carrying amount	6,185	6,935

Acquisitions for the year relate to the internal acquisition of Lantmännen Aspen, MSEK 180, and shares and a capital contribution to Nötcenter Viken AB, MSEK 12.

Sales for the year relate to the liquidation of Arips AB and Agrobränsle AB.

Reversal of impairment relates Solanum AB.

Share capital repayments relate to Lantmännen Finance Ireland, MSEK 915, and Solanum AB, MSEK 33.

Impairment is recognized in the income statement under Income from investments in Group companies.

Parent Company and Group holdings of interests in Group companies, December 31, 2012

This overview comprises directly-held subsidiaries as well as indirectly-held companies with revenues exceeding MSEK 200.

Company name	Corporate Identity No.	Domicile	Number of shares	Share in %	Carrying amount, MSEK
Shares and interests in Swedish subsidiaries					
AB Skånefågel	556056-1457	Sölvesborg	1,000	100.0	1
Doofmas & Co AB	556547-7394	Stockholm	3,400,000	100.0	238
Fastighets AB Slätpricken AB	556831-3794	Stockholm	500	100.0	0
Gyllebo Gödning AB	556179-2911	Lidköping	2,000	66.7	0
Lantmännen Agroenergi AB	556215-0606	Huskvarna	30,000	100.0	159
Lantmännen Agroetanol AB	556028-0611	Norrköping	50,000	100.0	266
Lantmännen Agrovärme AB	556229-5666	Enköping	10,000	100.0	2
Lantmännen Aspen AB	556329-9519	Göteborg	3,850	100.0	180
Lantmännen AS-Faktor AB	556530-9720	Enköping	100	100.0	0
Lantmännen BioAgri AB	556056-1283	Enköping	20,000	100.0	3
Lantmännen Byggplant AB	556301-2771	Örebro	47,500	95.0	21
Lantmännen Cerealia AB	556017-2222	Malmö	200,000	100.0	512
Lantmännen Schulstad A/S	10 245 613	Copenhagen		100.0	
Lantmännen Cerealia A/S	69 120 717	Vejle		100.0	
Rigas Dzinavnieks, JSC	LV400030266	Rīga		95.4	
Lantmännen Doggy AB	556055-5129	Vårgårda	103,625	100.0	156
Lantmännen Energi AB	556118-3954	Stockholm	400	100.0	54
Lantmännen Finans AB	556664-8118	Stockholm	2,000,000	100.0	200
Lantmännen Fastigheter AB	556017-8443	Stockholm	3,000	100.0	18
Lantmännen Invest AB	556003-3192	Stockholm	440,000	100.0	63
Lantmännen Krafft AB	556156-4039	Falkenberg	5,000	100.0	1
Lantmännen Kronfågel Holding AB	556529-6372	Stockholm	15,000,000	100.0	305
Lantmännen Kronfågel AB	556145-4223	Stockholm		100.0	
Lantmännen Danpo A/S	31 241 316	Farre		100.0	
Lantmännen Maskin AB	556005-7639	Malmö	10,000	100.0	10
Lantmännen Maskin AS	914 109 981	Asker		100.0	
Akerhus Traktor AS	947340204	Jessheim		100.0	
LM Maskin Midt Norge AS	948130661	Stjørdal		100.0	
LMB Danmark A/S	75 297 319	Brøndby		100.0	
Lantmännen Reppe AB	556000-1538	Växjö	25,000	100.0	28
Lantmännen Service AB	556831-3695	Stockholm	500	100.0	0
Lantmännen Solanum AB	556066-1687	Kävlinge	1,000	100.0	0
Lantmännen SW Seed AB	556001-5272	Svalöv	298,667	100.0	160
Swecon Baumaschinen GmbH	HR B1403	Düsseldorf		100.0	
Lantmännen SweHatch AB	556033-3386	Flyinge	30,000	100.0	0
Lantmännen Unibake Sweden AB	556186-7796	Örebro	100,000	100.0	27
Maselaboratorierna AB	556009-7353	Uppsala	5,000	100.0	0
Nötcenter Viken AB	556559-4503	Falköping	9,000	100.0	16
Swecon Anläggningsmaskiner AB	556575-1137	Eskilstuna	488,150	97.6	372
Åhus Foder HB	969723-3394	Åhus		70.0	0
Shares and interests in foreign subsidiaries					
Aspen Clean Fuels Ltd	05356409	UK	100,001	100.0	218
Cerealia Bakeries Holding A/S	26 864 097	Denmark	5,000	100.0	1
Lantmännen Finance Ireland	6562531V	Dublin		100.0	190
Diral AG	CH-0203002	Zürich	199,997	100.0	22
Lantmännen Cerealia AS	910629085	Oslo	17,968,129	100.0	222
Lantmännen Unibake Holding A/S	37 249 211	Horsens	3,000,000	100.0	2,708
Lantmännen Unibake Denmark A/S	29 219 354	Horsens		100.0	
Lantmännen Unibake GmbH & Co KG	HRA 121351	Verden		100.0	
Lantmännen Unibake USA, Inc	36-4034179	United States		100.0	
Lantmännen Unibake UK Ltd	3315763	UK		100.0	
Lantmännen Unibake Londerzeel NV	0461025063	Londerzeel		100.0	
Lantmännen Unibake Norge AS	989 135 082	Oslo	3,405,694	100.0	34

Total, Parent Company

6,185



NOTE 44 INVENTORIES

MSEK	2012	2011
Raw materials and consumables	1,447	1,212
Finished goods and merchandise	795	741
Total	2,242	1,953

MSEK 0 (0) of the total value of inventories relates to goods measured at net realizable value.

NOTE 45 PREPAYMENTS AND ACCRUED INCOME

MSEK	2012	2011
Prepaid rent	5	9
Bonuses and discounts	3	6
Prepaid insurance	18	2
Prepaid expenses	63	83
Accrued interest income	3	0
Accrued income	106	195
Total	198	295

NOTE 46 YEAR-END APPROPRIATIONS, UNTAXED RESERVES

Untaxed reserves, MSEK	2012	2011
Accelerated accumulated depreciation		
- Intangible assets	111	111
- Machinery and equipment	200	200
Total	311	311

NOTE 47 PENSIONS

All of the Parent Company's defined benefit pension obligations are governed by the Pension Obligations Vesting Act (Tryggandelagen).

Lantmännen established a pension fund in the fall of 2011. Lantmännen ek för's defined benefit pension obligations are covered by the fund.

As these pension obligations are now secured through a fund, which is completely outside Lantmännen Group, the obligation is offset against Lantmännen ek för's share of the market value of the fund's assets. The fair value measurement of the fund's assets is conducted by external valuers.

The pension liability recognized in the statement of financial position is as follows:

MSEK	2012	2011
Value of pension obligations under funded pension plans	927	791
Fair value of Lantmännen ek för's share of pension fund	-927	-791
Net obligation	0	0
Other unfunded pension plans	3	3
Total	3	3

Note 47 continued

Specification of changes in recognized pension liability during the year:

MSEK	2012	2011
Liability at beginning of year	3	736
Pension costs for the year	49	101
Pension payments	-49	-43
Transfers to pension fund	-	-791
Liability at end of year	3	3

The calculation of pension obligations under funded pension plans was carried out by PRI Pensionsgaranti according to their own adopted actuarial assumptions.

In connection with the transfer of SW Seed's business to Lantmännen in 2012, SW Seed funded pension plan was also transferred.

Specification of pension-related costs for the period:

MSEK	2012	2011
<i>Book reserve pensions</i>		
Current service cost ¹⁾	8	69
Interest expenses	34	32
Book reserve pension costs	42	101
<i>Pension through insurance</i>		
Insurance premiums, corresponding	62	54
Net pension costs for the year, excluding taxes	104	155

¹⁾ 2011 includes effect of PRI Pensionsgaranti's changed life expectancy assumptions which was MSEK 54.

MSEK	2012	2011
Pensions costs recognized as employee benefits in operating income	70	123
Pensions costs recognized as interest expense in net financial items	34	32
Total	104	155

Fair value of Lantmännen ek för's share of the fund's assets:

MSEK	2012	2011
Real estate	640	530
Interest-bearing assets	158	174
Structural products	30	-
Equity investments	69	-
Hedge funds	42	-
Cash and cash equivalents	52	87
Total	991	791

The difference between Lantmännen ek för's share of assets in the fund and recognized pension obligations above, is attributable to over-consolidation in the fund. Under the current rules, pension liability is not recognized as an asset. Consequently, only assets equivalent to the value of the liability reduce debt.

Next year's projected payments under defined benefit pension plans amount to MSEK 56 (45).

NOTE 48 OTHER PROVISIONS

MSEK	Restructuring	Other	Total
Carrying amount at beginning of period	212		212
Provisions during the period	36	32	68
Amounts utilized during the period	-58	-26	-84
Reclassifications	-145	145	0
Carrying amount at end of period	45	151	196

Increases in existing provisions are included in the period's provisions.

Most of the year's restructuring provisions relate to the ongoing efficiency programs in the Agriculture Sector and Corporate Functions. MSEK 116 (135) of the provisions relate to the estimated costs of closing down grain elevators. No new provisions for grain elevators were made in 2012. This provision was reclassified from Restructuring to Other in 2012.

Approx. a quarter of the total provisions are expected to be utilized in 2013. The remainder will not be utilized in the next three years.

NOTE 49 OTHER CURRENT LIABILITIES

Other current liabilities include savings and capital account liabilities to members amounting to MSEK 1,484 (1,411).

NOTE 50 ACCRUALS AND DEFERRED INCOME

MSEK	2012	2011
Accrued personnel-related costs	140	120
Accrued interest	18	26
Other accruals	147	232
Deferred income	8	11
Total	313	389

NOTE 51 FINANCIAL INSTRUMENTS

MSEK	2012	2011
Shares and interests	311	143
Loans and receivables		
Non-current interest-bearing receivables from subsidiaries	1,165	125
Non-current interest-bearing receivables from associates	3	2
Other non-current interest-bearing receivables	113	114
Trade receivables	2,329	2,085
Current interest-bearing receivables from subsidiaries	9,975	7,829
Other current interest-bearing receivables	39	94
Short-term investments	0	208
Cash and bank balances	0	148
Total	13,624	10,605
Financial liabilities measured at amortized cost		
Non-current interest-bearing liabilities	4,516	4,121
Trade payables	1,888	1,746
Current interest-bearing liabilities to subsidiaries	4,936	2,964
Other current interest-bearing liabilities	1,655	2,437
Total	12,995	11,268

The Parent Company does not measure or report derivative instruments. All of the Group's derivative instruments, apart from those that relate to ethanol, are held by the Parent Company. The maturity structure and fair value of these is shown in ► Note 22 on page 110, Note 22 also contains other information about the Parent Company's financial instruments.

NOTE 52 PLEDGED ASSETS AND CONTINGENT LIABILITIES

MSEK	For own financial liabilities	Other commitments	Total pledged assets	
			2012	2011
Real estate mortgages	419	-	419	353
Bank accounts	87	-	87	61
Total	506	-	506	414

Real estate mortgages are used as collateral for loans from Realkredit Danmark. The change during the year is attributable to mortgages that replace previous bank guarantees.

MSEK	2012	2011
Contingent liabilities		
Guarantees for		
- Group companies	962	1,168
- associates	139	173
Other contingent liabilities	51	341
Total	1,152	1,682

The change in guarantees provided for Group companies is mainly attributable to pension obligations transferred from SW Seed to the Parent Company. The decline in other liabilities is mainly attributable to bank guarantees being replaced by real estate mortgages in group companies.



The Board of Directors and the President & CEO hereby certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and give a true and fair view of the Group's financial position and performance. The Parent Company's financial statements have been prepared in accordance with generally accepted accounting principles, and give a true and fair view of the Parent Company's financial position and performance.

The Board of Directors' Report for the Group and Parent Company provides a true and fair overview of the development, financial position and performance of the Group and Parent Company, and describes significant risks and uncertainties faced by the Group, the Parent Company and companies belonging to the Group.

Stockholm, February 21, 2013



Bengt-Olov Gunnarson
Chairman



Nils Lundberg
Vice chairman



Ulf Gundemark



Helle Kruse Nielsen



Per Lindahl



Thomas Magnusson



Anitra Steen



Hans Wallemyr



Björn Wallin



Tommy Brunsärn



Gert Gustavsson



Tomas Welander



Per Olof Nyman
President & CEO

Our audit report was submitted on February 21, 2013

Ernst & Young AB



Lars Träff
Authorized Public Accountant



Torvald Carlsson



Gustav Jansson



Anders Åbyhammar

The Group's and Parent Company's annual financial statements will be presented for adoption at the Annual General Meeting on May 6, 2013.

Auditor's report

To the annual general meeting of Lantmännen ek för
Corporate identity number 769605-2856

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Lantmännen ek för for the year 2012. The annual accounts and consolidated accounts of the society are included in the printed version of this document on pages 67-123.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. The authorized public accountants have conducted the audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards requires that we follow professional ethics and that we plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement. The member representative auditors have conducted the audit in accordance with generally accepted audit standards for member representative auditors in Sweden.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the society's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the society's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent society as of 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2012 and of the financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual general meeting adopt the income statement and balance sheet for the parent society and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the society's profit or loss and the administration of the Board of Directors and the Managing Director of Lantmännen ek för for the year 2012.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the society's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Co-operative Societies' Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the society's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the society's profit or loss, we examined whether the proposal is in accordance with the Co-operative Societies' Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Co-operative Societies' Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual general meeting that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm, February 21, 2013



Lars Träff
Authorized Public Accountant



Torvald Carlsson
Member representative Auditor



Gustav Jansson
Member representative Auditor



Anders Åbyhammar
Member representative Auditor

Corporate Governance Report 2012



Corporate Governance Report

The Corporate Governance Report has not been reviewed by the Association's auditors.

Lantmännen ek för is a Swedish co-operative economic association headquartered in Stockholm, Sweden. The Group's governance is primarily based on the Association's Articles of Association, the Swedish Economic Associations Act, the code of governance for agricultural co-operatives and association enterprises (hereinafter referred to as the Association Code) and other applicable laws and rules. According to the Association Code, a corporate governance report shall be prepared.

Lantmännen's Board of Directors and executive management endeavor to ensure the enterprise is able to meet the demands placed on it by owners, employees and other stakeholders in the best possible way.

Association Code

The Association Code is modeled on the Swedish Corporate Governance Code of 2004. The Association Code was developed in collaboration between the Federation of Swedish Farmers (LRF) and the larger agricultural co-operative enterprises. Like the Swedish Corporate Governance Code, the Association Code is intended to establish the proper conditions for an active and accountable ownership role. Its purpose is to ensure there is a proper balance between owners, Board and executive management, to contribute to a clear division of responsibility between the Association's management and control bodies and to create the greatest possible transparency to owners, the market and society in general. Another purpose of the Association Code is also intended to help ensure practical compliance with the principles of the Economic Associations Act regarding member participation in the management of the Association. At present the Code is applied by Lantmännen and relevant parts of other agricultural co-operatives.

Under the Association Code, the Board is required to submit a report about how efficiently the internal control over financial reporting has functioned during the past financial year. Lantmännen's Board of Directors has chosen to confine its report to a description of the organization of the internal control. This is consistent with the simplifications applicable since 2008 under the Swedish Corporate Governance Code.

Owners

The Group's Parent Company is Lantmännen ek för, a co-operative enterprise owned by 33,589 farmers in Sweden. Pursuant to the Association's Articles of Association, the owners, i.e., the members of the Association, shall be engaged in farming or food production in the Association's area of operation. The owners have the opportunity at various owner and district meetings to express their views to the Board of Directors and management through motions and other means. See also the description in Farmer owner and run on ► page 14.

Contributed capital and voting rights

Each member of the Association has one vote, regardless of the size of investment. The members' obligation to invest is based on the turnover value of purchases from and deliveries to the Association. The Board of Directors decides the product areas that will constitute the basis of the obligation to invest. The individual member's obligation to invest is 15 percent of the average value of the turnover with the Association over the last five years. However, the obligation to invest ranges from a minimum of SEK 10,000 to a maximum of SEK 450,000. Of the total contributed capital of MSEK 1,769, MSEK 753 has been paid in and MSEK 1,016 issued from distributable capital in the Association. At the end of 2012, the obligation of members to invest totaled MSEK 1,494.

Annual General Meeting

The Annual General Meeting is Lantmännen's supreme decision-making body. The Meeting consists of representatives of members, delegates, who are elected at the district meetings. The districts are the basis of the members' role as owners of the Association. Delegate seats are distributed on the basis of a divisor in proportion to the number of members in the district and the organization member. The chairmen of district boards and the chairman of the board of the organization member shall be delegates. The number of delegates shall not be less than 100. Each delegate has one vote at the Meeting. The General Meeting has a quorum when more than half of the full number of delegates are in attendance. Each member is entitled to have business considered by the General Meeting.

The Annual General Meeting shall be held within six months of the end of the financial year. The Association's Board of Directors, Nomination Committee and auditors are elected at the Annual General Meeting. Other obligatory business to be considered by the Meeting includes adoption of the



income statement and statement of financial position, allocation of the Association's profit or coverage of its loss, discharging the Board of Directors and President from liability and determination of Directors' and auditor fees.

2012 Annual General Meeting

The 2012 Annual General Meeting was held on May 2 in Stockholm. Board members of Lantmännen ek för are elected for two-year terms. The terms for Thomas Bodén, Thomas Magnusson, Helle Kruse Nielsen and Björn Wallin expired. Thomas Bodén had declared himself unavailable for re-election. The Meeting resolved that the Board of Directors of Lantmännen ek för would consist of nine elected members and the President of the Association. Thomas Magnusson, Helle Kruse Nielsen and Björn Wallin were re-elected to the Board at the Meeting. Ulf Gundemark was elected a new member. The Meeting resolved that the number of auditors would be four, one authorized public accountant and three elected auditors. The auditors are elected for one year at a time. Lars Falck had declared himself unavailable for re-election. The accounting firm Ernst & Young AB, with authorized public accountant Lars Träff as auditor in charge, was elected as the Association's authorized auditor. Torvald Carlsson and Anders Åbyhammar were re-elected as auditors. Gustav Jansson was elected a new auditor. The Meeting also passed a resolution on the remuneration of the Board and other elected representatives, including fixed annual remuneration as well as per diem and travel compensation. The Meeting also appointed nine members to the Nomination Committee for the period up to and including the 2013 General Meeting.

The Meeting approved a contribution dividend totaling MSEK 78 to be distributed on paid-in and issued contributed capital and a contribution issue totaling MSEK 152 to be distributed as follows: contribution-based turnover (25 percent) and paid-in and issued member contributions (75 percent). In addition to the dividend and issue, the Board decided to pay MSEK 110 in refunds and final price adjustments.

The total number of delegates was 101, of whom 96 were present at the Meeting. All Board members were present at the Annual Meeting. One elected auditor was not present.

Council of Trustees

The Association has a Council of Trustees. The district board chairmen and organization member shall serve on the Council of Trustees. In addition, the Board of Directors may appoint additional members. The role of the Council of Trustees is to

advise the Group Board on development issues of a more long-term nature as well as communicate information between the Board of Directors and the districts. The Council of Trustees is also charged with taking part in matters of principle and nominating members to the Association's Nomination Committee.

Council of Trustees in 2012

In addition to the obligatory members as stated above, the Board of Directors appointed two representatives of the local associations to the Council of Trustees. Also in attendance at Council of Trustees meetings are the Group Board, the Association's elected auditors and the chairman of the Nomination Committee, unless he or she is already part of the above-mentioned group. The Council of Trustees had three minuted meetings during the year.

Nomination Committee

The Nomination Committee is tasked with preparing and presenting proposals for the election and remuneration of Group Board members and auditors, and making recommendations with regard to the remuneration of other elected representatives. The Nomination Committee shall have 7-13 members and is elected by the Annual General Meeting. The Nomination Committee elects a chairman from among its members.

Based on the Association's current situation and future direction, the Nomination Committee's task is to assess whether the Board of Directors is appropriately composed with regard to expertise. This assessment is based in part on an evaluation of the Board's work methods and decision processes performed by an independent party at the request of the Chairman of the Board and in consultation with the Nomination Committee. Any new recruitment to the Board is then done according to a specified requirement prepared by the Nomination Committee.

Nomination Committee 2012

In 2012, the Nomination Committee consisted of nine members: Per-Olof Malm (chairman), Kjell Eriksson (vice chairman), Håkan Christensson, Krister Andersson, Ann-Margret Assarsson, Viktoria Josefsson, Sören Lundström, Karola Reuterström and Anders Rickardsson. Karola Reuterström resigned at the Annual General Meeting on May 2 and Charlotte Önnestedt was elected a new member. At the statutory meeting after the AGM, Per-Olof Malm was elected chairman and Kjell Eriksson vice chairman. The member manager is secretary of the Nomination Committee.



Owner relations

During the year the Owner Relations Department had seven members – five member services staff, the editor of The Sprout, and the member manager. The cost of the department and its entire activities in 2012 amounted to approx. MSEK 34. District costs accounted for MSEK 14.5 of this figure, and comprised fixed fees of MSEK 4.7 (32 percent) adopted by the AGM and variable fees of MSEK 4.8 (34 percent). The other MSEK 5 (34 percent) related to costs of the districts' various activities.

Regional training costs amounted to MSEK 1.1. The cost of the Annual General Meeting, which also comes under the department's area of responsibility, was approx. MSEK 2. Other activities handled by the department include the Delegates' Meeting, Council of Trustees, District Board Conference, General Meeting, Nomination Committee and the owners' newsletter The Sprout.

Group Board

The overall task of the Board of Directors is to manage the Association's affairs on behalf of its members, in such a way that their economic interests are served in the best possible way. The Board is responsible for the Association's organization and management of its affairs and for ensuring satisfactory control of the Association's accounting, asset management and

financial affairs. The Board decides the Group's overall goals, strategic plans and significant policies and monitors whether they are being adhered to and updated. The Board also decides on acquisitions, divestments and major investments and approves the annual accounts and interim reports. The Board is also tasked with overseeing the President and regularly assessing the performance of the Group Management. The Board shall ensure that there is an effective system for follow-up and control of the Association's operations and financial position, that external information is characterized by transparency and objectivity, that there is adequate monitoring of compliance with laws and regulations and that the necessary ethical guidelines are laid down.

The work of the Board is directed by a work plan that governs the division of work and responsibility between the Board of Directors, the Chairman and the President. The formal work plan is updated and adopted at least once a year, normally at the statutory meeting of the Board.

The Board of Directors of Lantmännen shall consist of no fewer than 7 and no more than 13 members in addition to the President. The Board elects a chairman from among its members. The Board has an Audit Committee, a Remuneration Committee and an Owner Committee. The purpose of the committees is to develop and streamline the Board's work

Group Board, attendance and number of meetings 2012

	Jan 24	Feb 8	Feb 23	Mar 21	Apr 3	Apr 26	May 2	May 21	Jun 14	Jun 19-20	Jul 20	Aug 30	Oct 4	Oct 25	Nov 8	Nov 13	Nov 21	Dec 6	Dec 19-20	Dec 27
		📞					Statutory meeting	📞			📞					Per Capsulam	📞			📞
Thomas Bodén	●	●	●	●	●	●	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Tommy Brunsårn	●	●	●	●	●	●	●	●	—	●	●	●	●	●	●	●	●	●	●	●
Bengt-Olov Gunnarson	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Ulf Gundemark	—	—	—	—	—	—	—	●	●	●	●	●	●	●	●	●	●	●	●	●
Gert Gustavsson	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Helle Kruse Nielsen	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Per Lindahl	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Nils Lundberg	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Thomas Magnusson	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	—	●	●	●
Anitra Steen	●	●	●	●	●	●	●	—	●	●	●	●	●	●	●	●	●	●	●	—
Hans Wallemyr	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Björn Wallin	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●*
Tomas Welander	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	—	●	●	●
Per Olof Nyman	●	●	●	—	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●*	●

● Present ● Partly — Not present

Thomas Bodén resigned as Chairman on May 2, 2012. Ulf Gundemark was appointed to the Board on May 2, 2012.

Per Olof Nyman was appointed permanent President & CEO on March 21, 2012.

* Björn Wallin, Per Olof Nyman not present on December 19.



as well as prepare business within the respective areas. The committees have no decision-making powers. Members of the committees are appointed by the Board at the statutory Board meeting. Instructions for the committees are included in the Board's formal work plan.

The work of the Board of Directors in 2012

Since the Annual General Meeting on May 2, 2012, the Board has consisted of nine members elected by the Meeting, three employee representatives and the President. On March 21, Per-Olof Nyman was appointed and took up his position as President and CEO, having been acting President and CEO since October 2011. The Senior Vice President Legal Affairs serves as the Board's secretary. None of the elected Board members has an employment-like relationship with Lantmännen. Bengt-Olov Gunnarson was elected Chairman of the Board. The composition of the Board is shown in the presentation on [page 133](#).

The Board held 20 meetings during the year. Five of the meetings were by telephone and one was per capsulam. The table on the previous page shows the attendance of the board members at the meetings. The Association's auditors attended two of the meetings. During the year, the Board adopted an anti-corruption policy with monitoring procedures that apply to the entire group.

Audit Committee

The Audit Committee is tasked with preparing materials in matters relating to risk assessment, internal control, financial reporting and auditing. It also serves as a forum for dialog between different parties, such as external and internal auditors. The committee also works to ensure appropriate risk management, compliance with established financial reporting and internal control principles and the maintenance of proper relations with external auditors. The committee also ensures that the independence of external auditors is maintained, evaluates the audit and informs the Nomination Committee of the results. The Group's internal audit unit reports directly to the Audit Committee.

Before the AGM, the committee consisted of Nils Lundberg (chairman), Anitra Steen and Hans Wallemyr. The committee's composition was unchanged after the meeting. The manager of the internal audit unit serves as the committee's secretary. Members are appointed for one year at a time. In addition to distributing the minutes of Audit Committee meetings to the Board of Directors, the committee chairman gives an oral report on all important issues at the subsequent

Board meeting. The committee held four minuted meetings during the year. The table below shows the attendance of the members at the meetings.

Audit Committee, attendance and number of meetings 2012

	Feb 6	Apr 25	Jul 19	Oct 23
Nils Lundberg (chairman)	●	●	●	●
Hans Wallemyr	●	—	●	●
Anitra Steen	●	●	●	●

● Present — Not present

Remuneration Committee

The Remuneration Committee is tasked with preparing matters and drafting principles related to pay and other terms of employment for Group Management. These principles must be approved by the AGM. The committee prepares and submits decision-support material to the Board of Directors concerning conditions of employment for the President, and to the President for the other members of Group Management.

Before the AGM, the committee consisted of Thomas Bodén (chairman), Bengt-Olov Gunnarson and Helle Kruse Nielsen, with President & CEO Per Olof Nyman as rapporteur. After the meeting, Bengt-Olov Gunnarson was elected chairman and Ulf Gundemark replaced Thomas Bodén, who did not seek re-election to the Board. The Group's Senior Vice President Human Resources serves as secretary. Members are appointed for one year at a time.

In addition to distributing the minutes of Remuneration Committee meetings to the Board, the committee chairman makes an oral report on all important issues at the subsequent Board meeting.

The committee held four minuted meetings during the year.

The table below shows the attendance of the members at the meetings.

Remuneration Committee, attendance and number of meetings 2012

	Feb 14	Apr 25	Sep 3	Sep 27
Thomas Bodén	●	●	—	—
Bengt Olov Gunnarsson	●	●	●	●
Ulf Gundemark	—	—	●	●
Per Olof Nyman, President & CEO, rapporteur	●	●	●	●
Helle Kruse Nielsen	●	●	●	●
Stefan Åström (invited)	—	—	—	●

● Present — Not present



Owner Committee

The Owner Committee is tasked with dealing with issues concerning ownership and the owner organization in the Group. The committee's work is aimed at ensuring that owner and member issues are dealt with in accordance with the Economic Associations Act and the Articles of Association. The committee also works to ensure that the Articles of Association, organization and relationship with owners and elected representatives are developed in such a way as to take into account ongoing changes in society and the business environment.

Owner Committee, attendance and number of meetings 2012

	Feb 6	Apr 17	Aug 29	Sep 28	Nov 26
Björn Wallin	●	●	●	●	●
Thomas Magnusson	●	●	●	●	●
Per Lindahl	●	●	●	●	●
Tove Cederborg	●	—	●	●	●

● Present — Not present

Before the AGM, the committee consisted of Björn Wallin (chairman), Thomas Magnusson and Per Lindahl. Legal Counsel Tove Cederborg also attends the committee's meetings. The committee's composition was unchanged after the meeting. The Group's head of membership serves as the secretary. Members are appointed for one year at a time.

In addition to distributing the minutes of Owner Committee meetings to the Board, the committee chairman gives an oral report on all important issues at the subsequent Board meeting. The committee held five minuted meetings during the year. The table below shows the attendance of the members at the meetings.

President and Group Management

The President & CEO is appointed by the Board and is responsible for the day-to-day management of the Association. The division of work between the Board and the President is regulated in the Board's work plan. Group Management currently consists of eight members. Lantmännen's Group Management normally consists of the President & CEO, Heads of Sectors and Senior Vice Presidents of Corporate Functions. In December, Ulf Zenk took over as CFO. The composition of Group Management is shown in the presentation on [page 134](#)

Group Management normally meets every six weeks. The President & CEO has overall responsibility for the Group's coordination.

Internal Audit

The internal audit is an independent unit in the Group, which is engaged in objective assurance and advisory activities. The internal unit team makes systematic and structured assessments to help to increase the efficiency of the Group's risk management, governance and control, as well as its management processes.

The internal audit unit reports material observations and improvement proposals to the Group Board (via the Audit Committee) and to the operating units. It also audits the entire Group and acts as an independent review function for Lantmännen Finans AB in accordance with the requirements of the Swedish Financial Supervisory Authority. In addition to performing reviews and audits in accordance with the internal audit plan, the unit supports the Group's Board and Management by providing analyses and advice.

In 2012 the internal audit unit identified overall risks in the Group, performed audits of the Sectors and corporate functions and prepared an internal audit plan for 2013. The internal audit unit also participates in various steering groups and committees in order to obtain essential information and serve as a consultation body in the areas of risk management and internal control.

External audit

The auditors are tasked with auditing the annual report, consolidated financial statements, accounting records and administration of the Board and President. There are four regular auditors. One is authorized and the other three are elected. All auditors are elected by the AGM for one year at a time. Ernst & Young acts as the Group's authorized auditor. The auditors' work is led by authorized public accountant Lars Träff. The elected auditors are Torvald Carlsson, Gustav Jansson and Anders Åbyhammar.

In addition to the statutory audit performed by all of the auditors, the elected auditors conduct a special review of efficiency and target achievement from a member perspective.

The Board of Director's report on internal control over financial reporting

The responsibilities of the Board and President in the area of internal control are governed by the Swedish Economic Associations Act. The Board's responsibilities are also governed by the Swedish governance code for agricultural co-operatives and association enterprises (Association Code). Under the Association Code, the Board is required to submit a report about how efficiently the internal control over financial reporting has functioned during the past financial year. As stated in the Corporate Governance Report on page 126, Lantmännen's Board has chosen to confine its report to the organization of internal control.

Below is a description of the most important elements of the Association's system for internal control and management of risks associated with financial reporting.

Internal control over financial reporting is a process involving the Group Board, the Audit Committee, the President, management and other employees and it is designed to provide assurance of the reliability of financial reporting. The overall aim of internal control is to protect owners' investments and the Association's assets.

The control environment constitutes the basis of internal control and is made up of the values and ethics that the Lantmännen Group communicates and applies, together with the Group's organizational structure, management, decision-making channels, responsibility and authority, and the expertise possessed by employees. Other important areas in Lantmännen's internal control are communication and information and follow-up.

The Lantmännen Group's values represent a long-term commitment linked to its mission, business concept, goals and strategies that guide employees in their daily work. It is the Group's

aim that its slogan "responsibility from field to fork" will permeate all internal and external actions. In 2008 the Board prepared, adopted and communicated a Code of Conduct for the Group. Its implementation continued in 2011, with extensive training initiatives to ensure that all employees and other stakeholders covered by the Code, such as suppliers, understand and follow it. In 2012, the Code of Conduct was further concretized with the anti-corruption policy, which the Board adopted and tasked the President with implementing in the Group.

The Board has overall responsibility for internal control over financial reporting. The Board has adopted a written work plan that clarifies the responsibilities of the Board and governs the division of work between the Board and its committees. An Audit Committee regularly reports to the Board. The Board adopted new authorization and delegation instructions for the Group during the year.

Lantmännen works continuously to ensure the appropriate expertise is present in key positions in both the corporate functions and Sectors. In addition, there are policies in place for important areas, which define responsibility, authority and procedural guidelines. The policies are available on Lantmännen's intranet. A financial manual has also been prepared for the Group's financial reporting.

Regular monitoring is conducted in order to ensure the efficiency of internal control over financial reporting. The monitoring process includes analysis of regular financial reports compared with historical figures, budgets and forecasts as well as monitoring of reporting activities. Monitoring takes place at company, business area, Sector and Group level.



*Ulf Gundemark, Hans Wallemyr, Nils Lundberg, Thomas Magnusson, Per Lindahl
Tomas Welander, Björn Wallin, Helle Kruse Nielsen, Tommy Brunsärn
Per Olof Nyman, Bengt-Olov Gunnarson, Anitra Steen, Gert Gustavsson*

Board of Directors

The Board consists of ten members and three employee representatives. Board members of Lantmännen ek för are elected for two-year terms. The Annual General Meeting will be held on May 6, 2013.

Holdings of subordinated debentures and contribution issues are at December 31, 2012.

Bengt-Olov Gunnarson *Chairman*

Klockrike
 Born: 1951
 Member since 2005
 Member of Lantmännen
Other functions at Lantmännen: Viking Malt Oy, Remuneration Committee, Lantmännen Research Foundation
Education: Agricultural technologist
Main occupation: Farmer
Production: Crop production, forestry and wind power
Contribution issues: SEK 239,718*
Subordinated debentures: SEK 100,000
Subordinated debentures related parties: SEK 50,000

Nils Lundberg *Vice Chairman*

Skivarp
 Born: 1958
 Member since 2007
 Member of Lantmännen
Other functions at Lantmännen: Audit Committee, Viking Malt Oy
Education: Agricultural economist
Main occupation: Farmer
Production: Crop production, wind power
Other directorships: Ljusterö Golf AB, Halmstadgården Vindpark AB, Vassmolösa Vind AB
Contribution issues: SEK 2,737,061*
Subordinated debentures: SEK 100,000*
Subordinated debentures related parties: SEK 90,000

Ulf Gundemark

Stockholm/Dalarö
 Born: 1951
 Member since 2012
 Not a member of Lantmännen
Other functions at Lantmännen: Remuneration Committee
Education: M.Sc. (Engineering)
Main occupation: Directorships
Other directorships: Papyrus, Constructor, AQ Group, Ripasso Energy, Lönne Scandinavia, Bridge to China

Helle Kruse Nielsen

Denmark, Rungsted Kyst
 Born: 1953
 Member since 2010
 Not a member of Lantmännen
Other functions at Lantmännen: Remuneration Committee
Education: M.Sc. (Business and Economics)
Main occupation: Directorships
Other directorships: Styrelseledamot i Gumlink A/S, NewWaveGroup AB, Oriflame SA

Per Lindahl

Kristianstad
 Born: 1964
 Member since 2011
 Member of Lantmännen
Other functions at Lantmännen: Owner Committee
Education: Agriculture
Main occupation: Farmer
Production: Crop production (potatoes and grain), broiler breeding
Other directorships: Chairman Svensk Fågel, Chairman Hushållningssällskapet Kristianstad
Contribution issues: SEK 991,204

Thomas Magnusson

Tävelsås
 Born: 1950
 Member since 2005
 Member of Lantmännen
Other functions at Lantmännen: Owner Committee
Education: Agriculture and economics
Main occupation: Farmer
Production: Milk, beef
Other directorships: Vice President LRF (Federation of Swedish Farmers), Vice President Cogeca
Contribution issues: SEK 159,461
Subordinated debentures: SEK 20,000

Per Olof Nyman

President and CEO
 Head of Food Sector
 Stockholm
 Born: 1956
 Not a member of Lantmännen
 Hired: 2008
Education: M. Sc. (Industrial and Management Engineering)
External directorships: LRF Konsult, SPBI Service AB.
Directorships in associates: Viking Malt Oy, VK Mühlen AG, HaGe Kiel
Subordinated debentures: SEK 220,000

Anitra Steen

Stjärnhov
 Born: 1949
 Joined Board in 2009
 Member of Lantmännen
Other functions at Lantmännen: Audit Committee
Education: B.Sc. (Behavioral and Social Sciences)
Main occupation: Consultancy and directorships
Other directorships: Chairman Telge Inköp AB, Chairman AB Svenska Spel, Chairman Iris Invest AB, Board Member Drivhuset Sverige and Det Naturliga steget
Contribution issues: SEK 3,154

Hans Wallemyr

Falköping
 Born: 1956
 Joined Board in 2007
 Member of Lantmännen
Other functions at Lantmännen: HaGe Kiel, Audit Committee, Lantmännen Research Foundation
Education: Agriculture and economics
Main occupation: Farmer
Production: Wind power, potato cultivation, forestry, breeding/training showjumpers and dressage horses
Other directorships: Åsle Vind AB, Källeberg Vind AB, Chairman of the crop production planning committee, Swedish Farmers' Foundation for Agricultural Research
Contribution issues: SEK 269,939*

Bjorn Wallin

Vattholma
 Born: 1964
 Joined Board in 2008
 Member of Lantmännen
Other functions at Lantmännen: Owner Committee
Education: Agricultural economics
Main occupation: Farmer
Production: Crop production
Other directorships: HaGe Kiel
Contribution issues: SEK 62,677*

Tommy Brunsärn

Södertälje
 Born: 1959
 Joined Board in 2007
 Union representative
Main occupation: Purchasing Manager, Lantmännen Cerealia, Järna

Gert Gustavsson

Falkenberg
 Born: 1951
 Joined Board in 2002
 LO representative
Main occupation: Operator, feed plant

Tomas Welander

Gothenburg
 Born: 1961
 Joined Board in 2011
 IF Metall representative
Main occupation: Servicing technician, Swecon

Board Secretary

Tove Cederborg

General Counsel
 Born: 1964
 Hired: 2011
 Education: LLB, Lund 1992

Auditors

Elected auditors

Torvald Carlsson

Gamleby
 Born: 1951
 Auditor since 2000
Education: Agricultural economics
Main occupation: Farmer
Production: Crop production, forestry, integrated hog production
Contribution issues: SEK 239,436*

Gustav Jansson

Enköping
 Born: 1967
 Auditor since 2012
Education: Agriculture
Main occupation: Farmer, accounting consultant
Production: Crops, forestry
Contribution issues: 554,329

Anders Åbyhammar

Fellingsbro
 Born: 1956
 Auditor since 2005
Education: Agricultural technology
Main occupation: Farmer, accounting consultant, LRF Konsult
Production: Crops, forestry, lambs, electricity/hydropower
Contribution issues: SEK 274,811

Authorized Public Accountant

Lars Träff

Ernst & Young, Stockholm

* Through wholly or partly owned companies



Håkan Pettersson, Monika Lekander, Per Arvidsson, Tove Cederborg, Ulf Zenk
Carl von Schantz, Elisabeth Wallin Mononen, Per Olof Nyman

Group Management

Per Olof Nyman

President and CEO
Head of Food Sector
Born: 1956

Hired: 2008

Education: M.Sc. (Industrial and Management Engineering)

External directorships: LRF Konsult, SPBI Service AB.

Directorships in associates: Viking Malt Oy,
VK Mühlen AG, HaGe Kiel

Subordinated debentures: SEK 220,000

Per Arvidsson

Senior Vice President Supply Chain

Born: 1962

Hired: 2011

Education: M.Sc. (Mechanical Engineering, Industrial
Organization & Logistics)

Monika Lekander

Senior Vice President & Head of Agriculture Sector

Born: 1953

Hired: 2005

Education: M.Sc. (Chemical Engineering, Business
and Marketing)

Subordinated debentures: SEK 100,000

Håkan Pettersson

Senior Vice President & Head of Machinery Sector

Born: 1956

Hired: 2002

Education: M.Sc. (Industrial and Management Engineering)

Subordinated debentures: SEK 10,000

Carl von Schantz

Senior Vice President & Head of Energy Sector,
Responsible for Sustainable Development

Born: 1973

Hired: 2011

Education: MBA, Kellogg School of Management (USA)

External directorships: Member of Nomination Committee
for Clas Ohlson AB

Subordinated debentures: SEK 100,000

Elisabeth Wallin Mononen

Senior Vice President Human Resources

Born: 1959

Hired: 2005

Education: LLB, MBA, Chicago

External directorships: Arbetslivsresurs AR AB

Subordinated debentures: SEK 20,000

Ulf Zenk

Senior Vice President & CFO

Born: 1963

Hired: 2012

Education: M.Sc. (Business and Economics)

External directorships: Sparbanken Öresund

Tove Cederborg

General Counsel

Born: 1964

Hired: 2011

Education: LLB

Financial overview 2012



About the Sustainability Report

Application of GRI and Global Compact

By applying the GRI guidelines for sustainability reporting, and complying with the requirements Global Compact sets, Lantmännen ensures credible and relevant communication of its sustainability work. There follows a short description of the different frameworks, and a GRI index showing where the specific information is reported.

Global Compact – Communication on Progress

Lantmännen signed the 2009 UN Global Compact, the UN initiative for responsible business, and in doing so has committed itself to implement the following ten principles:

The Global Compact's Ten principles

Human rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

Labor

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labor;
5. the effective abolition of child labor; and
6. the elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

The Global Compact also requires annual reporting of progress and performance in the form of a Communication on Progress (COP). Lantmännen's sustainability report is designed to meet these requirements. More on the Global Compact and COP

► www.globalcompact.org

GRI

The GRI (Global Reporting Initiative) is an independent global organization that develops frameworks for sustainability reporting. By applying the GRI guidelines, Lantmännen ensures credible, relevant and clear reporting of the performance of its operations from a holistic perspective, taking into account economic as well as environmental and social aspects. The guidelines include criteria for delineation and selection of content. They also specify what information is required and provide definitions for the indicators and key figures in various special areas.

Lantmännen has been applying the GRI guidelines for several years, including the Food Processing sector supplement. For this eighth sustainability report, we have chosen to report according to GRI Level B, based on self-declaration. It is our aim to continue to develop both our work and reporting in the area of sustainability. More information about GRI can be found at ► www.lantmannen.com/gri and www.globalreporting.org

Other information about the report

- The reported information relates to 2012, unless otherwise indicated. The report is annual, and the previous report was completed in February 2012.
- The report refers primarily to the Lantmännen Group and its sectors. Associates and joint ventures are not included.
- Comprehensive reporting of sustainability indicators and ratios, with definitions and calculation methods can be found in the Sustainability-related indicators appendix, see ► www.lantmannen.com
- Selection process for content: Disclosures are regarded as significant for Lantmännen and its stakeholders. The contents of this report were compiled in a joint process between Lantmännen's department for sustainable development and internal specialists in various areas. Significant issues are also identified through Lantmännen's continuous dialog with different stakeholders.
- The contact person for the report is Claes Johansson, Sustainable Development Manager. claes.johansson@lantmannen.com

GRI index

Indicator,
GRI
designation

Description of what information the indicator will
provide. Full descriptions are available in the GRI
indicator protocols, see www.globalreporting.org

Reference to where the
information is found in the
report or online.

These indicators aim to provide a general overview of the operations, as well as an overall focus on sustainability.

Information about this year's report. See box on previous page.

Description of overall governance.

Description of how Lantmännen controls and monitors sustainability work, and reporting of key indicators in various areas.

Indicator	Description	See page
1.1	Statement from Chair and President & CEO	6-9
1.2	Description of key impacts, risks, and opportunities	20-21, 25, 30-34
2	Organization profile	
2.1	Name of organization	144
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4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	14, 126-127
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4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance	30-34, 126-128
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4.13	Memberships in associations	www.lantmannen.com
4.14	List of stakeholder groups engaged by the organization	www.lantmannen.com
4.15	Basis for identification and selection of stakeholders with whom to engage	www.lantmannen.com
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	www.lantmannen.com
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	www.lantmannen.com
	Management Approach and Performance Indicators	
SOU	DMA and Performance Indicators: Sourcing	www.lantmannen.com
EC	DMA and Performance Indicators: Economic	www.lantmannen.com
EN	DMA and Performance Indicators: Environment	www.lantmannen.com
LA	DMA and Performance Indicators: Labor Practices and Decent Work	www.lantmannen.com
HR	DMA and Performance Indicators: Human Rights	www.lantmannen.com
SO	DMA and Performance Indicators: Society	www.lantmannen.com
PR	DMA and Performance Indicators: Product Responsibility	www.lantmannen.com
FP	DMA and Performance Indicators: Food Processing and Animal Welfare	www.lantmannen.com

Financial Overview

Lantmännen made the transition to International Financial Reporting Standards in 2010. Comparative figures for the years 2003-2008 have not been restated under IFRS rules. 2009 is presented partly according to IFRS and partly according to the accounting policies for that year. A more detailed description of the effects of the transition to IFRS on the 2009 income statement and balance sheet can be found in Lantmännen's 2010 Annual Report.

Condensed income statements MSEK	IFRS				Swedish GAAP						
	2012	2011	2010	2009	2009	2008	2007	2006	2005	2004	2003
Net sales	36,526	37,896	35,988	34,978	34,950	42,592	35,769	32,055	29,610	27,982	27,807
Income before depreciation and amortization	1,870	2,570	2,624	1,884	1,855	3,046	2,172	1,815	1,633	2,042	1,743
Depreciation, amortization and impairment	-1,185	-1,366	-1,565	-1,407	-1,550	-1,910	-1,302	-1,632	-1,513	-1,264	-1,100
Operating income	685	1,204	1,059	477	305	1,136	870	183	120	778	643
Finance income and costs	-182	-337	-237	-373	-370	-434	-48	61	406	-58	-67
Income after financial items	503	867	822	104	-65	702	822	244	526	720	576
Refund, final price adjustment ¹⁾	-	-	-	-	-1	-122	-83	-64	-139	-199	-154
Tax, minority ²⁾	-91	-147	-97	78	-7	-22	-151	152	124	-138	-89
Net income for the year	412	720	725	182	-73	558	588	332	511	383	333

¹⁾ Under IFRS, refund/final price adjustment is recognized in the same way as dividends. Includes local refunds/final price adjustments 2003-2005. Reported amounts may include adjustments for previous years.

²⁾ Includes adjustment for minority share before transition to IFRS.

Condensed statements of financial position, MSEK	IFRS				Swedish GAAP						
	2012	2011	2010	2009	2009	2008	2007	2006	2005	2004	2003
Property, plant and equipment	8,928	9,258	9,758	10,798	10,667	10,974	8,915	7,661	7,348	6,596	6,666
Goodwill	2,554	2,640	2,779	3,030	3,078	3,386	2,510	2,512	1,785	1,872	2,008
Other intangible assets	875	767	713	748	391	459	444	416	327	325	268
Other non-current assets	2,151	2,069	2,094	3,581	3,313	3,140	2,324	2,433	2,190	2,033	2,023
Total non-current assets	14,508	14,734	15,344	18,157	17,449	17,959	14,193	13,022	11,650	10,826	10,965
Inventories	5,946	5,506	5,224	5,646	5,646	7,059	6,303	4,804	4,622	4,495	4,633
Other current assets	5,561	5,642	5,572	5,436	5,411	7,266	7,797	6,695	7,256	6,762	6,336
Cash and cash equivalents	352	739	869	391	385	269	450	822	1,040	573	513
Total current assets	11,859	11,887	11,665	11,473	11,442	14,594	14,550	12,321	12,918	11,830	11,482
Total assets	26,367	26,621	27,009	29,630	28,891	32,553	28,743	25,343	24,568	22,656	22,447
Equity, Parent Company members	10,899	10,906	10,390	10,140	10,148	10,528	9,483	9,038	8,872	8,337	7,998
Equity, NCI	33	36	32	85	69	56	289	328	388	341	321
Total equity	10,932	10,942	10,422	10,225							
Provisions ¹⁾	-	-	-	-	2,206	2,371	2,952	2,978	3,021	2,577	2,743
Non-current liabilities	5,919	5,360	7,320	9,523	6,951	8,220	5,379	5,454	3,045	4,268	4,098
Current liabilities	9,516	10,319	9,267	9,882	9,517	11,378	10,640	7,545	9,242	7,133	7,287
Total equity and liabilities	26,367	26,621	27,009	29,630	28,891	32,553	28,743	25,343	24,568	22,656	22,447
Net debt	7,506	7,186	7,501	9,739	9,289	11,654	8,413	6,581			
Contribution dividend, contribution issue ²⁾	167	230	245	163	163	167	201	155	150	88	38
Refund and final price adjustment ³⁾	120	110	95	1	-	-	-	-	-	-	-

¹⁾ Under IFRS, provisions are not reported as a separate category, but are included in current and non-current liabilities.

²⁾ According to Board's proposal for 2012.

³⁾ Under IFRS, refund/final price adjustment is recognized as a dividend in the Group.

Key figures	2012	2011	2010	IFRS	Swedish GAAP		2007	2006	2005	2004	2003
				2009	2009	2008					
Operating margin, %	1.9	3.2	2.9	1.4	0.9	2.6	2.4	1	0	3	2
Profit margin, %	1.1	1.9	2.0	0.5	-0.2	1.3	1.6	1	2	1	1
Capital turnover rate, times	2.0	2.1	1.9	1.6	1.7	2.1	2.0	-	-	-	-
Return on equity, %	3.8	6.7	7.0	1.8	-0.7	6.8	7.3	4	8	7	6
Return on operating capital, %	3.8	6.5	5.7	2.2	1.4	5.6	5.3	-	-	-	-
Equity ratio, %	41.5	41.1	38.6	34.5	35.4	32.5	34.0	37	38	38	37
Net debt/equity ratio, times	0.7	0.7	0.7	0.9	0.9	1.1	0.9	-	-	-	-
Average number of employees	10,249	10,296	10,350	10,552	10,552	12,671	12,830	12,833	12,230	11,387	12,178

Figures are reported in whole numbers for 2003-2006.

Condensed statements of cash flows MSEK	2012	2011	IFRS	Swedish GAAP		2007	2006	2005	2004	2003
			2010	2009	2008					
Cash flow from operating activities										
before changes in working capital	1,358	1,655	2,131	1,138	1,153	1,454	1,317	1,223	1,425	1,216
Cash flow from changes in working capital	-375	-640	26	2,417	-730	-1,235	-764	1,053	418	-296
Cash flow from investment in intangible assets and property, plant and equipment	-1,163	-160	-684	-1,328	-2,284	-2,112	-1,427	-1,007	-680	-589
Cash flow from operations	-180	855	1,473	2,227	-1,861	-1,893	-874	1,269	1,163	331
Cash flow from acquisitions and divestments of operations ¹⁾	0	0	-105	9	-1,060	423	-1,108	-77	-62	-2,715
Total cash flow for the year	-379	-128	512	131	-233	-400	-640	552	519	49
Cash and cash equivalents at year-end	352	739	869	391	269	484	875	1,539	1,086	513

¹⁾ 2010 includes acquisition of 37 percent of Bakehouse and divestment of SweChick, Ecobrånslé and Conagri.
2009 includes acquisition of 38 percent of Bakehouse and divestment of Lantmännen Färskebröd in Sweden.
2008 includes acquisition of Euro-Bake, Eurobuns and Baco and divestment of Weibull Trädgård and Granngården.
2007 includes acquisition of the minority in Kronfågel and divestment of Analycen.
2006 includes acquisition of Belpan Group and Aspen.
2003 includes acquisition of Schulstad.



How to read the income statement

The income statement summarizes the year's finances, showing all income and expenses from operations contributing to net income for the year.

Consolidated income statement

Sales

In simple terms, this is where you will find the company's total sales.

Expenses

This is where the costs of producing and selling goods and services are shown.

Operating income

This shows whether sales are profitable.

Financial items

Income or expenses for loans, investments, shares, securities etc.

Earnings

This is also called net income and shows profit after tax.

MSEK	2012	2011
Net sales	36,526	37,896
Other operating income	423	687
Changes in inventories of finished goods and work in progress	409	65
Capitalized work for own account	2	4
Raw materials and consumables	-14,961	-15,605
Goods for resale	-9,364	-8,712
Employee benefits expense	-5,322	-5,419
Depreciation, amortization and impairment	-1,185	-1,366
Other operating expenses	-5,940	-6,453
Share of income of associates	97	107
Operating income	685	1,204
Finance income	247	239
Finance costs	-429	-576
Income after financial items	503	867
Tax	-91	-147
Net income for the year	412	720
Net income for the year attributable to:		
Members of the economic association	413	720
Non-controlling interests	-1	0

The statement of comprehensive income is based on net income for the year, plus all other items affecting equity during the year, apart from transactions with members of the association in their capacity as owners. The latter are summarized under the heading *Other comprehensive income*.

Consolidated statement of comprehensive income

Other comprehensive income

OCI shows the results of the remeasurement of various balance sheet items and exchange gains and losses. These are income/expense and part of the Group's comprehensive income for the year.

Comprehensive income

This income is added to equity and is the amount that can be distributed to owners.

Total comprehensive income

Comprehensive income shows the results of the year's operations and revaluations; this amount increases the Group's equity.

MSEK	2012	2011
Net income for the year	412	720
Other comprehensive income		
<i>Items that will not be reclassified to the income statement</i>		
Actuarial gains and losses on defined benefit pension plans	-172	-156
Tax on actuarial gains and losses	46	40
Total	-126	-116
<i>Items that will be reclassified to the income statement</i>		
Available-for-sale financial assets	41	38
Cash flow hedges	-71	37
Exchange differences on translation of foreign operations	-246	-17
Net gain on hedge of net investment in foreign operations	162	5
Tax attributable to items that will be reclassified	-30	-14
Total	-144	49
Other comprehensive income, net of tax	-270	-67
Total comprehensive income	142	653
Total comprehensive income attributable to:		
Members of the economic association	143	653
Non-controlling interests	-1	0

For the Consolidated Income Statement, see page ► 74. For the parent company's Income Statement, see page ► 83.

How to read the statement of financial position

The statement of financial income provides a picture of the assets available and how they have been financed. The value of all assets is always equal to the value of the liabilities. Liabilities consist of *liabilities to owners, equity and other liabilities*.

Consolidated statement of financial position

Non-current assets

Non-current assets are assets that will be used or owned for more than one year and, during that time, will contribute to the company's value growth. This is where we find the value of tangible assets such as properties, machinery, equipment and so on. The value of intangible assets is also reported here. These are non-physical assets, such as goodwill, purchased trademarks and patents. Goodwill represents the part of the purchase price of a subsidiary that could not be attributed to any other asset and is primarily paid for anticipated synergies and staff skills. Non-current assets is also where we find the value of our share in the equity of associates (normally 20 to 50 percent ownership).

Current assets

Current assets are assets that are intended to be put into operation, either by sale or use. These are assets that are consumed in a short time and can easily be converted to cash. This is where we find the value of the goods which are still in stock, and our receivables from customers for products and services that we have sold them and have not yet been paid for. Current assets also include cash and cash equivalents, which are mainly bank deposits.

Equity

Equity shows the existing net assets (assets – liabilities) belonging to the owners and on which the owners expect a return. Lantmännen's overall financial objective is to provide a long term return of 8 percent on this capital. The earnings used to calculate the return are based on "Net income for the year" in the consolidated income statement. Member contributions in the economic association are an important component of equity. Members contributions are both paid-in and issued. Other capital is amounts earned over the years in the parent association and Lantmännen companies; this is not distributed to members but is used to fund assets that will generate future earnings.

Liabilities

Liabilities are divided into non-current and current liabilities, which is a way of denoting the length of time before they are due for settlement.

MSEK	2012 Dec 31	2011 Dec 31
ASSETS		
Non-current assets		
Property, plant and equipment	8,662	9,057
Investment properties	266	201
Goodwill	2,554	2,640
Other intangible assets	875	767
Investments in associates	1,269	1,277
Non-current financial assets	619	515
Deferred tax assets	217	232
Other non-current assets	46	45
Total non-current assets	14,508	14,734
Current assets		
Inventories	5,946	5,506
Trade and other receivables	5,454	5,511
Current interest-bearing assets	96	119
Current tax assets	11	12
Cash and cash equivalents	352	739
Total current assets	11,859	11,887
TOTAL ASSETS	26,367	26,621

MSEK	2012 Dec 31	2011 Dec 31
EQUITY AND LIABILITIES		
Equity		
Member contributions	1,769	1,568
Other contributed capital	2,479	2,300
Reserves	-279	-135
Retained earnings	6,930	7,173
Total equity attributable to members of the economic association	10,899	10,906
Non-controlling interests	33	36
Total equity	10,932	10,942
Non-current liabilities		
Non-current interest-bearing liabilities	5,002	4,570
Provisions for pensions	432	347
Deferred tax liabilities	125	147
Other non-current provisions	324	273
Other non-current liabilities	36	23
Total non-current liabilities	5,919	5,360
Current liabilities		
Current interest-bearing liabilities	3,036	3,642
Trade and other payables	6,222	6,278
Current tax liabilities	57	90
Current provisions	201	309
Total current liabilities	9,516	10,319
TOTAL EQUITY AND LIABILITIES	26,367	26,621

For the Consolidated Statement of Financial Position, see page ► 78. For the parent company's Statement of Financial Position, see page ► 85.

How to read the statement of cash flows

The cash flow statement shows the year's inflows and outflows and is a specification of the item cash and cash equivalents. Cash and cash equivalents are the same as short-term payment capacity (how much money is available for payments).

Consolidated statement of cash flows

Operating activities

Operating activities are net income for the year plus non-cash items, i.e. items that are not cash inflows or outflows but accounting costs. For example, a capital loss means lower earnings but does not involve a payment. Taxes paid during the year are deducted.

Adjustments are also made for changes in inventories, current receivables (mainly trade receivables) and current liabilities (mainly trade payables).

Investing activities

Investing activities show cash outflows relating to various investments and inflows from sales of operations, non-current assets or financial investments. Unlike the income statement, this shows the full year's payments for an investment. E.g., the purchase of a company is not a cost in the income statement, and the cost of a plant is allocated according to how many years it is expected to be used.

Financing activities

Financing activities show how activities and investments have been funded if cash flow from operating activities is insufficient. They also show payments (such as dividends to owners or loan repayments) to parties funding the activities.

MSEK	2012	2011
OPERATING ACTIVITIES		
Income after financial items	503	867
Adjustment for non-cash items ¹⁾	972	894
	1,475	1,761
Taxes paid	-117	-106
Cash flow from operating activities before change in working capital	1,358	1,655
Cash flow from changes in working capital		
Change in inventories	-479	-285
Change in operating receivables	-52	-124
Change in operating liabilities	156	-231
	-375	-640
Cash flow from operating activities	983	1,015
INVESTING ACTIVITIES		
Acquisition of operations	0	0
Divestment of operations	0	0
Investment in property, plant and equipment	-1,221	-1,385
Investment in intangible assets	-71	-46
Sale of property, plant and equipment and intangible assets ²⁾	129	1,271
Change in financial investments	-42	21
Cash flow from investing activities	-1,205	-139
Cash flow before financing activities	-222	876
FINANCING ACTIVITIES		
Paid-in contributed capital	99	90
Refunded capital contribution	-50	-49
Change in loans	-16	700
Transfer of cash to pension fund	-	-1,578
Dividend paid	-190	-167
Cash flow from financing activities	-157	-1,004
Cash flow for the year	-379	-128
Cash and cash equivalents at beginning of year	739	869
Exchange gains/losses	-8	-2
Cash and cash equivalents at end of year	352	739

MSEK	2012	2011
¹⁾ Adjustment for non-cash items		
Depreciation, amortization and impairment of non-current assets	1,185	1,366
Share of income of associates	-78	-86
Capital gains on sale of non-current assets and operations	-81	-490
Other items	-54	104
Total	972	894

²⁾ MSEK 1,057 of which sold to Lantmännen's Grodden pension fund in 2011.

For the Statement of cash flow, see page ► 80

Glossary and definitions

Agrodrank • Protein-rich animal feed produced at Agroetanol in Norrköping.

Average capital • Average capital is computed on the closing balance of each month included in the accounting period, i.e. twelve periods for the full year. All average capital ratios are computed in this manner.

B2B • Business to business sales.

B2C • Business to consumer sales.

Bioenergy • Energy made from continuously forming biomass. Biomass is biological material that is not transformed chemically or biologically to any extent. Bioenergy is a renewable resource whose share of total energy use has increased in recent decades.

Biofuels • Renewable fuels produced from living organisms (biomass), which means they do not cause a net contribution of carbon to the atmosphere during combustion. Logs, wood pellets, biogas and ethanol produced from grain are examples of biofuels.

Biological diversity • A term describing the diversity of forms of life and species in an ecosystem. An ecosystem is a living biological community in a specific physical environment.

Capital turnover rate • Net sales in relation to average operating capital.

Cash Race • Project to improve Lantmännen's working capital.

Code of Conduct • Guidelines on ethical and responsible business operations for companies and organizations.

Ecosystem • An ecosystem is a distinct part of nature. An ecosystem consists of all the living components (plants, animals and microorganisms) in an area functioning together with all of the non-living physical factors of the environment (water, wind, minerals).

Ecosystem services • The services that ecosystems provide "free of charge" and benefit mankind in various ways. Examples include water purification, pollination, natural pest control and formation of fertile soil.

ERM process • A structured and proactive risk management process.

Equity ratio • Total of equity and minority interests as a percentage of total assets.

Financial assets • Financial receivables, short-term investments and cash and bank balances.

Fossil fuels • Non-renewable sources of energy such as coal, natural gas and oil. The burning of fossil fuels forms carbon dioxide, which builds up in the atmosphere. The net surplus formed is contributing to an enhanced greenhouse effect.

GI • Glycemic index; it indicates how quickly carbohydrates are metabolized in the body.

Global Compact • UN corporate social responsibility initiative. An international framework of universally accepted principles in the areas of human rights, labor, environment and anti-corruption.

GMO • Genetically modified organisms, plants or animals with characteristics added using gene technology.

GRI • Global Reporting Initiative. Provides guidelines for sustainability reporting that can be used on a voluntary basis by organizations to report environmental, social and economic aspects of their business, products and services.

IDH • The Sustainable Trade Initiative, a Dutch cooperation initiative for sustainable trade.

IFRS • International Financial Reporting Standards.

Insulin response • The body's ability to secrete insulin in response to elevated levels of glucose in the blood.

Interest coverage ratio • Interest coverage is calculated as operating income plus interest income divided by interest expense.

ISDA agreement • A standardized contract for financial trading.

LDL cholesterol • (Low Density Lipoprotein) otherwise known as the bad cholesterol. Too much LDL is a risk factor in cardiovascular disease.

LEAD • (Learn, Engage, Analyze, Do). Lantmännen's method for systematic and long-term change management.

MSC • Marine Stewardship Council. A global organization providing third-party fishery certification and seafood ecolabeling.

Net debt • Net debt comprises interest-bearing liabilities, including pension liabilities and accrued net interest, less financial assets.

Net debt/equity ratio • Net debt in relation to total equity and minority interests.

OCI • Other Comprehensive Income.

ONE Lantmännen Lantbruk • ONE Lantmännen Lantbruk is an action program aimed at increasing profitability by strengthening competitiveness and reducing costs.

Operating capital • Operating capital equals non-interest-bearing assets minus non-interest-bearing liabilities. Tax assets and tax liabilities are not included in operating capital's assets and liabilities.

Operating margin • Operating margin equals operating income divided by net sales for the year.

Organic farming • In organic farming, the use of mineral fertilizer or chemical pesticides is not permitted. Instead, natural processes are used in cultivation to preserve the fertility of the soil and resist attacks on plants. A well-planned system of crop rotation is important and often requires livestock on the farm.

Payment capacity • Cash, bank deposits and lines of credit that can be used in accordance with current borrowing agreements.

Profit margin • Profit margin equals net income for the year divided by net sales for the year.

R&D • Research and development.

Renewable energy sources • Examples of these continuously renewed sources are sun, wind, water and biofuels.

Return on equity • Return on equity equals net income for the period, with opening refunds and final price adjustments reversed, divided by average equity.

Return on operating capital • Return on operating capital equals operating income for the period divided by average operating capital.

RSPO • Roundtable on Sustainable Palm Oil. International round table process to develop criteria for sustainable palm oil.

RTRS • Roundtable on Responsible Soy. International round table process to develop criteria for sustainable soy.

Sludge • Waste product from a waste treatment plant that can be used as fertilizer, primarily as a source of phosphorus, on farmland. The sludge, which contains biologically degradable materials and plant nutrients, can also contain undesirable substances such as heavy metals. Assuring its quality before spreading it on fields is therefore important.

SME • Supply Management Excellence

Tetra Recart • Cardboard-based, environmentally friendly packaging with properties that correspond to a traditional tin. The packaging is easy to open and re-close.

Addresses



Lantmännen ek för

S:t Göransgatan 160 A
Box 30192, SE-104 25 Stockholm
Tel: +46 10 556 00 00
Corporate Identity No: 769605-2856
info@lantmannen.com
www.lantmannen.com

Agriculture Sector

SE-205 03 Malmö
Tel: +46 10 556 00 00
www.lantmannen.com

Lantmännen Lantbruk

Boplatsgatan 8B
SE-213 76 Malmö
Tel: +46 10 556 56 00
Customer service, tel:
+46 771 111 222
www.lantmannenlantbruk.se

Lantmännen Bygglant

Stångjärmsgatan 7, north entrance
Box 1743
SE-701 17 Örebro
Tel: +46 10 556 20 00
www.lantmannenbygglant.se

Lantmännen Krafft

Sanddynevägen 2
SE-311 32 Falkenberg
Tel: +46 10 556 55 70
Customer service, tel:
+46 20 30 40 40
www.krafft.nu

Machinery Sector

S:t Göransgatan 160 A
Box 30192
SE-104 25 Stockholm
Tel: +46 10 556 00 00
www.lantmannen.com

Lantmännen Maskin

Bjurögatan 26
Box 174
SE-201 21 Malmö
Tel: +46 771 38 64 00
www.lantmannenmaskin.se

Agro Oil

S:t Göransgatan 160 A
Box 30192
SE-104 25 Stockholm
Tel: +46 10 556 00 00
www.agrol.se

Swecon

Bolindervägen 100
Box 55
SE-631 02 Eskilstuna
Tel: +46 10 556 08 50
www.swecon.se

Energy Sector

S:t Göransgatan 160 A
Box 30192
SE-104 25 Stockholm
Tel: +46 10 556 00 00
www.lantmannen.com

Lantmännen Agroetanol

Hanolmsvägen 69
Box 932
SE-601 19 Norrköping
Tel: +46 10 556 01 50
www.agroetanol.se

Lantmännen Agroenergi

Fordonsvägen 1
SE-553 02 Jönköping
Tel: +46 10 556 01 30
www.agroenergi.se
www.agrol.se

Lantmännen Aspen

Iberovägen 2
SE-438 54 Hindås
Tel: +46 10 556 40 00
www.aspen.se

Lantmännen Reppe

Stora Råppevägen 73
SE-352 50 Värjö
Tel: +46 10 556 15 40
www.reppe.se

Food Sector

S:t Göransgatan 160 A
Box 30192
SE-104 25 Stockholm
Tel: +46 10 556 00 00
www.lantmannen.com

Lantmännen Cerealia

S:t Göransgatan 160 A
Box 30192
SE-104 25 Stockholm
Tel: +46 10 556 22 00
www.lantmannen.com

Lantmännen Unibake

Oensvej 28-30
DK-8700 Horsens
Danmark
Tel: +45 762 850 00
Unibake Sweden AB, tel:
+46 10 556 50 00
www.lantmannen-unibake.com

Lantmännen Kronfågel

S:t Göransgatan 160 A
Box 30174
SE-104 25 Stockholm
Tel: +46 10 556 02 30
www.kronfagel.se
www.danpo.dk

Lantmännen Doggy

Doggyvägen 1
SE-447 84 Vårgårda
Tel: +46 10 556 21 00
www.doggy.se

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You can find recipes for good food on the product brands' own websites and at www.lantmannen.se

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Good food from Lantmännen

The green sprout emblem on our packaging guarantees responsibly produced food. Food that we make an effort to provide in a sustainable manner, from field to fork.

Read more about good food on www.lantmannen.se



Lantmännen

