

We create thriving farming



**Lantmännen Annual Report
including Sustainability Report**



Lantmännen 2015

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page 2

2015 has been a very good year for Lantmännen and our operations. The results show a significant improvement compared with the previous year, with all Sectors increasing their operating income.

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Our assignment is to contribute to the profitability of the owners' farms and optimize the return on their capital in the association. As business partners and owners of Lantmännen, they share the Group's profit through dividends.



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Throughout the chain from field to fork, we work to take responsibility for the impacts of the operations on people and the environment, and to continue the development of sustainable business. One example is our new wheat flour, produced according to the Climate & Nature cultivation concept which gives a 20 percent lower carbon footprint.



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The acquisition of Vaasan on June 1 is the largest transaction Lantmännen has conducted. With Vaasan, Lantmännen's bake-off offering and rye knowledge are strengthened. The fresh bread area is strengthened with new products, and there is a brand new customer offering in the form of crispbread.





Lantmännen is an agricultural cooperative and Northern Europe's leader in agriculture, machinery, bioenergy and food products.

Owned by 27,000 Swedish farmers, we have 10,000 employees, operations in over 20 countries and an annual turnover of SEK 37 billion. With grain as our basis, we process arable land resources to make farming thrive. Some of our best-known food brands are AXA, Kungsörnen, GoGreen, Schulstad, GooH, Finn Crisp and Bonjour. Our company is founded on knowledge and values built up through generations of owners. Having research, development and operations throughout the value chain means that we can take responsibility together – from field to fork.



Lantmännen 2015



Net sales for the Group amounted to MSEK 35,660 (32,666), an increase of 9 percent. Adjusted for acquired and divested operations, net sales were 6 percent higher, with currency effects having an impact of 1 percentage point.

Operating income was MSEK 1,351 (1,453) and adjusted for items affecting comparability MSEK 1,351 (851).

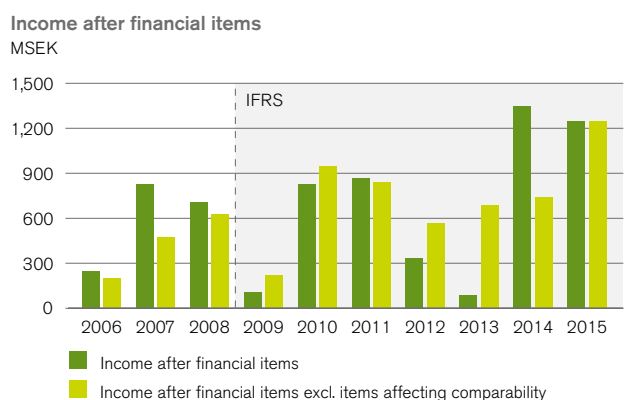
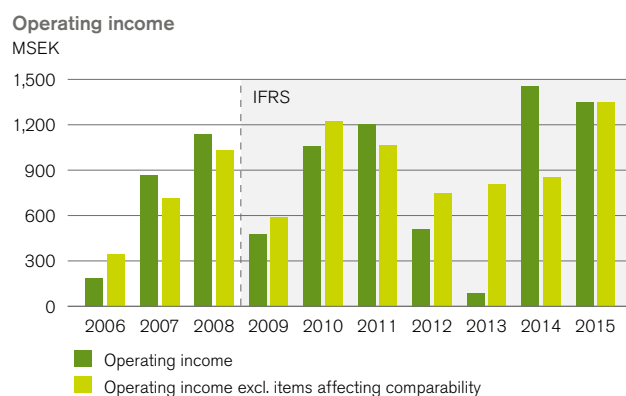
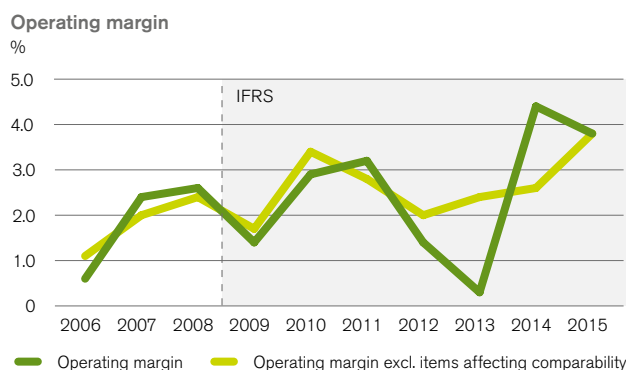
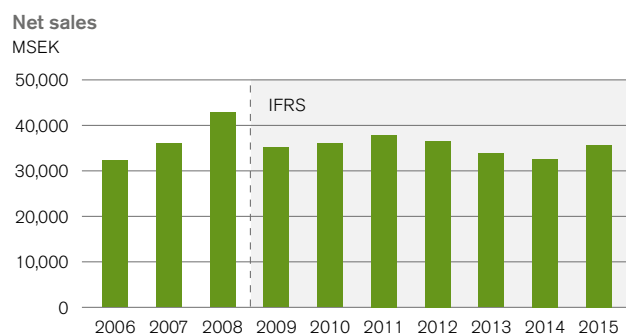
Income after financial items totaled MSEK 1,246 (1,342) and adjusted for items affecting comparability MSEK 1,246 (740).

Net income after tax was MSEK 1,090 (1,225).

Cash flow from operating activities for the year was MSEK 2,167 (1,767). Net investments for the year had an effect of MSEK -4,841 (310) on cash flow. Investments in non-current assets totaled MSEK 1,256 (1,087). The acquisition of the Vaasan bakery group has had a significant effect on cash flow. The acquisition was mainly financed with own funds.

Total cash flow including financing activities was MSEK -1,775 (778).

Dividend The Board has decided to increase the refund and final price adjustment on trade with Lantmännen Lantbruk Sweden by 0.5 percent to 2.0 (1.5) percent. The Board has also decided to pay a refund of 0.5 (0.5) percent on purchases from the Machinery Sector's Swedish operations. The total refund and final price adjustment is estimated at MSEK 189 (135). The Board proposes that the AGM adopt a contribution dividend of 9 (9) percent, totaling MSEK 193 (178), and a contribution issue of MSEK 50 (150). In total, the proposed contribution dividend and contribution issue amount to 11 (17) percent of the association's contributed capital. The total dividend to the owners is therefore expected to be MSEK 432 (463). The Board also proposes that the AGM adopt a 6.5 (9) percent dividend on subordinated debentures, totaling MSEK 16 (5).



Transition to IFRS: Lantmännen began reporting under IFRS (International Financial Reporting Standards) in 2010. Comparative figures for the years 2006-2008 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 lantmannen.se/arsredovisning

Largest harvest in 25 years – during a period of 30 days, Lantmännen’s facilities received over 1.4 million tonnes of grain.

Key figures	2015	2014
Net sales, MSEK	35,660	32,666
Operating income, MSEK	1,351	1,453
Operating margin, %	3.8	4.4
Income after financial items, MSEK	1,246	1,342
Net income for the year, MSEK	1,090	1,225
Cash flow before financing activities, MSEK	-2,674	2,077
Return on equity, %	8.9	10.6
Return on operating capital, %	7.5	9.1
Total assets, MSEK	30,081	27,131
Equity ratio, %	42.2	43.8
Investments in non-current assets, MSEK	1,256	1,087
Net debt, MSEK	6,476	3,674
Interest cover ratio, times	6.9	6.9
Number of members	27,032	28,617
Average number of employees	8,911	8,311
of which women, %	27	28
Total CO ₂ emissions, thousand tonnes	239	216
CO ₂ emissions, tonnes per MSEK value added	31.6	30.1
CO ₂ emissions, tonnes per MSEK net sales	6.7	6.6
Total sick leave, %	4.4	3.8

Key figures excl. items affecting comparability	2015	2014
Operating income, MSEK	1,351	851
Operating margin, %	3.8	2.6
Income after financial items, MSEK	1,246	740
Net income for the year, MSEK	1,066	595
Return on equity, %	8.7	5.1
Return on operating capital, %	7.5	5.3

Sales by market, MSEK	2015	2014
Sweden	16,201	16,028
Germany	3,885	3,541
Denmark	3,373	3,678
Norway	3,035	2,749
United Kingdom	1,636	1,364
Finland	1,565	555
Netherlands	1,055	819
Baltic Region	598	243
Spain	592	423
France	569	324
Belgium	439	469
Poland	427	461
Switzerland	308	74
Russia	299	341
Rest of Europe	528	462
United States	933	910
Rest of world	217	225
Total	35,660	32,666

Glossary and definitions > see page 155



Lantmännen's Annual General Meeting

The AGM will be held at the Hilton Stockholm Slussen Hotel, Guldgränd 8, Stockholm, on Thursday, May 12, 2016.

Financial Reporting

Interim 1st four months June 2, 2016
Interim 2nd four months October 5, 2016



Listen to us!

You can also listen to selected parts of Lantmännen's Annual Report including Sustainability Report on a computer or mobile. Learn more at > lantmannen.se/lyssna2015 (available in Swedish)

Distribution & Ordering

Lantmännen's complete Annual Report including Sustainability Report can be downloaded from > lantmannen.se/finance or ordered by calling 010-556 00 00.

The Annual Review, which is a summary of Lantmännen's Annual Report including Sustainability Report, will be distributed to anyone requesting a copy, and can be downloaded from > lantmannen.se/finance or ordered by calling 010-556 00 00.

Lantmännen's interim reports can be downloaded from > lantmannen.se/finance

All reports are available in Swedish and English.

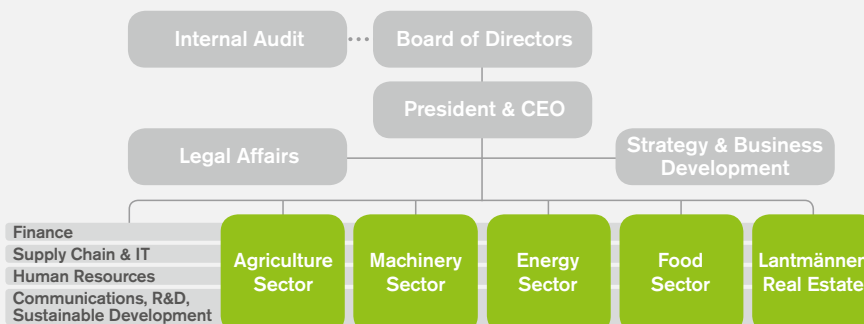
Global Reporting Initiative (GRI)

Lantmännen reports in accordance with the GRI guidelines for sustainability reporting, GRI G4. Learn more on > pages 142-145 and at lantmannen.se/gri

Lantmännen's structure and business

Organization 2015

Lantmännen's business is divided into four Sectors and one Real Estate segment. Lantmännen also has ownership shares in several international companies.



Johan Andersson
Senior Vice President &
Head of Agriculture Sector

29 %
of the Group's sales

Agriculture Sector

The Agriculture Sector is based in Sweden but is also active internationally, primarily in the Baltic Sea region. The Sector, which constitutes Lantmännen's core business, develops and markets products and services to promote strong, competitive farming. The Sector includes *Lantmännen Lantbruk*, *Lantmännen Kraftf*, *Lantmännen Agro* and *SW Seed*. The Sector is responsible for Lantmännen's ownership interests in the partly-owned companies *HaGe Kiel*, *Scandagra Group* and *Scandagra Polska*.

➤ Learn more on page 32

Key figures

	2015	2014
Net sales, MSEK	10,907	10,337
Operating income, MSEK	192	6
Operating margin, %	1.8	0.1
Return on operating capital, %	4.6	0.1
Investments in non-current assets, MSEK	91	126
Average number of employees	818	962
of which women, %	29	31
Total CO ₂ emissions, thousand tonnes	63	58
Total sick leave, %	3.1	2.8

Key figures excl. items affecting comparability

	2015	2014
Operating income, MSEK	237	56
Operating margin, %	2.2	0.5
Return on operating capital, %	5.7	1.4



Håkan Pettersson
Senior Vice President &
Head of Machinery Sector

27 %
of the Group's sales

Machinery Sector

The Machinery Sector comprises *Lantmännen Maskin*, *Swecon* and *Agro Oil*. Lantmännen Maskin imports, markets and sells farm machinery, equipment, spare parts and services in Scandinavia. Swecon markets and sells Volvo Construction Equipment in Sweden, the Baltic region and Germany. Agro Oil markets and sells lubricants and chemical maintenance products in Scandinavia and Estonia under the Agrol brand.

➤ Learn more on page 37

Key figures

	2015	2014
Net sales, MSEK	10,323	9,484
Operating income, MSEK	255	181
Operating margin, %	2.5	1.9
Return on operating capital, %	14.0	8.6
Investments in non-current assets, MSEK	328	414
Average number of employees	1,869	1,836
of which women, %	10	9
Total CO ₂ emissions, thousand tonnes	-	-
Total sick leave, %	3.5	3.1

Key figures excl. items affecting comparability

	2015	2014
Operating income, MSEK	255	181
Operating margin, %	2.5	1.9
Return on operating capital, %	14.0	8.6



Carl von Schantz
Senior Vice President &
Head of Energy Sector

8 %

of the Group's
sales

Energy Sector

The Energy Sector, one of Sweden's largest producers of bioenergy products, manufactures and markets sustainable ethanol, protein feed, glucose syrup, starch products, alkylate petrol, potable spirits and gluten. The Sector's business areas are *Lantmännen Agroetanol*, *Lantmännen Aspen* and *Lantmännen Reppe*. The Sector is also responsible for Lantmännen's ownership interests in the partly-owned company *Agroenergi Neova Pellets*.

➤ Learn more on page 43

Key figures	2015	2014
Net sales, MSEK	2,874	2,985
Operating income, MSEK	218	61
Operating margin, %	7.6	2.0
Return on operating capital, %	19.2	5.2
Investments in non-current assets, MSEK	54	39
Average number of employees	228	270
of which women, %	25	23
Total CO ₂ emissions, thousand tonnes	22	21
Total sick leave, %	2.2	2.0
Key figures excl. items affecting comparability		
Operating income, MSEK	218	61
Operating margin, %	7.6	2.0
Return on operating capital, %	19.2	5.2



Per Olof Nyman
President & CEO,
Head of Food Sector

35 %

of the Group's
sales

Food Sector

The Food Sector develops, processes and markets products that include flour, breakfast foods, pasta, frozen and fresh bread, crispbread and ready-to-eat meals. The Sector has its base in the Nordic countries but has a presence in about 20 countries. The Sector's business areas are *Lantmännen Cerealía* and *Lantmännen Unibake*. The Sector is also responsible for Lantmännen's ownership interests in the partly-owned company *Viking Malt*.

➤ Learn more on page 47

Key figures	2015	2014
Net sales, MSEK	13,073	11,180
Operating income, MSEK	692	442
Operating margin, %	5.3	4.0
Return on operating capital, %	6.7	5.7
Investments in non-current assets, MSEK	473	368
Average number of employees	5,687	4,911
of which women, %	30	32
Total CO ₂ emissions, thousand tonnes	147	131
Total sick leave, %	4.7	4.6
Key figures excl. items affecting comparability		
Operating income, MSEK	733	521
Operating margin, %	5.6	4.7
Return on operating capital, %	7.1	6.7



Mikael Nicander
Senior Vice President &
Head of Lantmännen
Real Estate

1 %

of the Group's
sales

Lantmännen Real Estate

Lantmännen Real Estate manages Lantmännen's properties. Operations are conducted at market conditions and include commercial premises such as offices, stores, workshops and warehouses. Premises are rented out both externally and internally. Lantmännen Real Estate is one of Sweden's major property companies with 150 investment properties in 80 locations. The Sector also includes Lantmännen Agrovärme, which produces and sells ready heat and district heating.

➤ Learn more on page 56

Key figures	2015	2014
Net sales, MSEK	454	470
Operating income, MSEK	314	223
Operating margin, %	-	-
Return on operating capital, %	20.1	15.6
Investments in non-current assets, MSEK	299	128
Average number of employees	39	43
of which women, %	29	31
Total CO ₂ emissions, thousand tonnes	-	-
Total sick leave, %	4.5	1.5
Key figures excl. sale of properties		
Operating income, MSEK	187	168
Return on operating capital, %	12.0	11.7

Lantmännen's annual overview

“ Our businesses are developing well, and we have taken several steps to improve our existing operations and create growth in new areas. We have strengthened Lantmännen's presence in several markets through important acquisitions.

*Per Olof Nyman
President & CEO, Lantmännen*

Strategy 2020

The implementation of our long-term strategy is continuing as planned, and in virtually all areas we are starting to see the effects of the improvement work that forms the basis of the strategy.

With the implementation of Strategy 2020, the focus on value creation in Swedish farming is strengthened. An important aspect of this involves developing methods for utilizing available technology and information, which in turn facilitates and improves the efficiency of work on the individual farm.



In June, Lantmännen acquired the Vaasan bakery group



The acquisition of Vaasan in Finland confirms our strategic direction. The integration of Vaasan into Lantmännen Cerealia and Lantmännen Unibake, in order to create profitable growth in our home market around the Baltic Sea, is continuing successfully.

Lantmännen's aim is to be the leading player in the grain value chain from field to fork in the Baltic Sea region.

Dividend

Lantmännen's Board proposes a total dividend of MSEK 432 for 2015. The high dividend proposal is based on Lantmännen's strong financial position and growth in Lantmännen Lantbruk Sweden.

A member since 2001 will have had a share in dividends of SEK 4 billion.

We focus on creating value in Swedish farming with available technology and new services for more efficient work on the individual farm.



Research and development

Each year, we invest large amounts in promoting new knowledge in the grain value chain – from plant breeding and cultivation to processing, product development and consumption. Through our own research foundation, we invested MSEK 15 in 20 different research projects at universities, colleges and institutions across the Nordic region in 2015.

20 percent lower carbon footprint

There is a difference between wheat and wheat, and flour and flour. In October, Kungsörnen launched its new “friendlier wheat flour” *Vänligare vete*, developed according to Lantmännen’s new Climate & Nature cultivation concept, which gives a 20 percent lower carbon footprint.



Interest in quality and premium products in the FMCG sector remains strong, as does demand for products with a high food safety level and clear origin labeling. Swedish raw materials, health benefits and organic and locally produced food continue to be attractive to consumers.

Organic from Mälardalen

Kungsörnen’s organic flour comes from farms in Mälardalen and is produced without crop protection products.



The year’s harvest

This year’s harvest is the largest in 25 years, with the figures indicating up to 6.6 million tonnes, including oilseeds and pulses. However, protein levels in malting barley and wheat are unusually low.

Investment in oats

Lantmännen has acquired the majority holding in CropTailor, a Swedish biotech company that has developed technology for fast, high-precision breeding of oats.



2015 – the year’s events in brief

Period 1 January – April

- Lantmännen decided to move the Uppsala milling operations to the mill in Strängnäs. A review of the location of the grain receiving facility in Uppsala was started in parallel.
- An issue of subordinated debentures was conducted in January 2015, aimed at broadening the capital base and strengthening the members’ ownership role and employees’ participation in Lantmännen’s earnings growth. The issue was oversubscribed and the total value of subordinated debentures issued was MSEK 250.
- The 2015 Signum Prize is one of the many awards Lantmännen has received. The prize, awarded at Varumärkesdagen “the Trademark Day” in Stockholm, goes to the Nordic company that has shown the best brand management and care. Lantmännen has once again achieved a top position in the Sustainable Brand Index survey.
- Lantmännen Lantbruk opened Europe’s most modern facility for seeds and forages. The Lantmännen Thermo-Seed investment in Eslöv is contributing to reduced use of chemical pesticides for farming in Sweden and abroad.
- Kalmar Lantmän’s extraordinary general meeting in April voted against the proposal to merge Lantmännen and Kalmar Lantmän.
- Lantmännen launched a grain portal with services that make it easier for farmers to develop and implement successful business.
- An updated version of Lantmännen’s Code of Conduct was adopted by the Board. The Code provides guidance for ethical, social and environmental responsibility.



Lantmännen Unibake, whole-grain bun with Parma ham, arugula and pear.

Period 2 May – August

- An agreement was reached between Lantmännen and Kalmar Lantmän on the acquisition of Kalmar Lantmän’s machinery business.
- Lantmännen Unibake’s bakery in Londerzeel in Belgium was destroyed by a fire on June 18. After the fire, intensive efforts were devoted to maintaining deliveries to customers.
- Lantmännen is increasing its investment in oats and acquired a majority holding in the biotech company CropTailor, which has developed technology for fast, high-precision breeding of oats.
- The acquisition of Vaasan on June 1 is Lantmännen’s largest ever transaction. With common knowledge and experience in grain and bakeries, Lantmännen and Vaasan together create an even stronger platform for innovation, and can develop new products and businesses.
- At Borgeby Fältdagar 2015, Lantmännen Maskin and Valtra launched a follow-up campaign to Lantmännen Lantbruk’s successful pink bale campaign. Together, the campaigns raised SEK 410,000 for the Breast Cancer Foundation.
- At Lantmännen’s AGM in May, Gunilla Aschan and Johan Mattsson were elected as new Board members after Lena Philipson and Nils Lundberg both declared themselves unavailable for re-election.
- Also at the meeting, the Grodden scholarship was awarded to ten prominent farmers connected with Lantmännen.
- Lantmännen Doggy was divested in July as part of Lantmännen’s long-term strategy to focus on the core business.



The main ingredient in START! is Swedish-grown oats. Start is a crunchy granola mixed with various berries and fruits and is available in several different versions.

Period **3** September – December

- To improve the competitiveness and efficiency of operations, Lantmännen Lantbruk closed down the seed cleaning facility in Uppsala, concentrating these operations on other cleaning facilities.
- Lantmännen Real Estate installed Uppsala's largest solar PV system on Lantmännen Maskin's roof.
- Lantmännen became a part-owner of the ethanol research company Taurus Energy through a private placement of shares corresponding to MSEK 5. The company has developed a yeast strain that is used in the production of ethanol.
- Lantmännen's fall meetings arranged by the districts brought together over 2,500 people.
- Lantmännen and AGCO agreed on an expanded long-term cooperation in Scandinavia.
- In fall, the Chinese authorities granted Lantmännen an import permit for processed oat products, which represents an opportunity for further growth in a new market for Cerealia.
- Lantmännen joined the City Mission and Axfood initiative to launch a social supermarket (Matmissionen) in Rågsved. The store sells products with short best-before dates, but of satisfactory quality, at low prices.
- Kungsörnen's new *Vänligare vete* friendlier wheat flour is being launched in stores. The wheat flour is produced according to Lantmännen's Climate & Nature cultivation concept, which gives a 20 percent lower carbon footprint.
- Lantmännen Maskin received a major order from the Swedish armed forces. The order came from the Swedish Defence Materiel Administration and was for 38 Valtra N Series tractors.



Ruispalat is included in Vaasan's range and is one of Finland's best-selling rye breads. The bread is baked with 100 percent rye flour.

2016 After year-end

- Lantmännen Maskin acquired Kalmar Lantmän's entire machinery business on January 1. All employees have been offered employment at Lantmännen Maskin.
- In January, Lantmännen held three customer meetings in the Kalmar area to provide information about new features in the machinery area and other offerings from Lantmännen.
- Lantmännen achieved the target of 100 percent responsibly produced soy in accordance with the sector agreements in the Swedish Soy Dialogue. The target was achieved by using both RTRS-certified and ProTerra-certified soy.
- Lantmännen is taking a further step for responsibly produced palm oil certified under RSPO, Segregated.
- Lantmännen and the Danish agricultural company DLG (Dansk Landbrugs Grovvarerelskab) are strengthening and expanding the agricultural cooperation through a new jointly-owned company for international operations and joint purchasing, Lantmännen/DLG International (LDI). Lantmännen and DLG will each own 50 percent of the new company.
- In January, Lantmännen's partly-owned company Viking Malt signed an agreement to acquire Danish Malting Group from Carlsberg. The transaction is expected to be completed after approval by the relevant authorities. The acquisition strengthens Viking Malt's position as the leading malting player in northern Europe.
- Lantmännen's partly-owned company HaGe Kiel in Germany acquired all the remaining shares in Roth Agrarhandel GmbH, one of the leading German companies in agriculture. The acquisition requires approval from the European competition authorities.



Caramel dream muffin from Schulstad. Muffins filled and topped with caramel pieces. Schulstad's range includes several other muffin varieties.

Chairman's comments

2015 was the year when we seriously began to see the results of the strategy that has been established for Lantmännen – both in terms of investments, organization and financial results. For 2015, the Board proposes a dividend totaling MSEK 432 for members. These are funds that promote and develop the whole of Swedish farming. Lantmännen makes a difference!

Our long-term direction, Strategy 2020, plays a guiding role in our efforts to develop Lantmännen. The strategy is based on the changes taking place in the external environment. The goal is for Lantmännen to be a leading player in the grain value chain in the Baltic Sea region, from feed to Finn Crisp! For me, development is a prerequisite – sitting still while trends get stronger, competitors are active in our vicinity or markets change is not an option. An obvious example is the consolidation in the agribusiness in Europe, where a whole new landscape is starting to take shape. Our strategic cooperation with the Danish company DLG in Germany, the Baltic region and Poland is very important here. Through the new company Lantmännen DLG International, we can now coordinate and streamline the work in our international companies even better.

The international arena is important, but the competitiveness of Swedish farming is crucial to Lantmännen. In spring, we took an active part in the work of the Swedish Government's Food Strategy and Commission for Competitive Agriculture and participated in several of the regional hearings arranged by the Ministry of Rural Affairs. Here, we particularly emphasized the importance of joint involvement in R&D issues associated with early stages in plant breeding. We also participated in Almedalen in a debate on competitiveness and the importance of a farmer-owned food industry.

In spring, the Board adopted changes to the member organization, after solid work around the country. Reducing the number of districts is not easy, but is a logical consequence of both the structural changes in agriculture and the organizations of Lantmännen Lantbruk and Lantmännen Maskin. Closer cooperation with the agriculture-related operations will provide leverage in several ways and work with the new intergroups in strategic areas has already had a good response in the organization. A powerful owner organization with competent elected representatives is a guarantee for maintaining strong corporate governance. In the latter part of the year, Lantmännen conducted several targeted activities, aimed at informing farmers in the Kalmar region about our total offering.

Lantmännen consolidated its strong economic development during the year.

Lantmännen Lantbruk implemented a number of efficiency and cost adjustments in the Swedish agricultural operations,

while focusing on maintaining a high service level and increasing the local presence in order to develop the business. We can clearly see the effects, with improved results and increased market shares.

The fact that we successfully handled the largest harvest in 25 years in parallel with implementing the major changes is testimony to a strong desire to be Swedish farming's best partner. In a tight situation for milk producers, we launched a new Nötfor range which provides better conditions for effective and profitable milk production. The initiative shows the importance of continuous and targeted efforts on research and innovation. The acquisition of the oat breeding company CropTailor is another example of our desire to continuously develop our operations and Swedish farming. Our R&D efforts may not produce direct effects, but a good many initiatives are showing results in the longer term, and I see the Cedomon and Cerall biological treatment methods as very good examples here.

It has been an intensive year for *Lantmännen Maskin*. The expanded cooperation with AGCO and the decision to leave Claas are the result of changed market strategies on the part of manufacturers in the machinery area in Europe. For us Swedish farmers, a strategy of brands from several different manufacturers and operations across the country is important. Here I want to mention the work that has been done to introduce new features into the machinery area in Sweden and to bring tractor prices down to the EU level. With the support of all Lantmännen's owners, which is a strong argument in the negotiations, Lantmännen Maskin has successfully redirected the agenda of the discussions with the major machinery suppliers – impressive! Closer to home, the acquisition of Kalmar Lantmän's machinery business is important.

In the *food area*, Lantmännen's acquisition of Vaasan represents a significant and strategic decision. It increases our presence in the Baltic Sea region, complements our product portfolio and benefits our rye development work. Lantmännen Cerealia's Ett Vänligare Vete (Friendlier Wheat) concept has attracted keen interest. In Almedalen, Lantmännen arranged a well-attended seminar on sustainability, "Andra bullar", as part of its friendlier wheat communication. The climate-friendly wheat is the result of cooperation in many parts of Lantmännen's chain, from contract-growing farmers and mills through to the consumer. Joint ownership of industries with well-known

brands such as Kungsörnen, Start and Finn Crisp is a strength that provides stability and creates pride.

Developments within *Lantmännen Energy* have been positive during the year, mainly due to Lantmännen Agroetanol. One of the reasons is that a growing share of our ethanol is sold in the German market, where demand for Lantmännen's sustainable ethanol has continued to increase as a result of new policy instruments that reward greenhouse gas performance, which is in sharp contrast to the Swedish system. It is shameful that Swedish politicians fail to see the opportunities that Swedish agriculture can offer, and not even in the wake of the climate meeting in Paris is there any recognition of ethanol's contribution to a fossil-free transport sector.

Lantmännen has a well-balanced portfolio and this can to some extent balance business cycles, weather and politics, which are some of our most important external factors. Many factors worked in our direction in 2015, and with the professional commitment of our management we are able to present very good results. The strong financial position and positive growth in the agriculture operations mean that we can increase our dividend level. The Board has therefore decided to increase the refund and final price adjustment to 2 percent on trade with Lantmännen Lantbruk and retain a refund of 0.5 percent for the machinery operations. The Board also proposes that the AGM adopt a contribution dividend of 9 percent and a contribution issue of MSEK 50.

Lantmännen's good results and strong financial position show that the cooperative form of enterprise has all the conditions for both profitability and efficiency. During the year, a decision was made to modernize the Economic Associations Act, which is very positive. The update includes simplified decision-making processes and additional funding opportunities. There is an obvious link between a clear strategy, well-functioning management, strong corporate governance and good results. Our unique combination of a long-term approach, the natural connection to sustainable development, a processing industry that can link to origin and responsibility and a genuine commitment from owners and employees has proved very successful.

This is where Lantmännen fulfills its mission – to contribute to the profitability of its owners' farms and optimize the return on their capital in the association.

I would like to conclude by thanking all employees of Lantmännen. Competent, responsible and committed employees and managers are one of our most important resources. The fact that our President & CEO Per Olof Nyman is a leader who knows the different operations well, inspires and takes the time is a great asset in a company like ours.

Together we create thriving farming!

Klockrike, February 2016

Bengt-Olov Gunnarson
Chairman, Lantmännen



President's overview

2015 has in many ways been a unique year for Lantmännen, and efforts within the framework of our long-term strategy, Strategy 2020, have produced good effects. Lantmännen's operating income for 2015, after net financial items and adjusted for items affecting comparability, is the best we have ever achieved: MSEK 1,246 compared with MSEK 740 the previous year. Even including non-recurring items, the result is still at a historically high level.

We achieved our long-term objective for both return on equity and equity ratio during the year. We have vigorously continued to implement Strategy 2020 – including measures to create added value from Swedish grain and to improve the efficiency of sourcing and logistics in the grain operations. We have strengthened our customer focus and reduced the cost base for our agribusinesses in both Lantmännen Lantbruk and Lantmännen Maskin, to the benefit of Swedish farming. With the Vaasan acquisition, an important step has been taken to strengthen Lantmännen in the grain value chain and consolidate our food position in the Baltic Sea region.

We have also continued to strengthen our partnerships in international operations through the formation of LDI (Lantmännen Dansk Landbrugs Grovvarerelskab International) and Viking Malt's acquisition of Carlsberg's malting business, which was announced in January 2016. For Lantmännen Agroetanol, there has been a breakthrough for our climate-friendly ethanol in the German market, a profitable business with an export value of more than MSEK 500.

Developments in our Sectors

All of Lantmännen's Sectors reported a higher operating income than in the previous year. Particular improvements were noted in the Agriculture and Energy Sectors, with the businesses



Lantmännen's President & CEO Per Olof Nyman in conversation with Board Member Ulf Gundemark during a field trip in the port of Klaipeda, Lithuania.

multiplying their earnings compared with the previous year. The Machinery and Food Sectors and Lantmännen Real Estate also showed a significant increase in earnings and continue to deliver at a high, stable level.

The Agriculture Sector's strong improvement in earnings is primarily the result of a very well implemented cost and efficiency program in the Swedish operations. An increased customer focus and a large harvest in 2015 also contributed to the earnings improvement.

Earnings increased in all three of the *Machinery Sector's* business areas. The Swedish farm machinery business showed a significant improvement in earnings despite another year in which the total market declined.

All wholly-owned businesses in the *Energy Sector* reported a strong improvement in earnings compared with the previous year. Lantmännen Agroetanol showed strong growth in earnings as a result of continued efficiency measures, a more diversified raw materials base and the introduction of new products. An important breakthrough has also occurred in Germany, where demand for more sustainable ethanol with low carbon dioxide emissions has worked in Lantmännen Agroetanol's favor.

The Food Sector's improvement in earnings is mainly due to production efficiency measures, new innovative customer offerings and the acquisition of Vaasan, as well as continuing improved earnings for Lantmännen Unibake's international operations.

Lantmännen Real Estate has performed well during the year. The improved earnings are from current operations and property development projects.

Major step forward in Strategy 2020 implementation

While the results for 2015 are among Lantmännen's strongest ever, we have also strategically positioned Lantmännen to continue to achieve profitable growth for our businesses. Profitable growth in the framework of Strategy 2020 will be a focus area again in 2016.

We have taken major steps forward in several areas, and it is particularly heartening to have regained our position as one of the most customer-oriented and cost-effective agricultural enterprises. In the grain value chain, our new joint grain unit has further strengthened our platform for the future.

“ **Further development of the agribusiness is important to strengthen the competitiveness and profitability of our owners’ farms.** ”

The Vaasan acquisition, which is the largest transaction Lantmännen has ever conducted, is another milestone in our development and an important part of Strategy 2020. The integration of Vaasan’s operations into Lantmännen Cerealia and Lantmännen Unibake has proceeded very well. With Vaasan’s and Lantmännen’s combined resources and expertise, we have created an even stronger food operation in the grain value chain in the Baltic Sea region, and a good platform for exports to other important markets.

We shall continue to expand our operations in 2016, also in strategic export markets. We maintain a strong focus on innovation in the form of new products and new efficient ways of working within the Group, and we do so through more frequent exchanges between businesses in the grain value chain. We shall also offer better opportunities to take advantage of information through new technology in order to strengthen the competitiveness and profitability of our owners’ farms.

A Lantmännen in constant development

Our biennial group-wide employee survey was conducted at the end of 2015. The response rate was the highest ever: 90 percent of all our employees in 22 countries responded to the survey, giving us a good basis to continue developing our workplaces in the right direction.

Lantmännen’s updated Code of Conduct was launched during the year, and is a development of the 2008 Code.

Concrete initiatives to reduce Lantmännen’s carbon footprint are conducted continuously in our operations, partly through ongoing energy and resource efficiency measures and partly in the form of new sustainable and profitable business such as exports of climate-friendly ethanol to Germany. The launch of Kungsörnen’s new “Vänligare vete”, which is wheat flour produced with up to 20 percent less climate impact, is a clear example of how farmers and our food industry can make a big difference together.

I would like to extend my thanks to all employees, customers, owners, suppliers and other partners for a good cooperation during the year. It has been a historically good year for Lantmännen, and we carry a strong momentum with us into the new year. Lantmännen’s continued ambition is to be a leading player in the grain value chain from field to fork in the Baltic Sea region, thereby contributing to thriving Swedish farming. We have taken several steps in that direction during the year, and I look forward to continuing to lead this work.

Stockholm, February 2016

Per Olof Nyman
President & CEO, Lantmännen



Our responsibility builds trust

Consistent management, development, communication and demonstration of what we stand for means that the Lantmännen brand is one of the most trusted in the Swedish market, and we also achieve good results in the Nordic region.

We have responsibilities, obligations and opportunities for adopting a long-term and sustainable approach

According to several studies, there is a direct link between a company's value and its reputation and trust. This is confirmed by a World Economic Forum survey, which shows that trust makes up more than 25 percent of a company's market value. But trust requires consistent and long-term efforts. It also calls for humility, investment, conviction, endurance and coordination.

We have continuously built up trust relating to origin, our owners, farmers and responsibility from field to fork. Our brand symbol, the sprout, which is found on many of our products, is a guarantee of everything we stand for. It is a guarantee that reflects our ambitions as a leading player throughout the entire grain value chain. For example, Kungsörnen's new wheat flour has been developed with a 20 percent lower climate impact. This clearly shows what we can achieve through cooperation *all the way from cultivation to consumer*.



Clear origin and traceability information is now expected by consumers and is often a prerequisite when they choose between different brands. This trend is also spreading rapidly to the corporate markets, where our customers do not just want any supplier, but a partner and a brand that can guarantee what their own customers expect.

We are no ordinary company. We are a cooperative. An agricultural cooperative owned by farmers who are also our business partners, our most important customers and ambassadors. At the same time, we are part of the food consumer's daily life, with well-known brands such as Kungsörnen, Axa, and Korvbrödsbagarn. The common strength of our businesses lies in constantly developing ourselves and what we stand for. Our acquisition of the Finnish bakery group Vaasan has brought two strong brands, Finn Crisp and Bonjour, into our portfolio.

Brand confidence recognized

Lantmännen has won several awards in competition with the largest and strongest brands. We were awarded the Signum prize during the year and we achieved second place in the food category and third place overall in the Sustainable Brand Index for Sweden. We took fifth place in the Swedish Brand Reputation Barometer and came fourth in the Sustainability Barometer. The Signum prize is awarded to the Nordic company that shows best brand management and care. It is a seal of quality for our long-term brand work.



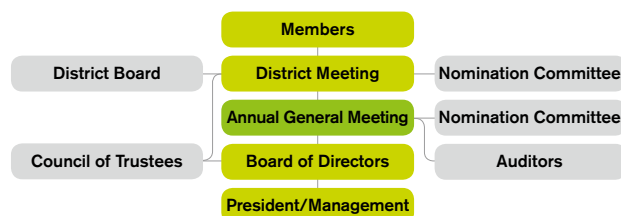
Our trust and brand strengthen the image of Lantmännen as a company of the future with strong roots and growing markets.

We build on the knowledge of generations, with the very same aim now as then: the best from our land.

Farmer-owned and governed

Lantmännen is an agricultural cooperative rooted in Swedish farming and owned by about 27,000 farmers. Active involvement and the ability of members to exert their influence through districts, membership meetings, the Council of Trustees, motions and written communication play a crucial role in safeguarding the strength and benefits of the cooperative form of enterprise.

Lantmännen's corporate governance is exercised via the districts, the annual general meeting, the Board and several other forums, such as the council of trustees. As part of efforts to develop the district boards, there is an ongoing process aimed at clarifying the role and mission of the districts. New, modernized articles of association for Lantmännen were adopted at the 2015 AGM and the development of work plans for the district boards and council of trustees adapted to the new member organization is currently in progress. Various membership meetings and several council of trustees meetings have devoted time to dialogue on Lantmännen's long-term direction – Strategy 2020.



District activities

The districts are the basis of the members' role as owners and an important link between the members and the businesses. Each district has a board that works both locally and on cross-cutting issues for Lantmännen. During fall, the Group Board arranged a road show out in the districts, where they met the boards to discuss Lantmännen's development. The nomination committees had an important role in ensuring both continuity and renewal in connection with the new district division during the year.

Elected members joined Lantmännen Lantbruk and Lantmännen Maskin at Borgeby Fältdagar, Brunnby Lantbrukardagar, Elmia and other events, which is a concrete way of showing the concerted strength of Lantmännen.

Council of Trustees

Lantmännen's council of trustees is there to provide support for the Board in its management of the association and to work for the positive development of Lantmännen. The council's fall meeting was hosted by Scandagra Baltikum with visits to Latvia and Lithuania. The purpose was to increase awareness, of the Lantmännen goal to become a leading player in the grain value chain in the Baltic Sea region.

Annual General Meeting

Lantmännen's 2015 Annual General Meeting was held on May 5 in Stockholm. The Meeting considered two motions. *The first* was a desire for more open reporting of the business areas' results, while *the second* was a focus on investments in applied research. Also at the meeting, the Grodden scholarship was awarded to ten prominent farmers connected with Lantmännen. The scholarship also included a seminar on Lantmännen. Two new members joined the Lantmännen Group Board at the meeting – Gunilla Aschan from Linköping and Johan Mattsson from Skåne Tranås. At the statutory Board meeting, Bengt-Olov Gunnarson was re-elected as Chairman and Per Lindahl was elected as Vice Chairman.



The District Board Conference was held on 4-5 November with a focus on business intelligence, Strategy 2020 and Lantmännen's international operations. The conference included a presentation of Vaasan, and to increase awareness of Lantmännen as a leading player in the Baltic Sea region there was also a presentation of Scandagra Group, Scandagra Polska and HaGe Kiel. Brief panel discussions were held on the different inter-groups and their duties and the nomination committees' important role in the new member organization.

New member organization in 2016

From 2016, the member organization is divided into 19 districts with new forms of work, closer cooperation with Lantmännen Lantbruk and Lantmännen Maskin and the new inter-groups. We have also increased the focus on young farmers and are increasing our investments in the training of elected representatives.

Owner value for over 100 years

Lantmännen's assignment is to contribute to the profitability of its owners' farms and optimize the return on their capital in the association. As business partners and owners of Lantmännen, they share the Group's profit through dividends.



Lantmännen has distributed more than SEK 4 billion to its members since the merger in 2001. A total dividend of MSEK 432 is proposed for 2015. The high dividend proposal is based on Lantmännen's strong financial position and development in Lantmännen Lantbruk Sweden.

Owner value

Where are earnings created?

Lantmännen consists of farming operations and extensive commercial and industrial activities including mills, bakeries and machinery operations.

Most of the earnings are generated in the industrial activities. It is clear to see the advantages to Lantmännen of integration along the value chain and supplementing the agriculture-related operations with industrial activities. In this way, owners share in a higher margin and growth further along the value chain and in other industrial activities. The generated earnings are distributed to the members according to Lantmännen's dividend policy.

Refunds and final price adjustments are based on earnings from contribution-based agriculture operations. Contribution dividends and contribution issues are primarily based on earnings from operations that are not contribution-based, such as food, energy, property and some areas of the machinery business.

Dividend policy

The principles for dividends are set out in the dividend policy adopted by the Board. It is the Group Board's aim for Lantmännen to generate regular and stable dividends for its owners over time in the form of refunds and final price adjustments, contribution dividends and contribution issues. The Group Board's overall intention is that the dividend level will be adjusted to reflect factors such as financial position, earnings, cash flow, strategic investment needs and expected profitability.

A member since 2001 will have had a share in dividends of SEK 4 billion from Lantmännen.

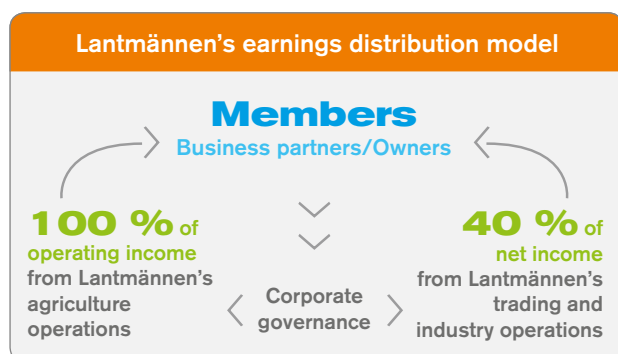
How are earnings distributed?

Refunds and final price adjustments are paid in proportion to the members' business with the agriculture operations.

The Board has decided to increase the refund and final price adjustment on trade with Lantmännen Lantbruk Sweden by 0.5 percent to 2.0 (1.5) percent. The Board has also decided to pay a refund of 0.5 (0.5) percent on purchases from the Machinery Sector's Swedish operations. The total refund and final price adjustment is estimated at MSEK 189 (135).

The Board proposes that the AGM adopt a contribution dividend of 9 (9) percent, totaling MSEK 193 (178), and a

Trading in contribution issues provides opportunities for more active ownership. ”



Members of Lantmännen share the Group's profits through dividends.

contribution issue of MSEK 50 (150). Contribution issues are distributed as follows: paid-in and issued contributions (75 percent) and contribution-based turnover with Lantmännen (25 percent). In total, the proposed contribution dividend and contribution issue amount to 11 (17) percent of the association's contributed capital. The total dividend to the owners is therefore expected to be MSEK 432 (463). The Board also proposes that the AGM adopt a 6.5 (9) percent dividend on subordinated debentures, totaling MSEK 16 (5).

Contributed capital – paid-in and issued

Lantmännen's members invest capital through their contributions in the association. Contributed capital amounted to MSEK 2,146 (1,977) at the end of 2015 and consisted of paid-in contributions of MSEK 986 (931) and issued contributions of MSEK 1,160 (1,046).

Member contributions MSEK	2015	2014	2013	2012
Member contributions:				
Paid-in	986	931	829	753
Issued	1,160	1,046	1,074	1,016
Total	2,146	1,977	1,903	1,769

Dividend ¹ MSEK	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Refund, final price adjustment	189	135	129	120	110	95	1	122	83	64
Contribution dividend ²	193	178	171	88	78	68	63	57	50	56
Contribution issue ²	50	150	-	80	152	177	100	110	151	99
Total	432	463	300	288	340	340	164	289	284	219
Contribution dividend and contribution issue as % of contributed capital	11 %	17 %	9 %	9 %	15 %	18 %	13 %	14 %	20 %	13 %

¹ Reported amounts may include adjustments compared with previous years' proposals.

² Pursuant to the Board of Directors' proposal for 2015.

Owning Lantmännen

Value of the dividend

In order to clearly show how the dividend is affected by Lantmännen's results and the financial leverage that can be obtained from owners' contributions and trade with Lantmännen, a special calculator has been developed. The calculator can be found at lantmannen.se/utdelning

Trading in contribution issues

Members of Lantmännen have been able to buy and sell their contribution issues since 2009. This trading, which is exclusively between members, provides opportunities for more active ownership. Contribution issues carry the same entitlement to contribution dividends and new contribution issues as paid-in contributions. There were 14 trading sessions in 2015. The total turnover was MSEK 19 (19) and the transaction price varied between 114 and 131 percent of the nominal value. Work to facilitate and improve trading was carried out during the year.

Issue of subordinated debentures

A new issue of subordinated debentures to members and employees in Sweden was conducted in January. The issue, which amounted to a maximum of MSEK 250, was oversubscribed. The subordinated debentures have an average maturity of 5 years.

Contribution issues – trading and price trend



Targets and target monitoring

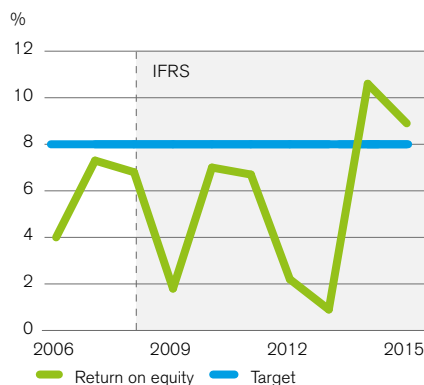
Lantmännen has a strong financial position which has been instrumental in the Vaasan and other acquisitions. The long-term objectives for the Group and its businesses also include non-financial areas and are defined by taking into account several parameters: macroeconomic conditions, history and the present situation, performance relative to comparable operations and risk level.

Return on equity

The Group's target

8.0 %

The Group's return target is dependent on the composition of the portfolio. The current business portfolio is estimated as having a total return on equity potential of 8 percent over a business cycle.



2015 outcome

8.9 %

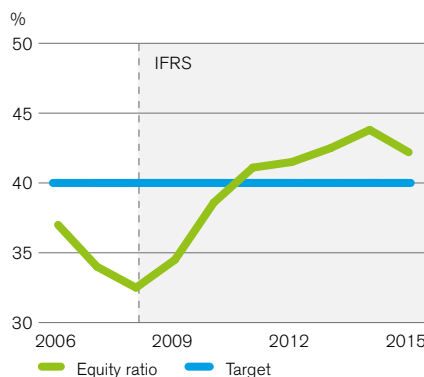
Return on equity was 8.9 (10.6) percent in 2015. The average return on equity over the last five years was 5.86 percent.

Equity ratio

The Group's target

40 %

Lantmännen's equity target is a minimum of 40 percent, which reflects Lantmännen's desired financial risk profile and the Board's view of long-term financial stability.



2015 outcome

42.2 %

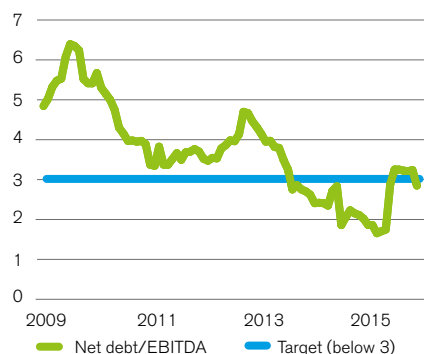
The equity ratio was 42.2 (43.8) percent at December 31, 2015. The decline was partly an effect of Lantmännen's acquisition of Vaasan. Since 2008, the equity ratio has improved from 32.5 percent to 42.2 percent.

Net debt/EBITDA

The Group's target

<3

Lantmännen's aim is for a net debt/EBITDA ratio of below 3 over time, in order to ensure financial stability. For an explanation, see the glossary and definitions [page 155](#).



2015 outcome

2.85

The present net debt/EBITDA ratio is 2.85, despite the acquisition of Vaasan, and this has been made possible by a strong underlying cash flow. The ratio has been below 3 during the last three years.

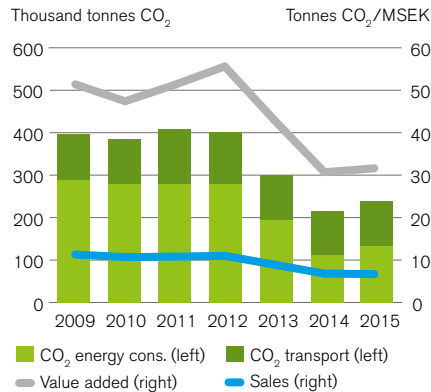


Climate target

The Group's target

-40%

The Group's target is for a 40 percent reduction in carbon dioxide emissions from its own operations and transport by 2020, with 2009 as the base year. Several years of work on energy efficiency and the phasing out of fuel oil contributed to achievement of the target in 2014.



2015 outcome

-40%

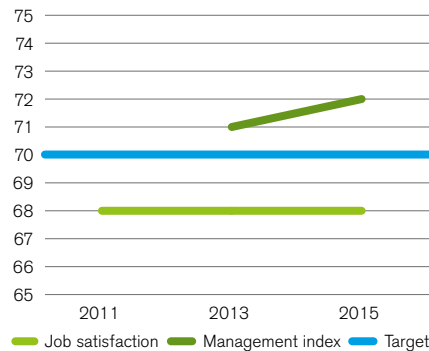
It is still relevant to work towards the target, as Lantmännen made major structural changes in 2015, with acquisitions and divestments that changed the conditions. We also need to focus more on reducing carbon dioxide emissions from our transport.

Employee target

The Group's target – Index

70

Our employees' job satisfaction and motivation, and good leadership are very important to Lantmännen's success. The target for job satisfaction and management is 70 (measured by index).



2015 outcome

68 Job satisfaction **72** Management

In the most recent employee survey in 2015, the job satisfaction result was 68, which is good in a European comparison with similar companies. The overall management index result for 2015 was 72, which is a strong result.

The Group's target

Satisfied customers

Satisfied customers make more repeat purchases, strengthen brands and customer relationships, and generate new customers. Lantmännen conducts regular customer satisfaction index measurements, with clear follow-ups in our operations.



Objective

Lantmännen's objective is to maintain a strong position in all markets where Lantmännen has a presence.



Market and external trends

Interest in quality and premium products in the FMCG sector remains strong, as does demand for products with a high food safety level and clear origin labeling. Swedish raw materials, health, origin and organics continue to be attractive to consumers.

Well-positioned in the Baltic Sea region

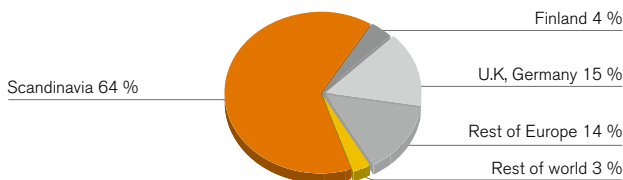
Lantmännen is well-positioned in our main markets in the Baltic Sea region and UK. These are the markets in which Lantmännen has its largest sales, but we are also active in Russia, Hungary, Belgium, France, the Netherlands, Spain, the United States, South Africa, Australia and other countries. Lantmännen is represented in every part of the value chain through wholly and partly-owned companies and partnerships. Lantmännen's value chain is based on farmland resources, with a focus on grain and its journey from field to fork.

Global growth, slower in Europe

After the beginning of the year, with an economic downturn in the United States and crisis management of the Greek economy in the Eurozone, developments in the United States and the Eurozone took a slightly upward turn. Developments in countries such as China, India, Brazil and Russia have been weaker. The world's central banks are responding to the situation in very different ways – for their part, European and Japanese central banks are stepping up monetary stimulus.

Lantmännen's markets

% of Group's sales



Price development, MATIF wheat

EUR/tonne



Source: MATIF

Demand for grain is increasing, but not at the same pace as previously.

Lantmännen is also actively involved in efforts that focus on exports and strengthening the productivity and competitiveness of Swedish farming.

“ Swedish raw materials, health and origin are trends that continue to grow.

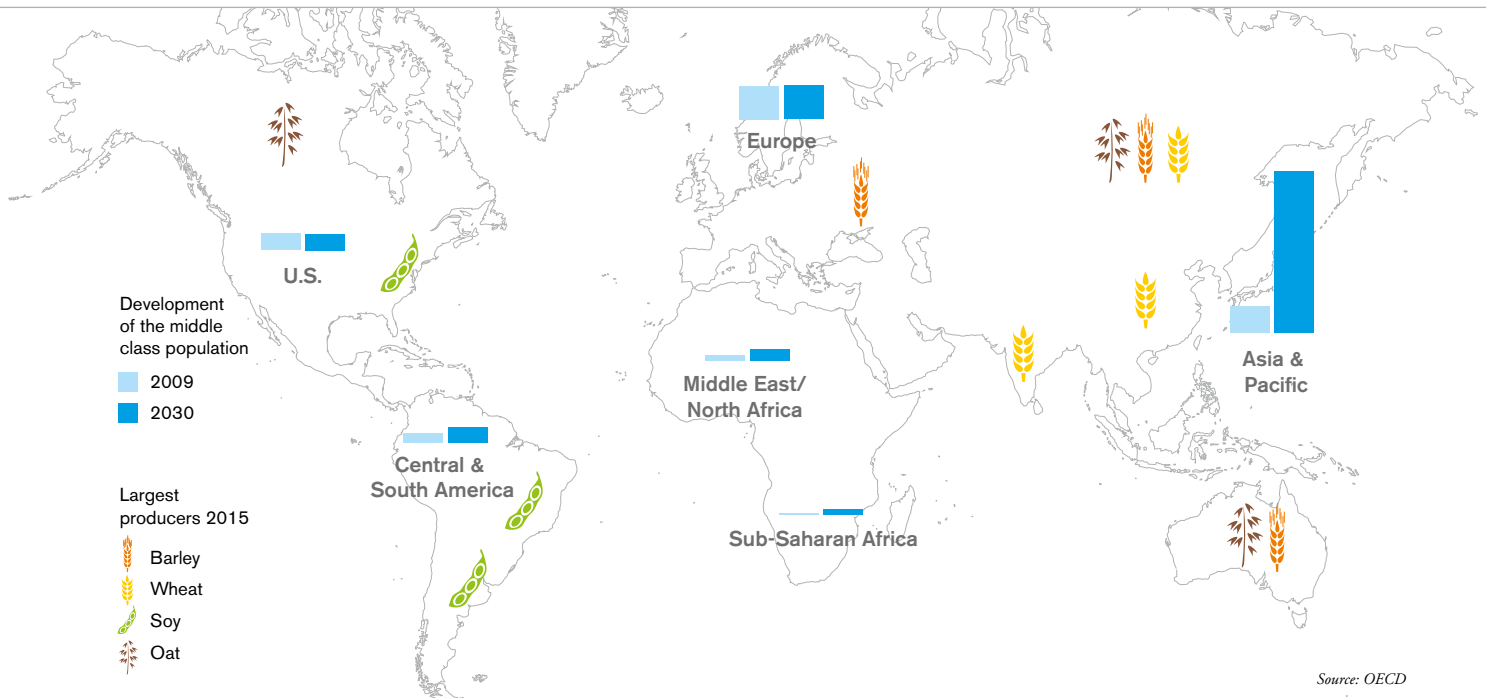
Unstable security situation

The troubled situation in the Middle East has displaced millions of people, and the global security situation is more unstable than it has been for a long time. This has caused uncertainty in many markets, and created a complicated political situation in many countries. It is difficult to assess how the situation will develop and the implications for mobility in Europe.

Lantmännen's main markets in the Baltic Sea region and UK



World grain production and middle class growth



Market developments

Food consumers are increasingly demanding products with a high food safety level and reliable processes for origin labeling and controls. Swedish raw materials, organic and locally produced, are some of the categories that have received a boost. Increased interest in quality and premium products in the overall fast-moving consumer goods (FMCG) sector has been noted.

According to HUI Research, Sweden's growth in FMCG is continuing, with the forecast for the full year 2015 indicating growth of about 4 percent. The forecast for Norway points to growth of 2.7 percent, and for Denmark 1.8 percent. Finland shows negative growth of around 1.9 percent for the year. Consumers are increasingly shopping for food online: in 2015, online sales increased by about 40 percent from a low level.

The situation remains difficult for many Swedish milk producers. Milk production has increased in much of the EU, while the milk volume in Sweden has shown a marginal decline during the year. The imbalance in the dairy market and highly volatile price developments make future trends difficult to predict.

The tractor market in Sweden, Norway and Denmark has fallen during the year. The shrinking market has led to structural changes in the sector, mainly driven by machinery manufacturers seeking exclusivity in the retail channels.

The construction machinery markets in Asia and South America have declined, which means that the relatively stable European market is once again a priority for most players.

5

mega trends affecting Lantmännen

1 Growing middle class in Asia

Asia's large population and growing economy is driving demand for agricultural commodities and the region is no longer able to achieve self-sufficiency.

2 Weak growth in Lantmännen's main markets

Growth in Lantmännen's main markets is low but stable, and is characterized by strong price competition. Over a longer time horizon, Lantmännen is exposed to regions with relatively low growth.

3 Consumer demand for health and low environmental impact

Consumer trends show a much stronger focus on the health and environmental effects of what we eat.

4 Volatile commodity prices

Grain supply varies and demand is rising. The price is set internationally and raw materials are traded locally.

5 Increased digitalization of agriculture

Technological development is changing conditions and resulting in more efficient agriculture.

Strategy 2020

Our long-term Group strategy

With the agricultural company as the starting-point, Lantmännen will develop profitable, sustainable business and create added value throughout the grain value chain. A strong focus is placed on Lantmännen's innovation work in order to move faster from research to business.

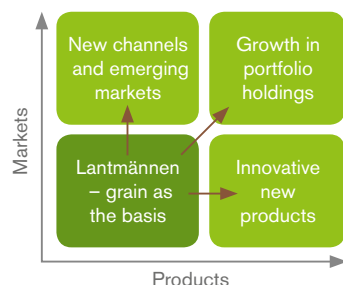


Objective 2020 – Lantmännen as leader from field to fork in the Baltic Sea region

Work to implement our long-term objective and Strategy 2020 is continuing as planned and we can see the effects of the improvement initiatives that form the basis for the strategy. The cost level has been reduced, efficiency has increased and the growth-creating measures are starting to produce results. The acquisition of Vaasan in Finland confirms our strategic direction and the integration of Vaasan into Lantmännen Cerealia and Lantmännen Unibake in order to create profitable growth at the international level is continuing successfully.

In Strategy 2020, focus is placed on contributing to value creation in Swedish farming. An important aspect of this is to develop methods for utilizing available technology and new services in order to facilitate and improve the efficiency of work on the individual farm.

Lantmännen's profitable growth



Lantmännen has its base in Swedish farming, with a focus on contributing to value creation for Swedish farming through profitable growth with innovative products and holdings in our home market in the Baltic Sea region and at a global level.

Priority growth areas

Agribusiness

Lantmännen will be a profitable, leading agribusiness player in our home market around the Baltic Sea and have the best offering in feed, seed and forages. With a strong position in machinery and equipment, Lantmännen will also offer servicing and spare parts for the professional farmer. In partnership with agricultural companies, we offer products and services that strengthen their production and competitiveness.

Create value from grain

Lantmännen will create value through market-leading business in grain processing and consolidation in the Nordic milling industry. This will be achieved in the form of sustainable biofuels, ingredients, starch products and other highly refined grain products. Lantmännen will be a leading international player in frozen bread through efficient production, organic growth and acquisitions. We analyze the value chain for rye and rye products, and with the acquisition of Vaasan, this brings a clearer rye strategy.

Our portfolio holdings

Lantmännen will create profitable growth with portfolio holdings that are associated with the grain value chain and will develop profitable partnerships. Our portfolio holdings comprise operations related to the core businesses in the grain value chain.

Significant examples of portfolio holdings include Swecon, which originates from Lantmännen's long cooperation with Volvo that began in the agricultural area, and Lantmännen Real Estate, which has been developed on the basis of Lantmännen's presence in many locations in Sweden. The portfolio holdings are governed based on a streamlined required rate of return. Growth creation for international operations by increasing trade from the Baltic Sea region to customers in Europe and the world is a clear ambition of Strategy 2020.

Acquisition strategy

Lantmännen works actively on acquisitions, divestments and partnerships in order to position the Group more strongly in grain processing.

Our acquisitions in 2015

Our bakery business is strengthened by the Vaasan acquisition

The acquisition of Vaasan on June 1 is the largest transaction Lantmännen has ever conducted. Lantmännen and Vaasan are a perfect match: the companies have similar values and approaches, with businesses that complement each other well.

With common knowledge and experience in grain and bakeries, Lantmännen and Vaasan together create an even stronger platform for innovation, and can develop new products and businesses for the benefit of our customers, consumers and shareholders. Together the companies will be a leader in the common home market around the Baltic Sea.

Continuing investment in oats through acquisition of CropTailor

Lantmännen has acquired a majority shareholding in CropTailor AB. The acquisition strengthens Lantmännen in the area of plant breeding and is part of the focus on oats. CropTailor is a Swedish biotech company which has developed technology for fast, high-precision breeding of oats.

Our assignment

Our assignment is to contribute to the profitability of members' farms and optimize the return on their capital in the association.

Our mission

We create thriving farming.

Our vision

We lead the refinement of farmland resources in an innovative and responsible manner for the farming of tomorrow.

Our business concept

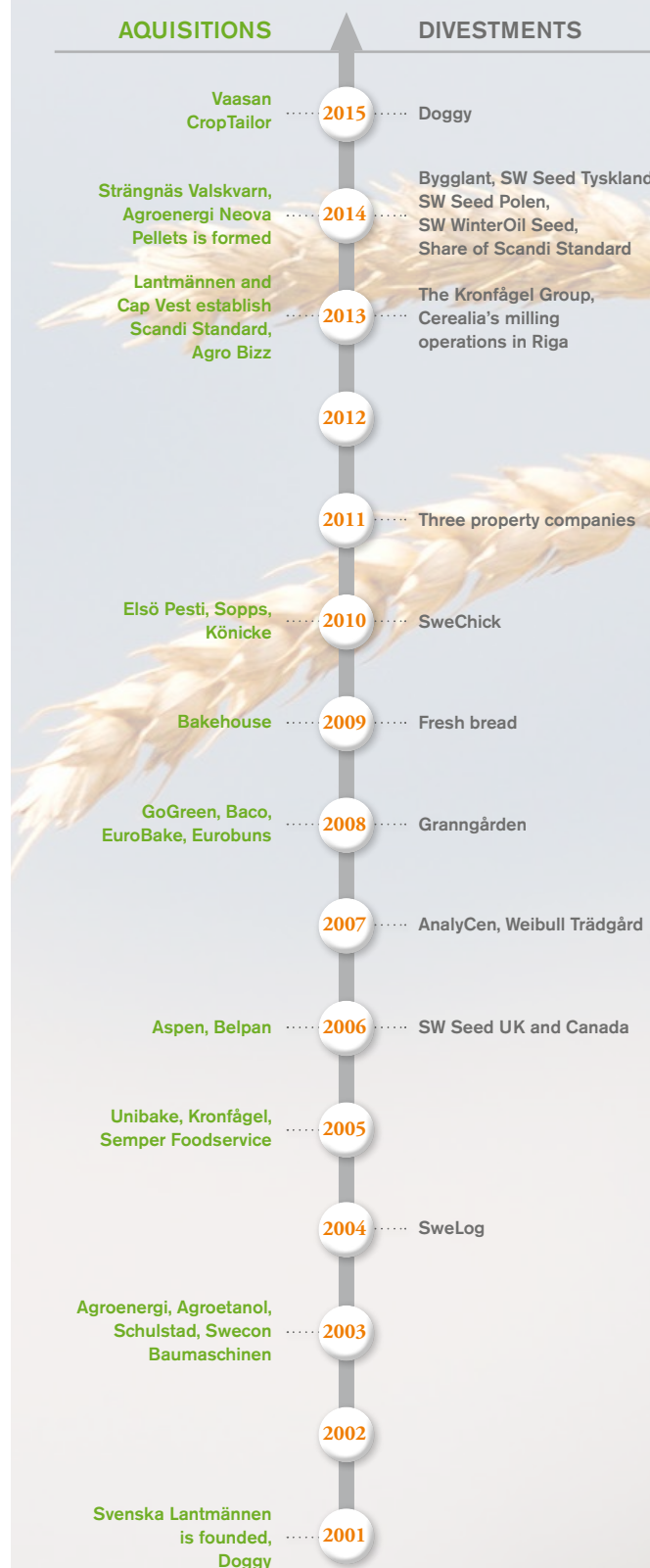
We are an agricultural cooperative that refines farmland resources in a responsible manner. With our collective expertise and operations from field to fork, we lead development in the grain value chain. We operate in an international market, in which Sweden constitutes the foundation of our business activities.

Our brand promise

Together we take responsibility from field to fork.



Lantmännen's major acquisitions, divestments and ownership interests



Our responsibility – from field to fork

Lantmännen must refine farmland resources in an innovative and responsible manner. Throughout the chain from field to fork, we work to take responsibility for the impacts of the operations on people and the environment, and to continue developing businesses that contribute to sustainable development.

Definition and control of our responsibility

Lantmännen's responsibility from field to fork covers a broad spectrum of areas – from the cultivation of our raw materials and processing activities to the sale and consumption of the products and services we offer. Our responsibility is defined in Lantmännen's Code of Conduct. Governance in the form of a systematic approach, targets and monitoring at the management level is in place for most areas, while for other areas the work is still under development.

Focus on the most important

In our annual report, we focus on the areas and issues we consider most important for a long-term sustainable and profitable Lantmännen. These are areas that are particularly important to our customers, owners and other key stakeholders, and areas where Lantmännen's operations have a significant impact on

people and the environment. They also include issues that are unique to our industry and business, which gives us a special responsibility and an opportunity to drive sustainable development. More information about our work can be found at lantmannen.se/en/Start/Our-Responsibility

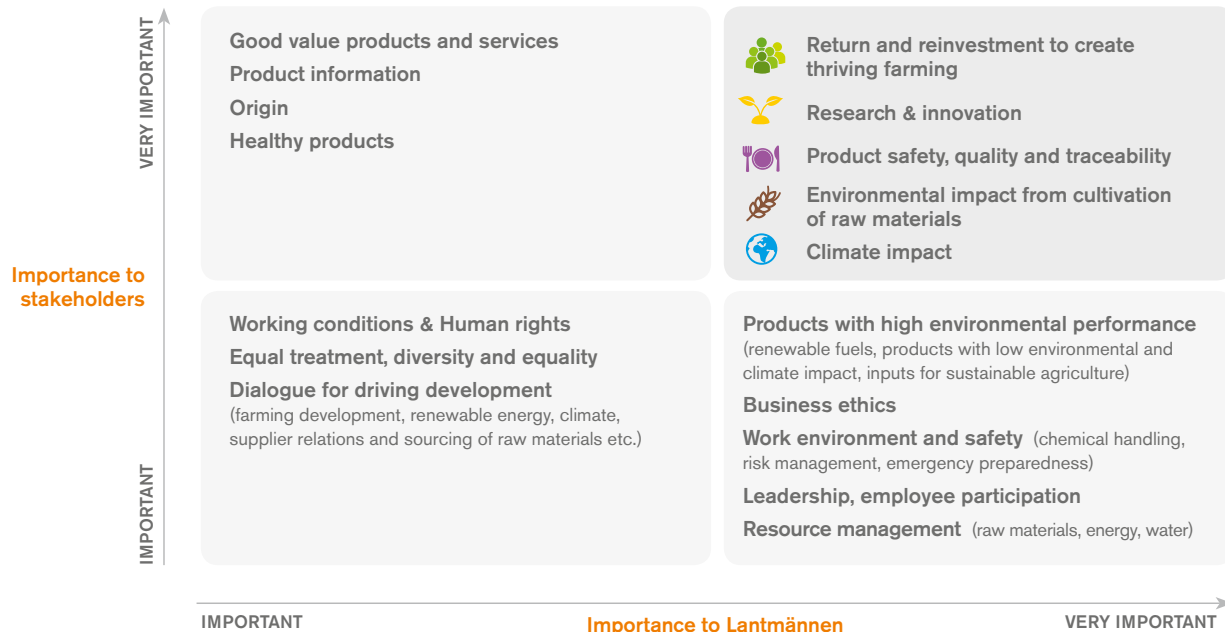
Materiality analysis – our most important issues

The overview on the following page shows a summary of issues that are important to Lantmännen and our stakeholders. The priority categorization was conducted in an internal process with key personnel at Lantmännen and was based on Lantmännen's strategic work, the Code of Conduct and other frameworks, as well as knowledge and results from stakeholder dialogue. Compiling and reporting a materiality analysis is also part of the application of the new GRI Sustainability Reporting Guidelines. See [page 142](#) and lantmannen.se/en/Start/Our-Responsibility



Lark squares are small unsown areas in the fields, aimed at helping skylarks to find food.

Our key issues based on impact on people, the environment and long-term profitability



Return and reinvestment to create thriving farming (agricultural cooperative ownership)

Lantmännen's mission is to create thriving farming. The cooperative ownership model is central to long-term economic stability and endurance. The results of operations go back to Swedish farmers and are also reinvested in the business, where research and development play a key role. See [▶](#) pages 15-17.



Research & innovation in the grain value chain

Lantmännen's knowledge and operations in every stage represent an opportunity to drive and contribute to development in the grain value chain. We focus on research that can develop and move the entire grain sector. Lantmännen's research foundation invests in research in areas such as plant breeding, biological crop protection, use of by-products, resource management, health and eating habits. See [▶](#) pages 26-27 and lantmannen.se/en/Start/Our-Responsibility



Product safety, quality and traceability

Lantmännen's knowledge and presence in all stages from field to fork gives us unique conditions for ensuring control and traceability of our products. The green sprout on food from Lantmännen is our guarantee of responsibly produced food, with quality and food safety playing a key role. See [▶](#) page 28 and lantmannen.se/en/Start/Our-Responsibility



Environmental impact from cultivation of raw materials

For grain, Lantmännen's most important raw material, long-term sustainability concerns the carbon footprint, soil fertility and yields

over time, water, use of plant nutrients and crop protection, and effects on biodiversity. For soy, palm oil and other imported commodities, there are also social risks to manage, such as working conditions and human rights. We are working with farmers, customers and suppliers for more sustainable forms of cultivation and we have high requirements in our sourcing of raw materials. We are also developing new concepts and products with lower environmental impacts and sought-after added values. See [▶](#) pages 26-29 and lantmannen.se/en/Start/Our-Responsibility



Climate impact

A large proportion of the world's greenhouse gas emissions come from the food industry. From a lifecycle perspective, a large part of the climate impact for Lantmännen's products is in the cultivation stage. Our own processing operations also cause carbon dioxide emissions, primarily through use of energy and transport. Our climate target is a 40 percent reduction in these emissions by 2020, with 2009 as the base year. Measures we are working on include energy efficiency and phasing out of fuel oil. See [▶](#) page 19 and lantmannen.se/en/Start/Our-Responsibility



Other important issues

Lantmännen's responsibility also includes many other issues crucial to a well functioning and long-term successful business. Work environment and safety, leadership and teamwork, and business ethics are a few examples. Product-related areas such as origin, health properties and product information are particularly important for some stakeholders. See [▶](#) lantmannen.se/en/Start/Our-Responsibility

Sustainable business development gives profitable added values

Developing sustainable grain concepts is an important part of Lantmännen's strategic business development. Our contribution to a more sustainable supply of food and energy is based on knowledge of grain processing and our presence all the way from field to fork.

Demand for cultivated raw materials is increasing, while there is an increasing focus on the challenges of the future supply of food and energy. Lantmännen's knowledge and proximity to cultivation provides us with unique opportunities to contribute to more sustainable production and at the same time create profitable added values for health and the environment.

Focus on the cultivation stage

A large part of the value in our products is created in the cultivation stage, and this is where a significant part of the total environmental impact is found. The challenges include land use, biodiversity, climate impacts and use of plant nutrients and pesticides. Lantmännen contributes to more sustainable forms of cultivation through advisory services offered to farmers and further development of technology and methods. We are working on plant breeding and non-chemical seed treatment. Together with farmers and customers, we are developing new grain concepts with specified added values, such as climate performance and traceability.

Friendlier wheat – 20 percent lower carbon footprint

From October 2015, all wheat flour in Kungsörnen's *Vänligare vete* (Friendlier wheat) range is produced according to Lantmännen's new *Climate & Nature* cultivation concept. Friendlier wheat is the result of cooperation between Lantmännen's owners and Swedish farmers, dialogue with our customers and extensive research and development. A total of 70,000 tonnes of friendlier wheat has been produced, with a reduction of 6,000 tonnes in carbon dioxide emissions.

The *Climate & Nature* cultivation concept includes 39 criteria that farmers must fulfill in the entire chain from sowing to harvest and transport, with a focus on reducing emissions and promoting biodiversity. The result is a carbon footprint that is about 20 percent lower than with average Swedish wheat production. Farmers who grow the wheat are paid more for the added value they deliver by using the cultivation method.





“The consumer can now take action for the climate by choosing Kungsörnen’s wheat flour with a 20 percent lower climate impact.”

New efficient cattle feed

In September, Lantmännen Lantbruk launched a new Nötfor range for dairy cows. With improved nutrients, lower protein content and higher feed efficiency, the new Nötfor range will contribute to profitable Swedish milk production. The reduced protein content in the diet also gives fewer nitrogen emissions, which in turn means a lower nitrogen load for the farm. The new feed has been developed and tested on experimental farms over a four-year period.

Agroetanol – 95 percent lower carbon footprint

The transport sector’s dependence on oil is one of the major challenges in resolving the climate issue. Lantmännen Agroetanol is the Nordic region’s only large-scale producer of fuel ethanol from grain.

Our ethanol from grain has a 95 percent lower carbon footprint than petrol from fossil oil.

The high environmental performance is achieved by the process energy in manufacturing being biomass-based and the fact that almost all of the raw material can be used, giving good energy efficiency. The agroethanol is certified according to the EU’s sustainability criteria for biofuels.

In 2015, Lantmännen Agroetanol entered a new market in Germany, where the added value of the fuel’s environmental performance is rewarded. The agroethanol is used for blends of up to 10 percent in petrol, in accordance with the latest EU standards. Exports to Germany accounted for more than half of Agroetanol’s production in 2015, and corresponded to over half a billion Swedish kronor.

ThermoSeed

Lantmännen installed a brand new ThermoSeed facility in our seed cleaning plant in Eslöv in 2015. The technology replaces chemical seed treatment with hot humid air. Similar technology is already installed at Lantmännen’s seed cleaning facility in Skara.

Important player in the organic market

Lantmännen is committed to gradually broadening and increasing the organic food range. One example during the year is the relaunch of Kungsörnen’s organic flour range, from grain grown on Swedish farms in Mälardalen. We are also a major player in organic production by supplying organic inputs such as seed and fertilizers to farmers.

Continuing investment in oats with unique health properties

Oats have several unique health properties and are an important crop for meeting consumer demand for healthier products. Lantmännen continues to invest in the breeding of new oat varieties, and acquired a major holding in the oat research company CropTailor in 2015.

In addition to ensuring good yield, priority is given to considerations such as nutritional composition and disease resistance.

Investment in research and development in the grain value chain

Each year, we invest large amounts in promoting new knowledge in the grain value chain – from plant breeding and cultivation to processing, product development and consumption. Non-chemical seed treatment, nitrogen efficiency in agriculture with sensor measurements and foods with specific health and medicinal properties are examples of successful innovation. Through Lantmännen’s research foundation, we invested MSEK 15 in 20 different research projects during 2015.

Priority research areas are to increase yields, improve grain quality, minimize adverse environmental impacts and increase biodiversity. Our investments during the year have included a research project on the problem of Fusarium fungi and we have allocated funds to three different projects, which, with contributions from other financiers, have a total budget of MSEK 17.

Product quality – from field to fork

Quality, safety and traceability of our food are important parts of Lantmännen's promise of responsibility from field to fork. The production chain is often complex with many steps and considerations. With Path to a pancake, we show a concrete example of how work is conducted in a chain that is relatively straightforward and simple.

Path to a pancake

Along the path from cultivation of the raw material to the plate there are many checkpoints for minimizing risks and ensuring our good quality.



Wheat from our owners' farms

We give priority to raw materials from our owners' farms. Lantmännen has three grain concepts with different raw material production requirements: Standard, Premium and Organic.

Our suppliers must meet the quality conditions, have a completed delivery note and comply with our supplier code of conduct.

Grain receiving

All deliveries are sampled and analyzed using approved and accredited methods.

The checks include water content, protein content, falling number, smell and appearance. If required, additional analyses are made for the presence of contaminants such as foreign grains, heavy metals or DON (Deoxynivalenol).

Wheat flour from Malmö mills

The wheat that comes in to the mills is carefully checked and analyzed both before and after milling.

The limit values for the analyzed quality properties are indicated in the raw material specification.

Pancake factory in Laholm

In addition to flour, the factory deals with eggs, milk and rapeseed oil with Swedish origin*. The eggs are controlled through document inspection and spot checks. The factory has food safety certification (BRC) and is KRAV-certified for organic production. Our employees are an important part of the checking process and internal control system.

600,000 pancakes per day

Our pancakes reach consumers through supermarkets, school kitchens and restaurants.

We maintain close dialogue with customers. The number of complaints and recalls are minimal, and any that occur are mainly due to differences in consistency or appearance. All complaints are recorded and evaluated.

“ Good pancakes are made with quality raw materials and production control.

* Applies to all Kungsörnen's pancakes. Pancakes sold under brands other than Lantmännen's may contain eggs of Finnish or Norwegian origin. Lactose-free pancakes are made with milk powder of Finnish origin.

Continuing development of quality work

Lantmännen has well-developed quality and food safety programs. Expectations on qualitative values are increasing, and both the external environment and our own operations and products are under constant development. One of the challenges is to manage unknown risks, such as food fraud, and to ensure authenticity when sourcing raw materials. Work to further improve the quality assurance of our products began in 2015. The objective is clearer and better common processes for proactive identification, management and monitoring of risks.

Lantmännen's supplier code of conduct

Lantmännen's supplier code of conduct applies to all suppliers and sets out clear expectations with regard to the environment, social responsibility and business ethics. The code is included in all supplier contracts. All suppliers with an annual purchase volume over MSEK 1 are also required to complete a self-assessment and obtain approval based on this. In 2015, 80 (76) percent of Lantmännen's purchase volume came from approved suppliers.

Dialogue – for sustainable development

Climate impact and loss of biodiversity are among the challenges for a sustainable food supply. Dialogue and cooperation are required in order to address these complex issues. Lantmännen wants to join other food chain participants in taking leadership to drive sustainable development in the right direction.

Lantmännen's goal is to have established dialogue in all areas and on special issues that we consider to be business critical and where challenges need to be resolved jointly with other players. These are issues where we must follow the external environment in order to take responsibility, as well as issues where we want to take the lead but cannot make a crucial difference on our own. We have taken a more active role in the debate in 2015 and participated in several forums for more sustainable production and consumption of food.



Industry dialogue on responsibly produced soy

In 2014, representatives from the entire Swedish food chain, from feed companies to trade, came together to sign a joint petition for responsibly produced soy. The agreement meant that 100 percent of the soy used in food would be responsibly produced by 2015. This could be met either by purchasing RTRS (Round Table on Responsible Soy) certificates or by purchasing physically certified soy according to ProTerra's criteria.

As large parts of the Swedish food chain, including trade, are included in this dialogue, joint responsibility has been assumed for addressing an important sustainability issue. In 2015, 100 percent of Lantmännen's soy purchases were covered by RTRS certification or were ProTerra-certified.

Sustainable Food Chain initiative

Lantmännen is one of the players behind the Swedish Sustainable Food Chain industry initiative, launched at the EAT Forum in June 2015. The aim of the initiative is to work to ensure sustainable food production and consumption is achieved by 2030 through measures in the Swedish food chain. The background is the food sector's complex environmental and health challenges, which require broad cooperation if they are to be resolved.

The initiative's participants, supermarkets and producers from the different food categories, want to take leadership by identifying and implementing measures with a wide impact that make a difference. Learn more at [▶ hallbarlivsmedelskedja.se](http://hallbarlivsmedelskedja.se)

“The basis for developing sustainable, profitable business is sharing with our business partners the picture of how to resolve the challenges.”

Participation in several forums

During the year, we have participated in several forums on the theme of environmentally friendly cultivation and sustainable food production. During Almedalen week in Visby, we arranged the seminar “Nu blir det andra bullar”, at which politicians, environmental experts and representatives from the food sector gave talks on sustainable production based on our new Climate & Nature cultivation method. We also participated in the Food Days conference during September.

For the second year, Lantmännen took part as a partner in the EAT forum held in June in Stockholm. Representatives from the academic world, business and politics from a total of 28 countries gathered to discuss global challenges for health and sustainable food supply. Learn more at [▶ www.eatforum.org](http://www.eatforum.org)

More on stakeholder dialogue, communication channels and important issues can be found at [▶ lantmannen.se/en/start/about-lantmannen](http://lantmannen.se/en/start/about-lantmannen)

Our employees

Lantmännen works with a long-term approach to develop leaders and employees, to increase diversity and equality and to create safer and better workplaces. Lantmännen is an attractive employer where every employee contributes to achieving our operational goals.

Attracting and developing skills and leadership

In 2015, for the second year running, Lantmännen was named Sweden's "Talent Company of the Year", an award given to the company that has most successfully attracted, recruited, developed and retained talented employees.

Retaining and further developing skills and leadership within Lantmännen and attracting new employees are prerequisites for achieving our goals. Being an attractive employer with a qualitative recruitment process, internal development programs and high internal mobility is key to having access to the right skills.

External rankings also confirm that Lantmännen is perceived as an attractive employer.

Lantmännen works actively on internal skills and leadership development programs, such as Leadership training, Change management and Project management, which are run continuously, with participants from all Sectors and countries. Two other important international leadership development programs are GROW and GAP, which are one-year programs for employees with high potential for further development as leaders within Lantmännen.

Committed employees

All employees at Lantmännen are required to have performance appraisals with their immediate supervisor. The appraisal focuses on individual performance in relation to

Lantmännen's defined targets and also includes an assessment of the alignment of attitude and behavior with Lantmännen's values of *openness, a holistic view* and *drive*. The performance appraisals will also result in each employee having an individual professional development plan.

A survey of all Lantmännen's employees is conducted every two years and is a way of monitoring the effectiveness of employee participation and leadership in the company. In the most recent survey in 2015, Lantmännen's job satisfaction result was 68, while the management index result was 72. Both are strong results in comparison with other similar European companies. The next survey will be conducted in 2017.

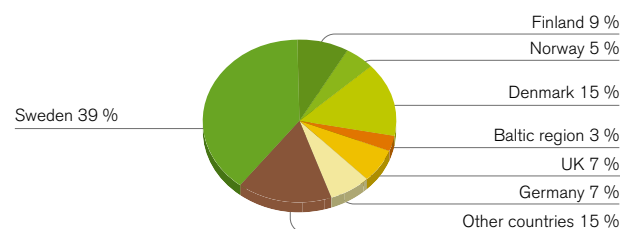
Work on diversity and internal mobility

Lantmännen is working in a long-term framework on a number of initiatives to increase gender equality and further strengthen the international experience of our management groups. The process of defining concrete, business-specific targets for gender equality and diversity continued in 2015.

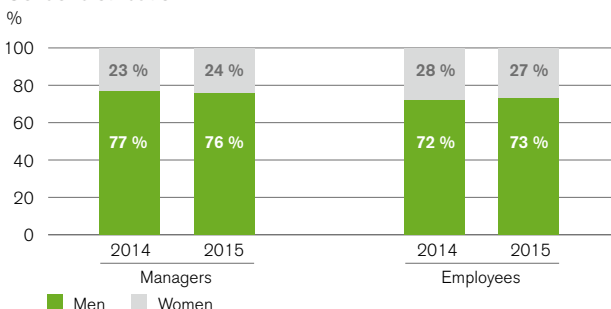
Internal candidates accounted for 37 percent of managerial recruitment during the year. Lantmännen's aim is to increase internal mobility for both managers and employees, and the goal for 2016 is for every other manager to be recruited internally. Greater focus will therefore be placed on employees' long-term development plans.

The process of strengthening Lantmännen's employer branding and promoting it to students and young professionals continued. Lantmännen has had an attractive trainee program and collaborations with Sweden's two largest talent networks for several years.

Geographic distribution



Gender distribution



We work actively to attract the right skills and to develop our employees and managers. ”



Safe work environment and proactive health work

Many of Lantmännen's employees work in a production environment where there are work environment risks. We work systematically to continuously identify and act on risks through regular monitoring of the work environment of all our operations, with annual reporting to Group Management. Monitoring also includes about 50 annual loss prevention inspections on site at Lantmännen's production facilities.

To facilitate the reporting of accidents, risks and incidents, and allow more consistent follow-up, the implementation of web-based system support in all countries of operation was initiated in 2015.

Lantmännen sees proactive health and wellness initiatives as important to sustainable performance.

Updated Code of Conduct

In 2015, the Group Board adopted an updated version of Lantmännen's Code of Conduct, which applies to all employees and provides guidance on social, ethical and environmental responsibility in decisions and day-to-day activities. In connection with the Code of Conduct update, a new e-training program was launched, which is obligatory for all employees.

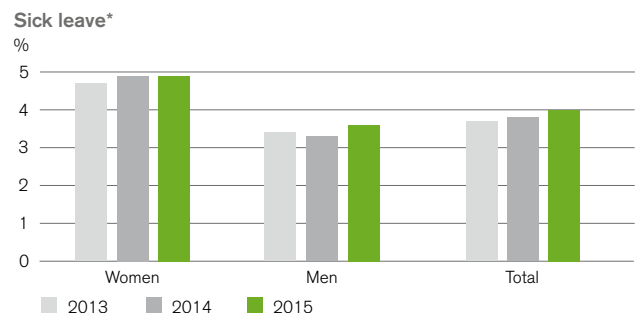
There is a long established whistleblowing procedure that gives all employees a safe and simple way of drawing attention to irregularities and reporting concerns that something is not in keeping with Lantmännen's Code of Conduct, guidelines or policies. Since January 2015, employees in all of Lantmännen's operations have been able to anonymously report their observations and concerns in a web-based system.

Our employees, accidents and incidents	2015	2014
Number of fatalities due to work-related injuries	0	0
Number of accidents ¹	202	228
Injury rate ²	15.2	16.8
Number of reported incidents ³	1,686	2,900
Number of incidents per accident (lost-time)	8.3	12.7

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

² Injury rate is defined as the number of accidents per million actual hours worked.

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



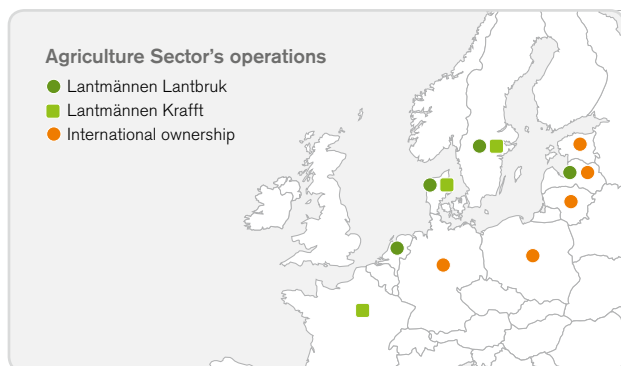
* Excluding Vaasan



Agriculture Sector

The Agriculture Sector constitutes Lantmännen's core business and offers products and services to promote strong, competitive farming. The Sector is based in Sweden, but is also active in the international market. Lantmännen Lantbruk, Lantmännen Krafft, Lantmännen Agro and SW Seed are part of the Agriculture Sector. The Sector is also responsible for Lantmännen's ownership interests in the partly-owned companies HaGe Kiel, Scandagra Group and Scandagra Polska. The Agriculture Sector accounts for 29 percent of Lantmännen's sales.





Operations

The Agriculture Sector is based in Sweden, but also has a strong position in the Baltic Sea region through international ownership interests. International partnerships in plant breeding and feed development bring new expertise and research which is utilized and then turned into products that are adapted to Swedish farming conditions.

Lantmännen Lantbruk offers a wide range of products for livestock and crop production to promote competitive farming. Feed is sold under brands such as Nötfor, Piggfor, Pullfor and Protect. Seed and forages are sold under the SW brand. The operations also include plant breeding with the best varieties adapted to Swedish conditions. Lantmännen Lantbruk is also a major participant in the grain market and purchases grain, oilseed and pulses (peas, beans) from farmers and grain traders in the Baltic Sea region, which are sold on to Swedish and international industry. With effect from spring 2015, the Agriculture Sector also deals with the purchase of grain for Lantmännen's industrial companies.

Lantmännen Krafft is market leader in horse feed in Sweden and has sales in a further 10 or so countries.

Lantmännen Agro trades in grain and crop production supplies in Denmark.

International ownership

The Agriculture Sector is responsible for Lantmännen's ownership interests in the German group Hage Kiel, Scandagra Group in the Baltic region and Scandagra Polska. Through the interest holdings, the Sector has a share in grain and input trading in the Baltic Sea region. Achieving profitable growth in international business is a clear aim and an important part of Lantmännen's Strategy 2020, and northern Europe represents a growth market.

Business environment and market

The year was characterized by a turbulent commodity market with both strong price increases and price declines. 2015 was the third consecutive year of large global grain volumes and the second-largest annual harvest ever. With a slightly lower increase in consumption than in the last five years, closing global stocks of grain and oilseeds rose again, resulting in falling prices. Low prices for other commodities, notably crude oil, put further pressure on grain prices. However, a much

stronger US dollar against the euro limited the decline in prices during 2015. World demand rose by about 1.4 percent in 2015 according to the USDA forecast, which is less than the most recent five-year average of 2.1 percent. Europe has harvested large volumes of wheat and barley, while the corn harvest has been smaller than in the previous year. According to the Board of Agriculture's forecast, the Swedish harvest of grain, oilseeds and pulses will be 6.6 million tonnes. The harvest in the Baltic region was over 10 million tonnes, compared with 7.5 million tonnes in 2014 and 5.4 million tonnes five years ago.

Lantmännen has a unique opportunity to develop concepts that raise the value in the value chain and cultivation based on the *Climate & Nature* concept increased during the year as a result of Lantmännen Cerealia's launch of *Ett Vänligare Vete* (Friendlier Wheat). Demand for organic food continued to increase in 2015. Organic production is an important business opportunity for Swedish farming and Lantmännen will therefore continue to develop products, cultivation and feed concepts for organic production.

Milk prices continued to fall in 2015. Milk production is in many respects the engine of Swedish farming, which is why the present difficulties in the industry are serious.

Outlook for 2016

The world's growing population and China's growing middle class is expected to continue to drive demand for agricultural commodities. This creates new opportunities to strengthen the development of the Sector's businesses. In 2016, we shall maintain a strong focus on developing international operations, with ownership interests around the Baltic Sea having a central role. In Swedish agribusiness, customer-focused business development with the agricultural enterprise at the center is crucial.

Agriculture Sector's brands



Agriculture Sector Key figures	2015	2014
Net sales, MSEK ¹	10,907	10,337
Operating income, MSEK	192	6
Operating margin, %	1.8	0.1
Return on operating capital, %	4.6	0.1
Investments in non-current assets, MSEK	91	126
Average number of employees	818	962
of which women, %	29	31
Women in executive management, %	33	44
CO ₂ emissions, thousand tonnes	63	58
Total sick leave, %	3.1	2.8

¹ Including intra-Group sales.

Excl. items affecting comparability	2015	2014
Operating income, MSEK	237	56
Operating margin, %	2.2	0.5
Return on operating capital, %	5.7	1.4

Agriculture Sector

Lantmännen Lantbruk

Lantmännen Lantbruk offers a wide range of products for livestock and crop production. The products are marketed under the strong brands Nötfor, Piggfor, Pullfor, Fårfor, Renfor, Protect and SW. Lantmännen Lantbruk is a major participant in the grain market and purchases grain, oilseed, pulses and forages, which are sold on to Swedish and international industry. Through product and business development, Lantmännen Lantbruk works to strengthen Swedish farming.

Operations in 2015

The Agriculture Sector's results show a strong improvement from the previous year. The largest improvement in earnings is in the Swedish operations. The improvement is attributable to major cost savings, but also extensive efforts to strengthen our business and sales.

The grain unit, which is based in Malmö, was established in April 2015 in line with Lantmännen's Strategy 2020 to raise the value in the grain value chain. The grain unit centralizes Lantmännen's grain trade, which in turn allows coordination of the grain supply chain and risk management between the different companies and operations.

In fall 2015, Lantmännen Lantbruk launched a new feed range for dairy cows. The focus on feed efficiency with high utilization of amino acids has a positive effect on both production and profitability. The new range is the result of several years of research and with this focus on innovation, Lantmännen Lantbruk is helping to strengthening the competitiveness of Swedish farming.

Efforts aimed at strengthening the competitiveness of operations continued during the year. The closure of the seed cleaning facility in Uppsala was part of these efforts. The operations will now be concentrated on the existing cleaning facilities in Skara, Skänninge, Eslöv and Klintehamn.



Lantmännen Lantbruk develops and supplies a comprehensive range of feeds for livestock production. ”

The pink bale campaign attracted keen interest during spring and summer. The campaign brought in SEK 300,000 for breast cancer research. A total of about seventy articles were written about the campaign and the news was widely circulated in the media.

Grain

Lantmännen Lantbruk buys and sells grain, oilseeds and pulses. The volume in 2015 was 2.7 million tonnes. In addition to this, Lantmännen Lantbruk purchase 175,000 tonnes of seed as a raw material. About 75 percent of the grain and oilseeds is used on the Swedish market – mainly in mills and distilleries, and feed, ethanol and malting plants. The export market is important for the grain business and exports are mainly to Europe, North Africa and North America.

The foundation for the year's large Swedish harvest of grain, oilseeds and pulses, which according to the Board of Agriculture's forecast was around 6.6 million tonnes, was laid in fall 2014 with record grain sowing acreage. Good overwintering and a cool, rainy spring and summer resulted in higher yield levels than normal. The results of the high yields included low protein content in malting barley and winter wheat. About half of the malting barley and a quarter of the milling wheat was downgraded to feed.

During the harvest, Lantmännen received approximately 1.9 million tonnes of cereals, oilseeds and pulses. The harvesting was intense, with 1.4 million tonnes received during a 30-day period, compared with 0.9 million tonnes for the same period in 2014. The concentrated harvesting work resulted in major pressure on grain receiving facilities and transport. To manage the harvest reception, large volumes were sold and offloaded during the harvest period.

Lantmännen developed its export and trading operations during the year and is currently managing a larger network of customers and higher trading volumes. The large harvest during the year will contribute to significant Swedish grain exports, which are estimated at 1.7 million tonnes.

Wheat production under the *Climate & Nature* concept increased in 2015 and there has been keen interest in the concept, particularly with the launch of *Ett Vänligare Vete* (Friendlier Wheat).

Animal feed

Lantmännen Lantbruk develops and supplies a comprehensive range of feeds for livestock production. The majority of the feed sales goes to livestock producers in Sweden, but exports have been successful and export sales have increased.

Lantmännen Lantbruk's feed business experienced positive growth in 2015 and market shares are estimated to have

increased in all segments. In the poultry segment, Pullfor Slakt reported excellent results in quality measurements, while sales of Pullfor Värp increased. Sales also increased in the pig segment and Piggfor showed good productivity.

In 2015, Lantmännen Lantbruk launched a brand new feed concept for dairy cows with a focus on further optimization of nutrition. The concept, developed over a period of several years at Lantmännen's NötCenter Viken experiment station farm and then tested on a number of pilot farms, has been very well received in the market.

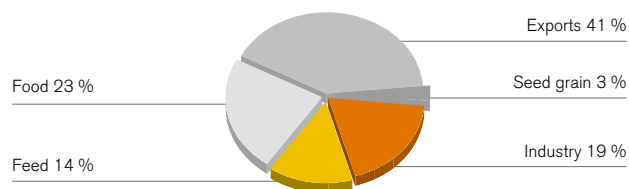
To strengthen the competitiveness of the business, cost savings were continued during the year, particularly in production where efforts have been successful, resulting in lower manufacturing costs.

Lantmännen Lantbruk Sweden Key figures	2015	2014
Net sales, MSEK ¹	10,798	10,097
Operating income, MSEK	96	-42
Operating margin, %	0.9	-0.4
Return on operating capital, %	3.2	-1.5
Investments in non-current assets, MSEK	90	124
Average number of employees	789	878
of which women, %	29	30

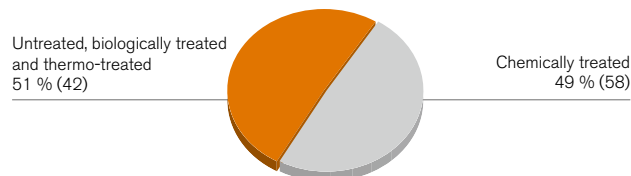
¹ Including intra-Group sales

Excl. items affecting comparability	2015	2014
Operating income, MSEK	141	8
Operating margin, %	1.3	0.1
Return on operating capital, %	4.7	0.3

Use of total volume of sold grain



Seed treatment



The volume of ThermoSeed treated seed showed a strong increase in 2015 compared with 2014.

Seed & Forages

Under the SW brand, Lantmännen Lantbruk breeds and markets seed in the areas of seed grain, oilseed and grass seed. Lantmännen Lantbruk works actively to develop new varieties of a high quality and currently offers a wide range of seeds. The range of fall and spring seed was further strengthened during 2015. Nike (oats), Kannas (early feed barley) and Ingrid (pea) are examples of new varieties with very good properties that are well suited to Swedish conditions.



Lantmännen Lantbruk is the only player in the market to offer germinating capacity tested spring seed that provides the best conditions for good crop establishment. ThermoSeed seed treatment is another unique method that also contributes to a more sustainable farming.

Sowing conditions were good in fall 2014 and the sowing acreage was the largest in a long time. Spring sowing was cold and prolonged, although sales of spring seed went well. The ban on use of neonicotinoids in pesticides meant that the spring rape acreage showed a further decline. The later harvest also led to a later fall tillage in 2015. Despite the short time between harvesting and sowing, sales, production and delivery of seeds proceeded well.

Merchandise

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

The fertilizer market was relatively strong during summer and fall 2015, driven by an increased interest in buying fertilizer early. An early spring with good weather conditions resulted in a long season and high fungicide sales. A low incidence of insect attacks meant that sales of insecticides were lower than in the previous year. Development for specialty products was positive. Sales of stretch film increased from

the previous year, two contributing factors being a large grass harvest and the high-profile pink bale campaign.

Strategy 2020 work continues in 2016

The process of implementing Strategy 2020 in all businesses is continuing as planned. Efforts aimed at growth in international operations will be intensified in 2016, with the Baltic Sea region representing an important growth market. Regional expertise and a regional presence are important for success, which we now have in Denmark, Germany, the Baltic countries and Poland.

Lantmännen Lantbruk currently has extensive grain trading with our international companies. There will be a further focus on developing these operations in 2016.

Developing our agricultural business in partnership with agricultural enterprises is an important part of Strategy 2020.

Lantmännen's development of methods for utilizing available technology and new services facilitates and improves the efficiency of work on the individual farm.

Lantmännen Krafft

Lantmännen Krafft is Sweden's largest horse feed supplier, with well-known brands such as Krafft Groov and Krafft Sport. The company is represented in about 10 countries in addition to Sweden. Lantmännen Krafft has 18 employees and its head office is in Malmö.

Lantmännen Krafft showed stable growth during the year in a market that is declining slightly. A major feed supplement relaunch was conducted during the year in connection with the Falsterbo Horse Show. Another new product launched at the end of the year is Krafft Senior Sensitive, which is designed for older horses. A Business Area Manager for Denmark was appointed in 2015 as the first step in an increased investment in our neighboring country. The agreement that existed with DLG was concluded at the end of the year.

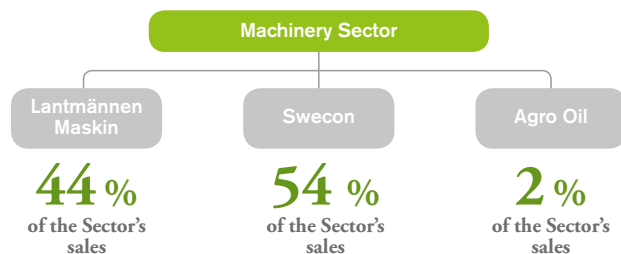
Lantmännen Agro

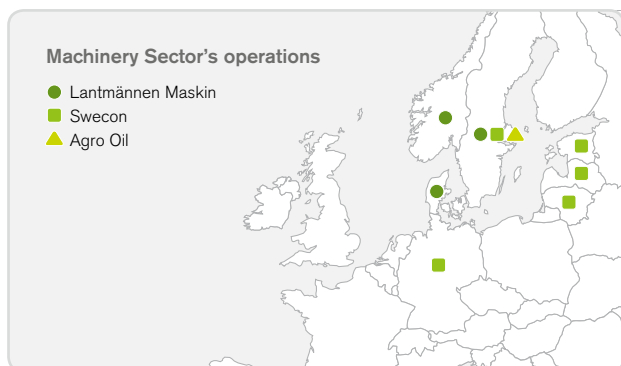
Lantmännen Agro is part of Lantmännen's grain unit and its main task is the purchase of grain in Denmark. The company has successfully developed its fertilizer sales during the year and has started to make progress in other inputs. The sales organization has been strengthened. The business is an important part of Lantmännen's strategy to become the leading player in the Baltic Sea region. The company's name was changed from Agro Bizz to Lantmännen Agro in 2015.



Machinery Sector

The Machinery Sector comprises three business areas: Lantmännen Maskin with farm machinery, Swecon with construction machinery and Agro Oil with lubricants. The Sector accounts for 27 percent of Lantmännen's sales.





Operations

Lantmännen Maskin imports, markets and sells farm machinery, equipment, spare parts and servicing in Scandinavia, both on its own and through collaboration with a distribution network of private dealers. *Swecon* markets and sells Volvo Construction Equipment, spare parts and servicing in Sweden, the Baltic region and Germany. *Agro Oil* markets and sells lubricants and chemical maintenance products in Scandinavia and Estonia under the Agrol brand.

“Systematic environmental and health & safety work, together with continuous skills development for our employees, creates the conditions for a safe and stimulating work environment.”

In October, Lantmännen decided to expand its cooperation with AGCO in order to maintain our plant structure and offer a wide range of equipment and spare parts for the machines' full lifecycles. The decision meant that the agreement with Claas will not be renewed and Lantmännen will cease to market and sell Claas products in 2016 in Norway and in 2018 in Sweden and Denmark. AGCO will assume responsibility for the Valtra business in Norway and Denmark. Lantmännen Maskin in Sweden will offer the entire Fendt product range, expand the offering from the KUHN product range and become a Massey Ferguson importer. Our central parts warehouse in Malmö will take over AGCO's corresponding facility in Copenhagen, which is closing down. Spare parts will also be distributed in Scandinavia in the future.

Business environment and market

The European farm machinery markets continue to decline and manufacturers are pushing for greater exclusivity in their sales channels, which will change import company structures and dealer networks in Europe and Scandinavia.

Lower settlement prices for farmers decreased the capacity to invest, despite large grain volumes. Increased price competition and a euro that remained strong had a negative impact on the margin for imported machinery. In Scandinavia, the tractor market continued its downward trend from 2014, but Lantmännen Maskin defended its positions.

Swecon's construction machinery markets were stable, and despite the weakening in the mining industry, volumes for larger machines increased a little. Market shares improved in all markets, as a result of targeted campaigns and increased demand for machines with the latest engine technology.

The lubricants market continues to decline due to fewer machines on the market and longer servicing intervals for machinery. However, the negative trend has been offset by new external customers and increased marketing.

Outlook for 2016

The markets are expected to maintain a cautious approach to new investments. However, as customers appear to have high utilization of existing machinery both the servicing market and spare part sales are expected to be stable.

An increasingly competitive situation for spare parts and workshop services requires a greater focus on expanding the products and services offered to customers in response to price competition from external players.

Machinery Sector's brands



Lantmännen
Maskin



Machinery Sector Key figures

	2015	2014
Net sales, MSEK ¹	10,323	9,484
Operating income, MSEK	255	181
Operating margin, %	2.5	1.9
Return on operating capital, %	14.0	8.6
Investments in non-current assets, MSEK	328	414
Average number of employees	1,869	1,836
of which women, %	10	9
Women in executive management, %	15	15
CO ₂ emissions, thousand tonnes	-	-
Total sick leave, %	3.5	3.1

¹ Including intra-Group sales.

Excl. items affecting comparability

	2015	2014
Operating income, MSEK	255	181
Operating margin, %	2.5	1.9
Return on operating capital, %	14.0	8.6

Machinery Sector

Lantmännen Maskin

Lantmännen Maskin imports, markets and sells farm machinery, spare parts and servicing in Sweden, Norway and Denmark. Lantmännen Maskin represents a broad product portfolio with strong brands such as Valtra, Fendt and Claas.

Operations

Sweden

A prerequisite for Lantmännen Maskin to be profitable in a changing market has been to find a like-minded partner in the areas of plant structure, availability, tools and spare parts. The Machinery Sector therefore decided to expand the cooperation with AGCO. This means that Lantmännen Maskin will market the entire Fendt product range and will expand its sales to include KUHN and other products. The decision means that



AGCO is a leading agricultural solutions company headquartered in the US. The extended cooperation means that Lantmännen will focus its machinery operations on the Swedish market and AGCO's brands.

the current contract with Claas will not be renewed when it expires in September 2018. We will continue to provide servicing of the Claas machines and offer the full range of spare parts. In Sweden, Lantmännen Maskin is assuming responsibility for the Massey Ferguson imports, with the nationwide distribution network of private dealers remaining in place. A start has been made to developing the central warehouse in Malmö for both Lantmännen Maskin's and AGCO's operations, primarily in Scandinavia, and the work is scheduled for completion in early 2017.

Kalmar Lantmän's machinery operations were acquired on January 1, 2016. Kalmar Lantmän's four facilities are being retained and all employees have been offered employment with Lantmännen Maskin. As a result of the acquisition, we have nationwide trade in machinery, with facilities close to the customers.

A new agreement with KUHN, a leading global manufacturer of farm machinery in several product categories, has



led to Lantmännen Maskin starting to sell a large number of products in the Swedish market. Lantmännen Maskin's Classic concept has been well received by the market.

Norway

Efforts to improve earnings and reduce tied-up capital and inventories continued in 2015. A new sales management team has introduced better sales control, while workshop efficiency has also been improved, resulting in a significant increase in earnings.

Both Lantmännen Maskin and the subsidiary Akershus Traktor have improved their initiatives in the areas of employees, work environment and leadership. Leadership has been improved by the majority of our managers having undergone leadership training.

Work to develop the external dealership chain and use a different approach was carried out during 2015 and will continue in 2016. The approach is reflected in improved cooperation and higher profitability for many dealers.

Denmark

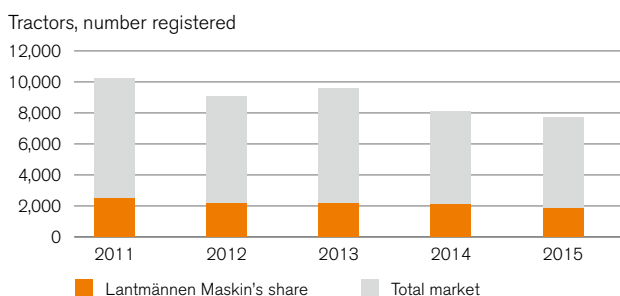
LMB, our import company for Claas, moved its head office to premises in Fredericia during the year. Despite reduced volumes for both Valtra and Claas tractors, earnings improved as a result of good combine harvester sales and improved margins. Lantmännen Maskin A/S and LMB conducted a development program to improve cooperation with private dealers and to ensure profitability.

Business environment

Agricultural companies in Scandinavia are being affected by the agricultural industry's weak profitability, which stems from the unrest in Russia and Eastern Europe, low global market prices for milk and grain, and changed EU subsidies.

Farmers have had little capacity to invest, mainly due to the difficult situation for milk producers during the year. The weak Swedish krona means that costs have continued to increase. At the same time, the total market for tractors is declining and growth in Europe remains weak.

Total market for tractors in Scandinavia



Market

Sweden

The downward trend in the tractor market in 2013 and 2014 continued in 2015, with a decline of 6 percent. Lantmännen Maskin increased its overall market share by 2.4 percent to 34 percent. Valtra and Claas experienced a slight decline in their market shares in 2015, while Fendt showed an increase.

Norway

The total market for tractors in Norway fell by 2 percent compared with 2014. Market shares for both Valtra and Claas increased in 2015, and the Norwegian combine harvester market has been in recovery since 2014, all of which had a positive effect on sales.

Denmark

Demand for tractors and farm machinery in Denmark fell and the total market for tractors declined by 5 percent in 2015. Both Claas and Valtra had lower market shares in Denmark than in 2014.

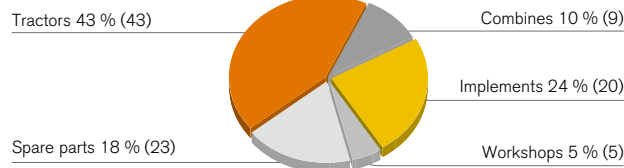
Lantmännen Maskin Sweden

Key figures	2015	2014
Net sales, MSEK ¹	3,137	2,955
Operating income, MSEK	-10	-38
Operating margin, %	-0.3	-1.3
Return on operating capital, %	-1.2	-4.6
Investments in non-current assets, MSEK	8	14
Average number of employees	749	729
of which women, %	9	8

¹ Including intra-Group sales

Excl. items affecting comparability	2015	2014
Operating income, MSEK	-10	-38
Operating margin, %	-0.3	-1.3
Return on operating capital, %	-1.2	-4.6

Sales by product category



Sales by market



Machinery Sector

Swecon

Swecon is a dealer and partner of Volvo Construction Equipment and engages in marketing, sales and servicing in Sweden, Germany, Estonia, Latvia and Lithuania. The product range consists of wheel loaders, dumpers, excavators and road construction equipment.

Operations

Sweden

Swecon showed good results and took market shares in 2015. After a period of uncertainty about major infrastructure projects in Sweden, a decision has been made about the Stockholm bypass, which means that some projects are now underway. The projects are expected to increase our machinery sales and we plan to provide on-call support and service. Targeted sales initiatives have been implemented with positive results. Customer satisfaction index surveys of completed servicing and repair work are carried out regularly and continue to show improved results.

Swecon was granted the required environmental permit and opened its new *Used parts* business to complement the *Volvo Classic* concept. The aim is to increase sales of spare parts for older machines, as many customers are looking for alternative purchasing channels. A new generation of machines with the latest *Tier IV* emissions technology was introduced by Volvo Construction Equipment.

Baltic Region

With a cost-effective structure and well established servicing operations, Swecon's three Baltic companies are showing good results. The establishment of a separate rental fleet is aimed at creating a better market offering, as the trend of low investment propensity means that purchases are normally preceded by a short-term rental period.

Project planning for a new plant in Riga and a workshop in Tallinn is in progress and the goal is for them to be operational during 2016.

Germany

We established and opened a new facility in Rostock in March. The distribution network for sales and rentals of compact equipment through external partners developed well during the year.

Our efficient new planning tool for mechanics has resulted in more hours charged and higher customer satisfaction. During the year, we moved the used machine business from Hannover to Magdeburg, thereby improving logistics.

” Reusing used but functional spare parts is positive from a sustainability perspective, and also means that parts costs for older machines can be reduced.



Business environment

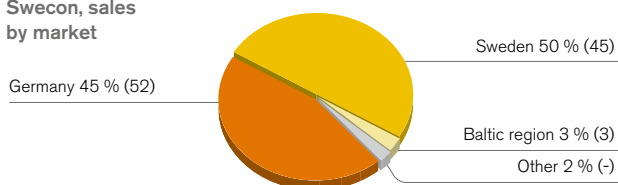
The global market for construction machinery declined, mainly due to a sharp fall in demand in China and other BRIC countries. Most European markets showed an increase in volumes during 2015. Producers of machines had low utilization and reduced profitability. Volvo Construction Equipment left some of its product segments during the year and initiated a savings program to increase profitability.

Market

Sweden

In spring, the volume increased after the launch of new models from Volvo Construction Equipment, which meant that we gained market share, primarily in large construction machinery. The market for the mining industry is showing some recovery and infrastructure projects are now in the planning

Swecon, sales by market



Machinery Sector Agro Oil

With the Agrol brand, Agro Oil is a major supplier of lubricants to the professional market. Products are sold through internal and external distributors.

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 or reduce the fuel consumption of the machinery. Most of the products are produced by Petrolia AB, which is jointly owned by Lantmännen, OKQ8 and OK-föreningar. Agrol lubricants are sold in Sweden, Norway, Denmark and Estonia.

stage. The Swedish market has increased in units but with a change in the mix and a shift towards smaller segments.

Baltic Region

During the year, the total markets in Estonia, Latvia and Lithuania increased, but from a relatively low level. Investments in the construction sector and infrastructure remained at a low level, and our customers are being affected by the situation in Russia.

Germany

Germany is feeling the effects of intense price competition. The German construction market was initially stable with a slight increase in the compact segment. The rental business is stable, but is being affected by changes, particularly in the lignite districts where operations have been reduced significantly. Overall, we increased our market share slightly.

Swecon

Key figures

	2015	2014
Net sales, MSEK ¹	5,693	5,208
Average number of employees	956	937
of which women, %	11	9

¹ Including intra-Group sales.



Despite a declining market, sales of Agrol's lubricants increased due to constructive cooperation with Lantmännen Maskin.

To improve the efficiency of warehouse management and transport, it was decided to move the warehouse facility, and Agro Oil moved to new purpose built premises in December.

Several new products were launched and positively received by customers. An update to Agro Oil's most important product, Hybran Plus G2, has been completed and the product has been given additional quality-enhancing properties.

Agro Oil

Key figures

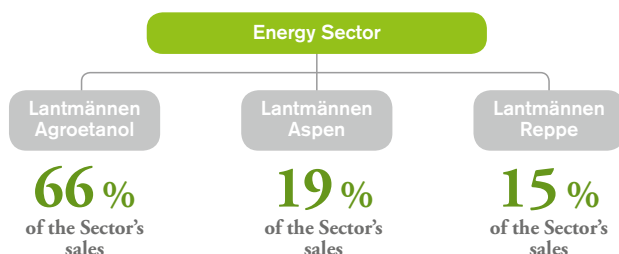
	2015	2014
Net sales, MSEK ¹	195	193
Average number of employees	11	10
of which women, %	14	12

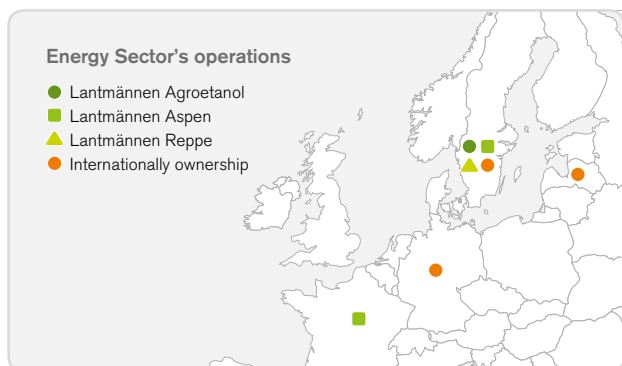
¹ Including intra-Group sales.



Energy Sector

The Energy Sector is Sweden's largest producer of bioenergy products and accounts for 8 percent of the Group's sales. The Sector's companies manufacture and market sustainable ethanol, protein feed, glucose syrup, starch products, alkylate petrol, potable spirits and gluten. The Sector is also responsible for Lantmännen's ownership interests in the partly-owned company Agroenergi Neova Pellets, the Nordic region's largest wood pellet company.





Operations

The Energy Sector's business areas are *Lantmännen Agroetanol*, *Lantmännen Aspen* and *Lantmännen Reppe*. The Energy Sector operates in a global market, with the main focus on Europe. The Sector's companies offer responsibly produced environmentally smart energy, food and industrial products and related services. Production takes place in Sweden and the Sector has wholly or partly-owned sales companies in France and Germany. The Group's climate and energy targets permeate the Sector's operations and the Sector is continuously improving production quality and efficiency.

The intensive development and improvement work within Lantmännen Agroetanol in recent years had a good impact in terms of earnings in 2015. Lantmännen Agroetanol's ethanol, with 95 percent lower greenhouse gas emissions than petrol, was sold to Germany with great success. The launch of Agro Cleanpower 95, an ethanol-based fuel for adapted diesel engines in heavy goods vehicles, was highly successful.

Lantmännen Aspen's expansion continued with the establishment in Poland, and Lantmännen Reppe's improvement program contributed to increased profitability. Lantmännen's partly-owned company Agroenergi Neova Pellets, the Nordic region's largest wood pellet company, which was formed through the merger of Lantmännen Agroenergi and Neova's Pellets business area, achieved several of the desired consolidation effects.

The Energy Sector's market conditions continue to improve and demand for ethanol with high climate performance in Germany is expected to persist.

Business environment and market

Bioenergy is Sweden's most widely used type of energy, accounting for about a third of energy consumption. Transport is the sector that is most dependent on fossil energy and the transition to sustainable transport is therefore a key challenge in achieving

the targets on reduced carbon dioxide emissions. The Energy Sector produces ethanol with high carbon efficiency, which is in demand as a replacement for fossil petrol and diesel.

Sweden is the first EU country to have achieved the target of ten percent renewable energy in the transport sector by 2020. The next targets are to have a fossil-free vehicle fleet by 2030 and to have no net emissions of greenhouse gases by 2050. Swedish long-term policy instruments for biofuels are being developed.

Increased use of low level blends of ethanol in petrol is a cost-effective and important tool for reducing the transport sector's emissions. Strong demand for Lantmännen Agroetanol's feed product Agrodrank continues and there is high demand in general for protein ingredients. Demand for wheat starch is increasing at the expense of other starch products in the paper and packaging industries, which creates favorable market conditions for Lantmännen Reppe. Lantmännen Aspen's alkylate petrol continues to take market share from conventional petrol in the small engine segment.

Outlook for 2016

The Energy Sector's market conditions continue to improve and demand for ethanol with high climate performance in Germany is expected to persist. Lantmännen Agroetanol's development projects associated with new products and markets, such as ethanol-based fuel for adapted diesel engines and different applications for industrial alcohol, are continuing with full momentum. Grain is always the main raw material, but work aimed at complementing the raw material base with alternative raw materials, such as waste bread, continues.

Energy Sector's brands



Energy Sector Key figures	2015	2014
Net sales, MSEK ¹	2,874	2,985
Operating income, MSEK	218	61
Operating margin, %	7.6	2.0
Return on operating capital, %	19.2	5.2
Investments in non-current assets, MSEK	54	39
Average number of employees	228	270
of which women, %	25	23
Women in executive management, %	14	12
CO ₂ emissions, thousand tonnes	22	21
Total sick leave, %	2.2	2.0

¹ Including intra-Group sales.

Excl. items affecting comparability	2015	2014
Operating income, MSEK	218	61
Operating margin, %	7.6	2.0
Return on operating capital, %	19.2	5.2

Energy Sector

Lantmännen Agroetanol

Lantmännen Agroetanol is a large-scale biorefinery which processes the main base raw material grain into renewable alternatives to non-sustainable or fossil products.

Lantmännen Agroetanol processes grain and starchy industrial waste products into ethanol for fuel and technical products and protein products for the feed market. The partly-owned company Norlic also utilizes and purifies the carbon dioxide released during ethanol production. Lantmännen Agroetanol is a key player in the transition to a climate-smart society and our vision is to be the leader in sustainable solutions in our segments.

The company is the Nordic region's largest producer of sustainable ethanol. The annual production capacity of the Händelö facility in Norrköping is 230,000 m³ of ethanol, 200,000 tonnes of protein-rich animal feed under the product name Agrodrank and about 90,000 tonnes of carbon dioxide. Major changes were implemented within the company in 2015. The facility has been back at full capacity utilization since November and productivity is developing well. The

product portfolio has been differentiated and the volume of alternative raw materials, such as waste bread, is increasing. The carbon dioxide facility has been in commercial operation since late 2014/early 2015. Together, the changes have created significant added value for Lantmännen Agroetanol and this is the explanation for the strong improvement in profitability during 2015. Lantmännen Agroetanol's ethanol is among the most sustainable in the world, with reductions in greenhouse gas emissions of more than 95 percent compared with petrol. During the year, more than half of Lantmännen Agroetanol's production was exported to Germany, where the market for sustainable ethanol has been favorable. In Germany there are ongoing efforts to minimize the environmental impact of motoring and there is a willingness to pay for fuels with high climate performance. The launch of Agro Cleanpower 95, an ethanol-based fuel for adapted diesel engines in heavy goods vehicles, has been highly successful. The alternative raw materials give lower raw material costs and the ethanol is classed as a second-generation biofuel, which is paid at a premium in some markets. The carbon dioxide facility's first year has proceeded well and the focus ahead is to increase capacity utilization.

The ethanol market has been characterized by a better balance between supply and demand, while the price of ethanol has increased. The feed market has been strong, with good demand for Lantmännen Agroetanol's feed product Agrodrank. Good harvests during the last two years have helped to keep the business's raw material costs at a competitive level.

Learn more at agroetanol.se/en



Lantmännen Agroetanol Key figures

	2015	2014
Net sales, MSEK ¹	1,879	1,719
Operating income, MSEK	105	-42
Average number of employees	89	92
of which women, %	22	20

¹ Including intra-Group sales.

Lantmännen Agroetanol's production facility is located on Händelö outside Norrköping. Production takes place in close cooperation with the adjacent CHP plant.

Energy Sector

Lantmännen Aspen

Lantmännen Aspen develops, manufactures and markets Aspen alkylate petrol, an environmentally friendly petroleum product, almost completely free from harmful substances like benzene and other aromatics.

Alkylate petrol is used in petrol-driven engines, such as lawn mowers, chainsaws and boats. Focusing on people, machinery and the environment, Lantmännen Aspen has evolved into the market leader in large parts of Europe and in Canada. The company showed good growth during the year and a particularly strong summer period contributed to the solid results. A major marketing drive, targeting private consumers in Sweden, was conducted in the spring and summer period, and this produced a clear positive impact on sales. As part of the company's growth strategy, Lantmännen Aspen launched sales of its products in Poland during the year.

Learn more at en.aspen.se



Lantmännen Aspen

Key figures

	2015	2014
Net sales, MSEK ¹	557	557
Average number of employees	58	57
of which women, %	30	31

¹ Including intra-Group sales.

Energy Sector

Lantmännen Reppe

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

Lantmännen Reppe, one of Sweden's oldest companies, supplies products for use in the food industry, with customers in the bakery, confectionery and ice-cream industries. The products are also widely used in the paper industry and in the biotechnology area. The company has one of the Nordic region's largest distilleries, which produces fine spirits and high-quality vodka for the beverage industry.

Development work in all product segments has resulted in both new customers and new applications, some of these in the growing packing and packaging industry where wheat-based starch products are in demand.

Lantmännen Reppe's continuous sustainability work has once again produced good results, with, for example, a sharp reduction in climate impacts from transport through the commissioning of a 74-tonne biofuel-driven tanker truck.

Learn more at repe.se/en

Lantmännen Reppe

Key figures

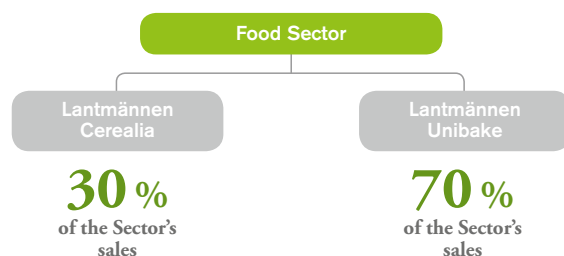
	2015	2014
Net sales, MSEK ¹	439	431
Average number of employees	77	75
of which women, %	23	23

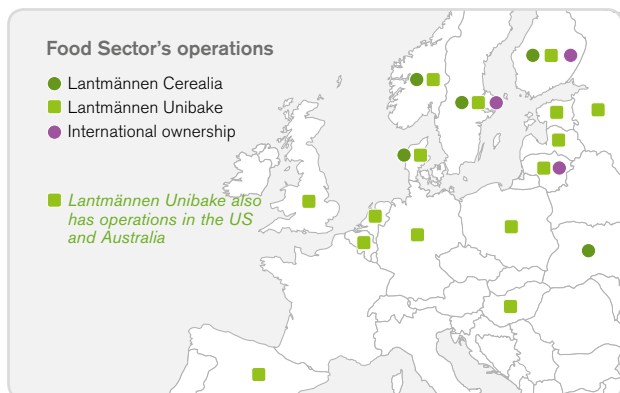
¹ Including intra-Group sales.



Food Sector

The Food Sector develops, processes and markets products that include flour, breakfast foods, pasta, frozen and fresh bread, crispbread and ready-to-eat meals. The Sector has its base in the Nordic countries but has a presence in about 20 countries. The Sector is also responsible for Lantmännen's ownership interests in the partly-owned company Viking Malt. The Sector accounts for 35 percent of the Group's sales.





Operations

The Food Sector is divided into two business areas – *Lantmännen Cerealia* and *Lantmännen Unibake*. Production takes place at 49 facilities and the Sector has many strong brands, including AXA, Kungörnen, Amo, Regal, FinnCrisp, Bonjour, GoGreen, GooH, Hatting, Schulstad and Korvbrödsbagarn.

The Sector's improved earnings in 2015 were largely attributable to productivity efficiencies and the acquisition of new businesses.

Lantmännen acquired the Finnish bakery business Vaasan in June and the operations are being integrated into Lantmännen Cerealia and Lantmännen Unibake. The acquisition is Lantmännen's largest ever transaction, and with their common knowledge and experience in the grain value chain, Lantmännen and Vaasan together create an even stronger platform for the future.

In January 2016, Viking Malt signed an agreement to acquire Danish Malting Group from Carlsberg. The acquisition strengthens Viking Malt's position as the leading malting player in northern Europe.

Lantmännen Doggy was divested in summer as part of our long-term strategy to focus on the core business.



Business environment and market

Interest in quality and premium products in the FMCG sector remains strong, as does demand for products with a high food safety level and clear origin labeling. Swedish raw materials, health benefits, and organic and locally produced products continue to be attractive to Swedish consumers.

Growth in *Swedish fast-moving consumer goods* was good thanks to low inflation, low interest rates and increased purchasing power of households. Growth in *Danish and Norwegian fast-moving consumer goods* was also positive, while *Finland* showed negative growth. Competition has intensified in most of Lantmännen's segments in Sweden, and the larger retail chains are very demanding when sourcing products. The competitive situation remained intense in all of the Food Sector's markets, both from private labels and other suppliers' brands, and work aimed at streamlining the operations continued in 2015.

The process of formulating a national Swedish food strategy for increased growth and exports continued during the year. Lantmännen's participation in these efforts included a consultation response to the Ministry of Enterprise and Innovation, which is coordinating the work, and continuous discussions with LRF and LI (Swedish Food Federation).

Outlook for 2016

An important area in 2016 is to strengthen the food business by continuing to focus on innovation, product development and customer value. Steps will also be taken to further strengthen the industrial base in the Food Sector.

Food Sector Key figures	2015	2014
Net sales, MSEK ¹	13,073	11,180
Operating income, MSEK	692	442
Operating margin, %	5.3	4.0
Return on operating capital, %	6.7	5.7
Investments in non-current assets, MSEK	473	368
Average number of employees	5,687	4,911
of which women, %	30	32
Women in executive management, %	13	25
CO ₂ emissions, thousand tonnes	147	131
Total sick leave, % ²	4.7	4.6

¹ Including intra-Group sales.

² Excluding Vaasan.

Excl. items affecting comparability	2015	2014
Operating income, MSEK	733	521
Operating margin, %	5.6	4.7
Return on operating capital, %	7.1	6.7

Sales by market	2015	2014
Sweden	23 %	24 %
Denmark	18 %	22 %
Norway	14 %	15 %
United Kingdom	11 %	11 %
Rest of Europe	27 %	22 %
Rest of world	7 %	6 %

Acquisition of Vaasan

The acquisition of Vaasan, which was completed on June 1, 2015, is Lantmännen's largest transaction. Lantmännen and Vaasan have similar values and approaches, and businesses that complement each other well.

With common knowledge and experience in grain and bakeries, Lantmännen and Vaasan together create an even stronger platform for innovation, and can develop new products and businesses for the benefit of customers, consumers and shareholders.

Together the companies will be a leader in the common home market around the Baltic Sea. With Vaasan, Lantmännen's bake-off offering and rye and sourdough knowledge are strengthened. The fresh bread area is strengthened with new products, while a brand new international customer offering is added in the form of crispbread. The expanded product portfolio, customer base and production capacity create opportunities to pursue the common ambition for growth in northern Europe.

To create the best conditions for each business, Vaasan's operations are being integrated into two of Lantmännen's business areas:

- Fresh bread and Bake-off are being integrated into Lantmännen Unibake.
- Crispbread is being integrated into Lantmännen Cerealia.



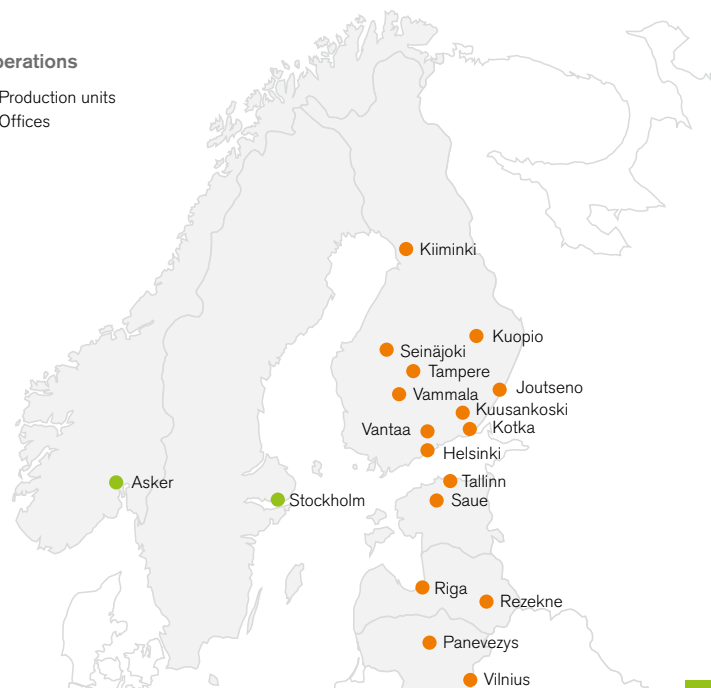
Vaasan is a leading international bakery group in the Nordic and Baltic regions, the second-largest crispbread producer in the world and an important Nordic producer of bake-off products. At the time of the acquisition Vaasan had:

- three business areas: Fresh bread, Bake-off and Crispbread
- net sales year on year: approximately EUR 400 million
- about 2,500 employees
- 16 production facilities and sales offices in 7 countries
- strong food brands, including: Vaasan, Leibur, Hanzas Maiznica, Vilnius Duona, Bonjour and Finn Crisp.



Operations

- Production units (orange dot)
- Offices (green dot)



Food Sector

Lantmännen Cerealia

Lantmännen Cerealia develops, produces and sells grain-based products such as flour, flour mixes, hulled grains, muesli, pasta and pancakes, as well as ready-to-eat meals, crispbread, beans, nut-based drinks and lentils. Products are sold to Nordic consumers, primarily in food retail stores, under well-known brands such as Kungsörnen, AMO, Regal, AXA, Sopp, Finn Crisp, GoGreen and Gooh, and to several of the Nordic region's largest bakeries, restaurants and food service outlets. Operations are conducted in Sweden, Norway, Denmark, Finland and Ukraine.

Operations

Lantmännen Cerealia provides customers and end consumers with healthy and mainly grain-based products of high quality. Innovation work in health and sustainability is in constant progress in order to respond to new consumer trends.

The products are mainly produced at the company's own facilities in Sweden, Norway, Denmark, Finland and Ukraine. Operations were developed and streamlined during the year. As part of these measures, it was decided to close the mill in Uppsala and invest in the Strängnäs mill, and to invest in the pancake factory in Laholm by moving the Färgelanda pancake production there. Margrethills' pancake production in Ockelbo was acquired during the year.

Lantmännen Cerealia implemented a number of structural changes during the year and now works in five categories: Breakfast, Baking, Cooking (Pasta & GoGreen), Crisp and Ready-to-eat, which are sold through retail stores, business-to-business and food service. Gooh, which produces chilled ready meals made with Swedish meat, chicken and fish, was

integrated into Lantmännen Cerealia during the year. As part of Cerealia's ongoing efficiency measures, the Nordic organizations have been centralized in Stockholm and Malmö.

On June 1, 2015, Lantmännen acquired the Finnish bakery group Vaasan. Vaasan's crispbread business is being integrated into Lantmännen Cerealia. The crispbread business, which includes the popular Finn Crisp, provides a good basis for further expansion in Finland and selected export markets.

Customers and consumers are increasingly demanding change and renewal, which means that innovation and product and business development are essential for Lantmännen Cerealia. During the year, more than one-third of Lantmännen Cerealia's products sold to Nordic consumers were newer than 24 months.

Starting points for innovation and product development work are good profitability, health, sustainability, and improved climate and environmental performance. This is why one of this year's most important launches was Kungsörnen's new wheat flour, which has been developed with a new and more sustainable method of cultivation and has a 20 percent lower climate impact.



We are working to improve resource efficiency and develop food that is even more healthy, with better climate and environmental performance.

In October, Kungsörnen changed all its wheat flour to the more climate-friendly wheat *Ett Vänligare Vete*. At the same time, Kungsörnen relaunched its range of organic flour, which is ground from wheat cultivated in Mälardalen. The flour shows the name of the grower on the packaging to more clearly communicate that it is locally grown.

GoGreen launched two ground-breaking concepts during fall – Raw Food and nut-based smoothies. Both product innovations are aimed at the growing number of consumers who want healthy, quick and easy food options.

Kungsörnen launched organic quick macaroni during the year and the Start brand presented a new and improved range with a new packaging design.

Lantmännen Cerealia stands for good food, and sustainability work plays a key part here. Efforts to improve resource efficiency and develop healthy food that is climate and environmentally friendly are in constant progress. Origin labeling is important and is therefore communicated clearly on the packaging.

Business environment

Health, convenience and organic products are clear consumer trends in the area of food, and sales of organic food in the Swedish market have increased by almost 40 percent.

The food market is currently affected by tight margins and the discount segment continues to gain share in food retailing. However, interest in quality and premium products remains high, while the oat and ready meal categories continue to show both consumption and value growth in most Nordic markets.

Competition has intensified in most of Lantmännen Cerealia's segments in Sweden, and the larger food chains are highly demanding when sourcing products. Competition and price pressure from the food chains' private labels remains high and grain imports from non-Nordic markets are increasing. Despite a record wheat harvest during the year, the availability of high-quality wheat was a challenge. The main reason was that the harvest had low protein content, which has an adverse effect on the baking properties.

Market and market performance

Lantmännen Cerealia's strong brands and innovative products have contributed to the business in *Norway* continuing to perform well. In *Sweden*, there are challenges from purchase price pressure as customers support their own brands.

Lantmännen Cerealia has experienced positive growth for grains and porridge in the breakfast category. Innovative new products from *GoGreen* and other brands have created increased interest in new consumer groups.

In Denmark, the margins are hard-pressed and the chains are focusing on their own or unique brands.

The overall food service market is growing. Lantmännen Cerealia has focused increasingly on sales of its own products such as pancakes and flour during the year. B2B is experiencing increased price competition from suppliers in Germany and the Baltic region. Our high, consistent quality combined with delivery precision and reliability means that we have been able to retain our business with the large quality bakeries.

Operations *in Ukraine* continue to be adversely affected by lower export volumes, mainly to Russia, due to the current political situation. However, we are managing to balance much of the adverse impact through increased efforts in our domestic market and through new export markets.

Outlook for 2016

Lantmännen Cerealia continues to work on innovation and business and product development in the grain value chain, with a focus on health, organics and sustainability. Several new product launches are scheduled for 2016.

Lantmännen Cerealia's brands



Lantmännen Cerealia

Key figures

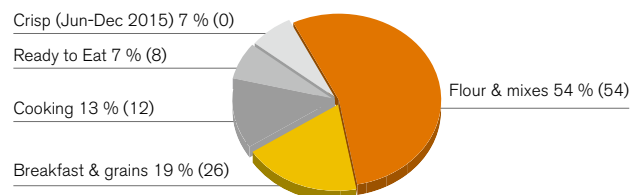
	2015 ²	2014
Net sales, MSEK ¹	3,956	3,762
Average number of employees	1,248	1,123
of which women, %	41	38

¹ Including intra-Group sales.

² Including Vaasan from June 1, 2015.

Lantmännen Cerealia

Sales by product category



Food Sector

Lantmännen Unibake

Lantmännen Unibake is Europe's second-largest bakery group with 35 bakeries in 14 countries, and markets frozen and fresh bakery products for food retail and food service outlets in more than 60 countries around the world. With the acquisition of Vaasan's bakery operations in 2015, we further strengthened our offering, particularly in the Nordic and Baltic regions, with well-known brands in bread, pastries and snacks.

Lantmännen Unibake showed growth in its markets during the year, which is a good indication that our new commercial strategy launched in 2014 is starting to produce results. The strategy reinforces our focus on customer needs and as part of this focus we are adapting our product portfolio to strengthen our customers' business while also consolidating our own.

In 2015, we began work on *commercial excellence* in the Swedish market. This is about giving our sales teams better tools for prioritizing and ensuring the right level of customer service. Based on our experience in the Swedish market, we are now also introducing commercial excellence in Belgium and the UK as part of our strategy to continue implementing the

tools in other markets over the next two years. Sales tools and tactics are tailored to each local market.

The Russian import ban continued to challenge many international companies during the year. However, Lantmännen Unibake managed to ward off the impact of sharply rising raw material costs and was able to secure good sales growth. Future prospects in the fast food sector appear good.

Food safety standard

Internationally, the publication of BRC Global Standard for Food Safety Issue 7 has highlighted the need to minimize the risks of food fraud. The upgraded standard introduces



requirements for robust systems at our BRC-certified facilities in order to reduce exposure to food fraud. In fall, the Mouscron factory in Belgium was audited under the new BRC 7 with good results.

Consumer trends

Consumer trends are for products that are healthy or organic, products that are treats or offer convenience and, particularly important, products that create value. Lantmännen Unibake's own market research shows six occasion-related catalysts to consumption of pastries and croissants.

One example is the "coffee break", which accounts for a large proportion of the consumption of pastries. This inspired the launch of our MiniMania concept, which consists of five mini pastries to serve with hot drinks.

Demand for sweet treats in the UK has led to the development of a new category of chocolate bakery products. First on the market was the Triple Chocolate Crown pastry, which has now been launched in UK supermarkets.



“Premium products and health are trends that are driving the launch of products in the sourdough, organic and gluten-free categories.”

Demand remains high for premium hamburger buns in the fast food segment. In Russia and Hungary, Unibake has developed and produced Europe's first black hamburger buns for Burger King's popular Halloween campaign.

Successful launch of gluten-free products

Norwegian consumers were the first to try out our new line of frozen gluten-free Hatting products, which were launched in supermarkets in February. Eight weeks after the launch, the local gluten-free market had increased by 40 percent – testimony to the fact that our products created growth right from the start.

The oats in our gluten-free bread, grown locally next to our Norwegian bakery, are another important sales argument. In addition to their natural fiber content and fine taste, oats are also well known for their "heart health benefits" and will therefore continue to be included in gluten-free products.

Lantmännen Unibake's brands



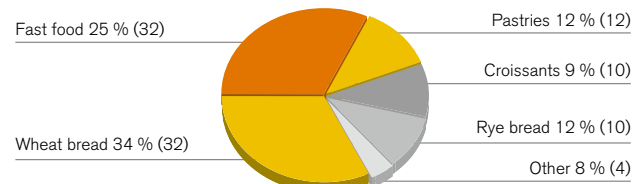
Lantmännen Unibake Key figures

	2015 ²	2014
Net sales, MSEK ¹	9,231	7,200
Average number of employees of which women, %	5,971 43	3,613 31

¹ Including intra-Group sales.

² Including Vaasan from June 1, 2015.

Lantmännen Unibake Sales by product category



We work to create long-term, healthy and sustainable solutions in all business operations. ”

Following the success in Norway, Lantmännen Unibake has launched gluten-free products in the Danish market, where they have also been well received.

Development of global business operations

During the year, *Lantmännen Unibake* took over the newly-acquired Vaasan's bake-off and fresh bread production, which is being integrated into operations in Sweden, Norway and Finland. The process of integrating Vaasan's bake-off and fresh bread business into Lantmännen Unibake is expected to be largely completed towards the end of 2016.

Work to develop a common platform in order to standardize processes and ensure transparency in all our business units was started in early 2015. Systems, processes and key figures will be fully implemented and uniform within Lantmännen Unibake by the end of 2019.

Business processes throughout Lantmännen Unibake are being identified, categorized and analyzed in order to define *best practice*.

Major investments in facilities

In October, the first ground was broken in the construction of a modern new bakery in Nowa Sól in Poland. The investment amounts to EUR 75 million and the new bakery will have three advanced production lines, supplying our products to Poland and the other countries around the Baltic Sea, and several European countries. The plant will be completed in 2018, but the first production line will be operational in the first half of 2017.

Our bakery facility in Londerzeel in Belgium was totally destroyed by a fire that broke out in June, resulting in the loss of our baguette production and a large part of the older cold store. No-one was injured. The reconstruction work is scheduled for 2016. Despite the fire, we have managed to secure deliveries to our customers. The bakery's two new production lines are expected to be placed in service during 2017.

During the fall Vaasan's new bakery for toast products in Vilnius, Lithuania, became operational.





Policy on palm oil

Lantmännen Unibake's UK facilities were first to switch to certified palm oil in accordance with Segregated RSPO, Roundtable on Sustainable Palm Oil, in January 2015. At the end of 2015, all Lantmännen Unibake's facilities had been audited and approved for purchasing segregated certified palm oil. The newly-acquired Vaasan's facilities have until the end of 2016 to meet the requirements.

Health & safety

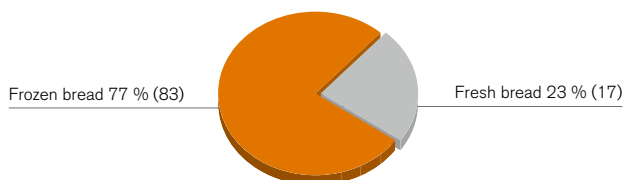
As part of the development of Lantmännen Unibake's global business processes, a new health and safety reporting system has been developed, and will be launched in 2016. The new system will strengthen our focus on health and safety.

Continuous improvement measures

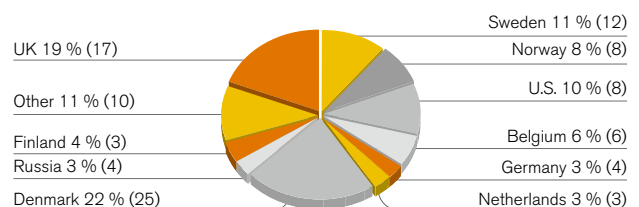
Lantmännen Unibake's efficiency optimization approach, *Better, Faster, Cheaper*, has achieved the defined objective of reducing production costs.

A leadership program has been introduced to help managers to encourage continuous development in their teams. So far, all production managers and site managers have participated in the program, which focuses on motivating and engaging employees to achieve continuous improvement. Managers in the areas of supply chain, purchasing and quality will participate in the program in 2016.

Sales by product category



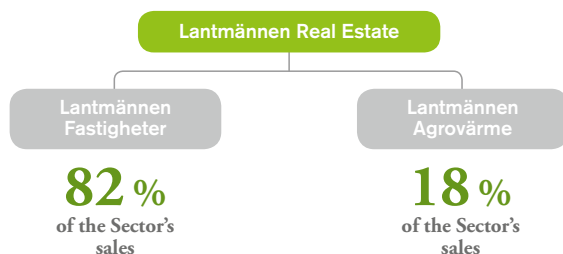
Sales by market





Lantmännen Real Estate

Lantmännen Real Estate is one of Sweden's major property companies with 150 investment properties in 80 locations. The total managed surface area is approximately 1,300,000 m², of which 130,000 m² is for Lantmännen's Grodden pension fund. The properties are commercial premises, such as offices, shops, workshops and warehouses. Just over 51 percent of the rental income comes from external tenants.



Operations

Lantmännen Real Estate's operations are conducted at market conditions, and property is developed with a focus on creating optimal value for the Group's activities and optimizing external revenue. Premises are rented out both externally and internally, but the strategy is to increase the proportion of external rental income. The business works on concentrating the property portfolio, which means that certain properties that do not fit into the company's management strategy or have limited development potential are sold or exchanged, so that properties that suit the portfolio can be acquired. The strategy is to provide Lantmännen with appropriate premises and to acquire premises in good locations. Lantmännen Real Estate also develops existing holdings into commercial projects and residential projects.

The share of external leasing has increased and Lantmännen Real Estate has completed several property transactions. Three food properties, one in Avesta and two in Helsingborg, have been acquired. The mill in Uppsala was acquired from Lantmännen's Grodden pension fund and a property in Enköping was sold to the pension fund. The industrial properties in Vårgårda were also sold in connection with the divestment of Lantmännen Doggy. Lantmännen also divested the 50 percent holding in the property company Lantholmen, and sold a property company together with its industrial property in Valla.

Lantmännen Real Estate has installed Uppsala's largest solar PV system to date. A total of 658 panels have been installed on three of Lantmännen Maskin's roofs. The panels can produce 146,500 kWh annually, which corresponds to 30 percent of the property's energy consumption.

An agreement has been signed with the property company Besqab on the transfer of industrial properties in Uppsala where Lantmännen Lantbruk and Lantmännen Cerealia currently operate. The completion date for the transaction is March 2016, but some of Lantmännen's operations in the properties will continue for another few years. The transaction also means that Lantmännen acquires two properties with residential care homes in Lidingö and Norrtälje.

We work according to Geographic Footprint, which means that we co-locate our different activities and optimize use of premises. We endeavor to increase our tenants' awareness and encourage them to actively reduce their energy consumption. Lantmännen Real Estate always evaluates the choice of building materials from a sustainability perspective during renovation and new construction.

Lantmännen Agrovärme

Lantmännen Agrovärme is part of Lantmännen Real Estate and supplies district heating and ready heat to ten or so small towns in central and southern Sweden. In 2015, the heating operations performed a little better than in the previous year due to a more favorable weather situation and improved fuel purchasing. Lantmännen Agrovärme's district heating is certified under Reko fjärrvärme, a quality label that provides security in the choice of heating.



Market trends

Market rents in Sweden showed a slightly upward trend in 2015. This is expected to slow down in 2016 with reduced demand for premises. Land prices showed a general increase in 2015, mainly for attractive locations where housing demand is strong. Land with local development plans is in demand, as this type of project has short lead times and lower risk.

Lantmännen Real Estate Key figures¹

	2015	2014
Net sales, MSEK ²	454	470
Operating income, MSEK	314	223
Return on operating capital, %	20.1	15.6
Investments in non-current assets, MSEK	299	128
Average number of employees	39	43
of which women, %	29	31
Women in executive management, %	14	0
CO ₂ emissions, thousand tonnes	-	-
Total sick leave, %	4.5	1.5

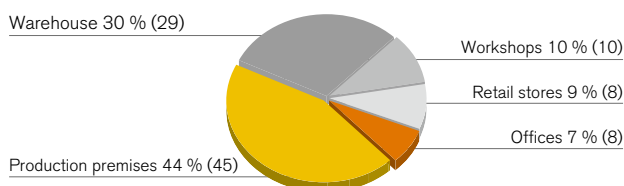
¹ Lantmännen's heating operations were part of the Energy Sector in 2014, but are included in Lantmännen Real Estate from 2015. The figures for 2014 have been adjusted.

² Including intra-Group sales.

Excl. items affecting comparability

	2015	2014
Operating income, MSEK	187	168
Return on operating capital, %	12.0	11.7

Lantmännen Real Estate, surface distribution



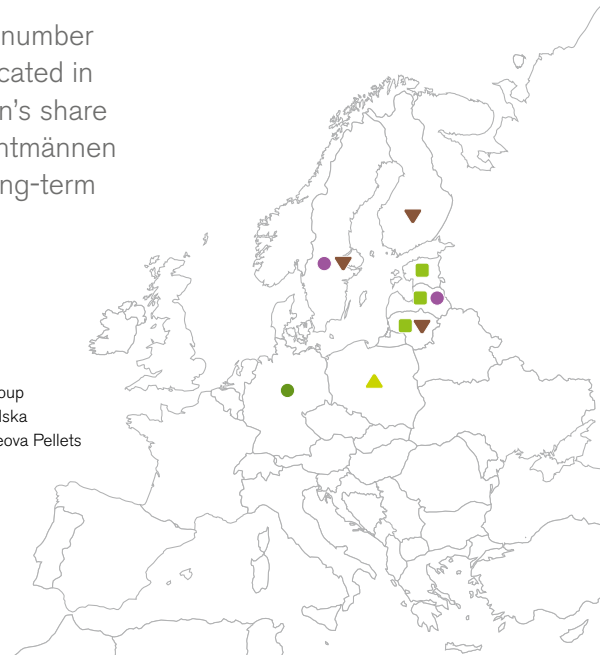


Lantmännen's international ownership

The Agriculture, Energy and Food Sectors have ownership interests in a number of international companies. These companies' operations are primarily located in the Nordic region, Germany, Poland and the Baltic countries. Lantmännen's share of income is reported in each Sector. With these ownership interests, Lantmännen is well positioned to offer customers in Sweden and in export markets long-term business relationships with stable delivery performance.

Operations

- HaGe Kiel
- Scandagra Group
- ▲ Scandagra Polska
- Agroenergi Neova Pellets
- ▼ Viking Malt





HaGe Kiel



Agroenergi Neova Pellets



Scandagra



Viking Malt

An important part of the Group's strategy is to expand the grain business through international ownership. ”

HaGe Kiel holding 40 %

Hauptgenossenschaft Nord AG (HaGe Kiel) has an annual turnover of approximately EUR 2.7 billion and about 1,700 employees. Lantmännen owns 40 percent of HaGe Kiel, while DLG (Dansk Landbrugs Grovvaeselskab) owns 54 percent. Operations include grain trading and the sale of farm inputs and the business is part of the Agriculture Sector.

HaGe Kiel has well developed logistics chains and port terminals located in Hamburg, Kiel and Rostock which supply the market with grain and oilseeds, both locally and internationally. HaGe Kiel has feed factories that produce high quality feed, and also trades in agricultural goods, machinery, sales of leisure and garden products and markets products in organic farming.

Scandagra Group holding 50 %

Scandagra Group AB operates in the three Baltic countries. The Group has a turnover of approximately EUR 240 million and about 250 employees. Scandagra Group performed well in the expansive Baltic market during the year, both in terms of volume and profitability. The company, which is jointly owned (50-50) by Lantmännen and DLG, is part of the Agriculture Sector. The operations are conducted through three sales companies – Scandagra Eesti, Scandagra Lietuva and Scandagra Latvia. The sales companies engage in the sale of crop production inputs and the purchase and sale of grain.

Scandagra Eesti also has a feed plant with a production capacity of over 100,000 tonnes.

Scandagra Polska holding 50 %

Scandagra Polska, which is a merchant of grain and other inputs in the Polish agricultural market, has an annual turnover of approximately SEK 1.2 billion and about 120 employees. The company, which is jointly owned (50-50) by Lantmännen and DLG, is part of the Agriculture Sector. Scandagra Polska is one of many traders in the large and diversified Polish market.

Agroenergi Neova Pellets holding 50 %

Agroenergi Neova Pellets, which manufactures and sells solid biofuels, primarily wood pellets, has an annual turnover of approximately SEK 1 billion and about 130 employees. The company has a strong position in the Swedish market and in the Baltic Sea region. Lantmännen and Neova each own 50 percent of the company. The company is part of the Energy Sector.

Viking Malt holding 38 %

Viking Malt produces malt in Finland, Sweden and Lithuania. The company has an annual turnover of approximately EUR 140 million and about 140 employees. Viking Malt is an advanced refiner of grain, supplying 360,000 tonnes of malt and services annually to breweries and distilleries in northern Europe and to selected users across the world. Lantmännen owns 38 percent of the company, with the remainder being owned by the Finnish company Polttime. Viking Malt is part of the Food Sector. In January, Viking Malt signed an agreement to acquire Danish Malting Group (DMG) from Carlsberg. DMG has one malting plant in Denmark and two in Poland, a turnover of DKK 700 million and 88 employees. The acquisition strengthens Viking Malt's position as the leading malting company in northern Europe.

Annual Report

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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 & CEO of Lantmännen ek för, corporate identity no. 769605-2856, hereby present the annual report for the 2015 financial year. The earnings and financial position of the Parent Company and Group are presented in the following income statements and statements of financial position, with associated comments and notes.

- ◆ Net sales for the Group amounted to MSEK 35,660 (32,666), an increase of 9 percent. Adjusted for acquired and divested operations, net sales were 6 percent higher than in the previous year.
- ◆ Operating income was MSEK 1,351 (1,453) and adjusted for items affecting comparability MSEK 1,351 (851).
- ◆ Income after financial items totaled MSEK 1,246 (1,342) and adjusted for items affecting comparability MSEK 1,246 (740).
- ◆ Net income after tax was MSEK 1,090 (1,225).
- ◆ Investments totaled MSEK 1,256 (1,087).
- ◆ Cash flow before financing activities was MSEK -2,674 (2,077).
- ◆ Total refunds and final price adjustments for 2015 were MSEK 189 (135).
- ◆ The Board proposes a contribution dividend of MSEK 193 (178) and a contribution issue of MSEK 50 (150).

Glossary and definitions ◆ see page 155.

The Group's business and organization

Lantmännen is an agricultural cooperative and Northern Europe's leader in agriculture, machinery, bioenergy and food products. The Group is divided into four sectors: the Agriculture Sector, the Machinery Sector, the Energy Sector and the Food Sector, and Lantmännen Real Estate.

Lantmännen is owned by 27,000 farmers, who are also business partners and important customers. Lantmännen

refines farmland resources in a responsible manner and is part of food consumers' everyday life. Global demand for agricultural raw materials creates new opportunities to increase the growth in the agribusiness.

Lantmännen's main markets are the Baltic Sea region and the UK.

Agriculture Sector

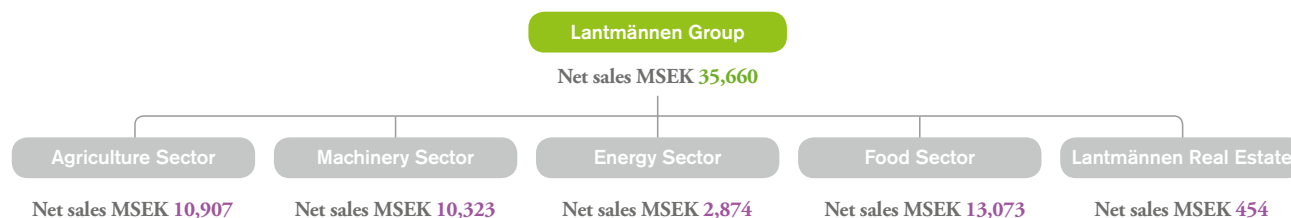
The Agriculture Sector is based in Sweden but is also active internationally, primarily in northern Europe. The Sector, with net sales of MSEK 10,907, develops and sells products and services for strong and competitive farming. The Sector encompasses *Lantmännen Lantbruk*, *Lantmännen Krafft* and *Lantmännen Agro*. The Sector is responsible for Lantmännen's ownership interests in the partly-owned companies *HaGe Kiel*, *Scandagra Group* and *Scandagra Polska*.

Lantmännen Lantbruk offers a wide range of products for livestock and crop production for strong and competitive farming. Lantmännen Lantbruk is a major participant in the grain market and purchases grain, oilseed and forages, which are sold on to Swedish and international industrial customers. With effect from spring 2015, the Agriculture Sector deals with the purchase of grain for all Lantmännen's businesses.

Feed is sold under the brands Nötfor, Piggfor, Pullfor and Protect. Seed and forages are sold under the SW brand in Sweden and internationally. The operations also include plant breeding with the best varieties adapted to Swedish conditions.

Lantmännen Krafft is market leader in horse feed in Sweden and has sales in a further 10 or so countries.

Lantmännen Agro trades in grain and crop production supplies in Denmark.



Including intra-Group sales



Machinery Sector

The Machinery Sector has net sales of MSEK 10,323 and consists of *Lantmännen Maskin*, *Swecon* and *Agro Oil*. *Lantmännen Maskin* imports, markets and sells farm machinery, equipment, spare parts and servicing in Scandinavia, both on its own and through collaboration with a distribution network of private dealers. *Swecon* markets and sells Volvo Construction Equipment, spare parts and servicing in Sweden, the Baltic region and Germany. *Agro Oil* markets and sells lubricants and chemical maintenance products in Scandinavia and Estonia under the Agrol brand.

Energy Sector

The Energy Sector, with net sales of MSEK 2,874, is one of Sweden's largest producers of bioenergy products, and the Sector's companies manufacture and sell sustainable ethanol, protein feed, glucose syrup, starch products, alkylate petrol, potable spirits and gluten. The Sector's operations are conducted in *Lantmännen Agroetanol*, *Lantmännen Aspen* and *Lantmännen Reppe*. The Sector is also responsible for Lantmännen's ownership interests in the partly-owned company *Agroenergi Neova Pellets*, the Nordic region's largest wood pellet company.

Food Sector

The Sector has its base in the Nordic countries, but has a presence in about 20 countries. The Food Sector, which has net sales of MSEK 13,073, consists of Lantmännen Cerealía and Lantmännen Unibake. The Food Sector acquired the Finnish bakery group Vaasan during the year. The Sector is also responsible for Lantmännen's ownership interests in the partly-owned company *Viking Malt*.

Lantmännen Cerealía develops, produces and sells grain-based products such as flour, flour mixes, hulled grains, beans, lentils, muesli, pasta and pancakes, as well as ready-to-eat meals. Vaasan's crispbread business, with the well-known Finn Crisp brand, is part of Lantmännen Cerealía.

Lantmännen Unibake is a leading international bakery group producing frozen and fresh bread products which are sold to the food service and food retail sectors. Vaasan's bake-off and fresh bread business is part of Lantmännen Unibake.

Lantmännen Real Estate

Lantmännen Real Estate manages Lantmännen's properties in Sweden and has net sales of MSEK 454. The properties are commercial premises, such as offices, shops, workshops and warehouses. Premises are rented out both externally and internally. Lantmännen Real Estate is one of Sweden's major property companies. *Lantmännen Agrovärme*, which produces and sells ready heat and district heating, is also part of Lantmännen Real Estate.

Changes in the Group structure in 2015

The Finnish bakery group Vaasan was acquired in June. The acquisition was announced at the beginning of the year and the relevant competition authorities approved the transaction in spring. With the acquisition, an important step has been taken to strengthen Lantmännen in the grain supply chain and consolidate Lantmännen Unibake's position in the Baltic Sea region. Vaasan is the world's largest producer of thin crisp products and the world's second largest crispbread producer. The company is also a major bake-off player in the Nordic region and has a significant presence in the fresh bread segment. At the time of acquisition, Vaasan had an annual turnover of about SEK 4 billion and about 2,500 employees in Finland, Estonia, Latvia, Lithuania, Sweden and Norway. Vaasan is part of the Food Sector.

Lantmännen Doggy was divested in July. The sale, which was part of Lantmännen's portfolio strategy, generated a capital gain of MSEK 110. The divested operation's annual turnover was about MSEK 560, and the number of employees affected by the sale was about 160. In connection with the divestment of Doggy, the industrial properties in Vårgårda, where the operations are conducted, were also sold.

The Swedish biotech company CropTailor, which has developed technology for fast, high-precision breeding of oats, was acquired in May. The acquisition was part of Lantmännen's strategic focus on oats. The company is in the development stage and has limited operations.

Lantmännen Cerealía has acquired the pancake bakery Margrethills Gärd in Ockelbo, with 11 employees.



A number of property transactions were conducted during the year, including the acquisition of a shop property in Avesta and the acquisition of the mill in Uppsala from Lantmännen's Grodden pension fund. Lantmännen's property company Havsvassen, with an industrial property in Valla, has been divested, as well as the 50-percent holding in the property company Lantholmen. In addition, a property in Enköping was divested to the Grodden pension fund.

The acquisition balance sheets for the acquired companies are still preliminary.

Election of the Board

Members of the Board of Lantmännen ek för are elected for two-year terms. The Board consists of twelve members: nine AGM-elected members and three employee representatives. At the Annual General Meeting, two new members, Gunilla Aschan and Johan Mattsson, were elected to Lantmännen's Group Board, replacing Lena Philipson and Nils Lundberg who had declared themselves unavailable for re-election. Bengt-Olov Gunnarson, Per Lindahl and Hans Wallemyr were re-elected to the Board. At the statutory Board meeting, Bengt-Olov Gunnarson was re-elected as Chairman and Per Lindahl was elected as Vice Chairman.

Other significant events in 2015

Kalmar Lantmän's extraordinary general meeting in April voted against the proposal to merge Lantmännen and Kalmar Lantmän.

An issue of subordinated debentures was conducted in January 2015, aimed at broadening the capital base and strengthening the members' ownership role and employees' participation in Lantmännen's earnings growth. The issue was oversubscribed and the total value of subordinated debentures issued was MSEK 250.

During spring, 28 district meetings were held around the country, and were attended by Group Board and Management members. Lantmännen's Annual General Meeting was held in May in Stockholm.

Lantmännen was awarded the Signum prize, which goes to the Nordic company that shows best brand management and care.



Elected members joined Lantmännen Lantbruk and Lantmännen Maskin at Borgeby Fältdagar, Brunnby Lantbrukardagar, Elmia and other events.

The baguette production facility in Londerzeel in Belgium was totally destroyed by a fire in June. The decision has been made to rebuild the facility, and this is expected to be completed during 2016.

Lantmännen has once again achieved a top position in the Sustainable Brand Index survey. In this year's survey, covering 9,500 consumers and over 250 brands, Lantmännen took third place overall and came second in the food category.

Lantmännen Agroetanol and AGA were awarded this year's energy prize. The prize is awarded to a company that actively pursues its energy issues based on sustainable solutions, to which it is strongly committed.

Infrastructure Minister Anna Johansson opened Lantmännen's filling station in Norrköping, which is Sweden's first public filling station with three different renewable fuels.

Lantmännen attended the political week in Almedalen and participated in about ten seminars, three of which were Lantmännen's own seminars. The best-attended of Lantmännen's seminars was on the topic of sustainable cultivation.

In October, Lantmännen and AGCO, a global leader in agricultural equipment, signed a new long-term cooperation agreement that involves changes to Lantmännen Maskin's operations in Sweden, Norway and Denmark. In Sweden, Lantmännen Maskin will assume responsibility for Massey Ferguson imports, with the nationwide distribution network of private dealers remaining in place. Under the agreement, Lantmännen Maskin will be marketing Fendt's entire product program. The current contract with Claas will not be extended when it expires, which is 2016 for Norway and 2018 for Sweden and Denmark.

Lantmännen Maskin and KUHN, a leading global manufacturer of agricultural equipment, have signed a distribution agreement whereby Lantmännen Maskin becomes the general agent, importer and distributor for KUHN's range of equipment in Sweden.



Lantmännen decided to move the Uppsala milling operations to the mill in Strängnäs. A review of the location of the grain-receiving facility in Uppsala was started in parallel.

Lantmännen Maskin has received a major order from the Swedish armed forces covering 38 Valtra N Series tractors.

An agreement has been signed with the property company Besqab on the transfer of industrial properties in Uppsala where Lantmännen Lantbruk and Lantmännen Cerealia currently operate. The completion date for the transaction is March 2016, but some of Lantmännen's operations in the properties will continue for another few years. The transaction also means that Lantmännen acquires two properties with residential care homes in Lidingö and Norrtälje.

Lantmännen ek för has established a medium term note (MTN) program to broaden financing. Lantmännen has a facility to borrow a total of SEK 3 billion under the program. The first issue of MSEK 1,250 was conducted on November 30, 2015. The issued bonds are listed on Nasdaq OMX Stockholm.

In December 2015, the EU's competition authority announced that it was continuing its investigation of a number of ethanol producers for suspected violation of EU competition laws. Lantmännen Agroetanol is one of three manufacturers under investigation. Lantmännen is cooperating fully with the authorities in the investigation.

Sustainable development

Lantmännen's business concept is to refine farmland resources in an innovative and responsible manner. Consequently, sustainable operational and business development is a central part of the strategic direction. Efforts in this area include risk management and responsibility for impacts on people and the environment, as well as proactive innovation and development work.

With globalization and a growing middle class in Asia, there is rising demand for cultivated raw materials, which is sharpening the focus on the environmental and social challenges of food security in the future. More and more consumers are also demanding responsibly produced products with added values for health and the environment. Lantmännen's knowledge of grain and presence along the entire value chain

present unique opportunities to offer this while also developing profitable business.

Business development in the grain value chain

Lantmännen's Strategy 2020 has a clear emphasis on sustainable business development, with a focus on the grain value chain. Working with customers and suppliers, there is potential to significantly reduce the impact on the environment and natural resources in the grain value chain, while generating profitable growth from new sustainable business.

A focus area is sustainable grain concepts aimed at consumers, and these are concepts where Lantmännen can create added values for health and the environment. During the year, Kungörn launched its new "Vänligare vete" climate-friendly wheat flour, which is produced according to Lantmännen's new Climate & Nature cultivation concept, and gives a 20 percent lower carbon footprint. The climate-friendly wheat is the result of cooperation between Lantmännen's owners and Swedish farmers, dialogue with customers and extensive research and development.

Another example is Lantmännen Agroetanol's grain-based fuel ethanol, which has a high environmental and climate performance. The fuel reached a new market in Germany during the year and over half of the production was exported there.

Ensuring responsibility – implementation of the Code of Conduct

Lantmännen's Code of Conduct contains general guidelines to ensure a good work environment and social conditions, good business ethics and environmental responsibility. The Code of Conduct applies to Lantmännen's entire operations and all employees are trained in the Code. The Code also applies to Board members and elected representatives in the owner organization, and in relevant parts to suppliers and partners. An updated version of the Code of Conduct was adopted by the Board in March 2015, after a revision to reflect developments in Lantmännen's strategy and ambition level, and changes in the external environment. The updates include a clearer section on monitoring and compliance.

Implementation and monitoring of the Supplier Code of Conduct is an integral part of Lantmännen's sourcing



process. All suppliers with an annual purchase volume over MSEK 1 will be monitored and risk assessed by means of self-assessment against the Code. To become approved, a supplier must have undergone an assessment that has been approved by the buyer. Supplier monitoring is also done through independent third-party audits. Supplier and purchasing categories with high risk and significant improvement potential have been prioritized.

Imported raw materials such as soy and palm oil are an important purchasing category. Lantmännen purchases RSPO-certified palm oil for 100 percent of the volume used in food, thereby supporting responsible production of palm oil. For soy, Lantmännen has undertaken, through a sector agreement in the Swedish food chain in 2014, to purchase responsibly produced soy (RTRS certificates or ProTerra-certified) for 100 percent of the 2015 volume, which has also been achieved.

Operations subject to permit and notification requirements under the Swedish Environmental Code

In Sweden, Lantmännen conducts operations subject to permit requirements at 96 plants, and operations subject to notification requirements at 20 plants, all of them in accordance with the Swedish Environmental Code. These operations include mills, workshops and production facilities for feed, ethanol 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.

Reporting under GRI and Global Compact

Lantmännen reports its sustainability performance annually in the framework of the Global Reporting Initiative (GRI) guidelines. GRI's new G4 guidelines have been used since 2014. Lantmännen's Annual Report including Sustainability Report and the information on Lantmännen's website also fulfill the requirements on Communication on Progress (COP), which is a disclosure on progress made in implementing the Global Compact principles on responsible business.

Research and development

Lantmännen has a long tradition of research and innovation. Each year, Lantmännen invests large amounts in promoting new knowledge in the grain value chain – from plant breeding and cultivation to processing, product development and consumption. Foods with specific health and medicinal properties, non-chemical seed treatment and nitrogen efficiency in agriculture by means of the N-Sensor are examples of successful innovations over the years.

A priority research area is sustainable intensification of crop cultivation. The challenge is to increase yields, improve grain quality, while minimizing adverse environmental impacts and increasing biodiversity. This includes adapting cultivation to climate change. Lantmännen's R&D expenses in 2015 were MSEK 241 (269).

Learn more about Lantmännen Research Foundation at lantmannen.se/en/Start/about-lantmannen

Human resources

The average number of employees during the year was 8,911 (8,311), and the number of full-time employees at December 31, 2015 was 9,706 (8,085). The number of employees increased with the acquisition of Vaasan, although the number decreased following divestments and as a result of efficiency measures in the Agriculture and Food Sectors. A total of 3,437 (3,702) of the average number of employees were employed in Sweden.

Lantmännen's goal is to be 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.

Occupational health and safety

Lantmännen sees proactive health and wellness initiatives as important to sustainable performance. Health screening and

health monitoring are carried out continuously, providing a basis for continuing efforts at individual and group level. The results are processed at management level in each company, where goals and action plans are defined.

Remuneration policy

Defined in Lantmännen's remuneration policy is the objective of offering employees compensation that reflects Lantmännen's commitment to attract and retain qualified expertise. This includes working to ensure that employees receive market-based compensation and that individual salaries are offered on the basis of performance, duties, skills, experience and position. Within the framework of the policy, a variable salary can be paid to a defined target group in addition to the fixed salary.

Further information on personnel, employee benefits, guidelines for remuneration of senior executives and their application, and financial figures for the year can be found in [note 5](#).

Long-term financial targets and achievement of objectives

Lantmännen defines the overall profitability target as a return on equity of 8 percent. Return on equity was 8.9 percent and adjusted for non-recurring items 8.7 percent in 2015. Lantmännen's equity ratio target is 40 percent. The equity ratio was 42.2 percent at the end of 2015.

Risk management – significant risks and uncertainties

Risks are inherent in all business activity. Risks can arise from mismanagement or events and decisions outside Lantmännen's control. Identifying and managing risks is an integral part of strategic planning and operational management and control. Continuous business intelligence and internal and external dialogue with stakeholders are crucial to risk identification.

Lantmännen's Code of Conduct

Responsibility from field to fork is part of Lantmännen's strategy for long-term profitability and thriving farming. Work on sustainable business development is integrated into Lantmännen's strategic business planning and is firmly established at both Group management and Board level. Business managers are responsible for implementing this in the daily operations.

Lantmännen's Code of Conduct provides guidelines for social and environmental responsibility in the different special areas that are relevant to Lantmännen's operations, and these are based on the Global Compact's ten principles on human rights, labor, the environment and anti-corruption. Implementation of the Code of Conduct throughout the organization is a key part of risk management for these issues. Compliance with the Code is monitored annually by Group management. Members of Group management responsible for the code serve on a CSR committee, with overall responsibility for implementation and monitoring of the work and decisions on policy issues.

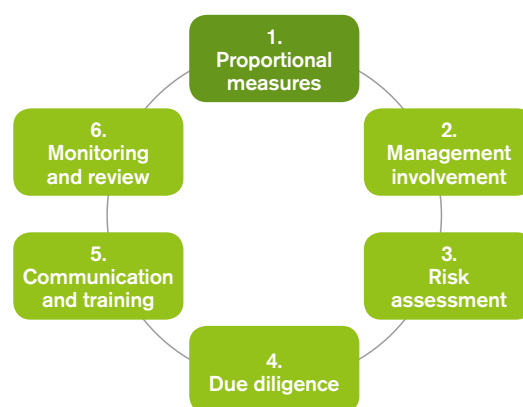
Compliance and monitoring

Lantmännen has decided to strengthen compliance and monitoring of its regulatory framework for anti-corruption and competition law by adopting a Business Ethics Compliance program. The compliance program will include regular risk assessment, and communication, control and training will be implemented in a number of areas related to anti-corruption and competition law.

Lantmännen sets high standards for ethical conduct and business ethics, and works to combat all forms of corruption and to promote free and fair competition. The Code of Conduct emphasizes that there is zero tolerance for violation of anti-corruption or competition laws. The compliance program requires annual reporting to the Board and Group management on compliance, risk assessment and any associated measures.

The compliance program is based on six main principles. The first means that activities within the framework of the program should be proportional to the risks involved in each business. A new position, Group Compliance Officer, has been established and will lead work under the compliance program. This work encompasses advisory services, policies, training and tools to prevent, detect and take action against illegal or unethical behavior.

Lantmännen's compliance program



The compliance program is based on six main principles. The first (1.) means that activities within the framework of the program should be proportional to the risks involved in each business. The other five principles (2.-6.) provide guidance on how the first principle should be applied.

Strengthened organization

To better support the grain business and strengthen the Group's control and focus on commodity risks, Lantmännen has introduced a new central department called Group Risk Management. The new department will focus on commodity risks, in the form of, for example grain, feed raw materials, electricity and gas, as well as insurance and associated risk prevention.

Control and management

Strategic risks are largely dealt with as part of the annual strategy work, with the Group Board as the ultimate decision-making body. Operational risk management is based on a proactive risk management process, a number of central risk policies and the Code of Conduct. Financial and risk policies are evaluated and ratified by the Group Board.

Lantmännen's Board is responsible to the owners for the Company's risk management. Group management regularly reports on risk issues to the Board and its Audit Committee. Risk identification and continuity planning are an important part of every manager's responsibility.

Lantmännen's Risk Committee is responsible for ensuring compliance with the Group Board's adopted risk mandates, and reports to the Board's Audit Committee on a monthly basis.

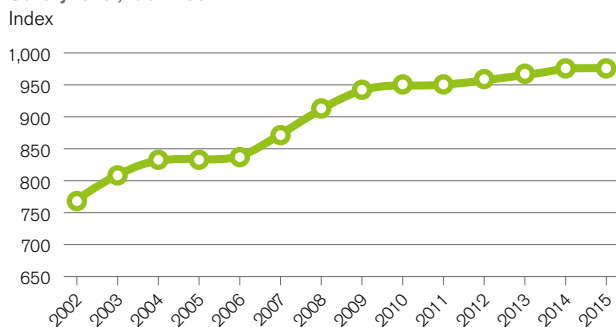
Integrated risk management

Lantmännen's risk management is established as an *ERM (Enterprise Risk Management) process*, where risks are annually identified, assessed and reported as part of the strategy and business planning process. Lantmännen also has a risk screening tool for managing risks associated with the Code of Conduct. Risk screening is conducted by type of business, country and raw material and is then measured against available risk indexes from established organizations, such as Transparency International's corruption index and the World Business Council for Sustainable Development's water resources survey.

Systematic work environment and safety program

Lantmännen works constantly to identify, analyze and address risks, both at Group and local level. All strategically important facilities are inspected regularly on the basis of Lantmännen's policies and guidelines. A safe work environment is a high priority and Lantmännen works continuously to identify and address risks in this area. Since 2009, there has been regular monitoring of work environment programs throughout the organization, with annual reporting to Group management.

Safety level, facilities



The curve shows how Lantmännen's loss prevention leads to continuous improvement. We constantly sharpen requirements in order to achieve a higher safety level.

Constant improvements in work environment and safety training at the facilities, and loss prevention inspections have resulted in a significant improvement in the safety level and employees' safe behavior. This has resulted in a lower risk of personal injuries and production disruptions, and the number of workplace accidents per year has fallen by 12 percent since 2014. In addition to improving life for employees, Lantmännen's systematic safety work is also favorably viewed by insurance companies, both during claim settlements and in premium negotiations.

Lantmännen's loss prevention work

Lantmännen's risk management function is responsible for Lantmännen's global insurance portfolio, which includes property, product liability, general liability and transport. Lantmännen and the insurance companies work together to analyze claims and propose preventive measures. Lantmännen has its own insurance company, which has made it possible to minimize the Group's insurance expenses.

Lantmännen's risk categories

Strategic risks

Strategic risks are associated with business development and long-term planning, and Lantmännen's brand. The most significant strategic risks are concerned with adapting the business to economic changes and conducting effective business development in line with Lantmännen's brand promises.

Lantmännen's Group management establishes the strategic risk levels with the Board. 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.

The main strategic risks include external risks, notably changes in the economy, trends, competition and overall brand positioning, as well as political decisions and regulatory changes in the markets in which Lantmännen is active.

Some of Lantmännen's sourcing, production and sales take place in Russia and Ukraine. The troubled situation in the Middle East has displaced millions of people, resulting in an uncertain security situation. An uncertain external situation may have an impact on the association's operations, earnings, financial position and prospects.

Operational risks

Operational risks are an element of the Sectors' day-to-day operations, and include commodity price risks and handling errors that compromise 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 in the Group. A large number of the operational



risks are also insurable. Risks associated with compliance with laws and regulations, financial reporting and internal control also come under the category of operational risks.

Lantmännen uses the financial markets to manage price risk in commodity purchases, sales of ethanol and the purchase of energy such as electricity and gas. Long-term hedging of prices increases predictability and evens out price volatility. Price risks are managed within the financial policy. The importance of a systematic and preventive approach to operational risks increases as capacity utilization of Lantmännen's plants grows and integrated operating processes are introduced.

As handling errors can also occur at Lantmännen's suppliers' premises, it is important to conduct audits with follow-up of suppliers and the goods Lantmännen purchases. Lantmännen's Supplier Code of Conduct specifies ethical, environmental and H & S requirements that all suppliers must agree to comply with, and all suppliers are risk-assessed against this.

Financial risks

Lantmännen is exposed to financial risks that could cause fluctuations in earnings, cash flow and items in the statement of financial position. The management of these risks is described in the financial policy, which is Lantmännen's overall governing document for financial risks. Financial status reporting and compliance with the financial policy are regularly reported to Group management and the Group Board. Agreements have been signed with a number of banks in order to safeguard Lantmännen's long-term financing.

The central treasury function is responsible for financing, control of risk, liquidity planning, payment solutions and capital efficiency projects. Risk consolidation and control minimizes the actual risk and also the costs of measures such as hedging currency flows.

Financial transactions with a financial or commercial counterparty are subject to credit risk, which is minimized by credit control of customers and 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.

Every year, Lantmännen handles large volumes of grain sourced locally in Sweden or internationally. The grain is then sold to external customers or internally to Lantmännen's industries. A constantly changing market price exposes Lantmännen to risk when buying and selling. Commodity risk can be minimized by matching purchases and sales or hedging the price in the financial markets.

Lantmännen uses a risk management system to measure and manage risk in the grain chain, from sourcing and grain trading to the finished product. The system measures the volume and value of each commodity position. This is compared with the risk that each business unit is allowed to take under the established risk policy.

Financial risk management is described in more detail in [note 23](#).

Events after the end of the reporting period

From 2016, Lantmännen's member organization is divided into 19 districts with new forms of work and closer cooperation with Lantmännen Lantbruk and Lantmännen Maskin.

Lantmännen Maskin acquired Kalmar Lantmän's machinery business on January 1. Inventories and equipment were taken over and all 40 or so employees in Kalmar Lantmän's machinery operations were offered employment with Lantmännen Maskin. The business has a turnover of approximately MSEK 160. Lantmännen Lantbruk is also increasing its presence in the Kalmar region, and Lantmännen's owner organization was strengthened by the recruitment of a member services officer for the region.

Lantmännen and the Danish agricultural company DLG (Dansk Landbrugs Grovvarereselskab) are strengthening and expanding the existing agricultural cooperation by establishing a new jointly-owned company for international operations, Lantmännen DLG International (LDI). Lantmännen and DLG will each own 50 percent of the new company. The purpose of the new company is both to expand the position in markets and businesses where Lantmännen and DLG already have a strong partnership and to expand into new, mainly European, markets by concentrating efforts in the joint company. The expanded cooperation does not affect the two companies' home markets.

In January, Lantmännen's partly-owned company Viking Malt signed an agreement to acquire Danish Malting Group (DMG) from Carlsberg. DMG has one malting plant in Denmark and two in Poland, a turnover of approximately DKK 700 million and 88 employees. The transaction requires approval from the relevant competition authorities.

Lantmännen's partly-owned company HaGe Kiel in Germany has acquired all of the remaining shares in Roth Agrarhandel GmbH, making it the sole shareholder of the company. The acquisition gives HaGe Kiel further scope for increasing efficiency in its operations and for its customers. Roth Agrarhandel GmbH is one of Germany's leading private agricultural companies in the areas of inputs and grain. The company had a turnover of EUR 427.5 million in 2014. The acquisition requires approval from the European competition authorities.

Business environment

Global growth remains strong, although it is weaker in Europe. After a weak start, developments in the US and Eurozone took an upward turn. Consumers in the market are increasingly demanding products with high food safety, and organic and locally produced products.

Lantmännen's long-term Group strategy – Strategy 2020

The process of implementing Strategy 2020 is continuing as planned and the effects of the improvement initiatives are starting to be seen. The cost level has been reduced, efficiency has increased and the growth-creating measures are producing results. The acquisition of Vaasan in Finland is part of the strategy, and the integration of Vaasan into Lantmännen Cerealia and Lantmännen Unibake in order to create profitable growth is continuing successfully.

Lantmännen's assignment – to contribute to the profitability of owners' farms and optimize the return on capital in the association – is unchanged, with the farmer and grain value chain in focus. Lantmännen continues to develop its agribusiness in partnership with farmers.

To succeed in Lantmännen's objective – to be a leading player in the grain value chain from field to fork in the Baltic Sea region – requires close cooperation with owners and customers, and the right skills, the right leadership and an effective organization.

Outlook

The world's growing population and China's growing middle class are expected to continue to drive demand for agricultural commodities. This creates new opportunities to strengthen the development of the Sectors' businesses.

The Agriculture Sector has a focus on developing the grain-based international operations, with ownership interests around the Baltic Sea playing a central role. In the Swedish

agribusiness, customer-focused business development with the agricultural enterprise at the center is crucial

The Machinery Sector's farm machinery markets are expected to continue to decline, while the construction machinery markets remain stable. Farm machinery customers in Sweden and Denmark, and construction machinery customers in the Baltic region are expected to maintain a cautious approach to new investments. Customers prioritize high utilization of existing machinery, and both demand in the servicing market and spare part sales are expected to be stable. An increasingly intense competitive situation for spare parts and workshop services requires a greater focus on expanding the products and services offered to customers in response to price competition from external players.

The Energy Sector's market conditions continue to improve and demand for ethanol with high climate performance in Germany is expected to persist. Lantmännen Agroetanol's development projects associated with new products and markets, such as ethanol-based fuel for adapted diesel engines and different applications for industrial alcohol, are continuing. Grain is the main raw material, but work continues to complement the raw material base with alternative raw materials such as waste bread. Prospects for continuing growth are considered good for Lantmännen Reppe and Lantmännen Aspen.

The Food Sector is working to further strengthen and focus on innovation and business and product development in the grain value chain, with a focus on health, organics and sustainability. The strong competition is expected to persist, particularly from private labels and other suppliers' brands. Efforts to streamline operations continue, as does the development of new products and solutions to meet consumers' and customers' demands and needs. Another important area for the future is to analyze the value chain for rye and rye products, which will result in a clearer rye strategy for Lantmännen.

Lantmännen Real Estate is expected to continue to deliver stable results, but growth in market rents in Sweden is expected to slow down in 2016, due to reduced demand for premises.

Group Net sales and earnings

- ▶ Lantmännen's net sales amounted to MSEK 35,660 (32,666)
- ▶ Operating income declined to MSEK 1,351 (1,453).
- ▶ Operating income adjusted for items affecting comparability increased to MSEK 1,351 (851)
- ▶ The acquisition of the Vaasan bakery group in June accounted for MSEK 1,913 of net sales.
- ▶ The divestment of Lantmännen Doggy generated a capital gain of MSEK 110.

Net sales

Lantmännen's net sales for the year amounted to MSEK 35,660 (32,666), an increase of 9 percent. Adjusted for acquired and divested operations, net sales were 6 percent higher than in the previous year. Currency effects had a positive impact of 1 percent on net sales for the year.

Operating income

Lantmännen's operating income was MSEK 1,351 (1,453). On a net basis, items affecting comparability had an impact of MSEK 0 (602) on operating income. On a gross basis, items affecting comparability were as follows: a capital gain of MSEK 110 on the divestment of Lantmännen Doggy, restructuring costs of MSEK -45 in the Agriculture Sector and costs of MSEK -65 associated with the integration of Vaasan's operations. The previous year's net items affecting comparability were MSEK 602. Adjusted for items affecting comparability, operating income was MSEK 1,351 (851). Operating income adjusted for items affecting comparability and acquired and divested operations was MSEK 1,292 (877). Operating income improved in all Sectors, with the largest increase in the Agriculture and Energy Sectors. Currency effects had an impact of MSEK 3 (7) on operating income.

Net financial income and income after financial items

Net financial income amounted to MSEK -105 (-111). Net financial income for the year has been affected by both negative and positive factors. Net debt has increased with the acquisition of Vaasan, while market interest rates have fallen. In addition, a change to the loan structure means that loans with higher interest rates have been replaced by loans with lower rates. Net financial income has also been affected by higher dividends and improved exchange gains/losses. Income after financial items totaled MSEK 1,246 (1,342) and adjusted for items affecting comparability MSEK 1,246 (740).

Tax and income after tax

Tax expense for the year was MSEK 156 (117). Lantmännen's tax expense was affected by a non-taxable capital gain and the fact that dividends, including refunds and final price adjustments, from Lantmännen ek för are tax deductible.

The Group's income after tax amounted to MSEK 1,090 (1,255), with MSEK 1,088 (1,217) of this figure attributable to members of the economic association and MSEK 2 (8) to non-controlling interests (minority ownership) in the Group's subsidiaries.

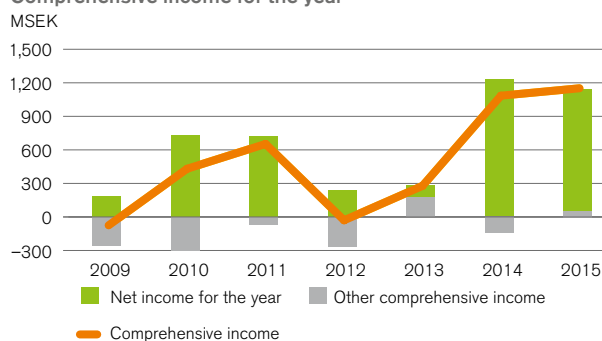
The Group's items affecting comparability *

MSEK	2015	2014
Recognized operating income	1,351	1,453
<i>Items affecting comparability in operating income:</i>		
Capital gains on sale of operations	110	731
Restructuring costs, Agriculture Sector	-45	-50
Restructuring costs, Food Sector	-	-79
Restructuring costs, Vaasan acquisition ¹⁾	-65	-
Total items affecting comparability in operating income	0	602
Operating income, adjusted for items affecting comparability	1,351	851
Recognized income after financial items	1,246	1,342
Items affecting comparability in operating income according to above	-	602
Income after financial items adjusted for items affecting comparability	1,246	740
Net income for the year adjusted for items affecting comparability	1,066	595
Return on equity, adjusted for items affecting comparability, %	8.7	5.1
Return on operating capital, adjusted for items affecting comparability, %	7.5	5.3

* See also ▶ note 9.

¹⁾ MSEK 41 of which is reported in the Food Sector.

Comprehensive income for the year



Consolidated Income statement

MSEK	Note	2015	2014
Net sales	3, 4	35,660	32,666
Other operating income	4	796	1,187
Changes in inventories of finished goods and work in progress		57	-15
Capitalized work for own account		0	2
Raw materials and consumables		-11,384	-12,312
Merchandise		-11,508	-8,894
Employee benefits expense	5	-5,169	-4,741
Depreciation, amortization and impairment	6	-1,222	-1,103
Other operating expenses	7	-5,982	-5,439
Share of income of equity accounted companies	15	103	102
Operating income	9, 10	1,351	1,453
Finance income	8	106	118
Finance costs	8	-211	-229
Income after financial items		1,246	1,342
Tax	11	-156	-117
Net income for the year		1,090	1,225
Net income for the year attributable to:			
Members of the economic association		1,088	1,217
Non-controlling interests		2	8

Consolidated Statement of Comprehensive Income

MSEK	Note	2015	2014
Net income for the year		1,090	1,225
Other comprehensive income	21		
<i>Items that will not be reclassified to the income statement</i>	24		
Actuarial gains and losses on defined benefit pension plans		211	-313
Tax on actuarial gains and losses		-46	70
Total		165	-243
<i>Items that will be reclassified to the income statement</i>			
Available-for-sale financial assets, net of tax		13	24
Cash flow hedges, net of tax		62	7
Exchange differences on translation of foreign operations		-189	182
Net gain on hedge of net investment in foreign operations, net of tax		56	-174
Tax attributable to items that will be reclassified		-34	37
Total		-92	76
<i>Share of OCI in equity accounted companies</i>			
Items that will be reclassified to the income statement		-12	27
Total		-12	27
Other comprehensive income, net of tax		61	-140
Total comprehensive income		1,151	1,085
Total comprehensive income attributable to:			
Members of the economic association		1,149	1,077
Non-controlling interests		2	8

Performance per business area (for full segment information, see note 3)

MSEK	Agriculture Sector		Machinery Sector		Energy Sector ¹⁾		Food Sector ³⁾		Lantmännen Real Estate ¹⁾		Lantmännen Group	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Net sales	10,907	10,337	10,323	9,484	2,874	2,985	13,073	11,180	454	470	35,660	32,666
Operating income	192	6	255	181	218	61	692	442	314	223	1,351	1,453
Return on operating capital, %	4.6	0.1	14.0	8.6	19.2	5.2	6.7	5.7	20.1	15.6	7.5	9.1
Operating income, adjusted for items affecting comparability	237	56	255	181	218	61	733	521	187 ²⁾	168 ²⁾	1,351	851
Return on operating capital, adjusted for items affecting comparability, %	5.7	1.4	14.0	8.6	19.2	5.2	7.1	6.7	12.0 ²⁾	11.7 ²⁾	7.5	5.3

¹⁾ Lantmännen's heating operations are included in Lantmännen Real Estate from 2015. The 2014 figures have been adjusted.

²⁾ Operating income and return on operating capital excluding property sales.

³⁾ Vaasan is included in the Sector from June 2015. The associated company Scandi Standard was included in the Sector until May 2014.

Agriculture Sector

The Agriculture Sector's net sales showed an improvement from the previous year and operating income adjusted for items affecting comparability was higher than in the previous year, at MSEK 237 (56). The improvement is mainly due to the continued efficiency measures and restructuring improvements that were implemented during the year, together with extensive efforts to strengthen Lantmännen's position and customer proximity in the market. Production costs continued to decline in 2015. The year's large harvest has also contributed to some extent, through increased volumes mainly in the grain business.

The 2015 Swedish harvest was the largest in a very long time: a total of 2.7 million tonnes were delivered to Lantmännen's grain receiving facilities, which is almost 500,000 tonnes more than the previous year. Lantmännen's harvesting has progressed well, with generally satisfied customers and suppliers, which shows that Lantmännen has the capacity to handle even very large grain volumes efficiently.

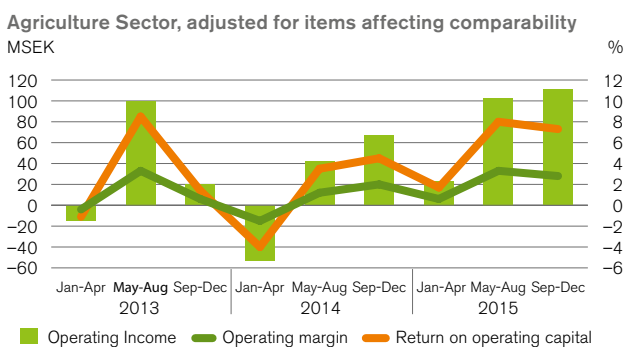
The seed and forages area shows stable development, and sales of seed for next year began during the last four-month period of the year with good results. The feed business has also developed positively during the year, particularly due to the successful launch of a new Nötfor range, which was well received. The new range provides higher feed efficiency, which contributes to better conditions for profitable milk production.

The merchandise business has shown a stable trend, with good fertilizer sales during the third four months.

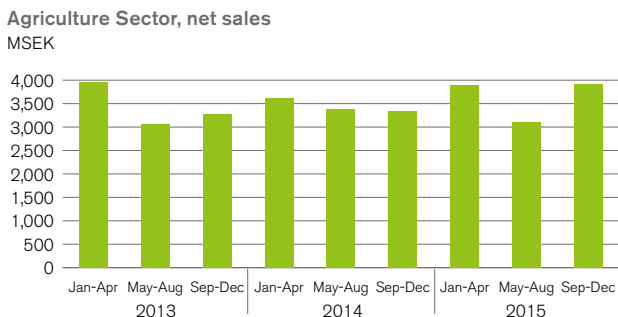
Scandagra Group, the Sector's partly-owned holding in the Baltic region, developed very positively, with increased market shares and new customers.

The earnings trend for HaGe Kiel, Lantmännen's partly-owned company in Germany, was weaker than expected. Several initiatives are being implemented to increase efficiency and reduce the company's costs, and new management took over in fall 2015.

The process of implementing Lantmännen's long-term strategy, Strategy 2020, in the Agriculture Sector is continuing as



Agriculture-related operations	Lantmännen Lantbruk Sweden		Lantmännen Maskin Sweden	
	2015	2014	2015	2014
MSEK				
Net sales	10,798	10,097	3,137	2,955
Operating income	96	-42	-10	-38
Return on operating capital, %	3.2	-1.5	-1.2	-4.6
Operating income, adjusted for items affecting comparability	141	8	-10	-38
Return on operating capital, adjusted for items affecting comparability, %	4.7	0.3	-1.2	-4.6



planned. A particularly strong focus is being placed on contributing to value creation in Swedish farming. Important areas include continued measures to further strengthen customer proximity in the sales organization and simplification of the entire business process for Lantmännen's customers in all business areas.

Machinery Sector

The Machinery Sector's net sales were higher than in the previous year. Operating income was MSEK 255 (181), which is an increase from the previous year.

The tractor market in the Nordic region continues to decline. Total tractor sales in Sweden in 2015 fell by 6 percent compared with the previous year, and the overall market has declined by about 30 percent over the last three years. In Denmark, the market in 2015 showed a 5 percent decline from the previous year, while in Norway, the market declined by about 2 percent.

To counteract the effects of the market decline, all businesses have been conducting extensive measures to increase efficiency and strengthen availability to customers, and this has been a major contributing factor to the improved financial results. Lantmännen maintains its leading position in the shrinking Swedish market and Valtra was back as market leader in 2015 with a market share of approximately 24 percent. In the second four-month period, cooperation began with a number of independent workshops in Sweden, which now offer spare parts from Lantmännen for all manufacturers' models, and this has been well received.

During the third four-month period, an extended cooperation agreement was signed with the machinery manufacturer AGCO in Scandinavia. Under the agreement, Lantmännen takes over responsibility for imports of Massey Ferguson's entire product range, with the nationwide distribution network of private dealers remaining in place. In addition to Massey Ferguson and Valtra, Lantmännen will also be able to offer customers the entire Fendt product range. The current contract with Claas will not be extended when it expires, which is 2016 for Norway and 2018 for Sweden and Denmark. During the third four-month period, Lantmännen also signed an agreement to take over Kalmar Lantmän's machinery operations with effect from January 1, 2016.

In December, Lantmännen Maskin received a major order from the Swedish armed forces, which includes 38 Valtra N Series tractors.

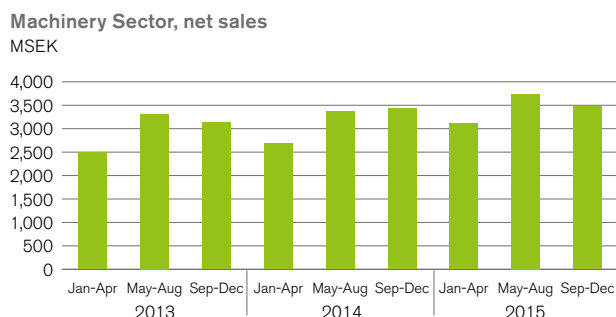
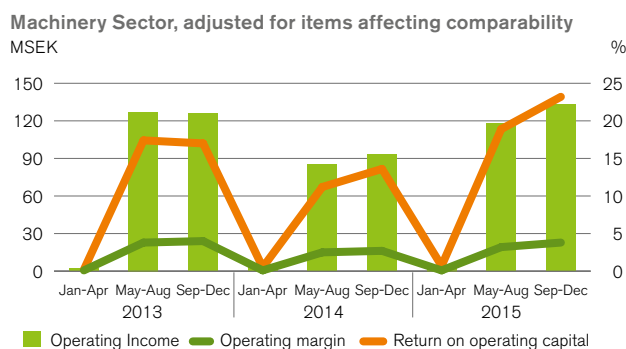
Swecon continues to develop positively, particularly in Sweden, where the construction machinery market has recovered more quickly than expected. This is partly because customers have been waiting for the launch of new machine models, but it is also due to several newly-started infrastructure and construction projects, mainly in metropolitan areas. Swecon's used spare parts business in Sweden, which began in the second four-month period, has been successful so far. Reusing used spare parts helps to reduce parts costs for owners of older machines and is positive from a sustainability perspective. The German market remains stable, although competition has continued to intensify. Swecon's Baltic operations continue to develop according to plan.

The cooperation between Agro Oil's lubricant operations and Lantmännen Maskin and Swecon was expanded during the year, with a view to improving coordination of sales activities and increasing proximity to customers.

Energy Sector

The Energy Sector's net sales for 2015 were in line with the previous year. Operating income was MSEK 218 (61), which is higher than in the previous year. The higher operating income is mainly attributable to a strong improvement in earnings for Lantmännen Agroetanol. Lantmännen Aspen and Lantmännen Reppe also performed positively.

Lantmännen Agroetanol continuously improved its earnings during the year. The new German policy instruments for biofuels, which were introduced earlier this year and reward environmental performance rather than volumes, have been a major contributory factor. An increased proportion of produced ethanol is now being sold in the German market, where demand for Agroetanol's sustainable ethanol has continued to rise. Intensive work has also been implemented to reduce costs, use alternative raw materials and utilize by-products from ethanol production. Sales of Agro Cleanpower 95, an ethanol fuel for buses and trucks, increased during the year.





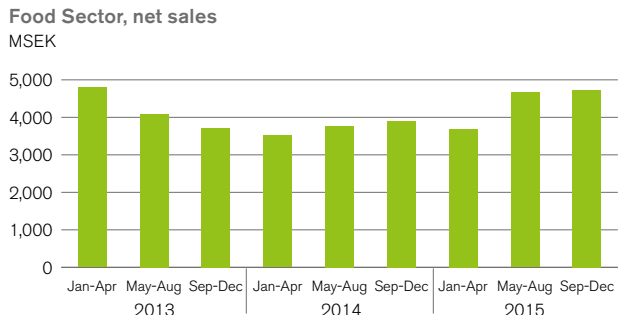
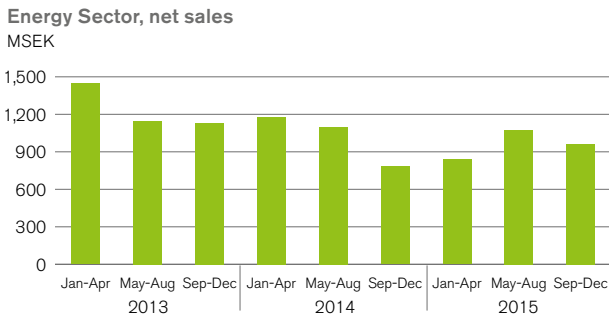
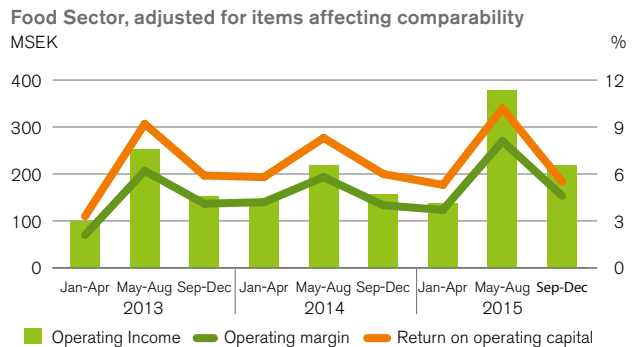
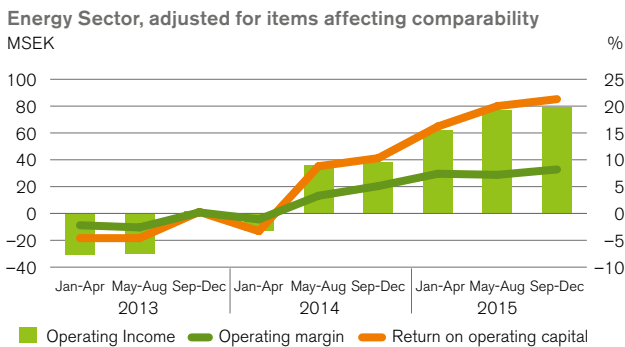
Lantmännen Reppe was quickly back in full production after the explosion that occurred at one of the company's facilities in May, and the facility is producing at full capacity again. The focus on more high value-added products has continued as planned, with good results, and sales of starch to the paper industry began during the year.

Lantmännen Aspen continues to deliver good results and has shown growth in sales from the previous year, mainly through successful customer development and growth initiatives in several markets. Sweden, the Netherlands, Norway and Denmark are among the markets that have shown the strongest growth during the year.

Food Sector

The Food Sector's net sales were higher than in the previous year. This was largely due to the acquisition of the Vaasan bakery group, which has been part of the Sector since June 2015. The Sector's operating income adjusted for items affecting comparability was higher than in the previous year at MSEK 733 (521). The increase is largely attributable to continuing improvements in earnings for Lantmännen Unibake and the additional income from Vaasan.

The Sector's composition has changed considerably during 2015. This is partly due to the Vaasan acquisition in June and partly due to the divestment of Lantmännen Doggy, which was also conducted during summer. The integration of Vaasan's operations into Lantmännen Cerealía and Lantmännen Unibake has proceeded very well.





Lantmännen Cerealia is showing stable development and a number of initiatives for the future were started during the year. These include investments in Strängnäs Valskvarn and the pancake business in Laholm. A strong focus was also placed on innovative customer offerings and product development, resulting in several new product launches. Examples include the “Go Raw” food concept and nut-based smoothies from GoGreen, Swedish-grown beans and Kungsörnen’s new wheat flour that reduces the carbon footprint throughout the chain from field to fork by up to 20 percent. In fall, the Chinese authorities also granted Lantmännen an import permit for processed oat products, which represents an opportunity for further growth in a new market for Cerealia.

Lantmännen Unibake has further strengthened its results during the year, with strong improvements in earnings, mainly in the international operations. Continuous improvements have been made in the operations during the year, largely through increased production efficiency and lower purchase costs. The higher earnings are also due to the majority of the growth being in more high value-added categories and countries with higher margins.

In October, the first ground was broken in the construction of a new, modern bakery in Nowa Sól in Poland, which will include three high-efficiency production lines. In June, a fire broke out at Unibake’s production facility in Londerzeel in Belgium, totally destroying the bakery. Despite the fire,

Unibake ensured it was able to maintain deliveries to customers, and the plant was insured for property damage and production interruption costs. A new, ultra-modern bakery will be rebuilt in 2016.

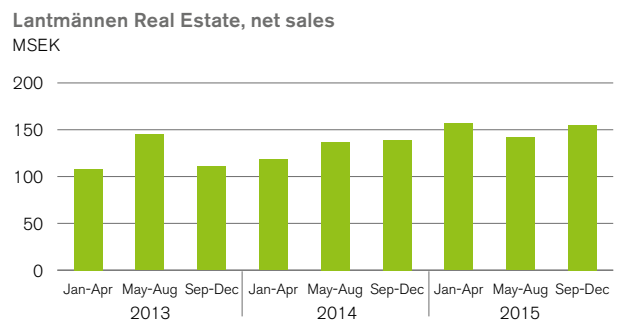
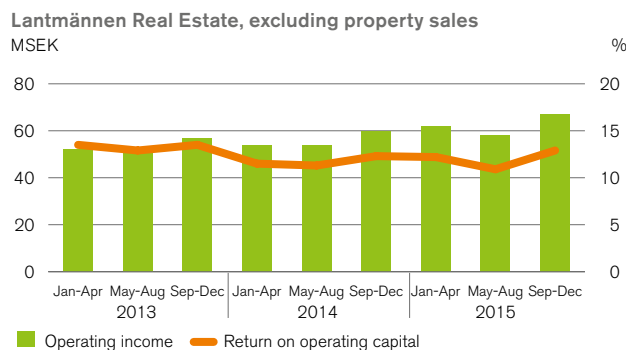
Lantmännen Real Estate

Lantmännen Real Estate’s net sales were in line with the previous year. Operating income including property sales was MSEK 314 (223). Operating income excluding income from property sales was MSEK 187 (168). The higher income is partly due to an increase in the proportion of external leasing compared with the previous year and partly due to improved results for the heating operations compared with the previous year.

A number of property transactions were conducted during the year. In connection with the divestment of Doggy, the industrial properties in Vårgårda where Doggy’s operations are conducted were sold and a food retail property in Avesta was acquired. In addition, a property company with an industrial building in Valla was sold.

During the year, a new sustainable energy installation was opened at Lantmännen Maskin in Uppsala, which uses solar energy to provide electricity to the premises.

Lantmännen Real Estate’s heating operations showed positive development, and continue to focus on attracting new subscribers.



Consolidated Statement of financial position

MSEK	Note	2015 Dec 31	2014 Dec 31
ASSETS			
Non-current assets			
Property, plant and equipment	12	7,113	6,612
Investment properties	13	586	566
Goodwill	14	4,424	2,915
Other intangible assets	14	2,782	752
Equity accounted holdings	15	1,690	1,512
Surplus in funded pension plans	24	14	-
Non-current financial assets	16	697	918
Deferred tax assets	11	371	322
Other non-current assets	17	8	10
Total non-current assets		17,685	13,607
Current assets			
Inventories	18	5,545	5,379
Trade and other receivables	19	5,407	4,723
Current interest-bearing assets	20	174	345
Current tax assets	11	18	19
Cash and cash equivalents	20	1,252	3,058
Total current assets		12,396	13,524
TOTAL ASSETS		30,081	27,131

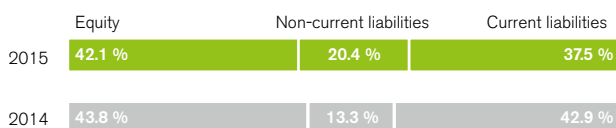
MSEK	Note	2015 Dec 31	2014 Dec 31
EQUITY AND LIABILITIES			
Equity			
Member contributions		2,146	1,977
Other contributed capital		2,775	2,625
Reserves		-169	-65
Retained earnings		7,908	7,322
Total equity attributable to members of the economic association		12,660	11,859
Non-controlling interests		21	17
Total equity	21	12,681	11,876
Non-current liabilities			
Non-current interest-bearing liabilities	22, 23	4,897	2,600
Provisions for pensions	24	360	517
Deferred tax liabilities	11	612	200
Other non-current provisions	25	227	227
Other non-current liabilities	26	39	54
Total non-current liabilities		6,135	3,598
Current liabilities			
Current interest-bearing liabilities	22, 23	3,230	4,601
Trade and other payables	27	7,608	6,573
Current tax liabilities	11	73	59
Current provisions	25	354	424
Total current liabilities		11,265	11,657
TOTAL EQUITY AND LIABILITIES		30,081	27,131

Pledged assets and contingent liabilities, see note 33.

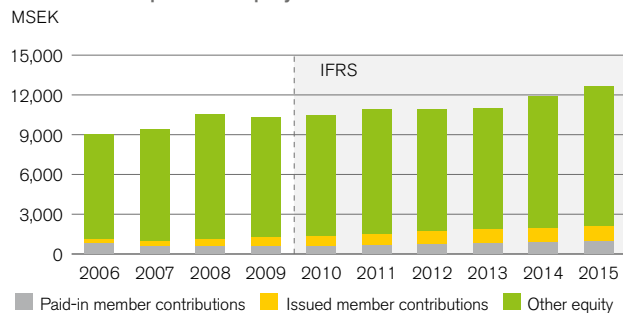
Distribution of the Group's assets



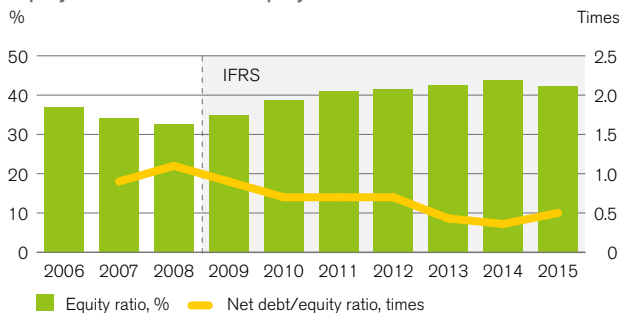
Distribution of the Group's equity and liabilities



Contributed capital and equity



Equity ratio and net debt/equity ratio



- The equity ratio was 42.2 (43.8) percent.
- Return on equity was 8.9 (10.6) percent.
- Return on operating capital was 7.5 (9.1) percent.
- The Group's average operating capital increased to MSEK 18,077 (15,916) as an effect of the Vaasan acquisition.
- The capital turnover rate was 1.8 (2.1) percent.

The acquisition of Vaasan has had a significant effect on the statement of financial position. The acquired assets and liabilities in Vaasan are as follows: goodwill MSEK 1,677, other intangible assets MSEK 2,155, property, plant and equipment MSEK 813, cash and cash equivalents MSEK 247 and other net assets MSEK -433.

Assets and investments

Total assets were MSEK 30,081 (27,131) at the end of the year, an increase of MSEK 2,950. This was despite the value of the Swedish krona strengthening against many of Lantmännen's major currencies during the year, which reduced the value of balance sheet items from foreign subsidiaries.

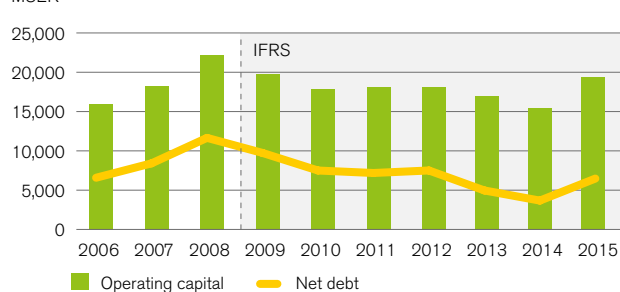
Property, plant and equipment amounted to MSEK 7,113, compared with MSEK 6,612 in the previous year. Investments in property, plant and equipment amounted to MSEK 1,170 (1,006) and were largely related to replacement investments in operations and Lantmännen Cerealia's investment in the mill in Strängnäs and in a new pancake line in Laholm.

Investments in intangible assets for the year amounted to MSEK 40 (20).

Total intangible assets were MSEK 7,206 (3,667), an increase of MSEK 3,539, which is attributable to the acquisition of Vaasan.

Current assets excluding cash and cash equivalents increased by MSEK 678, from MSEK 10,447 to MSEK 11,144. The change was due to increased trade and other receivables as an effect of the Vaasan acquisition.

Operating capital and net debt



Liabilities and equity

Group equity amounted to MSEK 12,681 (11,876) at the end of the year, MSEK 21 (17) of which was attributable to owners other than the members of the economic association, i.e. non-controlling interests in Group companies. Net income after tax increased equity by MSEK 1,090 (1,225), while dividends and changes in the association's contributed capital reduced equity by MSEK 348 (237).

Items recognized in other comprehensive income (e.g. remeasurement effects) increased equity by MSEK 61 (-140).

The Group's net debt amounted to MSEK 6,476 (3,674) at the end of the year, an increase of MSEK 2,802, which is largely an effect of the acquisition of Vaasan. The composition of net debt has changed, with a bond issue of MSEK 1,250 through an MTN program and an issue of subordinated debentures totaling MSEK 250.

The Group's liquidity at the end of the year was MSEK 4,064 (3,932) and is calculated on the basis of Lantmännen's current loan agreements and their covenants. At the end of 2015, Lantmännen was operating within the framework of its existing loan covenants.

The equity ratio was 42.2 (43.8) percent at the end of the year.

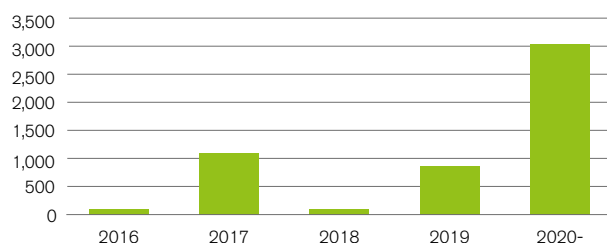
Net debt

MSEK	2015	2014
Liabilities to credit institutions	3,244	3,474
Issued securities, MTN loans	1,245	-
Savings and deposit accounts, members et al.	3,152	3,204
Pension liabilities	360	517
Subordinated debentures	250	-
Other interest-bearing liabilities	236	524
Total interest-bearing liabilities	8,487	7,719
Surplus in funded pension plans	14	-
Other interest-bearing assets	746	987
Short-term investments, maturity less than 3 months	261	2,094
Cash and bank balances	990	964
Total interest-bearing assets	2,011	4,045
Group's net debt	6,476	3,674

Shares held on an operational basis are reported under financial assets in the statement of financial position, but are not included in net debt; instead, they are reported as part of the Group's operating capital. Their value was MSEK 125 for 2015 and MSEK 276 for 2014.

Maturity profile of interest-bearing financial liabilities

Including future interest payments, MSEK



Consolidated Statement of cash flows

MSEK	Note	2015	2014
OPERATING ACTIVITIES			
Operating income		1,351	1,453
Adjustment for non-cash items ¹⁾		983	166
		2,334	1,619
Financial items paid, net	34:1	-76	-180
Taxes paid		-99	-77
Cash flow from operating activities before change in working capital		2,159	1,362
<i>Cash flow from changes in working capital</i>			
Change in inventories		-151	-165
Change in operating receivables		-318	265
Change in operating liabilities		477	305
		8	405
Cash flow from operating activities		2,167	1,767
INVESTING ACTIVITIES			
Acquisition of operations	34:2	-4,381	-338
Divestment of operations	34:3	227	1,403
Investment in property, plant & equipment	34:4	-1,216	-1,006
Investment in intangible assets		-40	-81
Sale of property, plant & equipment and intangible assets		445	390
Change in financial investments		124	-58
Cash flow from investing activities		-4,841	310
Cash flow before financing activities		-2,674	2,077
FINANCING ACTIVITIES			
Change in loans	34:5	1,194	-1,069
Paid-in contributed capital		123	138
Refunded capital contribution		-104	-64
Dividend paid		-314	-304
Cash flow from financing activities		899	-1,299
Cash flow for the year		-1,775	778
Cash and cash equivalents at beginning of year		3,058	2,295
Exchange gains/losses		-31	-15
Cash and cash equivalents at end of year	34:6	1,252	3,058

¹⁾ MSEK	2015	2014
Adjustment for non-cash items		
Depreciation, amortization and impairment of non-current assets	1,222	1,103
Share of income of joint ventures/associates	-86	-86
Capital gains/losses on sale of non-current assets and operations	-190	-801
Other items	37	-50
Total	983	166

- Positive cash flow from operating activities, amounting to MSEK 2,167 (1,767).
- Cash flow from investing activities MSEK –4,841 (310)
- Cash flow before financing activities was MSEK –2,674 (2,077).

Cash flow from operating activities

The cash operating surplus, i.e. cash flow before changes in working capital, gave a positive result of MSEK 2,159 (1,362). Cash flow from changes in working capital was MSEK 8 (405). The decline from the previous year is mainly attributable to increased operating receivables.

Cash flow from operating activities was therefore MSEK 2,167 (1,767).

Cash flow from investing activities

Acquisitions generated a cash flow of MSEK –4,381 (–338), mainly attributable to the Vaasan acquisition. Divestments generated a positive cash flow of MSEK 227 (1,403), attributable to the sale of Lantmännen Doggy AB. Investments in property, plant and equipment and intangible assets were a little higher than in the previous year at MSEK –1,256 (–1,087). Sales of property, plant and equipment and intangible assets generated a positive cash flow of MSEK 445 (390), mainly attributable to the sale of rental machinery in the Machinery Sector and property sales.

Cash flow from investing activities was therefore MSEK –4,841, compared with MSEK 310 in the previous year.

Cash flow before financing activities

Cash flow before financing activities was MSEK –2,674 (2,077). The change is primarily attributable to the Vaasan acquisition.

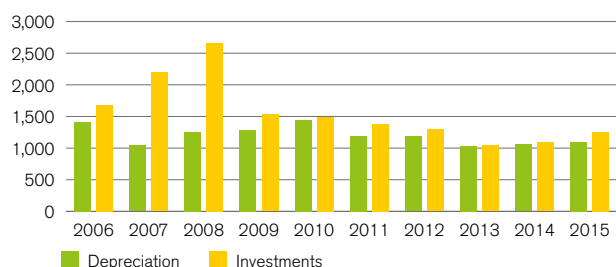
Cash flow from financing activities

Financing activities generated a cash flow of MSEK 899 (–1,299), mainly attributable to an increase of MSEK 1,194 in net loans to finance the Vaasan acquisition. The composition of net debt has changed, with a bond issue of MSEK 1,250 through an MTN program and an issue of subordinated debentures totaling MSEK 250. The majority of the dividend of MSEK –314 (–304) was distributed as follows: contribution dividends of MSEK –178 (–171) and refunds and final price adjustments of MSEK –135 (–129) to members of the association.

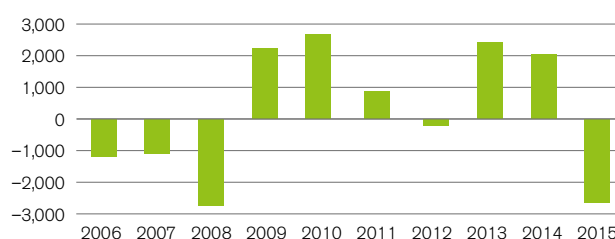
Cash flow for the year

Total cash flow for the year was MSEK –1,775 (778), which meant the Group's cash and cash equivalents were MSEK 1,252 (3,058) at the end of the year.

Depreciation/investments in property, plant & equipment
MSEK



Cash flow before financing activities
MSEK



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, 2014		1,903	2,602	-168	6,679	11,016	28	11,044
Net income for the year		-	-	-	1,217	1,217	8	1,225
Other comprehensive income, net of tax		-	-	103	-243	-140	-	-140
Total comprehensive income		0	0	103	974	1,077	8	1,085
Distributions to owners		-	23	-	-331	-308	-3	-311
Contributed capital paid in by members		138	-	-	-	138	-	138
Contributed capital paid out to members		-64	-	-	-	-64	-	-64
Buyout of non-controlling interest, Swecon AB etc.		-	-	-	-	0	-16	-16
Closing balance, December 31, 2014	21	1,977	2,625	-65	7,322	11,859	17	11,876
Net income for the year		-	-	-	1,088	1,088	2	1,090
Other comprehensive income, net of tax		-	-	-104	165	61	-	61
Total comprehensive income		0	0	-104	1,253	1,149	2	1,151
Distributions to owners		150	150	-	-667	-367	-	-367
Contributed capital paid in by members		123	-	-	-	123	-	123
Contributed capital paid out to members		-104	-	-	-	-104	-	-104
Buyout of non-controlling interest, CropTailor AB etc.		-	-	-	-	0	2	2
Closing balance, December 31, 2015	21	2,146	2,775	-169	7,908	12,660	21	12,681

More information about equity can be found in the Parent Company's statement of changes in equity on ► page 85 and in note 21.

Equity attributable to members of the economic association, MSEK	2015	2014
Contributed capital, paid in	986	931
Contributed capital, issued	1,160	1,046
Other equity	10,514	9,882
Total equity attributable to members of the economic association	12,660	11,859

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, Agro Oil and the corporate functions.

Member information

The number of members on December 31, 2015 was 27,032 (28,617). Refunded contributed capital is expected to amount to MSEK 56 (104) in 2016.

Net sales and operating income

Net sales amounted to MSEK 11,267 (10,602).

Operating income for the year was MSEK -97 (-180). The improved operating income compared with the previous year is an effect of improved results in Lantbruk and lower overhead costs.

Income after financial items

Income after financial items was MSEK 844 (-320).

Net financial income amounted to MSEK 941 (-140). This includes dividends of MSEK 917 (20), the majority of which are from Lantmännen Kycklinginvest AB and Lantmännen SW Seed AB. Net financial income was also affected by a foreign exchange gain of MSEK 53 (-196), mainly as a result of a stronger Swedish krona.

Investments

Investments in non-current assets for the year amounted to MSEK 415 (215). The increase from 2014 was due to internal brand acquisitions.

Subordinated debentures

New subordinated debentures totaling MSEK 250 were issued on January 15, 2015. The new subordinated debentures have a term of 5 years and mature on December 30, 2019. Previously issued subordinated debentures of MSEK 56 matured on December 30, 2014.

Equity ratio

The equity ratio at the end of the year was 44.1 (43.5) percent.

Human resources

The average number of employees was 1,049 (1,161).

APPROPRIATION OF PROFIT

Refund and final price adjustment

The Board has decided to pay a 2.0 (1.5) percent refund on members' purchases of inputs from Lantmännen Lantbruk Sweden and 0.5 (0.5) percent on their purchases from the Machinery Sector's Swedish operations. The Board has also

decided that a final price adjustment of 2.0 (1.5) percent will be paid for delivered grain, oilseed and grass seed. The total refund and final price adjustment is estimated at MSEK 189 (135).

The refund and final price adjustment are reported in the Parent Company's income statement. In the consolidated financial statements, the refund and final price adjustment are recognized directly in equity as a dividend.

Contribution dividend

The Board proposes that the AGM adopt a contribution dividend of 9 (9) percent, a total of MSEK 193 (178), on paid-in and issued contributions to direct members, organization members and local associations.

Contribution issue

The Board proposes that the AGM adopt a contribution issue of MSEK 50 (150). The issue capital will be distributed as follows: 75 percent based on members' paid-in and issued contributed capital and 25 percent on members' contribution-based turnover with the association in 2015.

In total, the proposed contribution dividend and contribution issue amount to 11 (17) percent of the association's contributed capital.

Subordinated debentures

The Board proposes that the AGM adopt a 6.5 (9) percent dividend on subordinated debentures, a total of MSEK 16 (5), based on the conditions in the subordinated debenture offer.

Proposal for appropriation of profit

The Board of Directors proposes that the Parent Company's unappropriated earnings of TSEK 6,912,580 be allocated as follows:

Contribution dividend	193,149 TSEK
Contribution issue	50,000 TSEK
Dividend on subordinated debentures	15,627 TSEK
Transferred to statutory reserve	120,000 TSEK
Carried forward	6,533,804 TSEK
Total	6,912,580 TSEK

Because of trading in contribution issues, the Board has decided that the date on which holdings give entitlement to a dividend, in the form of a contribution dividend, will be the date of the Annual General Meeting, May 12, 2016.

The dividend is calculated on the basis of the membership roll as updated on December 31, 2015. The contribution dividend amount may be changed as a result of changes in the membership roll up to May 12, 2016.

The 2015 Annual Report will be presented for adoption at the Annual General Meeting on May 12, 2016.

Parent Company **Income Statement**

MSEK	Note	2015	2014
Net sales, external		9,209	8,765
Net sales, intra-Group		2,058	1,837
Net sales, total	35	11,267	10,602
Change in products in progress, finished goods and work in progress for third parties		165	-86
Capitalized work for own account		0	1
Other operating income	35	198	251
		11,630	10,768
Operating expenses			
Raw materials and consumables		-7,518	-6,667
Merchandise		-1,742	-1,676
Other external costs	36	-1,511	-1,582
Employee benefits expense	5	-803	-872
Depreciation, amortization and impairment of assets		-153	-151
Total operating expenses		-11,727	-10,948
Operating income	37, 40	-97	-180
Income from financial items			
Income from investments in Group companies	38	934	26
Income from investments in joint ventures/associates	38	17	0
Income from other securities and receivables classified as non-current assets	39	-90	-20
Interest income from Group companies		236	234
Other interest and similar income		76	123
Interest expenses to Group companies		-57	-86
Other interest and similar expenses		-228	-221
Exchange differences, financial items	40	53	-196
Total financial items		941	-140
Income after financial items		844	-320
Refund and final price adjustment ¹⁾		-189	-137
Appropriations	48	-	0
Group contributions received		883	443
Group contributions paid		-21	-117
Income before tax		1,517	-131
Tax on net income for the year	41	-122	31
NET INCOME FOR THE YEAR		1,395	-100

¹⁾ The actual outcome for the 2013 refund and final price adjustment was MSEK 2 higher than the amount allocated in 2013. The difference was recognized as an expense in 2014.

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

Parent Company Statement of Financial Position

MSEK	Note	2015 Dec 31	2014 Dec 31	MSEK	Note	2015 Dec 31	2014 Dec 31
ASSETS				EQUITY AND LIABILITIES			
Non-current assets				Equity			
Intangible assets				Restricted equity			
Intangible assets	42	478	185	Member contributions		2,146	1,977
		478	185	Subordinated debentures		250	0
Property, plant and equipment				Restricted reserves			
Land and buildings	43	258	251			5,171	4,602
Investment properties	44	50	52	Non-restricted equity			
Plant and machinery		454	490	Retained earnings		5,518	6,101
Other non-current assets		101	124	Net income for the year		1,395	-100
		863	917			6,913	6,001
Non-current financial assets				Total equity			
Investments in Group companies	45	7,561	6,843			12,084	10,603
Investments in joint ventures/associates	15	1,183	1,063	Untaxed reserves	48	311	311
Receivables from Group companies		667	1,066	Provisions			
Receivables from joint ventures/associates		3	31	Provisions for pensions	49	5	4
Other non-current financial assets		110	259	Other provisions	50	136	160
Deferred tax asset	41	179	301	Total provisions		141	164
Other non-current assets		0	0	Non-current liabilities			
		9,703	9,563	Non-current interest-bearing liabilities		4,407	2,381
Total non-current assets		11,044	10,665	Other non-current liabilities		42	62
Current assets				Total non-current liabilities			
Inventories	46	2,270	2,252			4,449	2,443
Trade receivables		1,617	1,567	Current liabilities			
Receivables from Group companies		12,349	8,068	Current interest-bearing liabilities		-	1,000
Receivables from joint ventures/associates		30	11	Trade payables		2,029	1,964
Other current receivables		151	204	Liabilities to Group companies		6,308	6,092
Prepayments and accrued income	47	279	189	Liabilities to joint ventures/associates		32	0
		16,696	12,291	Other current liabilities	51	2,081	1,805
Short-term investments		0	1,791	Accruals and deferred income	52	548	528
Cash and bank balances		243	163	Total current liabilities		10,998	11,389
Total current assets		16,939	14,245	TOTAL EQUITY AND LIABILITIES		27,983	24,910
TOTAL ASSETS		27,983	24,910	Pledged assets	54	504	492
				Contingent liabilities	54	929	982

Parent Company **Statement of Cash Flows**

MSEK	2015	2014
OPERATING ACTIVITIES		
Operating income	-97	-180
Refund and final price adjustment	-135	-129
Adjustment for non-cash items ¹⁾	58	149
	-174	-160
Financial items paid, net ²⁾	867	2
Taxes paid	0	0
Cash flow from operating activities before changes in working capital	693	-158
<i>Cash flow from changes in working capital</i>		
Change in inventories	-18	-244
Change in operating receivables	-223	116
Change in operating liabilities	259	24
	18	-104
Cash flow from operating activities	711	-262
INVESTING ACTIVITIES		
Acquisition of shares and interests, owner contributions etc.	-1,002	-512
Divested operations, share capital repayments	202	277
Investment in property, plant & equipment	-104	-215
Investment in intangible assets	-311	0
Sale of property, plant & equipment and intangible assets	25	5
Change in financial assets	-1,045	2,827
Cash flow from investing activities	-2,235	2,382
Cash flow before financing activities	-1,524	2,120
FINANCING ACTIVITIES		
Group contributions paid, net	326	-339
Change in loans	-599	-1,456
Paid-in contributed capital	123	138
Refunded capital contribution	-104	-64
Paid in/repaid subordinated debentures	250	-56
Dividend paid	-183	-173
Cash flow from financing activities	-187	-1,950
Cash flow for the year	-1,711	170
Cash and cash equivalents at beginning of year	1,954	1,784
Cash and cash equivalents at end of year ³⁾	243	1,954
MSEK	2015	2014
¹⁾ Adjustment for non-cash items		
Depreciation, amortization and impairment of non-current assets	153	151
Capital loss on sale of non-current assets and operations	-95	-2
Total	58	149
²⁾ Financial items		
Dividends received	917	20
Interest received	329	343
Interest paid	-417	-154
Realized exchange gains/losses	38	-207
Total	867	2
³⁾ Cash and cash equivalents		
Cash and bank balances	243	163
Short-term investments, maturity less than 3 months	-	1,791
Total	243	1,954

Parent Company **Statement of changes in equity**

MSEK	Contributed capital	Subordinated debentures	Restricted reserves	Non-restricted equity	Total equity
Equity, Jan 1, 2014	1,903	56	2,602	6,297	10,858
Net income for the year	-	-	-	-100	-100
Dividend paid ¹⁾	-	-	-	-173	-173
Repaid subordinated debentures	-	-56	-	-	-56
Contributed capital paid in by members	138	-	-	-	138
Contributed capital paid out to members	-64	-	-	-	-64
Appropriation of profit	-	-	23	-23	0
Equity, Dec 31, 2014	1,977	0	2,625	6,001	10,603
Net income for the year	-	-	-	1,395	1,395
Dividend paid ¹⁾	-	-	-	-183	-183
Paid in subordinated debentures	-	250	-	-	250
Contributed capital paid in by members	123	-	-	-	123
Contributed capital paid out to members	-104	-	-	-	-104
Appropriation of profit	150	-	150	-300	0
Equity, Dec 31, 2015	2,146	250	2,775	6,913	12,084

¹⁾Contribution dividend MSEK -178 (-171), dividend on subordinated debentures MSEK -5 (-2), reported as interest expense in the Group.

MSEK 24 (11) of the contributed capital paid out comprises refunds resulting from changed investment obligation criteria for members, while MSEK 80 (53) comprises refunds to members who have left the association.

In 2016, an estimated MSEK 56 (104) in contributed capital will be refunded to members, distributed as follows: members who have left the association MSEK 37 (80) and changed investment criteria MSEK 19 (24).

The unmet obligation of members to invest in Lantmännen pursuant to the association's articles of association amounted to MSEK 565 (614) at December 31, 2015.

Contributed capital, MSEK	2015	2014
Paid-in contributed capital	986	931
Issued contributed capital	1,160	1,046
Total	2,146	1,977

Lantmännen ek för's subordinated debentures of MSEK 56 from the 2009 issue matured and were repaid on December 30, 2014. New subordinated debentures totaling MSEK 250 were issued on January 15, 2015. The new subordinated debentures have a term of 5 years and mature on December 30, 2019.

Notes to the annual financial statements

Amounts in MSEK unless otherwise stated.

Lantmännen ek för conducts its operations as a cooperative 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 2015 financial statements for the Group and Parent Company will be presented for adoption by the Annual General Meeting on May 12, 2016.

Notes – Group

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.

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 also measured using the cost method 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 effective from 2015

In the 2015 Annual Report, the Group and the Parent Company have applied for the first time the amended standards and interpretations effective for financial years beginning on or after January 1, 2015. The amendments have not had any material impact on the Group's or the Parent Company's reporting.

Standards, amendments and interpretations effective on or after January 1, 2016

A number of new and amended IFRS standards have been published but have not yet entered into force. Lantmännen has not applied any of these in advance, apart from separate presentation of items of other comprehensive income arising from equity accounted investments. IFRS that may affect the Group's or the Parent Company's reporting are described below. None of the other new or amended standards or IFRIC interpretations published on December 31, 2015 are expected to have any material impact on the Group's or the Parent Company's reporting.

IFRS 9 Financial Instruments:

IFRS 9 covers the reporting of financial assets and liabilities and replaces IAS 39 Financial Instruments: Recognition and Measurement. As with IAS 39, financial assets are classified in different categories, some of which are measured at amortized cost and others at fair value. IFRS 9 introduces categories that are not found in IAS 39. IFRS 9 also introduces a new model for impairment of financial assets. The main purpose of the new model is to recognize credit losses earlier than under IAS 39. For financial liabilities, IFRS 9 is largely consistent with IAS 39. However, for liabilities carried at fair value, the portion of the fair value change that is attributable to own credit risk is presented in other comprehensive income, unless this causes inconsistencies in the reporting. Amended criteria for hedge accounting may result in more economic hedging strategies qualifying for hedge accounting under IFRS 9 than under IAS 39.

IFRS 9 Financial Instruments enters into force on January 1, 2018. The EU has not yet adopted the standard. Lantmännen is highly unlikely to early adopt the standard. No decision has been made on when the standard will be adopted by the Group and the Parent Company.

In the next few years, an analysis will be conducted, aimed at examining how IFRS 9 will affect the financial statements for the Group and the Parent Company.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces all previously issued revenue-related standards and interpretations with a single model for revenue recognition. The standard is based on the principle that revenue should be recognized when a promised product or service has been transferred to the customer, i.e. when the customer has control over it. This may occur over time or at a particular point in time.

IFRS 15 enters into force on January 1, 2018. The EU has not yet adopted the standard. Lantmännen is highly unlikely to early adopt the standard.

During the year, the Group began its evaluation of the standard's impact, and the current assessment is that IFRS 15 will only have a limited effect on the Group's and the Parent Company's reporting and financial statements.

IFRS 16 Leases

IFRS 16 replaces IAS 17 from January 1, 2019. So far, there has been no information about when the EU is expected to adopt the standard. An evaluation of the impact of the standard has not yet begun.

IAS 1 Presentation of Financial Statements

Following amendments to IAS 1, a review of the content and order of submitted note information has been started. The requirement for separate presentation of items of other comprehensive income arising from equity accounted investments is applied from 2015.

Note 1 continued

Changes to the Parent Company's accounting policies

The Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities has been updated. The amendments do not have any impact on the Parent Company's reporting.

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.

JUDGEMENTS 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 cooperative 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 from the date on which the Group obtains 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. There are no holdings not classified as subsidiaries where these conditions are met. In all companies currently classified as subsidiaries, Lantmännen owns more than 50 percent of the votes and capital.

The consolidated financial statements are prepared according to the acquisition 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 goodwill on consolidation. 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 and joint ventures

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. Companies over which Lantmännen and other parties have contractual joint control are classified as joint ventures. All companies in which Lantmännen holds between 20 and 50 percent of the voting rights are classified as joint ventures or associates. No companies with a larger or smaller ownership share are classified in this way.

Investments in associates and joint ventures are accounted for using the equity method and are initially recognized at cost. Acquired assets and liabilities are measured in the same way as for subsidiaries, and the carrying amount includes goodwill and other Group adjustments. The Group's share of the company's income after tax arising after the acquisition, adjusted for any depreciation/reversals of the consolidated value, is reported on a separate 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 company. The equity method means that the consolidated carrying amount of investments in these companies corresponds to the Group's share of the equity of companies 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.

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.

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 the 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

Note 1 continued

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. At Lantmännen, this role is assumed by the President, who, on behalf of the Board, takes charge of day-to-day management and governance.

The operating segments are consistent with the Group's operational structure, in which activities are divided into four Sectors and Lantmännen Real Estate. The segments are organized around different types of products and services. The four Sectors are Agriculture, Machinery, Energy and Food. Activities not reported as a separate segment, mainly corporate functions, are reported as Other operations. A further description of the operating segments can be found in ► note 3.

The segments 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 same accounting policies are used for the segments as for the Group, apart from pensions (IAS 19 only at Group level) and financial instruments (IAS 39 only at Group level).

Transactions between Sectors, segments and other operations are conducted 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 predetermined 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.

Parent Company

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 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 and 15 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.

Existing customer relationships are currently considered to have a useful life of between 7 and 15 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

Note 1 continued

be measured reliably. For development of seed grain, this means that costs cannot be capitalized until an official variety test has shown potential success for the variety. For 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 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

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 value in use, future cash flows are discounted using a pre-tax interest rate that takes into account a market assessment of risk-free interest rates and risk associated 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 item.

For information on recognition of grain stocks, see below under the heading "Cash flow hedging – grain".

RECOGNITION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial instruments recognized in the statement of financial position include cash and cash equivalents, trade receivables, securities, loan receivables, derivatives, loan liabilities, trade payables and issued securities. Derivative instruments include forward contracts 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

Classification takes place at the time the transaction is conducted. For the categories "Financial assets at fair value through profit or loss" and "Available-for-sale financial assets", the rules allow a certain choice. In these cases, the category is determined by the purpose of the holding.

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 or if it was designated as at fair value through profit or loss on initial recognition. Derivative instruments with a positive market value are assigned to this category if they have not been identified as hedging instruments. Unlisted shares and interest-bearing securities are included in this category. 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. An impairment loss is recognized for a financial receivable if events occur that provide evidence that the future cash flows from the asset will be adversely affected. Impairment testing of trade receivables is based on an individual assessment of each past due receivable and the counterparty in question. Recurrent late payment, non-payment or other financial troubles from the counterparty are seen as evidence of impairment. If a receivable is considered uncollectible, a provision is recognized, which is the difference between the carrying amount of the asset and the amount expected to be received. The provision remains in place until payment is received, a reassessment is made or a loss is established.

Available-for-sale financial assets

A non-derivative financial asset that has not been classified in any of the above categories is included in this category. This category mainly contains listed shares and interest-bearing securities. The financial assets are recognized at fair value, and the change in value is recognized in OCI in equity until the asset is sold. If there is objective evidence that the asset is impaired, the loss that was recognized in OCI is reclassified.

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 instrument in a hedging relationship. Changes in the values of these instruments are recognized in profit or loss.

Other liabilities

This category includes all non-derivative liabilities. Other liabilities are carried at amortized cost. 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.

Note 1 continued

Non-current financial assets

Equities and interest-bearing securities acquired for permanent use in operations are reported under non-current financial assets.

Short-term investments

Short-term investments include short-term bank deposits with an original maturity of between 3 and 12 months or instruments that are immediately marketable.

Cash and cash equivalents

Cash and cash equivalents comprise cash, immediately available bank deposits as well as money market instruments with an original maturity less than three months.

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 only applies cash flow hedging and hedging of net investments in a foreign operation.

Cash flow hedging – general

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 other comprehensive income and accumulated in equity. 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 – 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.

Hedging of net investments

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.

Parent Company

In the Parent Company, financial instruments are accounted for using the cost method in accordance with RFR 2 and with interpretation guidance taken from the K3 rule. Consequently, derivatives are measured at the lower of cost and net realizable value at the reporting date. When hedge accounting is applied, value changes for the hedged item and the hedging instrument are not recognized in the statement of financial position.

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. The Parent Company reports issued subordinated debentures under equity and the returns under dividends.

DETERMINATION OF FAIR VALUE

If a financial instrument is traded in an active market, the quoted prices are used to determine the fair value. This applies, for example, 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. Lantmännen makes assumptions based on the 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. 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. Fair value measurement, primarily for OTC derivatives, takes into account the assessed credit risk for both Lantmännen and the counterparty. For financial assets and liabilities with short maturities, the fair value is estimated at cost adjusted for any impairment. If the fair value of an equity instrument cannot be determined, it is recognized 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 income 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 used is determined by reference to the market yields on high-quality corporate or government bonds with a currency and term that is consistent with the average term of the obligations. An interest rate equivalent to the interest rates of high-quality mortgage bonds is used for Swedish plans. These bonds are

Note 1 continued

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.

Actuarial gains and losses are recognized in Other comprehensive income.

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 reported in the statement of financial position as part of the pension obligation. The change in the provision is recognized in OCI, to the extent that it relates to actuarial gains or losses.

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.

REFUND AND FINAL PRICE ADJUSTMENT

Members of Lantmännen ek för may receive a refund for purchases from the association and the Swedish machinery business, and 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.

Note 1 continued

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 or 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 this 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

Lantmännen accounts for group contributions according to the alternative rule, whereby both group contributions received and group contributions made are reported as an appropriation.

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.

"Lantmännens Gemensamma Pensionsstiftelse Grodden" 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.

Applied rates for the Group's major currencies:

MSEK	2015		2014	
	Average rate	Closing rate	Average rate	Closing rate
DKK	1.25	1.22	1.22	1.28
EUR	9.36	9.14	9.10	9.52
GBP	12.90	12.38	11.29	12.14
NOK	1.05	0.96	1.09	1.05
USD	8.44	8.35	6.86	7.81

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 7,206 (3,667) at the end of the year, which corresponds to 57 (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.

Intangible assets are reported in ► note 14.

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. The estimates 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.

For more information about amounts, see ► 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 MSEK 75-80.

For more information about amounts and further sensitivity analyses, see ► note 24.

INFORMATION ABOUT OPERATING SEGMENTS

Financial year 2015 MSEK	Agriculture Sector	Machinery Sector	Energy Sector	Food Sector	Lantmännen Real Estate	Other operations	Group-wide	Total Group
Net sales								
External sales	9,281	10,306	2,791	13,024	224	34	-	35,660
Internal sales	1,626	17	83	49	230	405	-2,410	0
Total net sales	10,907	10,323	2,874	13 073	454	439	-2,410	35,660
Operating income per segment	192	255	218	692	314	-214	-106	1,351
<i>Of which share of income of joint ventures/associates</i>	<i>61</i>	<i>-</i>	<i>11</i>	<i>29</i>	<i>2</i>	<i>-</i>	<i>-</i>	<i>103</i>
Finance income								106
Finance costs								-211
Tax expense for the year								-156
Net income for the year								1,090
Other disclosures								
Assets	4,151	3,700	1,221	14,004	1,832	1,913	-831	25,990
Share of equity in joint ventures/associates	1,235	-	187	222	8	38	-	1,690
Unallocated assets								2,401
Total assets	5,386	3,700	1,408	14,226	1,840	1,951	-831	30,081
Liabilities	1,144	2,115	355	2,365	246	2,611	-608	8,228
Unallocated liabilities								9,172
Equity								12,681
Total liabilities and equity	1,144	2,115	355	2,365	246	2,611	-608	30,081
Investments	91	328	54	473	299	11	-	1,256
Depreciation, amortization and impairment	-119	-222	-67	-742	-52	-20	-	-1,222

Financial year 2014 MSEK	Agriculture Sector	Machinery Sector	Energy ¹⁾ Sector	Food ²⁾ Sector	Lantmännen ¹⁾ Real Estate	Other operations	Group-wide	Total Group
Net sales								
External sales	8,928	9,467	2,892	11,137	207	35	-	32,666
Internal sales	1,409	17	91	43	263	473	-2,296	0
Total net sales	10,337	9,484	2,983	11,180	470	508	-2,296	32,666
Operating income per segment	6	181	61	442	223	-220	760	1,453
<i>Of which share of income of joint ventures/associates</i>	<i>59</i>	<i>-</i>	<i>2</i>	<i>41</i>	<i>0</i>	<i>-</i>	<i>-</i>	<i>102</i>
Finance income								118
Finance costs								-229
Tax expense for the year								-117
Net income for the year								1,225
Other disclosures								
Assets	4,050	3,718	1,217	9,500	1,737	1,648	-661	21,209
Share of equity in joint ventures/associates	1,081	-	193	217	8	13	-	1,512
Unallocated assets								4,410
Total assets	5,131	3,718	1,410	9,717	1,745	1,661	-661	27,131
Liabilities	977	1,870	286	1,966	249	2,326	-398	7,276
Unallocated liabilities								7,979
Equity								11,876
Total liabilities and equity	977	1,870	286	1,966	249	2,326	-398	27,131
Investments	126	414	39	368	128	12	-	1,087
Depreciation, amortization and impairment	-114	-285	-70	-566	-52	-16	-	-1,103

1) Lantmännen's heating operations are included in Lantmännen Real Estate from 2015. The 2014 figures have been adjusted.

2) The associate Scandi Standard was part of the Sector until the end of May 2014.

Note 3 continued

INFORMATION ABOUT GEOGRAPHIC AREAS

MSEK	2015		2014	
	External sales	Non-current assets	External sales	Non-current assets
Sweden	16,201	6,778	16,028	5,382
Germany	3,885	955	3,541	1,036
Denmark	3,373	2,234	3,678	2,426
Norway	3,035	310	2,749	354
United Kingdom	1,636	1,024	1,364	1,048
Finland	1,565	2,956	555	263
Netherlands	1,055	17	819	18
Baltic Region	598	629	243	20
Spain	592	1	423	0
France	569	0	324	0
Belgium	439	1,082	469	1,244
Poland	427	175	461	131
Switzerland	308	0	74	0
Russia	299	15	341	16
Rest of Europe	528	58	462	46
United States	933	375	910	373
Rest of world	217	0	225	0
Total	35,660	16,609	32,666	12,357

No Lantmännen customer accounts for 10 percent or more of the Group's total sales.

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.

Lantmännen's activities are operationally divided into four Sectors and Lantmännen Real Estate.

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 and Lantmännen Real Estate. The division 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, gains and losses on the remeasurement of financial instruments (IAS 39) and pension obligations (IAS 19) have not therefore been allocated to each Sector.

All capital expenditure on property, plant and equipment and intangible assets, apart from expendable equipment and company acquisitions, is included in the segments' investments.

The Group consists of four Sectors, each specializing in different industries, and Lantmännen Real Estate. The segment 'other operations' includes a number of small companies which are controlled at central level. The Sectors are outlined below:

The Agriculture Sector constitutes the Group's core business and offers products and services to promote strong, competitive farming. Through product and business development, the Agriculture Sector works to strengthen Swedish farming. The Sector is a major participant in the grain market and purchases grain, oilseed and forages, which are sold on to Swedish and international industry. The Sector offers a wide range of products for livestock and crop

production. The Agriculture Sector is based in Sweden, but is also active in the international market. The Sector is responsible for Lantmännen's ownership interests in the associates HaGe Kiel, Scandagra Group and Scandagra Polska.

The Machinery Sector imports, markets and sells farm machinery, spare parts and servicing in Sweden, Norway and Denmark. The Sector is also a dealer and partner for Volvo Construction Equipment and engages in sales and servicing in Sweden, Germany and the Baltic region. The product range consists of wheel loaders, dumpers, excavators and road construction machinery. The Sector also markets and sells lubricants and hydraulic oils.

The Energy Sector is Sweden's largest producer of bioenergy products. The Sector manufactures and markets sustainable ethanol, protein feed, glucose syrup, starch products, alkylate petrol, potable spirits and gluten. The Sector is also responsible for Lantmännen's ownership interests in the Group's associates and partly-owned companies in the energy area: Agroenergi Neova Pellets, the Nordic region's largest wood pellet company, and Norlic, the largest Nordic producer of liquid carbon dioxide.

The Food Sector encompasses the Group's entities for food production and consumer products, and is responsible for Lantmännen's ownership interest in the associate Viking Malt. The Sector includes:

- Lantmännen Cerealia, which develops, produces and sells grain-based products such as flour, flour mixes, hulled grains, muesli, pasta and pancakes, as well as ready-to-eat meals, crispbread, beans, nut-based drinks and lentils. Sales, under well-known brands such as Kungsörmen, AMO, Regal, AXA, Sopps, Finn Crisp, GoGreen and Gooh, are mainly through Nordic food retail stores and to several of the Nordic region's largest bakeries, restaurants and food service outlets. Operations are conducted in Sweden, Norway, Denmark, Finland and Ukraine.
- Lantmännen Unibake, Europe's second-largest bakery group with 35 bakeries in 14 countries, which develops, produces and sells frozen and fresh bakery products for food retail and food service outlets in more than 60 countries around the world.

Lantmännen Real Estate manages Lantmännen's property holdings in Sweden. The properties are commercial premises, such as offices, shops, workshops and warehouses. Lantmännen Real Estate's work includes optimizing the use of premises in the Group's own industrial activities, as well as professional leasing and management for external clients. An important part of the business is property development, which involves purchasing, refurbishing and selling property. Lantmännen Real Estate also includes heating operations which supply district heating and ready heat to ten or so small towns in central and southern Sweden.

Note 4 Breakdown of revenue

MSEK	2015	2014
Net sales		
Sales of goods	34,553	31,558
Service contracts	560	536
Construction contracts	3	55
Leasing activities, machinery	245	232
Leasing activities, premises	143	132
Royalties	123	127
Other	33	26
Total	35,660	32,666
Other operating income		
Capital gains	299	861
Government grants	10	10
Insurance compensation	293	35
Other	194	281
Total	796	1,187

Capital gains for the year include gains of MSEK 110 on the sale of Lantmännen Doggy, MSEK 111 on properties and MSEK 26 on part of a German bakery. Insurance compensation received in 2015 is mainly related to one of Unibake's bakeries in Belgium, which was destroyed by a fire in June 2015.

Capital gains for 2014 include gains of MSEK 584 on the sale of Scandi Standard, MSEK 147 on the sale of the German and Polish plant breeding and seed operations and MSEK 51 on the sale of properties.

Note 5 Employees and employee benefits expense

Average number of employees	2015	of which female	2014	of which female
Group				
Sweden	3,437	27 %	3,702	27 %
Denmark	1,301	28 %	1,253	28 %
Finland	790	28 %	57	19 %
United Kingdom	668	23 %	634	22 %
Germany	601	18 %	688	21 %
Norway	414	31 %	433	30 %
Poland	411	37 %	422	36 %
Belgium	410	31 %	384	30 %
Ukraine	201	57 %	241	57 %
United States	170	32 %	201	34 %
Russia	147	50 %	147	52 %
Estonia	104	35 %	35	18 %
Lithuania	80	29 %	12	8 %
Hungary	75	45 %	59	52 %
Latvia	66	26 %	10	24 %
Netherlands	20	12 %	20	10 %
Spain	10	69 %	8	64 %
France	6	12 %	5	9 %
Total, Group	8,911	27 %	8,311	28 %
Parent Company				
Sweden	1,049	35 %	1,161	35 %
Total, Parent Company	1,049	35 %	1,161	35 %

Note 5 continued

Employee benefits expense MSEK	Group		Parent Company	
	2015	2014	2015	2014
Salaries and benefits, Boards and Managing Directors	84	79	11	10
- of which variable component	10	9	3	3
Salaries and benefits, other employees	3,758	3,405	558	622
Social security costs				
- cost for the year	829	786	207	220
- payroll tax effect on compensation from pension fund	-	-	-13	-16
Pension costs				
- cost for the year ¹⁾	305	246	75	77
- compensation from pension fund	-	-	-55	-65
Other staff costs	193	225	20	24
Total	5,169	4,741	803	872

¹⁾ MSEK 7 (7) of the Group's pension costs relate to Boards and Managing Directors. The outstanding pension obligation to them was MSEK 1 (1). MSEK 4 (4) of the Parent Company's pension costs relate to Boards and Managing Directors. The outstanding pension obligation to them was MSEK 0 (0).

Gender representation in executive management Female representation, %	Group		Parent Company	
	2015	2014	2015	2014
Boards of Directors	13	9	17	15
Other senior executives	29	24	20	20

SALARIES AND REMUNERATION OF SENIOR EXECUTIVES

Senior executives

Senior executives as referred to in this note are Lantmännen's Group Management, consisting of the President & CEO, the Executive Vice President, three Heads of Sectors, two Managing Directors of business areas and three Directors of Corporate Functions. Members of Group Management may be employed by the Parent Company or by subsidiaries. The number of senior executives at the beginning and end of 2015 was 10. In 2014, the number of senior executives increased by two, from 8 at the beginning of the year to 10 at the end of the year.

Lantmännen's Remuneration Committee

Lantmännen's Board of Directors has a special Remuneration Committee. The Remuneration Committee's tasks include preparing the Board's decisions regarding the salaries and remuneration of the President & CEO and Executive Vice President, and, in consultation with the President & CEO, preparing proposals on terms for the remuneration of Group Management prior to the President & CEO's decision.

Lantmännen's remuneration policy

The objective of Lantmännen's remuneration policy is to offer compensation that reflects Lantmännen's commitment to attract and retain qualified expertise. The fundamental guidelines are to:

- ensure that employees at Lantmännen receive market-based 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 an individual salary structure that is based on performance, duties, qualifications, experience and position, and is therefore neutral with regard to gender, ethnicity, disability, sexual orientation, etc.

Remuneration structure

The Annual General Meeting decides on the remuneration of the Board of Directors for the period until the next AGM. The remuneration is distributed between a fixed annual fee and an hourly fee. The AGM's decisions on the fixed fee cover the Chairman, the Vice Chairman and other Board members.

The AGM adopts guidelines for remuneration of Group Management on the basis of the Board's proposals. The 2014 meeting adopted the guidelines that were applied in 2015. The 2015 meeting adopted the guidelines that will be

Note 5 continued

applied in 2016. These are consistent in all material respects with the guidelines applied in 2015.

Lantmännen's remuneration structure for Group Management consists of the following components:

- Fixed salary
- Variable salary
- Pension
- Termination and other benefits

Fixed salary

Members of Lantmännen's Group Management undergo an annual salary review on January 1. The review considers individual performance, market salary growth, changed areas of responsibility, company performance and local agreements and regulations.

Variable salary

Lantmännen has a Group-wide variable salary program, which for 2015 covered all members of Group Management. Decisions about target groups and guidelines for variable salary are made annually by the AGM in the case of the Group Management and by the Board of Lantmännen in other cases. For 2015, the program consists of quantitative and qualitative targets. The quantitative (financial) targets represent 75 percent of the maximum variable salary and are linked to the economic value added that the operating units generate for Lantmännen. The qualitative (individual) targets represent 25 percent.

The maximum variable salary that could be paid to Lantmännen's Group management in 2015 was 30 percent of the agreed fixed salary, before salary exchange, with full achievement of targets. The results are shown in the table below.

The total maximum variable salary that could be paid to employees entitled to variable salary in 2015 was approximately MSEK 33, excluding social security costs. The 2015 variable salary was estimated at MSEK 30, excluding social security costs.

Pensions

Lantmännen offers Group Management occupational pensions in accordance with national practice, local agreements and other regulations.

The majority of Group Management members have entitlement to a pension on reaching the age of 65. There are currently three main principles governing pension accrual for members of Lantmännen's Group Management, all of whom apart from one are employed in Sweden:

- Occupational pension accrual in accordance with the ITP agreement in Sweden, with a pensionable salary ceiling of 30 income base amounts and payment of sickness benefits as laid down in the ITP agreement. In addition,

there is a premium provision corresponding to 30 percent of salary over 30 income base amounts.

- Occupational pension accrual in accordance with the ITP agreement in Sweden up to 7.5 income base amounts and payment of sickness benefits as laid down in the ITP agreement. In addition, there is a premium provision corresponding to 30 percent of salary over 7.5 income base amounts. The Executive Vice President's pension accrual follows this structure.
- A defined contribution pension, with a premium of 10-30 percent of the pensionable salary. The President & CEO receives a defined contribution pension, with a premium of 30 percent of the pensionable salary.

All senior executives apart from two have a retirement age of 65, including the President & CEO and Executive Vice President, and earn their pensions in accordance with one of the main principles described above. Two senior executives have a pension entitlement before the age of 65. One of them has pension rights on reaching the age of 63. The pension is accrued in the form of a defined benefit pension arrangement corresponding to 60 percent of a previously defined pensionable salary. If the employee chooses to remain in service up to and including the age of 65, the pension rights accrue from the age of 63 to 65, according to the ITP plan. The other senior executive has a pension entitlement from the age of 60, and the benefits are in accordance with the ITP plan. In addition to this, provision has been made for a fixed premium that is not index-linked.

Other benefits

In addition to fixed salaries, variable salaries and pensions, Lantmännen offers other benefits in the form of company cars, occupational injury insurance and occupational group life insurance in accordance with local agreements and regulations. In addition, members of Group Management are entitled to private health insurance and supplementary health insurance that can give benefits for salary up to 50 income base amounts. For countries outside Sweden, equivalent benefits are offered in accordance with national practice and legislation.

Termination benefits/notice

The President & CEO and Executive Vice President 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 employment is terminated at Lantmännen's request, the President & CEO will receive a salary during the notice period corresponding to the fixed salary and other benefits (including occupational pension and insurance), in addition to pay during the notice period corresponding to 12 months' fixed salary, with a full deduction of any salary from a new employer. Other members of Group Management have a notice period of six months for termination of employment at their own request and at Lantmännen's request. If the termination is at Lantmännen's request, termination benefits corresponding to six or 12 months' fixed salary are paid, with any income from other employment during this period deducted.

Salaries and remuneration of senior executives 2015

TSEK	Directors' fees	Fixed salary ⁴⁾	Variable salary ⁵⁾	Pension ⁴⁾	Other benefits ⁶⁾	Total 2015
Elected Board members of Lantmännen ek för, according to specification below ¹⁾	4,448					4,448
President & CEO Per Olof Nyman		5,485	1,980	3,180	117	10,762
Executive Vice President Per Arvidsson ²⁾		3,075	909	933	128	5,045
Group Management, other ³⁾		22,219	6,652	7,368	902	37,141
	4,448	30,779	9,541	11,481	1,147	57,396

Salaries and remuneration of senior executives 2014

TSEK	Directors' fees	Fixed salary ⁴⁾	Variable salary ⁵⁾	Pension ⁴⁾	Other benefits ⁶⁾	Total 2014
Elected Board members of Lantmännen ek för, according to specification below ¹⁾	4,315					4,315
President & CEO Per Olof Nyman		5,292	1,904	3,104	118	10,418
Executive Vice President Per Arvidsson ²⁾		2,040	600	541	108	3,289
Group Management, other ³⁾		18,836	3,877	5,762	836	29,311
	4,315	26,168	6,381	9,407	1,062	47,333

¹⁾ Includes remuneration from both Lantmännen ek för and other Group companies and covers fixed annual fee and an hourly fee.

²⁾ Appointed Executive Vice President in May 2014.

³⁾ Other Group Management consisted of 8 (8) individuals at year-end. The average for the year was 8 (7.2). Disclosures regarding Group Management only apply to individuals who are members of Lantmännen's Group Management.

⁴⁾ Certain members of Group Management are entitled to switch between fixed salary and pension within the framework of current tax legislation.

⁵⁾ Estimated variable salary for each year, payable the following year. The estimated variable salary for 2014 was consistent with the outcome.

⁶⁾ Mainly company cars; other benefits include health insurance and subsistence.

Note 5 continued

Board of Directors' fees ¹⁾

TSEK	2015	2014
Bengt-Olov Gunnarson ²⁾	880	888
Per Lindahl ³⁾	536	459
Gunilla Aschan ⁴⁾	234	0
Ulf Gundemark	401	400
Nils Lundberg ⁵⁾	230	549
Thomas Magnusson	416	406
Johan Mattsson ⁴⁾	234	0
Helle Kruse Nielsen	400	400
Lena Philipson ⁶⁾	167	409
Hans Wallemyr	550	400
Björn Wallin	400	404
Total	4,448	4,315

¹⁾ Includes remuneration from both Lantmännen ek för and other Group companies and covers fixed annual fee and an hourly fee.

²⁾ Chairman of the Board

³⁾ Vice Chairman of the Board from May 5, 2015.

⁴⁾ From May 5, 2015.

⁵⁾ Vice Chairman of the Board to May 5, 2015

⁶⁾ To May 5, 2015.

Note 6

Depreciation, amortization and impairment of assets

MSEK	2015	2014
Depreciation and amortization		
Land and buildings	129	121
Plant and machinery	727	748
Equipment, tools, fixtures and fittings	75	78
Investment properties	9	7
Intangible assets	151	101
Total	1,091	1,055

Impairment and reversal of impairment

Land and buildings	41	1
Plant and machinery	83	35
Equipment, tools, fixtures and fittings	-	6
Goodwill	7	-
Brands with indefinite useful life	-	6
Total	131	48

Total depreciation, amortization and impairment

MSEK	2015	2014
Land and buildings	170	122
Plant and machinery	810	783
Equipment, tools, fixtures and fittings	75	84
Investment properties	9	7
Goodwill	7	0
Brands with indefinite useful life	0	6
Other intangible assets	151	101
Total	1,222	1,103

Impairment by Sector

MSEK	2015	2014
Agriculture Sector		
- from impairment testing	8	-
- as an effect of restructuring decision	-	5
Machinery Sector		
- from impairment testing	7	-
Energy Sector		
- from annual impairment testing	6	-
Food Sector		
- from annual impairment testing	110	-
- as an effect of restructuring decision	-	37
Other operations		
- as an effect of restructuring decision	-	6
Total	131	48

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 third four-month period) 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. The estimates for the year are based on adopted budgets for 2016 and adopted strategic plans for 2017 and 2018. 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, with annual growth after 2018 assumed to be weak, i.e. about 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 within 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 and real estate operations.

The annual measurement of the value of goodwill and intangible assets with indefinite useful lives did not result in any impairment apart from impairment of goodwill on assets acquired in the Machinery Sector.

The bakery group Vaasan, acquired in 2015, accounts for 53 percent of the Group's value of goodwill and other assets with indefinite useful lives, and the business area Lantmännen Unibake accounts for 41 percent. As Vaasan was acquired in 2015, it will be subject to its first impairment testing in 2016. A pre-tax discount rate of 9 (9) percent was applied during impairment testing of the cash-generating unit Lantmännen Unibake and no impairment was identified. An increase of 1 percentage point in the discount rate would have reduced the estimated value in use by MSEK 882. This in turn would have resulted in an impairment loss, 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. The pre-tax discount rates used in these impairment tests were within the range 8 to 13 percent.

Impairment of property, plant and equipment recognized during the year was a result of local impairment testing. A fire at Unibake's Belgian plant in Londerzeel had the greatest impact.

Note 7

Fees and reimbursement of expenses to auditors

MSEK	2015	2014
Ernst & Young		
Annual audit	16	14
Other auditing services	0	0
Tax consultancy services	2	4
Other services	1	2
Total	19	20
Other auditors		
Annual audit	2	1
Other services	0	0
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 includes 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 costs

MSEK	2015			2014		
	Income	Costs	Total	Income	Costs	Total
Financial assets at fair value through profit or loss						
Dividend	5	-	5	3	-	3
Impairment, reversal of impairment	4	-10	-6	0	-	0
			-1			3
Loans and receivables						
Interest income, receivables from members	48	-	48	55	-	55
Other interest income	7	-	7	61	-	61
			55			116
Available-for-sale financial assets						
Dividend	11	-	11	-	-	-
Capital gains/losses	11	-	11	-	-	-
Impairment, reversal of impairment	-	-	-	-22	-	-22
			22			-22
Derivatives used in hedge accounting						
Interest on currency forward contracts and swaps	18	-18	0	22	-22	0
Ineffective portion of hedges	2	-	2	-1	0	-1
			2			-1
Other financial liabilities						
Interest expense, pension plans	-	-12	-12	-	-4	-4
Interest expense, liabilities to members	-	-36	-36	-	-53	-53
Interest expense, liabilities to the public	-	-9	-9	-	-25	-25
Interest expense, borrowing	-	-113	-113	-	-93	-93
Other borrowing expenses	-	-17	-17	-	-9	-9
Other interest expenses	-	-22	-22	-	-16	-16
Currency effects	-	26	26	-	-7	-7
			-183			-207
Total	106	-211	-105	118	-229	-111

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 below. See also the Board of Directors' Report. 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	2015	2014
Capital gains on sale of operations	110	731
Items affecting comparability in other operating income	110	731
Impairment of non-current assets	-	-40
Restructuring costs	-110	-89
TOTAL Items affecting comparability in operating income	0	602
TOTAL items affecting comparability in income after financial items	0	602
Tax effect of items affecting comparability	24	28
TOTAL items affecting comparability in net income for the year	24	630

Items affecting comparability by Segment/Sector in 2015

MSEK	Restructuring costs	Other	Total
Agriculture Sector	-45	-	-45
Food Sector	-41	-	-41
Other operations	-24	110	86
Total	-110	110	0

In the Agriculture Sector, the costs were related to stage 2 of the adopted restructuring measures aimed at achieving an efficient organization and strengthening the Sector's competitiveness.

In the Food Sector and Other operations, the costs were related to structural changes associated with integration of Lantmännen's and Vaasan's operations.

For Other operations, a capital gain on the divestment of Lantmännen Doggy is shown under the column heading Other.

Items affecting comparability by Segment/Sector in 2014

MSEK	Impairment of non-current assets	Restructuring costs	Other	Total
Agriculture Sector	-	-50	-	-50
Food Sector	-40	-39	-	-79
Other operations	-	-	731	731
Total	-40	-89	731	602

In the Agriculture Sector, the costs were related to restructuring measures aimed at achieving an efficient organization and stronger competitiveness for the Sector.

The Food Sector's costs were related to the ongoing streamlining of the production platform in the Lantmännen Unibake business area.

For Other operations, capital gains arising from Scandi Standard's IPO and the divestment of the German and Polish plant breeding and seed operations are shown under the column heading Other.

Note 10 Exchange differences affecting income

MSEK	2015	2014
Exchange differences affecting operating income	-15	-67
Exchange differences in financial items	26	-7
TOTAL	11	-74

Exchange differences in operating income are included in:

	2015	2014
Net sales	1	0
Cost of materials	-18	-77
Other operating income/expense	2	10
Total	-15	-67

Note 11 Taxes

Tax on net income for the year

MSEK	2015	2014
Current tax expense (-)/tax income (+)		
Tax expense/income for the period	-116	-126
Adjustment of tax attributable to prior years	-7	5
Total current tax	-123	-121
Deferred tax expense (-)/tax income (+)		
Deferred tax from changes in temporary differences	80	-7
Deferred taxes arising from changes in tax rates	-2	2
Deferred tax income in capitalized loss carryforwards	12	34
Utilization of previously capitalized loss carryforwards	-123	-3
Impairment of previously capitalized loss carryforwards	-	-22
Total deferred tax	-33	4
Total recognized tax expense	-156	-117

Reconciliation of effective tax	2015		2014	
	Percent	MSEK	Percent	MSEK
Income before tax		1 246		1 342
Anticipated tax according to enacted Swedish tax rate	22.0	-274	22.0	-295
Items with tax effects on the results and their impact on the effective tax rate:				
Non-deductible expenses	0	-6	4	-48
Tax-exempt capital gains	-3	30	-13	178
Tax-exempt dividends	0	3	-	-
Other non-taxable income	-1	14	0	4
Tax on unrecognized income	1	-18	-	-
Loss carryforward arising during the year, not capitalized as a deferred tax asset	0	-6	1	-19
Utilization of previously uncapitalized loss carryforwards	-1	16	-1	20
Impairment of previously capitalized loss carryforwards	-	-	2	-22
Effect of special tax rules for economic associations	-7	82	-5	62
Tax attributable to prior years	1	-7	0	5
Effect of changes to tax rates and rules, and different tax rates in the Group	-1	-20	0	-6
Reversal of income of joint ventures/associates	-2	23	-2	22
Other	4	7	2	-18
Recognized effective tax	13	-156	9	-117

Note 11 continued

According to the tax rules applicable to economic associations, the dividend proposed from the Board, which will be paid to physical persons in the following year, is tax-deductible in the current year and was taken into account in calculating the current tax. Refunds and final price adjustments are also tax deductible expenses, and are not reported in the income statement, but as a dividend.

Tax items recognized through other comprehensive income

MSEK	2015	2014
Deferred tax		
Actuarial gains and losses on defined benefit pension plans	-46	70
Cash flow hedges	-14	-1
Available-for-sale financial assets	-8	-
Total	-68	69
Current tax		
Current tax in hedges of net investments	-12	38
Total tax effects in other comprehensive income	-80	107

Deferred tax asset/tax liability	2015			2014		
	Deferred tax asset	Deferred tax liability	Net	Deferred tax asset	Deferred tax liability	Net
MSEK						
Group						
Land and buildings	61	147	-86	66	153	-87
Machinery and equipment	38	310	-272	79	330	-251
Intangible assets	-	467	-467	-	105	-105
Trade receivables	2	18	-16	5	-	5
Pension provisions	91	-	91	124	-	124
Other provisions	32	-	32	45	-	45
Loss carryforwards	402	-	402	314	-	314
Other	135	60	75	136	59	77
Total	761	1,002	-241	769	647	122
Offsetting of assets/liabilities	-390	-390	0	-447	-447	0
Total, net deferred tax asset	371	612	-241	322	200	122

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 2015

MSEK	Amount at beginning of year	Recognized in income statement	Recognized in OCI	Changes in acquisitions/divestments	Reclassifications	Translation differences	Amount at end of 2015
Group							
Land and buildings	-87	6	-	-7	0	2	-86
Machinery and equipment	-251	-21	-	-1	-	1	-272
Intangible assets	-105	81	-	-453	-	10	-467
Trade receivables	5	-21	-	-	-	0	-16
Pension provisions	124	13	-46	1	-	-1	91
Other provisions	45	-12	-	-	-	-1	32
Loss carryforwards	314	-111	-	200	-	-1	402
Other	77	32	-22	-7	-	-5	75
Total	122	-33	-68	-267	0	5	-241

Change in deferred tax in temporary differences and loss carryforwards 2014

MSEK	Amount at beginning of year	Recognized in income statement	Recognized in OCI	Changes in acquisitions/divestments	Reclassifications	Translation differences	Amount at end of 2014
Group							
Land and buildings	-42	-21	-	-21	0	-3	-87
Machinery and equipment	-233	-21	-	10	1	-8	-251
Intangible assets	-102	-1	-	-	-	-2	-105
Trade receivables	4	1	-	-	-	0	5
Pension provisions	41	13	70	-	-13	0	124
Other provisions	29	15	-	-	-	1	45
Loss carryforwards	306	7	-	-	-	1	314
Other	69	11	-1	-	-6	4	77
Total	72	4	69	-11	-5	-7	122

Note 11 continued

Loss carryforwards

At the end of the year the Group had loss carryforwards of MSEK 2,751 (2,255), of which MSEK 1,883 (1,395) was taken into account in the computation of deferred tax.

The remainder related mainly to loss carryforwards in the German and Swedish 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 868 (860) and expire as follows:

MSEK	2015	2014
2015	-	-
2016	-	-
2017 and later	-	35
	0	35
Indefinite life	868	825
Total	868	860

Note 12 Property, plant and equipment

Group, MSEK	Land and land improvements		Buildings		Plant and machinery		Equipment, tools, fixtures and fittings		Construction in progress		Total property, plant and equipment	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Accumulated cost of acquisition	830	750	4,384	4,131	14,163	13,357	1,454	1,558	421	227	21,252	20,023
Accumulated depreciation	-91	-87	-2,031	-1,942	-9,769	-9,083	-1,207	-1,226	-10	-10	-13,108	-12,348
Accumulated impairment	-48	-49	-201	-198	-756	-779	-26	-37	-	-	-1,031	-1,063
Carrying amount	691	614	2,152	1,991	3,638	3,495	221	295	411	217	7,113	6,612
Balance at beginning of year	614	638	1,991	2,147	3,495	3,744	295	287	217	224	6,612	7,040
Investments ¹⁾	89	0	77	21	385	457	36	42	583	486	1,170	1,006
Company acquisitions	14	0	166	35	537	41	8	7	57	0	782	83
Company divestments	-	-37	-	-100	-45	-79	-20	-18	-	-9	-65	-243
Sales and disposals	-8	-18	-35	-21	-155	-317	-11	-1	-13	-	-222	-357
Regular depreciation for the year	-3	-4	-126	-117	-726	-748	-75	-78	-	-	-930	-947
Impairment for the year	-	0	-41	-1	-83	-35	-	-6	-	-	-124	-42
Reversal of impairment losses	-	-	-	-	-	0	-	-	-	-	0	0
Reclassifications	-4	20	164	-48	295	313	-8	58	-426	-487	21	-144
Translation differences	-11	15	-44	75	-65	119	-4	4	-7	3	-131	216
Carrying amount	691	614	2,152	1,991	3,638	3,495	221	295	411	217	7,113	6,612
Leases, MSEK												
Carrying amount of assets held under finance leases	-	0	70	67	335	325	1	29	-	0	406	421

¹⁾ Investments for the year do not include any capitalized interest. Properties acquired in companies are treated as asset acquisitions and accounted for as acquisitions of property, plant and equipment or investment properties.

Government grants did not reduce investments during the year or the previous year. Contractual obligations relating to investments in property, plant and equipment amounted to MSEK 201 (100) at the end of the year.

For further information about depreciation and impairment, see ► note 6.

For further information about leases, see ► note 28 Leases and ► note 29 Customer financing.

Note 13 Investment properties

MSEK	Land		Buildings		Total investment properties	
	2015	2014	2015	2014	2015	2014
Accumulated cost of acquisition	121	105	651	646	772	751
Accumulated depreciation	-11	-11	-175	-174	-186	-185
Carrying amount	110	94	476	472	586	566
Balance at beginning of year	94	54	472	243	566	297
New acquisitions	12	12	72	103	84	115
Investments in properties	11	18	35	43	46	61
Sales and disposals	-8	-4	-102	-15	-110	-19
Regular depreciation for the year	0	0	-9	-7	-9	-7
Reclassifications	1	14	8	105	9	119
Carrying amount	110	94	476	472	586	566

Properties where less than 10 percent of the space is used for the Lantmännen Group's own activities are classified as investment properties in the Group.

For further information about leases, see ► note 29 Customer financing.

Investment properties with a carrying amount of MSEK 290 are pledged as security for the Group's borrowing. The estimated fair value is MSEK 523.

Note 13 continued

Changes in fair value

MSEK	2015	2014
Fair value at beginning of year	966	724
Acquisitions	84	115
Investments in properties	46	61
Sales and disposals	-255	-61
Changes in value	126	8
Reclassifications	9	119
Fair value at end of year	976	966

All investment properties have been valued according to hierarchy level 3, based on unobservable inputs, and according to the methods described below. Fair value has been determined on the basis of internal assessments. Property sales carried out during the year have 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.
- Net present value, using cash flow calculations, where the properties' future net operating income and estimated residual value have been calculated at the present value.
- In certain cases, net present value using the net capitalization method has been calculated, where a normalized figure for net operating income is set in relation to a market-adjusted direct return requirement.

Investment properties' impact on income for the period

MSEK	2015	2014
Rental income	85	85
Direct costs, including costs for repair and maintenance		
- Properties that generate rents	-32	-28
- Properties that do not generate rents	0	0
Net operating income	53	57

Note 14 Intangible assets

Other intangible assets

	Goodwill		Trademarks		Customer and supplier relationships		Patents, licenses and similar rights		Capitalized expenditure on development, internally generated		Total other intangible assets	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Group, MSEK												
Accumulated cost of acquisition	4,463	2,954	1,824	596	1,337	450	216	208	730	633	4,107	1,887
Accumulated amortization	-	-	-245	-242	-344	-262	-215	-204	-448	-347	-1,252	-1,055
Accumulated impairment	-39	-39	-	-	-	-	-	-1	-73	-79	-73	-80
Carrying amount	4,424	2,915	1,579	354	993	188	1	3	209	207	2,782	752
Balance at beginning of year	2,915	2,594	354	354	188	213	3	8	207	239	752	814
Investments	-	-	-	-	-	-	3	-	37	20	40	20
Company acquisitions	1,707	109	1,249	-	901	-	5	-	16	-	2,171	-
Sales and disposals	-15	-	-	-	-	-	-1	-	-	-	-1	-
Regular amortization for the year	-	-	-2	-1	-82	-43	-6	-3	-61	-54	-151	-101
Impairment for the year	-7	-	-	-	-	-	-	-	-	-6	-	-6
Reclassifications	-94	-	-	-	-	-1	-3	-2	14	2	11	-1
Translation differences	-82	212	-22	1	-14	19	0	0	-4	6	-40	26
Carrying amount	4,424	2,915	1,579	354	993	188	1	3	209	207	2,782	752
Allocation of goodwill, brands and customer/supplier relationships per Sector												
Agriculture Sector	-	-	-	-	7	9						
Machinery Sector	16	23	-	-	46	57						
Energy Sector	97	97	50 ¹⁾	50 ¹⁾	-	-						
Food Sector	4,311	2,795	1,529 ²⁾	304 ²⁾	940	122						
of which Lantmännen Unibake business area	3,694	2,672	944 ²⁾	184 ²⁾	-	122						
Total	4,424	2,915	1,579	354	993	188						

¹⁾ Brand with indefinite useful life, Aspen.

²⁾ Of which brands with indefinite useful lives MSEK 1,495 (304), distributed as follows: Lantmännen Unibake MSEK 944 (including MSEK 761 from Vaasan acquisition) and MSEK 551 Lantmännen Cerealia (including MSEK 432 from Vaasan acquisition).

There were no contractual obligations relating to investments in intangible assets 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.

Note 15 Equity accounted investments

Lantmännen's holdings in associates and joint arrangements classified as joint ventures are accounted for using the equity method.

Lantmännen reports income from associates and joint ventures with a one-month lag, which means that net income for the year includes Lantmännen's share of their income from December of the previous year up to and including November of the current year. The lag is a practical measure, as the companies are not able to apply all aspects of Lantmännen's reporting process.

MSEK	Group		Parent Company	
	2015	2014	2015	2014
Accumulated cost of acquisition	1,692	1,514	1,200	1,080
Accumulated impairment	-2	-2	-17	-17
Carrying amount	1,690	1,512	1,183	1,063
Balance at beginning of year	1,512	1,460	1,063	1,065
Acquisitions/shareholder contributions	125	233	120	51
Divestments	-	-342	-	-231
Share of income of associates	103	102	-	-
Dividend for the year	-17	-14	-	-
Reclassifications	-15	55	-	193
Impairment	-	-	-	-15
Translation differences	-18	18	-	-
Carrying amount	1,690	1,512	1,183	1,063
Investments in joint ventures	470	346	399	293
Investments in associates	1,220	1,166	784	770
Total	1,690	1,512	1,183	1,063

Any impairment and reversal of impairment is recognized in the income statement under Share of income of equity accounted companies.

Summary of financial information for joint ventures and associates

Information is for 100 percent in each company

MSEK	Scandagra Group AB		Scandagra Polska Sp. Z o.o ¹⁾		Agroenergi Neova Pellets AB ²⁾	
	2015	2014	2015	2014	2015	2014
Balance sheet items						
Non-current assets	199	172	44	47	211	234
Current assets	1,121	817	465	286	386	444
<i>of which cash and cash equivalents</i>	6	6	1	2	4	20
Total assets	1,320	989	509	333	597	678
Non-current liabilities	78	68	1	1	19	45
Current liabilities	886	763	388	270	274	314
Total liabilities	964	831	389	271	293	359
Net assets, 100 %	356	158	120	62	304	319
Ownership share in company, %	50 %	50 %	50 %	50 %	50 %	50 %
Lantmännen's share of net assets	178	79	60	31	152	160
Goodwill on consolidation	-	-	24	25	17	17
Carrying amount in Lantmännen	178	79	84	56	169	177

¹⁾ Company acquired in 2014.

²⁾ Company reclassified from subsidiary in 2014.

Acquisitions/shareholder contributions during the year relate mainly to Scandagra Group AB and Scandagra Polska Sp. Z o.o.

In June 2014, in connection with the IPO of Scandi Standard AB, Lantmännen divested a large proportion of its holding in the company. The remaining holding was reclassified as investment shares.

In 2014 a directed non-cash issue was implemented in Lantmännen Agroenergi AB, whereby Lantmännen's ownership was reduced from 100 to 50 percent and the company was reclassified from a subsidiary to a joint venture. The reclassified amount was MSEK 179.

MSEK	Share of income of joint ventures and associates		Dividends from joint ventures and associates	
	2015	2014	2015	2014
Joint ventures				
Scandagra Group AB	24	10	-	-
Scandagra Polska Sp. Z o.o	2	2	-	-
Agroenergi Neova Pellets AB	7	-2	-	-
Other	4	-1	0	0
Associates				
HaGe Kiel AG	34	47	-	-
Viking Malt Oy	23	19	17	14
Scandi Standard AB	-	23	-	-
Other	9	4	-	0
Carrying amount in Lantmännen	103	102	17	14

Note 15 continued

MSEK	Scandagra Group AB		Scandagra Polska Sp. Z o.o ¹⁾		Agroenergi Neova Pellets AB ²⁾	
	2015	2014	2015	2014	2015	2014
Income statement items						
Net sales	2,704	2,113	1,332	1,111	954	356
Net income for the year	48	20	4	4	14	-4
of which depreciation and amortization	-20	-17	-3	-1	-32	-13
of which interest income	17	12	2	0	0	0
of which interest expenses	-18	-18	-13	-3	-6	-5
of which tax expenses/income	-1	-2	0	0	-3	0
Total comprehensive income	48	20	4	4	14	-4
Net income for the year, 100%	48	20	4	4	14	-4
Ownership share in company, %	50 %	50 %	50 %	50 %	50 %	50 %
Lantmännen's share of net income for the year	24	10	2	2	7	-2
Carrying amount in Lantmännen	24	10	2	2	7	-2

¹⁾ Company acquired in 2014.

²⁾ Company reclassified from subsidiary in 2014.

Operating income in other joint ventures was MSEK 8 (-2), and Lantmännen's recognized share of income was MSEK 4 (-1).

MSEK	HaGe Kiel AG		Viking Malt Oy	
	2015	2014	2015	2014
Balance sheet items				
Non-current assets	1,867	1,878	365	391
Current assets	5,285	5,984	498	538
Total assets	7,152	7,862	863	929
Non-current liabilities	893	988	141	182
Current liabilities	3,874	4,592	182	196
Total liabilities	4,767	5,580	323	378
Net assets, 100%	2,385	2,282	540	551
Ownership share in company, %	40 %	39 %	38 %	38 %
Lantmännen's share of net assets	954	890	205	209
Goodwill on consolidation	16	29	-	0
Carrying amount in Lantmännen	970	919	205	209

MSEK	HaGe Kiel AG		Viking Malt Oy	
	2015	2014	2015	2014
Income statement items				
Net sales	24,465	23,194	1,245	1,277
Net income for the year	85	120	61	50
Other comprehensive income	-	-	-	-
Total comprehensive income	85	120	61	50
Net income for the year, 100%	85	120	61	50
Ownership share in company, %	40 %	39 %	38 %	38 %
Lantmännen's share of net income for the year	34	47	23	19
Carrying amount in Lantmännen	34	47	23	19

Operating income in other associates was MSEK 25 (57), and Lantmännen's recognized share of income was MSEK 9 (27). In the previous year, the total income attributable to Scandi Standard was MSEK 50, of which Lantmännen's share was MSEK 23.

Note 15 continued

Information on contingent liabilities for joint ventures and associates can be found in note 33. Lantmännen does not have any commitments to the companies over and above these contingent liabilities. There are no restrictions on the companies' ability to transfer assets to their owners.

Parent and Group holdings of shares in associates and joint ventures, December 31, 2015

Company name	Corporate ID no.	Domicile	Number of participations	Share of capital, %	Carrying amount, Group, MSEK	Carrying amount, Parent, MSEK
<i>Joint ventures owned by Parent Company:</i>						
Scandagra Group AB	556009-3121	Stockholm	85,000	50	178	120
Scandagra Polska Sp. Z o.o	PL 0000138255	Poland	2,686	50	84	76
Agroenergi Neova Pellets AB	556215-0606	Jönköping	30,000	50	169	179
AB Tillväxt för Svensk Animalieproduktion	556155-9831	Stockholm	135,000	50	26	24
Rural Patent Svenska AB	556530-9654	Stockholm	50	50	0	0
<i>Joint ventures owned by other Group companies:</i>						
Kajan 18 i Luleå Fastigheter AB	556831-3679	Stockholm	250	50	7	
Nacka Skarpnäs Fastigheter AB	556831-3661	Stockholm	250	50	1	
Nordic Bake Off A/S	31279283	Denmark	500	50	5	
<i>Associates owned by Parent Company:</i>						
Raiffeisen Hauptgenossenschaft Nord AG (HaGe Kiel AG)	DE134852742	Germany	9,726,305	40	970	591
Viking Malt Oy	FI 0802004-9	Finland	1,381,387	38	205	178
VetGross Holding AB	556892-6108	Stockholm	1,041,667	25	11	11
Åhus Stuveriintressenter AB	556039-8256	Åhus	5,987	50	1	1
European Agri Trade A/S	26207177	Denmark	180	36	0	0
European Crop Protection A/S	21538388	Denmark	232	46	0	0
European Fertilizer A/S	20296372	Denmark	155	31	0	0
Piteå Spannmåls AB	556090-8187	Piteå	1,500	30	0	0
Cgrain AB	556932-8023	Uppsala	20,830	40	3	3
<i>Associates owned by other Group companies:</i>						
Aspen-Produkte Handels GmbH	HR205654	Germany		50	17	
Unibake Japan Inc		Japan		49	1	
Struer Brød A/S	18 798 794	Denmark	1	33	12	
Total					1,690	1,183

Note 16 Non-current financial assets

MSEK	2015	2014
Receivables from joint ventures/associates	3	64
Other shares and interests	125	276
Bonds	60	49
Available-for-sale financial assets	384	406
Derivative instruments	0	-
Other non-current financial assets	124	123
Total	696	918
<i>Finance leases (note 26)</i>	1	0
Total	697	918

Available-for-sale financial assets	2015	2014
MSEK		
Balance at beginning of year	406	29
Investments	161	2
Divestments	-196	-
Impairment	-	-22
Fair value remeasurement for the year	13	25
Reclassifications	-	372
Carrying amount	384	406

Available-for-sale financial assets, fair value	2015	2014
MSEK		
Scandi Standard AB	208	391
Mackmyra Svensk Whisky AB	10	10
Stendörren Fastigheter AB	104	-
Stadshypotek AB, secured bond	23	-
City of Gothenburg, bond	26	-
Other	13	5
Carrying amount	384	406

Available-for-sale financial assets refer to shareholdings in listed companies and bonds held to meet liquidity requirements in accordance with the LCR rules for financial companies. Shares in Stendörren Fastigheter AB were received as payment for a property transfer.

The largest individual item in Other shares and interests is Lantmännen's holding in LRF (Federation of Swedish Farmers). The investment company Lion/Visor Cayman 1, which was previously the largest holding, is being wound up as an effect of Lantmännen's acquisition of Vaasan. Vaasan was previously owned by Lion/Visor Cayman 1. The carrying amount of Other shares and interests is considered consistent with the fair value.

Note 17 Other non-current assets

MSEK	2015	2014
Non-current derivative instruments, operating	0	0
Other non-current operating assets	8	10
Total	8	10

Note 18 Inventories

MSEK	2015	2014
Raw materials and consumables	621	703
Products in progress	548	392
Finished goods	1,949	1,884
Merchandise	2,422	2,289
Advances to suppliers	5	111
Total	5,545	5,379

MSEK 78 (46) of inventories for the year have been measured at net realizable value. Impairment losses of MSEK 1 (6) were recognized during the year, while previous impairment of MSEK 1 (4) was reversed. The total cost of goods sold during the year was MSEK 28,309 (26,177).

Note 19 Trade and other receivables

MSEK	2015	2014
Trade receivables	3,395	3,181
Trade receivables, joint ventures/associates	36	11
Trade receivables, finance service, members	628	559
Derivative instruments	13	85
Other operating receivables from joint ventures/associates	5	3
Other current receivables	738	508
Prepayments and accrued income	592	376
Total	5,407	4,723

Age analysis of trade receivables

MSEK	2015	2014
Receivables, not yet due	3,029	2,772
Receivables, past due		
< 30 days	283	345
31-60 days	43	41
61-90 days	18	15
> 91 days	111	95
Total	3,484	3,268
Provision for doubtful debts	-89	-87
Total	3,395	3,181

Note 19 continued

Provision for doubtful debts MSEK	2015	2014
Provision at beginning of year	-87	-64
New provision for anticipated losses	-19	-51
Utilization of provision for identified losses	14	21
Reversal of provisions no longer required	3	6
From acquired, divested companies	-1	3
Exchange differences	1	-2
Provision at end of year	-89	-87

The cost of doubtful debts for the year was MSEK -16 (-45) and was recognized in other operating expenses. For information about credit quality of trade receivables, see ► note 23.

Prepayments and accrued income

MSEK	2015	2014
Prepaid rent	59	57
Prepaid insurance	27	24
Bonuses and discounts	15	6
Other prepayments	262	186
Other accrued income	229	103
Total	592	376

Note 20 Current interest-bearing assets and cash and cash equivalents

Current interest-bearing assets MSEK	2015	2014
Receivables from joint ventures/associates	2	118
Interest-bearing receivables	85	141
Other short-term investments	9	0
Derivative instruments	67	57
Other current financial assets	7	29
Total	170	345
Finance leases	4	-
Total	174	345
Cash and cash equivalents MSEK	2015	2014
Cash and bank balances	990	964
Short-term investments < 3 months	262	2,094
Total	1,252	3,058

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 21 Equity

MSEK	Member contributions	Other contributed capital	Hedge reserve	Available for-sale assets	Translation reserve	Retained earnings	Equity attrib. to members of association	Equity attributable to NCI	Total equity
Equity, Jan 1, 2014	1,903	2,602	-54	-4	-110	6,679	11,016	28	11,044
Net income for the period after tax	-	-	-	-	-	1,217	1,217	8	1,225
Actuarial gains and losses on pension plans ¹⁾	-	-	-	-	-	-313	-313	-	-313
Available-for-sale financial assets									
- remeasurement for the year	-	-	-	20	-	-	20	-	20
- transferred to income statement	-	-	-	4	-	-	4	-	4
Cash flow hedges									
- remeasurement for the year	-	-	91	-	-	-	91	-	91
- transferred to income statement	-	-	-84	-	-	-	-84	-	-84
Exchange differences on translation of foreign operations	-	-	-	-	209	-	209	-	209
Net gain on hedge of net investment in foreign operations									
- net income for the year	-	-	-	-	-183	-	-183	-	-183
- transferred to income statement	-	-	-	-	9	-	9	-	9
Tax relating to components of other comprehensive income	-	-	-1	-	38	70	107	-	107
Other comprehensive income for the period, net of tax	0	0	6	24	73	-243	-140	0	-140
Total comprehensive income	0	0	6	24	73	974	1,077	8	1,085
Dividend paid ²⁾	-	-	-	-	-	-171	-171	-3	-174
Refund and final price adjustment	-	-	-	-	-	-137	-137	-	-137
Contributed capital paid in by members	138	-	-	-	-	-	138	-	138
Contributed capital paid out to members	-64	-	-	-	-	-	-64	-	-64
Appropriation of profit	0	23	-	-	-	-23	0	-	0
Other non-owner changes ³⁾	-	-	-	-	-	-	0	-16	-16
Total equity, Dec 31, 2014	1,977	2,625	-48	20	-37	7,322	11,859	17	11,876
Equity, Jan 1, 2015	1,977	2,625	-48	20	-37	7,322	11,859	17	11,876
Net income for the period after tax	-	-	-	-	-	1,088	1,088	2	1,090
Actuarial gains and losses on pension plans ¹⁾	-	-	-	-	-	211	211	-	211
Available-for-sale financial assets									
- remeasurement for the year	-	-	-	23	-	-	23	-	23
- transferred to income statement	-	-	-	-10	-	-	-10	-	-10
Cash flow hedges									
- remeasurement for the year	-	-	82	-	-	-	62	-	62
- transferred to income statement	-	-	-20	-	-	-	0	-	0
Exchange differences on translation of foreign operations	-	-	-	-	-201	-	-201	-	-201
Net gain on hedge of net investment in foreign operations									
- net income for the year	-	-	-	-	56	-	56	-	56
- transferred to income statement	-	-	-	-	0	-	0	-	0
Tax relating to components of other comprehensive income	-	-	-14	-8	-12	-46	-80	-	-80
Other comprehensive income for the period, net of tax	0	0	48	5	-157	165	61	0	61
Total comprehensive income	0	0	48	5	-157	1,253	1,149	2	1,151
Dividend paid ²⁾	-	-	-	-	-	-367	-367	0	-367
Refund and final price adjustment	-	-	-	-	-	0	0	-	0
Contributed capital paid in by members	123	-	-	-	-	-	123	-	123
Contributed capital paid out to members	-104	-	-	-	-	-	-104	-	-104
Appropriation of profit	150	150	-	-	-	-300	0	-	0
Other non-owner changes ⁴⁾	-	-	-	-	-	-	0	2	2
Total equity, Dec 31, 2015	2,146	2,775	0	25	-194	7,908	12,660	21	12,681

¹⁾ Including payroll tax.

²⁾ Refers to contribution dividend concerning parent association members.

³⁾ 2014 includes buyout of non-controlling interest in Swecon AB.

⁴⁾ 2015 includes buyout of non-controlling interest in CropTailor AB.

Note 21 continued

Restricted reserves are reported under other contributed capital in the Parent Company.

For hedges where the hedged transaction has not yet occurred, the hedging reserve comprises the cumulative effective portion of gains or losses arising from remeasuring the hedging instruments at fair value. The hedging transactions included are cash flow hedges. The cumulative gain or loss recognized in the hedge reserve will be recycled to profit or loss when the hedged transaction affects profit or loss.

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.

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.

Management of the Group's capital

Lantmännen has two overall financial objectives:

- return on equity of at least 8 percent over a business cycle and with the present business portfolio
- equity ratio of at least 40 percent

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 enterprises 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 enterprises outside the Group.

Future investments are allocated primarily to areas that meet the profitability target and have potential for profitable growth.

Note 23 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 the corporate function Group Treasury within Lantmännen ek för.

The main task of Group Treasury 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 Lantmännen's netting system and is responsible for the Group's liquidity management via cash pools in banks. Only banks and credit institutions that have a high credit rating and essentially participate in the Group's long-term financing are accepted as counterparties to Lantmännen in financial transactions.

CAPITAL STRUCTURE AND FINANCIAL COVENANTS

Lantmännen works actively 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 several financial ratios to measure its capital structure and has, for example, a long-term objective for an equity target of over 40 percent.

Note 22 Interest-bearing liabilities

Non-current interest-bearing liabilities

MSEK	Note	2015	2014
Non-current liabilities to credit institutions	23	3,231	2,465
Issued securities ¹⁾		1,245	-
Debentures		250	-
Financial liabilities, leases	28	91	48
Other non-current interest-bearing liabilities		54	50
Derivative instruments		26	37
Total		4,897	2,600

¹⁾ Recognized at amortized cost.

Current interest-bearing liabilities

MSEK	Note	2015	2014
Current liabilities to credit institutions	23	13	1,009
Liabilities to members, savings		1,102	927
Liabilities to members, capital account		725	715
Deposits with Lantmännen Finans AB from the public		1,325	1,562
Financial liabilities, leases	28	12	17
Liabilities to joint ventures/associates		0	107
Other current interest-bearing liabilities		18	168
Derivative instruments		35	96
Total		3,230	4,601

Deposits with Lantmännen Finans AB from the public are from companies, members, employees and other individuals. The deposit accounts offer unrestricted withdrawals, interest from the first SEK 1 and cover of EUR 100,000 under the national deposit guarantee scheme.

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 33.

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

Transaction exposure is the risk of changes in exchange rates having an adverse effect on the Group's operating income. To address this risk, the Group's financial policy requires the Sectors' foreign currency sales and purchases to be hedged with Group Treasury. This can be done either by order or based on a rolling 12-month exposure forecast. 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.

Note 23 continued

Distribution of trade receivables by currency, December 31, 2015

MSEK	Group	Parent Company
SEK	2,348	1,599
EUR	687	18
DKK	324	-
NOK	191	-
GBP	64	-
USD	329	-
Other currencies	116	-
Total	4,059	1,617

Distribution of trade receivables by currency, December 31, 2014

MSEK	Group	Parent Company
SEK	1,895	1,471
EUR	740	95
DKK	373	-
NOK	360	-
GBP	227	1
USD	60	0
Other currencies	96	-
Total	3,751	1,567

Distribution of trade payables by currency, December 31, 2015

MSEK	Group	Parent Company
SEK	3,134	2,012
EUR	705	14
DKK	177	2
NOK	92	-
GBP	35	1
USD	78	-
Other currencies	85	-
Total	4,306	2,029

Distribution of trade payables by currency, December 31, 2014

MSEK	Group	Parent Company
SEK	2,446	1,858
EUR	936	100
DKK	209	2
NOK	56	1
GBP	103	0
USD	31	3
Other currencies	82	0
Total	3,863	1,964

Translation exposure

Translation exposure is the risk to which Lantmännen is exposed when foreign subsidiaries' income statements and balance sheets are translated into SEK. Currency hedging of net investments in foreign subsidiaries is managed through the equity hedge. These are recognized at the closing rate on the reporting date. The Parent Company's exchange differences attributable to these hedges and translation differences from the net assets of subsidiaries are recognized in other comprehensive income and accumulated in consolidated equity. Only net investments with high exposure to a currency are hedged. These are currently net investments in EUR, DKK and GBP.

If the Swedish krona weakened against other currencies by 10 percent, equity would increase by MSEK 592 (480), not taking into account the equity hedge. If the equity hedge is taken into account, equity would increase by MSEK 561 (261), 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.

If, on translation of operating income, the Swedish krona were to strengthen against subsidiaries' currencies by 10 percent, this would have an adverse impact of MSEK -140 (-55) 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.

Sensitivity analysis for major currencies	Change	Operating income effect, MSEK	
		2015	2014
Risk			
EUR/SEK	-10 %	-25	-18
DKK/SEK	-10 %	-6	-3
NOK/SEK	-10 %	-12	-10
GBP/SEK	-10 %	-9	-5
USD/SEK	-10 %	-8	-5
Other	-10 %	-80	-14
Total		-140	-55

The currency derivatives used are forward exchange contracts.

The currency distribution of the Group's outstanding forward contracts was as follows:

Currency distribution and payment structure, operating forward contracts			
MSEK	2016	2017	2018
EUR	-763	-10	-
DKK	303	-	-
NOK	-26	-	-
GBP	-71	-	-
USD	51	-	-
Total	-506	-10	-

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.

The average remaining maturity of the forward contracts at December 31, 2015 was 3 (5) months.

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, rape, barley, oats and soy. 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. Pricing of most commodities is based on 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.

Energy price risk

Through its energy-intensive operations, Lantmännen is exposed to risks associated with price fluctuations, particularly for electricity and gas. If the energy price risk is not hedged, these price fluctuations will have a direct impact on the Group's operating income. The Group's electricity consumption is therefore hedged on a

Note 23 continued

gradual basis according to an established strategy. The objective of the hedging strategies for electricity and gas is to bring long-term savings and reduce the volatility of the Group's energy costs. As electricity and gas are traded in EUR, this also gives rise to a currency risk, which is hedged on a continuous basis.

Electricity price hedging for Sweden, Denmark and Norway

Maturity year	2016	2017	2018	2019
Hedged share of forecast annual need	49 %	34 %	10 %	0 %

From January 1, 2015, Group Risk Management is also responsible for electricity price hedging for the UK. For 2016, 57 (56) percent of the projected annual need in the UK is hedged.

The Group companies' total electricity consumption in 2015 was 536 (488) GWh. The operations in Sweden, Denmark and Norway accounted for 372 (391) GWh of the total, and the UK 30 (31) GWh. The increased consumption outside Scandinavia is due to the acquisition of Vaasan. The Group companies' consumption of natural gas in 2015 was 283 (180) GWh. The operations in Sweden and Denmark accounted for 97 (91) GWh of the figure, and the UK 27 (26) GWh. The increased consumption of natural gas is primarily due to the acquisition of Vaasan.

A movement of +/-10 percent in the price of electricity would change the value of energy hedges by MSEK +/-7.

Price hedges via ethanol and gasoline contracts

Ethanol price hedges for Agroetanol in the Energy Sector were entered into regularly throughout 2015 in order to mitigate earnings fluctuations attributable to daily market price changes. Ethanol is mainly priced in EUR. A movement of +/-10 percent in the price of ethanol would result in a change in value of MSEK +/-13.

Eurobob gasoline price hedges for Agroetanol and Aspen in the Energy Sector were entered into regularly throughout 2015 in order to mitigate earnings fluctuations attributable to daily market price changes. Eurobob is priced in EUR. A movement of +/-10 percent in the eurobob price would result in a change in value of MSEK +/-2.

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. During the year, a number of derivatives were entered into to extend the fixed-term period of the loan portfolio.

The Group's outstanding interest-bearing liabilities at December 31, 2015, including outstanding interest rate swaps, had a weighted average fixed-rate period of just over 18 (15) months.

A movement of +/-1 percentage point in interest rates would affect the valuation of interest rate swaps outstanding on the closing date by MSEK +/-46.

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 including bond loans at the end of the year was 7.7 (7.4) 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 liquidity (available line of credit) is calculated on the basis of Lantmännen's loan agreement and associated covenants signed with the syndication banks on July 9, 2015. Liquidity at December 31, 2015 was MSEK 4,064 (3,932).

Maturity structure of interest-bearing financial liabilities ¹⁾

MSEK	Group		Parent Company	
	2015	2014	2015	2014
2015	-	1,051	-	1,040
2016	95	541	81	530
2017	1,088	448	1,078	437
2018	102	107	92	97
2019	861	613	851	603
2020-	3,043	1,042	3,008	999
Total	5,189	3,802	5,110	3,706

¹⁾ Including future interest payments

MTN program

To diversify Lantmännen's financing, a medium term note (MTN) program was established in December 2015. The bond program has a loan limit of SEK 3 billion for issues on the Swedish equity market. On December 31, a nominal amount of MSEK 1,250 was outstanding, with a maturity of 5 years. In connection with the issue, three banks, Swedbank, Nordea and Danske Bank, conducted shadow ratings of Lantmännen. These correspond to BBB-

Maturity structure of interest-bearing financial liabilities by currency

MSEK	Total	2017–		2019–	
		2016	2018	2020	> 2021
EUR	731	7	15	709	0
DKK	1,300	47	108	127	1,018
SEK	3,154	37	1,067	2,048	2
USD	4	4	-	-	-
Total	5,189	95	1,190	2,884	1,020
Of which interest	445	82	83	104	176
Total excluding interest	4,744	13	1,107	2,780	844

The table above refers to undiscounted contractual amounts and therefore differs from the liabilities recognized in the statement of financial position.

External currency swaps related to financing of Group companies

MSEK	Group		Parent Company	
	2015	2014	2015	2014
EUR	4,232	1,105	4,232	1,105
DKK	817	852	817	852
NOK	380	400	380	400
GBP	1,495	1,466	1,495	1,466
USD	164	270	164	270
SEK	-7,435	-4,191	-7,435	-4,191
PLN	232	232	232	232
Total	-115	134	-115	134

Other interest-bearing liabilities, savings and capital account

Other current liabilities include members' savings of MSEK 1,102 (927). Deposits into the capital account amounted to MSEK 2,050 (2,277), MSEK 1,325 (1 562) of which 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 22.

Other non-current interest-bearing liabilities amounted to MSEK 145 (98) and include non-current lease liabilities.

In credit agreements with banks, Lantmännen is bound by financial covenants requiring its equity ratio to be always higher than 30 percent, year-end net debt/EBITDA to be below 4.50 (3.75) and EBITDA/net financial items to be at least 3.5 times. If Lantmännen fails to meet the covenants, the bank is entitled to terminate the credits prematurely. At December 31, 2015, according to the bank syndicate's definition, the equity ratio was 42.8 (43.8) percent, net debt/EBITDA was 2.9 (2.0) and EBITDA/net financial items was 23.4 (20.6) times.

Note 23 continued

**Maturity structure of derivative instruments, nominal amounts
December 31, 2015**

MSEK	2016	2017	2018	2019-	Fair value
Currency derivatives	-6,010	-10	-	-	32
Interest rate derivatives	248	500	100	1 685	-25
Energy derivatives	51	40	12	-	-38
Commodity derivatives	-519	-	-	-	7
Ethanol derivatives	-149	-	-	-	-5
Total					-29

**Maturity structure of derivative instruments, nominal amounts
December 31, 2014**

MSEK	2015	2016	2017	2018-	Fair value
Currency derivatives	-5,017	-4	-	-	-38
Interest rate derivatives	238	-	500	189	-37
Energy derivatives	95	48	35	14	-21
Commodity derivatives	-1,307	-23	-	-	19
Ethanol derivatives	-128	-	-	-	-9
Total					-86

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 Lantmännen. 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 has credit control procedures in place and obtains information about the financial position of customers from various credit-rating agencies. Lantmännen has a good spread of 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 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 124 (199).

Lantmännen Finans AB transfers its leasing and hire purchase contracts to Swedbank on an ongoing basis. Swedbank has limited recourse. At December 31, 2015, recourse was MSEK 62 (59). The item is reported under other liabilities in the consolidated statement of financial position.

For information about past due trade receivables and provisions, see ► note 19.

**Financial assets and liabilities measured at fair value in the statement
of financial position at December 31, 2015**

Assets, MSEK	Level 1	Level 2	Level 3	Total
Derivatives with positive fair value	13	67	-	80
Other financial assets measured at fair value	443	105	125	673
Total assets	456	172	125	753
Liabilities, MSEK				
Derivatives with negative fair value	48	61	-	109
Total liabilities	48	61	-	109

**Financial assets and liabilities measured at fair value in the statement
of financial position at December 31, 2014**

Assets, MSEK	Level 1	Level 2	Level 3	Total
Derivatives with positive fair value	85	57	-	142
Other financial assets measured at fair value	456	38	276	770
Total assets	541	95	276	912
Liabilities, MSEK				
Derivatives with negative fair value	95	133	-	228
Total liabilities	95	133	-	228

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.

Assets in Level 3 refer to other shares and interests and have been measured at cost of acquisition, which is considered a good reflection of the fair value at the closing date.

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.

Note 23 continued

Financial assets and liabilities by measurement category 2015

December 31, 2015, MSEK	Financial assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Derivatives used in hedge accounting	Other derivatives	Other financial liabilities	Total carrying amount	Fair value
ASSETS								
Other shares and interests	125	-	332	-	-	-	457	457
Other financial assets	60	142	52	-	-	-	254	254
Trade and other receivables	-	4,803	-	13	-	-	4,816	4,816
Current interest-bearing assets	-	105	-	62	5	-	172	172
Cash and cash equivalents	-	1,252	-	-	-	-	1,252	1,252
Total assets	185	6,302	384	75	5	-	6,951	6,951
LIABILITIES								
Non-current interest-bearing liabilities	-	-	-	26	-	4,871	4,897	4,913
Other non-current liabilities	-	-	-	14	-	-	14	14
Current interest-bearing liabilities	-	-	-	35	-	3,195	3,230	3,230
Trade and other payables	-	-	-	34	-	5,101	5,135	5,135
Total liabilities	-	-	-	109	-	13,167	13,276	13,292

Financial assets and liabilities by measurement category 2014

December 31, 2014, MSEK	Financial assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Derivatives used in hedge accounting	Other derivatives	Other financial liabilities	Total carrying amount	Fair value
ASSETS								
Other shares and interests	280	-	402	-	-	-	682	682
Other financial assets	88	148	-	-	-	-	236	236
Trade and other receivables	-	3,751	-	85	-	-	3,836	3,836
Current interest-bearing assets	-	288	-	57	-	-	345	345
Cash and cash equivalents	-	3,058	-	-	-	-	3,058	3,058
Total assets	368	7,245	402	142	-	-	8,157	8,157
LIABILITIES								
Non-current interest-bearing liabilities	-	-	-	37	-	2,563	2,600	2,614
Other non-current liabilities	-	-	-	5	-	-	5	5
Current interest-bearing liabilities	-	-	-	96	-	4,505	4,601	4,601
Trade and other payables	-	-	-	90	-	3,863	3,953	3,953
Total liabilities	-	-	-	228	-	10,931	11,159	11,173

Offsetting of financial assets and liabilities, December 31, 2015

ASSETS MSEK	Recognized in statement of financial position	Gross amount for financial assets offset against financial liabilities	Of which amounts with right of offset, reported gross	Related amounts not offset in statement of financial position	Net amount
Derivatives	80	-	63	-3	60
Total	80	0	63	-3	60

LIABILITIES MSEK	Recognized in statement of financial position	Gross amount for financial liabilities offset against financial assets	Of which amounts with right of offset, reported gross	Related amounts not offset in statement of financial position	Net amount
Derivatives	109	-	-60	3	-57
Total	109	0	-60	3	-57

Trading in derivatives is subject to the ISDA agreement, which stipulates the netting of liabilities and receivables. This can be done in the course of operations and in situations such as breaches of contract or early termination.

Note 24 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. Six of the Swedish companies within Lantmännen are connected to the fund. There is no obligation for the companies in the fund to make additional contributions 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 plans		
MSEK	2015	2014
<i>Funded plans:</i>		
Defined benefit obligations under Swedish PRI Pensionsgaranti plans	2,089	2,213
Other defined benefit obligations	127	137
Fair value of plan assets	-1,921	-1,879
Total net value of funded plans	295	471
<i>Unfunded plans:</i>		
Other unfunded obligations	51	46
Total unfunded plans	51	46
Provisions for pensions, net value	346	517
- Of which plans recognized as a liability	360	517
- Of which surplus in funded plans recognized as an asset	14	-

Pension plans by country

	2015			2014		
	Obligations	Plan assets	Pension liability	Obligations	Plan assets	Pension liability
Sweden	2,098	-1,825	273	2,219	-1,783	436
Norway	127	-96	31	137	-96	41
Germany	34	-	34	38	-	38
Netherlands, Poland, Finland	8	-	8	2	-	2
Total	2,267	-1,921	346	2,396	-1,879	517

The following summary explains how obligations, assets and the net amount changed during the year:

	2015			2014		
	Defined benefit obligations	Plan assets	Net	Defined benefit obligations	Plan assets	Net
Opening balance	2,396	1,879	517	1,935	1,767	168
Service cost during the year	55	-	55	42	-	42
Interest recognized in income statement	64	52	12	75	71	4
Payment of pension benefits	-107	-	-107	-101	-	-101
Compensation paid to employer ¹⁾	-	-80	80	-	-94	94
Payment of contributions by employer ¹⁾	-	9	-9	-	13	-13
Curtailments and settlements	-	-	0	11	-	11
Return on plan assets in excess of recognized interest	-	70	-70	-	130	-130
Remeasurement of pension obligations recognized in OCI	-141	-	-141	443	-	443
Effects of acquired/divested operations	14	-	14	-	-	0
Other	-	-	0	-9	-6	-3
Translation differences	-14	-9	-5	-	-2	2
Closing balance, pension liability	2,267	1,921	346	2,396	1,879	517
Of which funded plans			295			471
Of which unfunded plans			51			46

¹⁾ Compensation from the Swedish pension fund consists of MSEK 80 (88) to 3 (4) companies in 2015, and the remaining MSEK 0 (5) relates to Norwegian pension plans. No Swedish company made a payment into the pension fund in 2015. A company paid in MSEK 2 in 2014. MSEK 9 (11) has been paid in to Norwegian plans.

Pension cost in the income statement

MSEK	2015	2014
<i>Defined benefit plans</i>		
Cost of pensions accrued during the year	55	42
Interest expense, interest income, net	12	4
Service cost, prior periods	1	11
Curtailments and settlements	-	-
Cost of defined benefit plans	68	57
Cost of defined contribution plans	249	193
Total pension cost in the income statement	317	250
<i>The cost is recognized on the following lines in the income statement</i>		
Employee benefits expense	305	246
Finance costs	12	4
Total cost relating to pensions	317	250

Pension-related remeasurements in OCI

MSEK	2015	2014
<i>Defined benefit plans</i>		
Return on plan assets in excess of what is recognized as interest income in the income statement	70	130
Experience-based adjustment of obligation	16	5
Effects of changes in demographic assumptions	15	-111
Effects of changes in financial assumptions	110	-337
Total actuarial gains (+) and losses (-)	211	-313
Tax on above items	-46	70
Total recognized in OCI	165	-243

Note 24 continued

Fair value of plan asset categories and percentage of total plan assets

	2015 MSEK	2014 MSEK	2015 %	2014 %
Property	1,085	1,050	56 %	56 %
Fixed-interest investments	236	208	12 %	11 %
Structural products	55	65	3 %	3 %
Equity investments	398	302	21 %	16 %
Hedge funds	64	164	3 %	9 %
Cash and cash equivalents	83	90	4 %	5 %
Total	1,921	1,879	100 %	100 %

Equity investments in 2015 include subordinated debentures of MSEK 72 in Lantmännen ek för. Other holdings under equity investments are primarily listed shares.

Actuarial assumptions ²⁾

	2015	2014
Discount rate	3.0 %	2.75 %
Future salary increases	3.0 %	3.0 %
Inflation	1.5 %	1.5 %
Life expectancy assumptions, Sweden	DUS14	DUS14
Duration	16 år	16 år

²⁾ Weighted average, corresponding to the Swedish assumptions, as Swedish plans dominate.

A 0.25 percent decrease in the discount rate would increase the Swedish pension obligation (which is 92 percent of the total) by approximately MSEK 80, while a 0.25 percent increase in the interest rate would reduce it by approximately MSEK 75. A change of one year in mortality assumptions would increase

the obligation by approximately MSEK 76 in the case of a longer life expectancy, and would reduce it by the same amount in the case of a shorter life expectancy. A 0.25 percent change in inflation would reduce the obligation by approximately MSEK 64 in the case of a fall in inflation and would increase it by approximately MSEK 67 in the case of a rise. A 0.25 percent change in salary growth assumptions would increase the obligation by approximately MSEK 56 in the case of a higher assumption and would reduce it by approximately MSEK 53 in the case of a lower assumption. The Swedish pension fund's return was approximately 6.8 percent in 2015. A change of 1 percentage point in the return would increase or decrease the value of the plan assets by approximately MSEK 18.

The Swedish funded plans cover active members, 17 (17) percent, paid-up policyholders, 36 (36) percent, and retired persons, 47 (47) percent.

Expected payments of pensions under defined benefit pension plans in 2016 are MSEK 100 (98).

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 249 (193) for defined contribution plans, MSEK 19 (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 153 (143) 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.

Information on pensions for senior executives can be found in ► note 5.

Note 25 Other provisions

MSEK	Guarantee commitments	Actuarial provisions	Restructuring measures	Other	Total 2015	Total 2014
Opening balance	109	81	124	337	651	451
Provisions during the period	58	23	99	52	232	440
Amounts utilized during the period	-55	-	-98	-67	-220	-164
Reversals during the period	-3	-	-27	-37	-67	-38
Reclassifications	-1	-	1	-3	-3	-40
Effects of divested, acquired operations	-	-	-7	-	-7	-
Translation differences	-4	-	-1	-	-5	2
Carrying amount at end of period	104	104	91	282	581	651
Of which current provisions	83	39	78	154	354	424
Of which non-current provisions	21	65	13	128	227	227

MSEK 183 of the non-current provisions is expected to be used in 2018 and thereafter.

Increases in previously existing provisions are included in the period's provisions.

The year's restructuring provisions are mainly related to measures in the Agriculture and Food Sectors, and are expected to be used in 2016.

MSEK 105 (111) of the provisions under Other relates to the estimated costs of closing down grain elevators. No new provisions for grain elevators were made in 2015.

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 26 Other non-current liabilities

MSEK	2015	2014
Non-current derivative instruments, operating	14	5
Other non-current operating liabilities	20	46
Non-current liabilities to joint ventures/associates	5	3
Total	39	54

Note 27 Trade and other payables

MSEK	2015	2014
Trade payables	4,274	3,863
Trade payables, joint ventures/associates	32	0
Other operating liabilities, associates	2	-
Other current liabilities	977	917
Derivative instruments	34	90
Accruals and deferred income	2,289	1,703
Total	7,608	6,573

Accruals and deferred income

MSEK	2015	2014
Accrued personnel-related costs	600	490
Bonuses and discounts	222	170
Other accruals	868	595
Deferred income	599	448
Total	2,289	1,703

Note 28 Leases

The Group is both a lessor and a lessee. The Group's obligations as a lessee are reported in this note. The Group as lessor is reported in ► note 29 Customer financing. The Group has both operating and finance lease obligations.

Operating leases

Recognized costs of operating leases

MSEK	2015	2014
Minimum lease payments	416	248
Contingent rents	4	6
Total	420	254

Future obligations under non-cancelable operating leases are reported below.

Minimum lease payments due

MSEK	2015	2014
Within one year	146	74
Between one and five years	551	318
After five years	410	441
Total	1,107	833

Companies in the Lantmännen Group are tenants in properties owned by Lantmännen's pension fund. The annual rent for these properties was MSEK 67 (74) in 2015 and is expected to be MSEK 67 in 2016. 27 percent of the leases run until 2020/2022 and 73 percent until 2025. The estimated rent for these contracts is included in the minimum lease payments reported above.

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.

Recognized costs and payment of finance leases

MSEK	2015	2014
Minimum lease payments		
- reported as interest	3	1
- reported as payment (reduction of liability)	7	3
Contingent rents	0	0
Total payments under finance leases	10	4

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:

Maturity	2015			2014		
	Payment	Interest	Total charge	Payment	Interest	Total charge
Within one year	12	5	17	17	1	18
Between one and five years	51	14	65	31	3	34
After five years	40	3	43	17	0	17
Total	103	22	125	65	4	69

Note 29 Customer financing

Customer financing is mainly concerned with financing Lantmännen's sales of farm and construction machinery to end customers. Customer financing through leasing occurs mainly in the Group's international machinery operations.

The real estate operations' leasing of premises to external customers is also reported as customer financing.

Customer financing through finance leases occurs to a very limited extent, and outstanding receivables are well below MSEK 1 for both years.

Operating leases

For equipment and premises leased to customers and tenants under operating leases, future payments under non-cancelable leases fall due as follows:

Minimum lease payments due

MSEK	2015	2014
Within one year	126	158
Between one and five years	236	269
After five years	131	191
Total	493	618

MSEK 460 (589) of the total minimum lease payments relate to premises and MSEK 33 (29) to machines.

Note 31 Government grants

MSEK	2015	2014
Grants recognized as revenue	10	10
Grants that reduced expenses	23	8
Total	33	18

During 2015 and 2014, no contributions were received that reduced the value of non-current assets or were recognized as deferred income at the reporting date.

Note 30 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 received by senior executives are reported in ► note 5. Dividends from subsidiaries and joint ventures/associates are shown in ► notes 15 and 38. Receivables from and liabilities to joint ventures/associates are shown in ► notes 16, 19, 20, 22, 26 and 27.

Related party transactions	2015	2014
Intra-group purchases, share of total purchases, %	13	13
Intra-group sales, share of total sales, %	10	10
Purchases of goods and services from joint ventures and associates, MSEK	267	142
Sales of goods and services to joint ventures and associates, MSEK	298	280
Transfer of capital to "Lantmännens Gemensamma Pensionsstiftelse Grodden" (pension fund), MSEK	-	2
Transfer of capital from pension fund to Lantmännen, credited, MSEK	100	88
Rent paid to pension fund, MSEK	67	74
Sales of goods and services to pension fund, MSEK	8	95
Acquisition of property from pension fund, MSEK	82	-
Divestment of property to pension fund, MSEK	94	-

Note 32 Acquisitions and divestments

Acquisitions 2015

The following acquisitions of subsidiaries were made during the year.

Company	Business	Acquisition date	Purchase price, MSEK	Acquisition-related costs, MSEK	Goodwill, MSEK	Other intangible assets, MSEK	Property, plant & equipment, MSEK	Annual sales, MSEK	Number of employees	Acquired interest	Holding after acquisition
Pane Lux 1 Sarl/ Vaasan ¹⁾	Bakery	Jun-15	4,459	43	1,677	2,155	813	3,254	2,472	100 %	100 %
CropTailor AB	Biotechnology	May-15	15	-	15	2	0	0	1	53 %	68 %
Other smaller acquisitions			2	-	-	-	20	3	-	100 %	100 %

¹⁾ The acquisition was made by Lantmännen repaying the acquiree's loans to the seller. Acquisition-related transaction costs amounted to approximately MSEK 43. Such transaction costs are reported as an operating expense in the Group.

The Vaasan Group was acquired through the purchase of the Luxembourg-based company Pane Lux 1 Sarl, previously owned by the investment company Lion Capital. Pane Lux 1 indirectly owns 100 percent of the Vaasan Group. The Vaasan acquisition is part of Lantmännen's strategy to focus on value-adding activities in the grain chain in the Baltic Sea region. Vaasan engages in bakery operations in the areas of bake-off, crispbread and fresh bread. Vaasan is part of the Food Sector, with its crispbread business integrated into the business area Lantmännen Cerealia and its other business into Lantmännen Unibake. Lantmännen's and Vaasan's operations complement each other well and Lantmännen sees the acquisition providing great potential to create an even more competitive food company with the right conditions for expanded market

positions, particularly in the Baltic region. The fair values of acquired assets and liabilities have been determined and consist of brands, customer relationships, plant and machinery, property and goodwill.

CropTailor is a Swedish biotech company which has developed technology for fast, high-precision breeding of oats. The acquisition is part of Lantmännen's strategic focus on oats. The non-controlling interest of 36 percent has been measured at MSEK 5, with the valuation based on the full goodwill method.

The acquisition balance sheets for companies acquired in 2015 are preliminary. The companies are consolidated as subsidiaries using the acquisition method.

For information on the fair value of net assets in acquired operations, see below for the Vaasan Group and note 34:3 in the notes to the statement of cash flows.

Acquisition balance sheet, Vaasan acquisition

Acquisition price	MSEK
Cash payment/Loan repayment	4,459
Acquired assets and liabilities at fair value	
Property, plant and equipment	813
Intangible assets	2,155
Inventories	159
Trade receivables	363
Other current and non-current assets	82
Trade payables	-271
Other liabilities	-766
Net assets acquired, total	2,535
Cash and cash equivalents	247
Acquired net debt	247
Goodwill	1,677
Total	4,459

Acquisition-related costs, reported as
Other operating expenses 43

The above values include fair value adjustments to the carrying amounts of the companies' identifiable assets and liabilities made when preparing the acquisition balance sheets. These adjustments are shown below:

Property, plant and equipment	145
Intangible assets	2,137
Other liabilities	-266

Effect on the consolidated income statement	MSEK
Net sales	1,913
Operating income from companies	112
Operating income from acquisition adjustments, excluding acquisition costs	-44
Operating income, total	68

Sales and income if the acquisitions had been at the beginning of the year	MSEK
Net sales	3,254
Operating income from companies	154
Operating income from acquisition adjustments, excluding acquisition costs	-74
Operating income, total	80

Effect on the Group's cash and cash equivalents	MSEK
Consideration paid for the year's acquisitions/Loan repayments	4,459
Cash and cash equivalents in acquired companies	-247
Total	4,212

Note 32 continued

Acquisitions 2014

Company	Business	Acquisition date	Purchase price, MSEK	Acquisition-related costs, MSEK	Goodwill, MSEK	Other intangible assets, MSEK	Property, plant & equipment, MSEK	Annual sales, MSEK	Number of employees	Acquired interest	Holding after acquisition
Strängnäs Valskvarn AB	Milling	Aug-14	178	-	94	-	54	139	22	100 %	100 %

Strängnäs Valskvarn AB is a strategic acquisition to secure grain handling in Mälardalen and exploit synergies with Lantmännen's existing facilities.

Divestments 2015

The following divestments of subsidiaries were made during the year.

Company	Business	Sale date	Consolidated net sales 2015, MSEK	Consolidated net sales 2014, MSEK	Average no. of employees 2015	Average no. of employees 2014	Divested interest	Holding after divestment
Lantmännen Doggy AB	Pet food	Jul-15	231	534	80	174	100 %	0 %

Lantmännen Doggy AB and its subsidiary Bozita GmbH were divested on July 1, 2015. The sale generated a capital gain of MSEK 110 and reduced net debt by MSEK 24. The proceeds from the divestment were MSEK 203. In connection with the divestment of Doggy, the industrial properties in Vårgårda where Doggy's operations are conducted were also sold, and the transaction was conducted through the divestment of Fastighets AB Slätpricken. The divestment generated a capital gain of MSEK 17 and the purchase consideration was MSEK 18.

The divestments made in 2015 are not considered to be operations of significant value and have consequently not been classified or reported as discontinued operations.

For information on the fair value of net assets in divested operations, see ► note 34:3 in the notes to the statement of cash flows.

Divestments 2014

Company	Sale date	Consolidated net sales 2014, MSEK	Consolidated net sales 2013, MSEK	Average no. of employees 2014	Average no. of employees 2013	Divested interest	Holding after divestment
Lantmännen SW Seed GmbH	Jul-14	20	135	38	42	100 %	0 %
Lantmännen SW Seed Hadmersleben GmbH	Jul-14	0	0	31	30	100 %	0 %
SW Winter Oilseed AB	Jul-14	4	9	0	0	100 %	0 %

Lantmännen's German and Polish plant breeding and seed operations, and the companies Lantmännen SW Seed GmbH, Lantmännen SW Seed Hadmersleben GmbH and SW Winter Oilseed AB were divested in July 2014. The sale generated a capital gain of MSEK 147 and reduced net debt by MSEK 403. The proceeds from the divestment were MSEK 354.

Note 33 Pledged assets and contingent liabilities

Pledged assets

MSEK			Total pledged assets	
			2015	2014
	For own financial liabilities	Other commitments		
Real estate mortgages	976	-	976	1,110
Chattel mortgages	-	-	0	10
Bank accounts	-	20	20	15
Other	-	27	27	21
Total	976	47	1,023	1,156

Real estate mortgages have been provided for the liabilities of the Parent Company in the amount of MSEK 976 (997), of which MSEK 517 (539) relates to properties owned by subsidiaries.

Contingent liabilities

MSEK	2015	2014
Guarantees for		
- joint ventures	221	213
- others	28	31
Other contingent liabilities	114	204
Total	363	448

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 provision for this subsidy has been recognized in the statement of financial position for the Group and Lantmännen ek för. 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 provisions or contingent liabilities have been recognized.

Note 34 Notes to the statement of cash flows

MSEK	2015	2014
1) Interest paid and dividends received		
Dividends received	15	2
Interest received	103	125
Interest paid	-245	-108
Realized exchange gains/losses	61	-183
Other financial payments	-10	-16
Total	-76	-180
2) Acquisition of operations		
<i>Assets and liabilities acquired</i>		
Property, plant and equipment	837	217
Intangible assets	3,857	94
Financial assets	-	1
Inventories	162	30
Operating receivables	447	18
Cash and cash equivalents	247	0
	5,550	360
Financial liabilities	4,459	64
Deferred tax liabilities	289	-
Operating liabilities	779	10
	5,527	74
Net assets acquired	23	286
Repayment of loans in acquired companies	4,459	-
Purchased interests in associates*	144	22
Purchase of non-controlling interests	2	30
Purchase consideration paid	4,628	338
Cash and cash equivalents in acquired operations	-247	0
Effect on cash and cash equivalents	4,381	338

Further information on acquired operations can be found in ► note 32.

* Including shareholder contributions

MSEK	2015	2014
3) Divestment of operations		
<i>Assets and liabilities divested</i>		
Property, plant and equipment	66	243
Intangible assets	15	1
Financial assets	-	319
Inventories	78	131
Operating receivables	51	174
Cash and cash equivalents	8	-
	218	868
Loans	32	152
Operating liabilities	93	115
Capital gains/losses	-110	-802
	15	-535
Consideration received	203	1 403
Repayment of loans in divested companies	32	-
Cash and cash equivalents in divested operations	-8	0
Effect on cash and cash equivalents	227	1,403
4) Investments		
The Group's investments in property, plant and equipment held under finance leases amounted to MSEK 236 (309) during the year.		
5) Change in loans		
New loans	1,930	1,500
Repayment of loans	-736	-2,836
Change in operating loans	-	267
Total	1,194	-1,069
6) Cash and cash equivalents		
Cash and bank balances	990	963
Short-term investments, maturity less than 3 months	262	2,095
Total	1,252	3,058

The Group's total liquidity, defined as cash, bank deposits and credit available under the provisions of applicable loan agreements, was MSEK 4,064 (3,932) at the end of the year.

Notes to the Parent Company financial statements

Note 35 Breakdown of revenue

MSEK	2015	2014
Net sales		
Sales of goods	10,841	10,137
Service contracts	284	329
License revenue, seed and forages	83	80
Rental activities	59	56
Total	11,267	10,602
Other operating income		
Services	112	116
Capital gains	5	2
Government grants	1	5
Other license revenue	56	54
Other ¹⁾	24	74
Total	198	251

¹⁾ The item Other for 2014 includes insurance compensation of MSEK 35.

Customers outside Sweden accounted for approximately 24 (18) percent of the Parent Company's total net sales.

Note 36 Fees and reimbursement of expenses to auditors

MSEK	2015	2014
Ernst & Young		
Annual audit	4	4
Tax consultancy services	1	1
Other services	1	1
Total	6	6
Elected auditors		
Annual audit	1	1

Note 37 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 purpose are not considered related party transactions. Salaries and similar benefits received by senior executives are reported in ► note 5. Dividends from subsidiaries and associates are shown in ► note 38.

MSEK	2015	2014
Intra-group purchases, share of total purchases, %	4	5
Intra-group sales, share of total sales, %	18	17
Purchases of goods and services from joint ventures/associates, MSEK	266	141
Sales of goods and services to joint ventures/associates, MSEK	187	167
Receipts from the Grodden pension fund	55	65

Leases

Operating expenses include operating lease costs of MSEK 11 (12). Future obligations under non-cancelable operating leases are reported below.

Minimum lease payments due

MSEK	2015	2014
Within one year	9	10
Between one and five years	12	12
After five years	3	2
Total	24	24

Note 38 Income from investments in Group companies and joint ventures/associates

Income from investments in Group companies

MSEK	2015	2014
Dividend	895	3
Capital gain on disposal of shares	46	38
Impairment	-7	-15
Total	934	26

Dividend of MSEK 693 have been received from Kycklinginvest AB and MSEK 200 from Lantmännen SW Seed AB. Capital gain on disposal of shares includes MSEK 45 attributable to the sale of Lantmännen Doggy AB. Impairment is mainly related to shares in Lantmännen Bränsleteknik AB (MSEK 4) and Lantmännen Invest AB (MSEK 2). The previous year's figures include an additional purchase consideration of MSEK 28 connected with the sale of Kungsplattan AB in 2008 and impairment losses of SEK 15 on shares in Lantmännen Energi AB.

Income from investments in joint ventures/associates

MSEK	2015	2014
Dividend	17	14
Impairment	-	-14
Total	17	0

A dividend was received from Viking Malt Oy in 2015 and 2014.

The impairment in 2014 was related to shares in Agroenergi Neova Pellets AB.

Note 39 Income from other securities and receivables classified as non-current assets

MSEK	2015	2014
Dividend	5	2
Capital gains/losses on disposal of shares	-94	-
Impairment	-1	-22
Total	-90	-20

The capital loss relates to Lion/Visor Cayman 1, which is being wound up as a result of Lantmännen's acquisition of Vaasan. Impairment in 2014 was mainly related to shares in Mackmyra Svensk Whisky AB.

Note 40 Exchange differences affecting income

MSEK	2015	2014
Exchange differences affecting operating income	-7	-73
<i>Exchange differences in financial items</i>		
Exchange differences in financial items, external	265	-514
Exchange differences in financial items, internal	-212	318
Total	53	-196

Note 41 Taxes

Tax on net income for the year

MSEK	2015	2014
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	-1	-2
Deferred tax income in capitalized loss carryforwards during the year	-	33
Deferred tax expense from use of previously capitalized loss carryforwards	-121	-
Total deferred tax	-122	31
Total recognized tax expense	-122	31

Reconciliation of effective tax	2015		2014	
	Percent	MSEK	Percent	MSEK
Income before tax	-	1,517		-131
Anticipated tax according to enacted Swedish tax rate	22,0 %	-334	22,0 %	29
Non-deductible expenses	0 %	-4	-8 %	-11
Impairment of shares	0 %	-1	-5 %	-6
Tax-exempt capital gains/losses	1 %	-11	6 %	8
Tax-exempt dividend	-13 %	201	3 %	4
Other non-taxable income	0 %	1	0 %	-
Impairment of previously capitalized loss carryforwards	0 %	2	0 %	-
Contribution dividend deductible for tax purposes	-2 %	36	25 %	33
Tax attributable to prior years	0 %	-	-23 %	-30
Other	1 %	-12	3 %	4
Recognized effective tax	8 %	-122	24 %	31

Deferred tax asset/tax liability

MSEK	Deferred tax asset	2015 Deferred tax liability	Net	Deferred tax asset	2014 Deferred tax liability	Net
Land and buildings	-	4	-4	-	2	-2
Other provisions	13	-	13	12	-	12
Loss carryforwards	170	-	170	291	-	291
Total	183	4	179	303	2	301
Offsetting of assets/liabilities	-4	-4	0	-2	-2	0
Total, net deferred tax asset	179	0	179	301	0	301

Deferred tax assets and deferred tax liabilities are offset against each other and the net asset is recognized in the statement of financial position.

Change in deferred tax in temporary differences and loss carryforwards

MSEK	Amount at beginning of year	2015 Recognized in income statement	Amount at end of year	Amount at beginning of year	2014 Recognized in income statement	Amount at end of year
Land and buildings	-2	-2	-4	-2	0	-2
Other provisions	12	1	13	14	-2	12
Loss carryforwards	291	-121	170	258	33	291
Total	301	-122	179	270	31	301

Loss carryforwards

Loss carryforwards amounted to approximately MSEK 774 (1,323) at the end of the year, all of which were included in the computation of deferred tax assets.

Note 42 Intangible assets

MSEK	Patents, licenses and trademarks		Capitalized development expenses		Total intangible assets	
	2015	2014	2015	2014	2015	2014
Accumulated cost of acquisition	546	246	235	211	781	457
Accumulated amortization	-160	-147	-102	-84	-262	-231
Accumulated impairment	-	-	-41	-41	-41	-41
Carrying amount	386	99	92	86	478	185
Balance at beginning of year	99	111	86	112	185	223
Investments	300	-	11	-	311	0
Sales and disposals	-	-	0	-3	0	-3
Regular amortization for the year	-13	-12	-19	-17	-32	-29
Impairment for the year	-	-	-	-6	-	-6
Reclassifications	-	-	14	-	14	0
Carrying amount	386	99	92	86	478	185

The Schulstad brand is owned by Lantmännen ek för. In 2015 Lantmännen ek för acquired the Korvbrödsbagarn brand from Lantmännen Unibake Sweden AB. Both brands are of strategic importance and have an amortization period of 20 years in the Parent Company. They are classified as assets with an indefinite useful life in the Group, and as such are not amortized in the consolidated financial statements.

Note 43 Property, plant and equipment

MSEK	Land ¹⁾		Buildings		Total land and buildings	
	2015	2014	2015	2014	2015	2014
Accumulated cost of acquisition	130	129	733	714	863	843
Accumulated depreciation	-52	-51	-529	-518	-581	-569
Accumulated impairment	-	-	-24	-23	-24	-23
Carrying amount	78	78	180	173	258	251
Balance at beginning of year	78	56	173	170	251	226
Sales and disposals	-2	-	-	-	-2	-
Regular depreciation for the year	-1	-1	-9	-9	-10	-10
Reclassifications	3	23	16	12	19	35
Carrying amount	78	78	180	173	258	251

¹⁾ Including land improvements.

MSEK	Plant and machinery		Equipment, tools, fixtures & fittings		Construction in progress		Total other non-current assets	
	2015	2014	2015	2014	2015	2014	2015	2014
Accumulated cost of acquisition	3,050	2,992	513	517	63	72	576	589
Accumulated depreciation	-2,465	-2,377	-456	-446	-	-	-456	-446
Accumulated impairment	-131	-125	-19	-19	-	-	-19	-19
Carrying amount	454	490	38	52	63	72	101	124
Balance at beginning of year	490	473	52	30	72	48	124	78
Investments	-	47	-	1	104	167	104	168
Sales and disposals	-11	-	-10	-	-	-	-10	0
Regular depreciation for the year	-91	-89	-11	-11	-	-	-11	-11
Impairment for the year	-8	-5	-	-	-	-	-	-
Reclassifications	74	64	7	32	-113	-143	-106	-111
Carrying amount	454	490	38	52	63	72	101	124

Note 44 Investment properties

MSEK	Land ¹⁾		Buildings		Total investment properties and land	
	2015	2014	2015	2014	2015	2014
Accumulated cost of acquisition	17	19	195	201	212	220
Accumulated depreciation	-10	-12	-151	-154	-161	-166
Accumulated impairment	-	-	-1	-2	-1	-2
Carrying amount	7	7	43	45	50	52
Balance at beginning of year	7	6	45	35	52	41
Sales and disposals	-	0	-	0	-	0
Regular depreciation for the year	-	0	-1	-1	-1	-1
Reclassifications	-	1	-1	11	-1	12
Carrying amount	7	7	43	45	50	52

¹⁾ Including land improvements

Properties where less than 10 percent of the space is used for the Parent Company's own activities are classified as investment properties.

Changes in fair value

MSEK	2015	2014
Fair value at beginning of year	200	190
Investments in properties	4	6
Divestments	-1	-1
Changes in value	3	2
Reclassifications	-5	3
Fair value at end of year	201	200

All investment properties have been valued according to hierarchy level 3, based on unobservable inputs, and according to the methods described below.

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.
- Net present value, using cash flow calculations, where the properties' future net operating income and estimated residual value have been calculated at the present value.
- In certain cases, net present value using the net capitalization method has been calculated, 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	2015	2014
Rental income	23	24
Direct costs, including costs for repair and maintenance		
- Properties that generate rents	-9	-8
- Properties that do not generate rents	0	0
Net operating income	14	16

Note 45 Investments in Group companies

MSEK	2015	2014
Accumulated cost of acquisition	8,265	7,540
Accumulated write-ups	200	200
Accumulated impairment	-904	-897
Carrying amount	7,561	6,843
Balance at beginning of period	6,843	6,572
Acquisitions/shareholder contributions	882	479
Impairment for the year	-7	-15
Divestments	-157	0
Reclassifications	0	-193
Carrying amount	7,561	6,843

Shareholder contributions paid amounted to MSEK 828 (437), including MSEK 768 to Pane Invest AB.

Impairment for the year was largely related to Lantmännen Bränsleteknik AB and Lantmännen Invest AB. The previous year's impairment was mainly attributable to Lantmännen Energi AB. Impairment is recognized in the income statement under Income from investments in Group companies.

Divestments for the year were primarily related to the sale of Lantmännen Doggy AB.

Reclassifications in 2014 related to Lantmännen Agroenergi AB, which at the time of the merger with Neova's pellet operations was reclassified as a joint venture and renamed Agroenergi Neova Pellets AB.

Note 45 continued

Parent Company and Group holdings of interests in Group companies, December 31, 2015

This overview comprises directly-held subsidiaries, as well as indirectly-held companies with revenues exceeding MSEK 200.

Company name	Corporate ID no.	Domicile	Number of participations	Share, %	Carrying amount, MSEK
<i>Shares and interests in Swedish subsidiaries</i>					
Lantmännen Agroetanol AB	556028-0611	Norrköping	50,000	100	234
Lantmännen Agrovärme AB	556229-5666	Enköping	10,000	100	1
Lantmännen AS-Faktor AB	556530-9720	Enköping	100	100	0
Lantmännen Aspen AB	556329-9519	Gothenburg	3,850	100	180
Lantmännen BioAgri AB	556056-1283	Enköping	20,000	100	3
Lantmännen Bränsleteknik AB	556301-2771	Örebro	50,000	100	31
Lantmännen Cerealia AB	556017-2222	Malmö	200,000	100	662
Lantmännen Cerealia A/S	69 120 717	Vejle		100	
Lantmännen Dansk Landbrugs Growareselskab International AB	559025-3182	Stockholm	50,000	100	10
Lantmännen Energi AB	556118-3954	Stockholm	400	100	39
Lantmännen Fastigheter AB	556017-8443	Stockholm	3,000	100	18
Lantmännen Finans AB	556664-8118	Stockholm	2,000,000	100	250
Lantmännen Invest AB	556003-3192	Stockholm	440,000	100	61
Lantmännen Kräftt AB	556156-4039	Falkenberg	5,000	100	1
Lantmännen Kycklinginvest AB	556951-0687	Stockholm	160,529	100	406
Lantmännen Maskin AB	556005-7639	Malmö	10,000	100	10
Lantmännen Reppe AB	556000-1538	Växjö	25,000	100	28
Lantmännen Service AB	556831-3695	Stockholm	500	100	0
Lantmännen Solanum AB	556066-1687	Kävlinge	1,000	100	0
Lantmännen SW Seed AB	556001-5272	Svalöv	298,667	100	160
Swecon Baumaschinen GmbH	HR B1403	Düsseldorf		100	
Lantmännen Unibake Sweden AB	556186-7796	Örebro	100,000	100	27
Doofmas & Co AB	556547-7394	Stockholm	3,400,000	100	238
Fastighets AB Slätpricken	556831-3794	Stockholm	500	100	0
Gyllebo Gödning AB	556179-2911	Lidköping	2,000	66,7	0
Nötcenter Viken AB	556559-4503	Falköping	9,000	100	7
Pane Invest AB	556992-5752	Stockholm	1,000	100	811
Vaasan Oy	2122575-1	Helsinki	2,500	100	
AS Leibur	10 224 864	Tallin	740	100	
UAB Vilniaus douna	125 374 462	Vilnius	1,000	100	
Vaasan Sverige AB	556675-2860	Stockholm	200,637	100	
Swecon Anläggningsmaskiner AB	556575-1137	Eskilstuna	500,000	100	402
Swedish Oats AB	556813-6773	Stockholm	50,000	100	0
Vegolia AB	556020-6574	Falkenberg	1,000	100	0
Åhus Foder HB	969723-3394	Åhus		70	0
<i>Shares and interests in foreign subsidiaries</i>					
Lantmännen Agro A/S	10 095 921	Nordfyns	450	90	9
Lantmännen Cerealia AS	910629085	Oslo	17,968,129	100	222
Lantmännen Cerealia Oy	769605-2856	Helsinki	100	100	0
Lantmännen Fastigheter Naverland A/S	35530592	Glostrup	1,000,000	100	11
Lantmännen Maskin AS	914109981	Asker	3,000	100	27
Akerhus Traktor AS	947340204	Jessheim		100	
Lantmännen Maskin DK A/S	12545479	Horsens	5,000	100	1
Lantmännen Schulstad A/S	10245613	Copenhagen	100,000	100	948
Lantmännen Schulstad Sp z o o	KRS8038	Poznan		100	
Lantmännen Unibake Holding A/S	37249211	Horsens	3,000,000	100	2,708
Lantmännen Unibake Denmark A/S	29219354	Horsens		100	
Oy Lantmännen Unibake Ab Finland	1463476-8	Helsinki		100	
Lantmännen Unibake GmbH & Co KG	HRA 121351	Verden		100	
Lantmannen Unibake Russia LLC	1045002352130	Moscow		100	
Lantmännen Unibake USA, Inc	36-4034179	Chicago		100	
Lantmännen Unibake UK Ltd	3315763	Milton Keynes		100	
Lantmännen Unibake Mouscron	0461118402	Mouscron		100	
Lantmännen Unibake Londerzeel NV	0461025063	Londerzeel		100	
Lantmännen Unibake Norge AS	989 135 082	Oslo	3,405,694	100	34
LMB Danmark A/S	75297319	Fredericia	5,000	100	0
Diral AG	CH-0203002	Zurich	199,997	100	22
Total, Parent Company					7,561

Note 46 Inventories

MSEK	2015	2014
Raw materials and consumables	135	234
Products in progress	496	327
Finished goods	1,239	1,231
Merchandise	400	349
Advances to suppliers	-	111
Total	2,270	2,252

MSEK 18 (4) of the total value of inventories relates to goods measured at net realizable value.

Note 47 Prepayments and accrued income

MSEK	2015	2014
Prepaid expenses	100	98
Accrued interest income	3	10
Other accrued income	176	81
Total	279	189

Note 48 Year-end appropriations and untaxed reserves

Untaxed reserves, MSEK	2015	2014
Accumulated excess depreciation/amortization		
- Intangible assets	99	99
- Machinery and equipment	212	212
Total	311	311

Appropriations, MSEK	2015	2014
Reversal of excess amortization of intangible assets	-	12
Excess depreciation of property, plant and equipment for the year	-	-12
Total	0	0

Note 49 Pensions

All of the Parent Company's defined benefit pension obligations are governed by the Pension Obligations Vesting Act (Tryggandelagen).

Lantmännen ek för's defined benefit pension obligations have been safeguarded by assets in Lantmännens Gemensamma Pensionsstiftelse Grodden since 2011.

As these pension obligations are 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.

Note 49 continued

Pension liability recognized in the statement of financial position

MSEK	2015	2014
Value of pension obligations under funded pension plans	922	931
Fair value of Lantmännen ek för's share of the pension fund's assets	-922	-931
Net obligation	0	0
Other unfunded pension plans	5	4
Total	5	4

Specification of changes in recognized pension liability during the year

MSEK	2015	2014
Liability at beginning of year	4	3
Pension costs for the year	66	62
Pension liabilities assumed from Group companies	-	1
Pension payments	-65	-62
Liability at end of year	5	4

The calculation of pension obligations under funded pension plans was carried out by PRI Pensionsgaranti according to their own adopted actuarial assumptions.

Specification of pension-related costs for the period

MSEK	2015	2014
Book reserve pensions		
Current service cost	22	17
Interest expenses	44	45
	66	62
Compensation received	-55	-65
Total book reserve pension costs	11	-3
Pension through insurance		
Insurance premiums	53	60
Net pension costs for the year, excluding taxes	64	57

MSEK	2015	2014
Pensions costs recognized as employee benefits expense in operating income	20	12
Pensions costs recognized as interest expense in net financial items	44	45
Total	64	57

Fair value of Lantmännen ek för's share of the pension fund's assets

MSEK	2015	2014
Property	683	664
Fixed-interest investments	121	104
Structural products	35	42
Equity investments	249	186
Hedge funds	38	105
Cash and cash equivalents	38	41
Total	1,164	1,142

The difference between the value of 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. Over-consolidation at the end of the year was MSEK 242 (211).

Equity investments include subordinated debentures of MSEK 46 in Lantmännen ek för.

Next year's projected payments under defined benefit pension plans amount to MSEK 62 (61).

Note 50 Other provisions

MSEK	Restructuring measures	Other	Total	
			2015	2014
Carrying amount at beginning of period	44	116	160	206
Provisions during the period	49	-	49	75
Amounts utilized during the period	-52	-6	-58	-72
Reclassifications	-	-	0	-40
Reversals during the period	-13	-2	-15	-9
Carrying amount at end of period	28	108	136	160

Increases in previously 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.

In 2014, pension obligations covered by company-owned endowment insurance amounting to MSEK 40 were reclassified as a defined contribution plan in accordance with RFR2 rules. The corresponding receivable from the insurers, previously reported under Other non-current assets, was reversed in the same year.

MSEK 105 (111) of the provisions under Other relates to the estimated costs of closing down grain elevators. No new provisions for grain elevators were made in 2015.

About 18 percent of the total provisions are expected to be utilized in 2016. The remainder will not be utilized in the next two years.

Note 51 Other current liabilities

Other current liabilities include savings and capital account liabilities to members amounting to MSEK 1,827 (1,642).

Note 52 Accruals and deferred income

MSEK	2015	2014
Accrued personnel-related costs	131	141
Accrued interest	18	14
Other accruals	389	366
Deferred income	10	7
Total	548	528

Note 53 Financial instruments

MSEK	2015	2014
Shares and interests	109	258
Loans and receivables		
Non-current interest-bearing receivables from subsidiaries	667	1,066
Non-current interest-bearing receivables from joint ventures/associates	3	31
Other non-current interest-bearing receivables	1	2
Trade receivables	2,102	1,888
Current interest-bearing receivables from subsidiaries	11,008	7,299
Other current interest-bearing receivables	31	171
Short-term investments	-	1,791
Cash and bank balances	243	163
Total	14,055	12,411
Financial liabilities measured at amortized cost		
Non-current interest-bearing liabilities	3,195	2,410
Issued securities	1,245	-
Trade payables	2,126	2,024
Current interest-bearing liabilities to subsidiaries	5,985	5,679
Other current interest-bearing liabilities	1,846	2,810
Total	14,397	12,923

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 values of these are shown in ► note 23. Note 23 also contains other information about the Parent Company's financial instruments.

Note 54 Pledged assets and contingent liabilities

Pledged assets MSEK	For own financial liabilities	Other commitments	Total pledged assets	
			2015	2014
Real estate mortgages	459	-	459	458
Bank accounts	-	20	20	15
Other	-	25	25	19
Total	459	45	504	492

Contingent liabilities MSEK	2015	2014
Guarantees for		
- Group companies	671	697
- joint ventures	221	213
Other contingent liabilities	37	72
Total	929	982

The Board of Directors and the President & CEO hereby certify that the annual accounts and 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 18, 2016



Bengt-Olov Gunnarson
Chairman



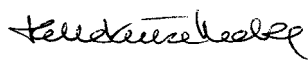
Per Lindahl
Vice Chairman



Gunilla Aschan



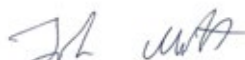
Ulf Gundemark



Helle Kruse Nielsen



Thomas Magnusson



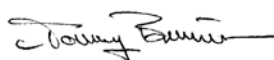
Johan Mattsson



Hans Wallemyr



Björn Wallin



Tommy Brunsärn



Pär-Johan Lööf



Tomas Welander



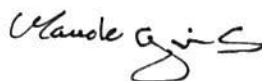
Per Olof Nyman
President & CEO

Our audit report was submitted on
February 18, 2016 in Stockholm

Ernst & Young AB



Anders Kriström
Authorized Public Accountant



Maude Fyrenius



Gustav Jansson



Anders Åbyhammar

The annual financial statements for the Group and Parent Company will be presented for adoption at the Annual General Meeting on May 12, 2016.

Auditor's report *Translation from the Swedish original*

To the annual general meeting of Lantmännen ekonomisk förening, corporate identity number 769605-2856

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Lantmännen ekonomisk förening for year 2015. The annual accounts and consolidated accounts of the society are included in the printed version of this document on pages 60–130.

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 in accordance with the Annual Accounts Act and of the 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 accountant has conducted the audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and 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 or 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 2015 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 2015 and of their 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 ekonomisk förening for the year 2015.

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 Economic Associations 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 Economic Associations 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 society in order to determine whether any member of the Board of Directors or the Managing Director is liable to the society. 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 Economic Associations 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 18, 2016

Ernst & Young AB




Anders Kriström
Authorized Public Accountant



Maude Fyrenius,
Member representative Auditor



Gustav Jansson
Member representative Auditor



Anders Åbyhammar
Member representative Auditor

Corporate Governance Report


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Corporate Governance Report

The Corporate Governance Report has not been audited by the Association's auditors.

Lantmännen ek för is a Swedish cooperative economic association headquartered in Stockholm, Sweden. The Group's governance is based on the Association's Articles of Association, the Swedish Economic Associations Act and other applicable laws and rules. In connection with Lantmännen's AGM on May 5, the Association adopted new Articles of Association. 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.

Owners

The Group's Parent Company is Lantmännen ek för, a cooperative enterprise owned by 27,000 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. Agricultural contractors also have the opportunity to become members. The district meeting and different owner meetings provide an opportunity for owners to express their views to the Board of Directors and management in various ways, including motions and written communication. See also the description under Farmer-owned and governed  page 15.

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 minimum obligation to invest is SEK 10,000. Following a decision by the 2015 AGM, when the new Articles of Association were adopted, the Association does not have a contribution ceiling. Of the total contributed capital of MSEK 2,146, MSEK 986 has been paid in and MSEK 1,160 issued from distributable capital in the Association.

Annual General Meeting

The Annual General Meeting is Lantmännen's supreme decision-making body. The AGM consists of delegates, who represent the members and are elected by the district meetings and the AGM of the organization member Kalmar Lantmän. 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 a district and organization member. The chairmen of the district boards and organization members are obliged to be delegates. The number of delegates shall not be

less than 100. Each delegate has one vote at the Meeting. The Annual 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 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 & CEO from liability and determination of Directors' and auditors' fees.

2015 Annual General Meeting

The Annual General Meeting was held on May 5 in Stockholm. Board members of Lantmännen ek för are elected for two-year terms. The terms for Nils Lundberg, Per Lindahl, Lena Philipson and Hans Wallemyr expired. The Meeting resolved that the Board of Directors of Lantmännen ek för would consist of nine elected members. Per Lindahl and Hans Wallemyr were re-elected to the Board. Nils Lundberg and Lena Philipson declared themselves unavailable for re-election. Gunilla Aschan and Johan Mattsson were elected as new members. The auditors are elected for one year at a time. Gustav Jansson, Anders Åbyhammar and Maude Fyrenius were re-elected as elected auditors. The accounting firm EY was elected as the Association's authorized 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 2016 AGM.

The Meeting approved a contribution dividend totaling MSEK 178 to be distributed between paid-in and issued contributed capital. The Meeting also adopted the Board's proposal for a contribution issue of MSEK 150. In addition to the contribution dividend and contribution issue, the Board decided to pay MSEK 135 in refunds and final price adjustments.

The total number of appointed delegates was 101, all of whom were present at the Annual General Meeting. All Board members and all elected auditors were present at the Meeting.

Council of Trustees

The Association has a Council of Trustees. The chairmen of the district boards and organization members 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 the preparation of matters of principle and the nomination of members to the Association's Nomination Committee at the Annual General Meeting.

Council of Trustees 2015

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, and the Nomination Committee chairman. Also in attendance at Council of Trustees meetings are the Group Board and the Association's elected auditors. The Council of Trustees held four 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 on the remuneration of other elected representatives. According to the new Articles of Association, the Nomination Committee shall consist of 7-9 members, who are 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 conducted according to a specification prepared by the Nomination Committee.

Nomination Committee 2015

In 2015, the Nomination Committee consisted of nine members: Kjell Eriksson (chairman), Krister Andersson, Ann-Margret Assarsson, Sören Lundström, Viktoria Josefsson, Leif Karlsson, Christian Negendanck, Anders Rickardsson and Kjell Axelsson. Ann-Margret Assarsson and Sören Lundström left the Committee at the Annual General Meeting on May 5. The meeting decided that the Nomination Committee for the coming year would consist of nine persons. Marie-Louise Åhsell and Cajsa Aaby-Ericsson were elected new members. At the statutory



meeting after the AGM, Kjell Eriksson was re-elected Chairman and Viktoria Josefsson was re-elected Vice Chairman.

Owner Relations 2015

The Owner Relations department had seven employees during the year – five member services staff, the editor of "Grodden" and the member manager. The cost of the department and its total activities amounted to approximately MSEK 31.6 (32.2) in 2015. MSEK 12.0 of this amount related to costs for the 28 districts and included fixed fees of MSEK 4.5 (38 percent) adopted by the AGM and variable fees of MSEK 3.8 (32 percent). The other MSEK 3.7 (31 percent) related to costs of the districts' various activities and travel.

The cost of the Annual General Meeting, which also comes under the department's area of responsibility, was approximately MSEK 2. Other activities handled by the department include training of elected representatives, the Council of Trustees, District Board Conference, Nomination Committee and the owners' newsletter "Grodden".

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 their compliance and updating. 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 & CEO 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 in place.

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 & CEO. The formal work plan is updated and adopted at least once a year, normally at the statutory meeting of the Board. According to the new articles of association, the Board of Directors of Lantmännen shall consist of a minimum of 7 and a maximum of 11 members elected by the AGM. The Board elects a chairman and vice 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 as well as prepare business within the respective areas. The committees do not have any 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 2015

Since the Annual General Meeting on May 5, 2015, the Board has consisted of nine members elected by the AGM and three employee representatives. The Head of the Legal Affairs corporate function serves as the Board's secretary. The President & CEO attends Board meetings as rapporteur, but following the amendments to the Articles of Associations ceases to serve on the Board with effect from May 2015. See ➤ page 132. None of the elected Board members has an employment-like relationship with Lantmännen. Bengt-Olov Gunnarson was elected Chairman of the Board and Per Lindahl Vice Chairman. The composition of the Board is shown in the presentation, see ➤ page 138

The Board held 18 meetings during the year. Two of the meetings were by telephone and three were per capsulam. The table below shows Board members' attendance at the meetings. All of the association's auditors attended two of the meetings. Acquisitions completed during the year included the bakery

group Vaasan, the biotech company CropTailor and Kalmar Lantmäns's machinery operations. An updated version of Lantmännen's Code of Conduct was also adopted.

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 dialogue 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), Thomas Magnusson and Hans Wallemyr. After the AGM, the committee consisted of Hans Wallemyr (chairman), Gunilla Aschan and Johan Mattsson. The head 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 three minuted meetings during the year. The table below shows members' attendance.

Audit Committee, attendance and number of meetings 2015

	Feb 5	Jun 1	Sep 29
Nils Lundberg (chairman)	●		
Hans Wallemyr (chairman)	●	●	●
Gunilla Aschan		●	●
Johan Mattsson		●	●

Group Board, attendance and number of meetings 2015

	Jan 18	Jan 24	Feb 6	Feb 19	Mar 20	Apr 24	May 5	Jun 2	Jun 16-17	Aug 27	Sep 15	Sep 30	Oct 22	Nov 12	Dec 16	Dec 17	Dec 22	Dec 22
Bengt-Olov Gunnarson	●	●	●	●	●	●	SM ¹⁾	●	●	●	●	●	●	●	●	●	●	●
Gunilla Aschan ⁴⁾																		
Tommy Brunsärn	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Ulf Gundemark	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Helle Kruse Nielsen			●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Per Lindahl	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Nils Lundberg ³⁾	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Pär-Johan Lööf	●	●	●		●	●	●	●		●	●	●	●	●	●	●	●	●
Thomas Magnusson	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Johan Mattsson ⁴⁾							●	●	●	●	●	●	●	●	●	●	●	●
Lena Philipson ³⁾				●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Hans Wallemyr	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Björn Wallin	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Tomas Welander	●	●			●	●	●	●	●	●	●	●	●	●	●	●	●	●

¹⁾ Statutory Board meeting

²⁾ A per capsulam decision is made outside a regular Board meeting and is documented by all members signing a circulated protocol.

This type of decision is only used when a matter cannot wait until the next Board meeting.

³⁾ Declined re-election in connection with Lantmännen's AGM in 2015. ⁴⁾ Was newly elected at Lantmännen's AGM in 2015.

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 & CEO, and to the President & CEO for the other members of Group Management.

Before the AGM, the committee consisted of Bengt-Olov Gunnarson (chairman), Helle Kruse Nielsen and Ulf Gundemark, with President & CEO Per Olof Nyman as rapporteur. The committee's composition was unchanged after the 2015 AGM. 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 three minuted meetings during the year. The table below shows the attendance of the members at the meetings.

Remuneration Committee, attendance and number of meetings 2015

	Jan 29	Feb 16	Dec 7
Bengt-Olov Gunnarson	●	●	●
Ulf Gundemark	●	●	●
Helle Kruse Nielsen	●	●	●

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 2015

	Jun 16	Nov 9
Björn Wallin	●	●
Per Lindahl	●	●
Thomas Magnusson	●	

Before the AGM, the committee consisted of Björn Wallin (chairman), Lena Philipson and Per Lindahl. Head of Legal Affairs Tove Cederborg also attends the committee's meetings. After the 2015 AGM, the committee consisted of Björn Wallin (chairman), Thomas Magnusson and Per Lindahl. The Group's member manager serves as the secretary of the committee. 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 2 minuted meetings during the year. The table above shows the attendance of the members at the meetings.

President & CEO and Group Management

The President & CEO is appointed by the Board and is responsible for the Association's day-to-day management. The division of work between the Board and the President & CEO is regulated in the Board's work plan. Group Management currently consists of 10 members. The composition of Group Management is shown in the presentation, see [page 140](#). Group Management normally meets every six weeks.

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 2015, 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 2016. 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.

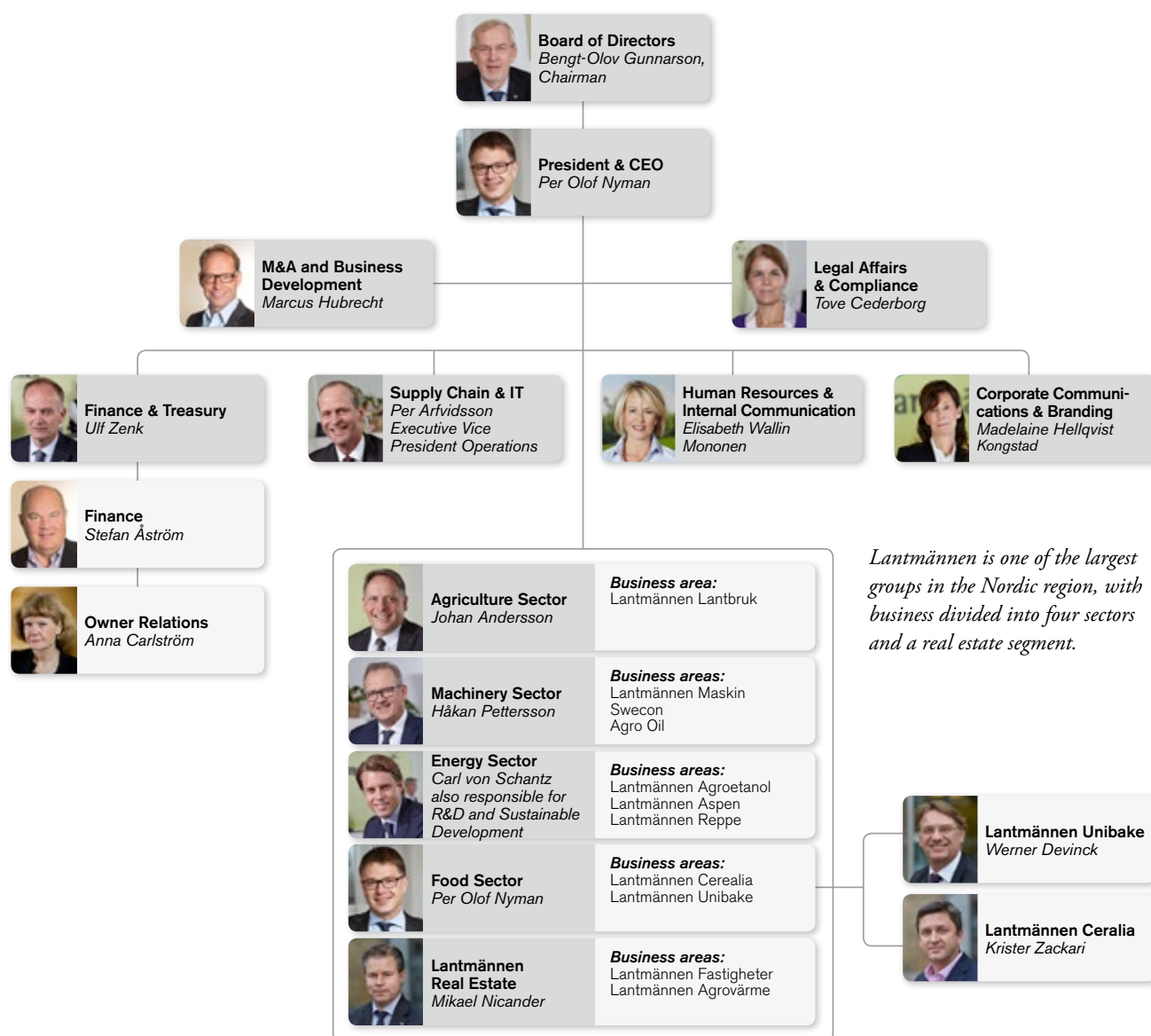
External audit

The auditors are tasked with auditing the annual report, consolidated financial statements, accounting records and administration of the Board and President & CEO. 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. The authorized auditor is the accounting firm EY. From January 2016, the audit work is led by Anders Kriström after some organizational changes within EY. The elected auditors are Maude Fyrenius, Gustav Jansson and Anders Åbyhammar.

In addition to their work on the statutory audit, the elected auditors focus on conducting the audit from a member's viewpoint.

Lantmännen's organization and reporting structure

The Board decides the Group's overall goals, strategic plans and significant policies and monitors their compliance and updating. The President & CEO is appointed by the Board and is responsible for the Association's day-to-day management.



Lantmännen is one of the largest groups in the Nordic region, with business divided into four sectors and a real estate segment.

The Board of Director's report on internal control over financial reporting

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.

Lantmännen's process for internal control over financial reporting is designed to provide assurance of the reliability of the financial reporting. The process has been prepared in accordance with generally accepted accounting standards and applicable laws and regulations.

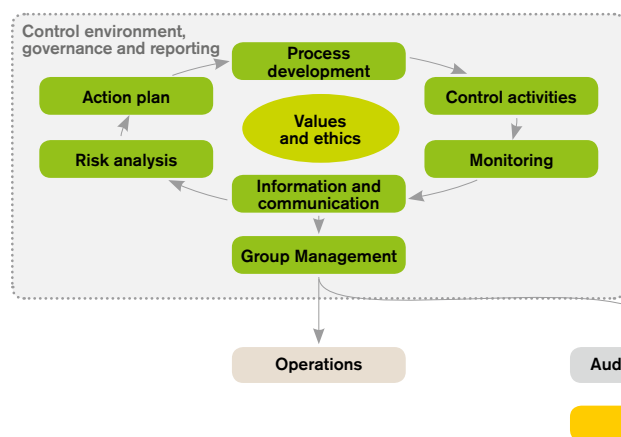
Internal control over financial reporting involves the Group Board, the Audit Committee, the President & CEO, management and other employees. The overall aim of internal control is to protect owners' investments and the Association's assets.

In June 2015, a policy for internal control over financial

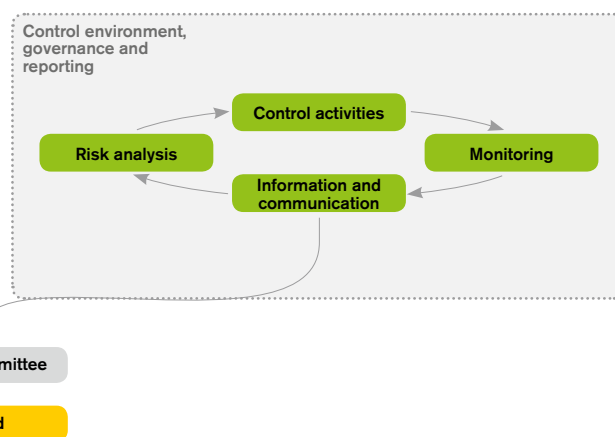
reporting was adopted, and a draft guideline has been produced with the aim of approval in early 2016. To further strengthen internal control within Lantmännen, a Group coordinator has been appointed. The Group coordinator works with the Internal Control coordinators (IC coordinators), who are representatives from the different operations. In parallel, a structure for training, risk management and reporting has been developed.

Risk reviews and training sessions were carried out with the financial managers and IC coordinators in 2015, and the Group's annual risk monitoring was also conducted in November.

Preventive internal control



Internal Audit



Below is a description of the main features of internal control.

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. This includes the organizational structure, leadership, decision-making channels, responsibility, authority and the expertise possessed by employees.

Risk analysis includes identifying and assessing the risk of material errors in accounting and reporting at the Group and Sector levels, and also at the local level. To support the units, a financial manual has been produced and contains supporting policies and guidelines, including the Code of Conduct, Financial Policy, Anti-Corruption Policy and Policy for Internal Control over Financial Reporting.

Control activities are part of normal control and financial reporting activities at all levels and play an important role in ensuring reliability of financial information.

Internal audit conducts regular audits in accordance with the annual audit plan adopted by the Group Board. The internal audit unit reports material observations and improvement proposals to the Group Board, the Audit Committee and the operating units.

Information and communication is conducted through Lantmännen's financial manual, which contains reporting and accounting handbooks and other guidelines for financial reporting. 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.

The IC coordinators at the different levels are also responsible for reporting changes and non-conformances in internal control.

Monitoring is conducted regularly in order to ensure the efficiency of internal control over financial reporting. The monitoring process includes analysis of regular financial reports against historical figures, budgets and forecasts as well as monitoring of reported activities. Monitoring takes place at company, business area, Sector and Group levels.

Board of Directors



*Bengt-Olov Gunnarson, Johan Mattsson, Helle Kruse Nielsen, Björn Wallin
Per Lindahl, Pär-Johan Lööf,*

The Board consists of nine 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 12, 2016.

Holdings of subordinated debentures and contribution issues are reported in SEK, as at December 31, 2015.

Bengt-Olov Gunnarson *Chairman*

Klockrike
Born: 1951
Director since 2005, Chairman since 2012
Member of Lantmännen
Other functions at Lantmännen: Remuneration Committee
Education: Agricultural and Rural Management, Swedish University of Agricultural Sciences
Main occupation: Farmer
Directorships: Viking Malt Oy, Hauptgenossenschaft Nord AG and AB Göta Kanal Bolag.
Production: Crops, forestry and wind power
Contribution issues: SEK 423,007*
Subordinated debentures: SEK 50,000

Per Lindahl *Vice Chairman*

Kristianstad
Born: 1964
Director since 2011
Member of Lantmännen
Other functions at Lantmännen: Owner Committee, Lantmännen Research Foundation
Education: Agriculture
Main occupation: Farmer
Production: Crops (potatoes and grain), broiler breeding, egg production, machinery workshop.
Directorships: Hushållningssällskapet Skåne (Chairman), Hushållningssällskapet Kompetensutveckling i Syd AB, Fellow of The Royal Swedish Academy of Agriculture and Forestry (KSLA).
Contribution issues: SEK 1,199,151*

Gunilla Aschan

Linköping
Born: 1960
Director since 2015
Member of Lantmännen
Other functions at Lantmännen: Audit Committee
Education: Agriculture, Swedish University of Agricultural Sciences (SLU)
Main occupation: Jord & Skog (Responsible for Sweden), Nordea Bank AB, farmer
Production: Forestry, crops, beef
Other directorships: Hushållningssällskapet Östergötland and Föreningen Jordägare i Östergötland-Södermanland (Chairman).
Contribution issues: SEK 24,286*
Subordinated debentures: SEK 150,000

Ulf Gundemark

Stockholm, Dalarö
Born: 1951
Director since 2012
Not a member of Lantmännen
Other functions at Lantmännen: Remuneration Committee
Education: M.Sc. (Engineering) Chalmers University of Technology
Main occupation: Directorships
Directorships: Ripasso Energy AB (Chairman and Director), Nordic Waterproofing (Chairman), Constructor Group AS, Nordisk Solar AS, AQ Group AB, Papyrus Holding AB, Scandi Standard AB (publ) and GUMACO AB.

Helle Kruse Nielsen

Rungsted Kyst, Denmark
Born: 1953
Director since 2010
Not a member of Lantmännen
Other functions at Lantmännen: Remuneration Committee
Education: M.Sc. (Business and Economics), Copenhagen Business School
Main occupation: Directorships
Directorships: New Wave Group AB and Oriflame SA.
Subordinated debentures: SEK 100,000

Thomas Magnusson

Tävelsås
Born: 1950
Director since 2005
Member of Lantmännen
Other functions at Lantmännen: Owner Committee
Education: Agriculture
Main occupation: Farmer
Production: Milk, beef
Directorships: Swedish Beef Producers' Association, President COGECA.
Contribution issues: SEK 32,734



Thomas Magnusson, Gunilla Aschan, Ulf Gundemark
Tomas Welander, Tommy Brunsärn, Hans Wallemyr

Johan Mattsson

Skåne Tranås
Born: 1960
Director since 2015
Other functions at Lantmännen: Audit Committee.
Education: M.Sc. (Business and Economics)
Directorships: Chairman of Båretofta AB, Swedpig AB and Handelsbanken's Skog och Lantbruksstyrelse, Director of Handelsbanken's Regionbanksstyrelse för Södra Sverige and Biogas Ystad Österlen ek för.
Contribution issues: SEK 382,782

Hans Wallemyr

Falköping
Born: 1956
Director since 2007
Member of Lantmännen
Other functions at Lantmännen: Audit Committee, Lantmännen Research Foundation
Education: Agriculture
Main occupation: Farmer
Production: Wind power, potatoes, forestry, breeding/training showjumpers and dressage horses
Directorships: Källebergs vind AB (Chairman), Åsle vind AB, Agroenergi Neova AB and Swedish Farmers' Foundation for Agricultural Research (SLF).
Contribution issues: SEK 348,269*

Björn Wallin

Vattholma
Born: 1964
Director since 2008
Member of Lantmännen
Other functions at Lantmännen: Owner Committee
Education: M.Sc. (Agricultural Economics and Management), Swedish University of Agricultural Sciences (SLU)
Main occupation: Farmer
Production: Crops
Other assignments: Beobachter (observer), Hauptgenossenschaft Nord AG.
Contribution issues: SEK 146,372

Employee representatives

Tommy Brunsärn

Södertälje
Born: 1959
Director since 2007
Unionen representative
Main occupation: Lead Buyer MRO/Capex

Pär-Johan Lööf

Uppsala
Born: 1966
Director since 2013
Staff representative The Union for Professionals
Education: Agriculture
Main occupation: Innovation Project Manager
Lantmännen R&D
Other directorships: Naturbutiken på Öland AB, AviFauna i Sverige AB, Stenhusa Gärd Aktiebolag and Ideella föreningen Odling i Balans med firma Odling i Balans.
Vice Chairman The Foundation for Agricultural and Environmental Engineering Research (SJMF).
Subordinated debentures: SEK 100,000

Tomas Welander

Gothenburg
Born: 1961
Director since 2012
IF Metall representative
Main occupation: Servicing technician, Swecon
Other directorships: Employee representative, Swecon Anläggningsmaskiner AB.

Board Secretary

Tove Cederborg

Head of Legal Affairs
Born: 1964
Hired: 2011
Education: LLB, Lund University 1992
Subordinated debentures: SEK 100,000

Auditors

Elected representatives

Maude Fyrenius

Lärbro
Born: 1973
Auditor for Lantmännen since 2014
Education: Agrotechnician
Main occupation: Farmer
Production: Crops, lamb and beef, nature conservation
Contribution issues: SEK 20,661*

Gustav Jansson

Enköping
Born: 1967
Auditor for Lantmännen since 2012
Education: Agriculture
Main occupation: Farmer, accounting consultant
Production: Crops, forestry
Contribution issues: SEK 634,554

Anders Åbyhammar

Fellingsbro
Born: 1956
Auditor for Lantmännen since 2005
Education: Agricultural and Rural Management
Main occupation: Farmer, accounting consultant, LRF Konsult
Production: Crops, forestry, lambs, electricity/hydropower
Contribution issues: SEK 443,488

Authorized Public Accountant

Anders Kriström

EY, Stockholm
Born: 1974
Auditor since 1999
Auditor for Lantmännen since 2015
Other assignments: Adecco, Canal Digital, HL Display, Husqvarna, Stanley Security

* Together with related parties, or through wholly or partly-owned companies.



Werner Devinck, Ulf Zenk, Krister Zackari, Per Arvidsson, Johan Andersson, Elisabeth Wallin Mononen, Håkan Pettersson, Per Olof Nyman
Carl von Schantz, Tove Cederborg

Group Management

Holdings of subordinated debentures and contribution issues are reported in SEK, as at December 31, 2015.

Per Olof Nyman

President & CEO
Head of Food Sector
Born: 1956
Hired: 2008
Education: M.Sc. (Industrial and Management Engineering)
Directorships: Hauptgenossenschaft Nord AG, SPBI Service AB and LRF Konsult Aktiebolag
Subordinated debentures: SEK 250,000

Johan Andersson

Senior Vice President & Head of Agriculture Sector
Born: 1965
Hired: 2014
Education: Agricultural and Rural Management, Swedish University of Agricultural Sciences (SLU).
Directorships: Scandagra Baltics, Scandagra Poland, KLS Ugglarps
Subordinated debentures: SEK 1,000,000
Contribution issues: SEK 235,900

Per Arvidsson

Executive Vice President, Supply Chain and IT
Born: 1962
Hired: 2011
Education: M.Sc. (Mechanical Engineering, Industrial Organization & Logistics) Chalmers University of Technology

Werner Devinck

Senior Vice President Lantmännen Unibake
Born: 1958
Hired: 2013
Education: Economist, University of Leuven, Belgium.

Håkan Pettersson

Senior Vice President & Head of Machinery Sector
Born: 1956
Hired: 2002
Education: M.Sc. (Industrial and Management Engineering), Linköping
Subordinated debentures: SEK 50,000

Carl von Schantz

Senior Vice President & Head of Energy Sector, Responsible for Sustainable Development and R&D
Born: 1973
Hired: 2011
Education: MBA, Kellogg School of Management; BA, Northwestern University
Directorships: Mackmyra Svensk Whisky AB, Agroenergi Neova Pellets AB and SPBI Service AB (Deputy)
Subordinated debentures: SEK 200,000

Elisabeth Wallin Mononen

Senior Vice President Human Resources
Born: 1959
Hired: 2005
Education: LLB, Lund University, and MBA, University of Illinois at Chicago
Directorships: Hagabergs Mekaniska Aktiebolag (Deputy)

Krister Zackari

Senior Vice President Lantmännen Cerealia
Born: 1963
Hired: 2014
Education: MBA (Business and Economics), Stockholm School of Economics.
Directorships: DLF Service AB and Li Service AB

Ulf Zenk

Senior Vice President & CFO
Born: 1963
Hired: 2012
Education: M.Sc. (Business and Economics), Linköping University
Directorships: Viking Malt Oy and Sparbanken Skåne AB (publ)
Subordinated debentures: SEK 150,000

Tove Cederborg

Head of Legal Affairs
Born: 1964
Hired: 2011
Education: LLB, Lund University.
Subordinated debentures: SEK 100,000

Financial overview, GRI and facts

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About the sustainability report

Global Compact and Global Reporting Initiative

By applying the GRI guidelines for sustainability reporting and fulfilling the reporting requirements set by Global Compact, Lantmännen strives for credible and relevant communication of its sustainability work.

Global Compact – Communication on Progress

In 2009, Lantmännen signed the Global Compact, the UN initiative for responsible business, which involves a commitment to implement the Global Compact's ten principles into the business. The Global Compact also requires annual disclosure of progress and performance in the form of a COP (Communication on Progress). Lantmännen's Annual Report including Sustainability Report, together with information on our website, is structured in such a way as to meet these requirements. Learn more about the Global Compact and COP [▶ unglobalcompact.org](http://unglobalcompact.org)

GRI

By applying the Global Reporting Initiative (GRI) guidelines, we aim to ensure credible, relevant and clear reporting

of the performance of the business from a holistic perspective, taking into account economic as well as environmental and social aspects. The guidelines provide criteria for defining report content and boundary-setting and give definitions of indicators and key figures in different special areas.

Lantmännen has been applying the GRI guidelines for several years, including the sector-specific GRI Food Processing Sector Supplement. This year, we are applying GRI's new G4 guidelines, core level, for the second time. It is our aim to constantly develop both our work and our reporting in the area of sustainability.

Learn more about GRI [▶ globalreporting.org](http://globalreporting.org)

Lantmännen's 2015 Sustainability Report

- ▶ The reported information relates to 2015, unless otherwise indicated. The report is annual; the previous report was completed in February 2015.
- ▶ The report refers primarily to Lantmännen Group and its Sectors. Associates and joint ventures are not included.
- ▶ Reporting of sustainability indicators and key ratios, with definitions and calculation methods, can be found in the Appendix Sustainability-Related Indicators. See [▶ lantmannen.se/en/Start/Our-Responsibility](http://lantmannen.se/en/Start/Our-Responsibility)
- ▶ *Selection and prioritization of content:* The reported information is regarded as significant for Lantmännen's stakeholders and reflects the most important areas in terms of the impact of our operations and sustainable development. The prioritization was conducted in an internal process involving key personnel and specialists from different parts of the organization. Significant issues are also identified through Lantmännen's continuous external analyses and dialogue with different stakeholders.
- ▶ An independent audit specifically for the sustainability report has not been conducted.
- ▶ Contact person: Claes Johansson, Director Sustainable Development. claes.johansson@lantmannen.com

The Global Compact's 10 principles

Human rights

- 1 Businesses should support and respect the protection of internationally proclaimed human rights
- 2 Businesses should 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 Businesses should eliminate all forms of forced and compulsory labor
- 5 Businesses should abolish child labor
- 6 Businesses should eliminate discrimination in employment and occupation

Environment

- 7 Businesses should support a precautionary approach to environmental challenges
- 8 Businesses should undertake initiatives to promote greater environmental responsibility
- 9 Businesses should 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.

GRI index

The table below shows a summary of the GRI general indicators, with references to where they appear in Lantmännen's reporting. For specific information about the material GRI aspects that Lantmännen has decided to report on, see the complete GRI index at www.lantmannen.se/gri.

Indicator	Description	References
GENERAL INFORMATION		
Strategy and analysis		
G4-1	Statement from Chairman and President & CEO	10-13
Organization profile		
G4-3	Name of organization	Front page
G4-4	Primary brands, products and/or services	1
G4-5	Location of headquarters	Stockholm
G4-6	Countries where the organization operates	97
G4-7	Nature of ownership and legal form	1
G4-8	Markets served	3-5, and 32-59 for each Sector and business
G4-9	Scale of the organization	1-3
G4-10	Description of workforce	30-31, 97
G4-11	Percentage of employees covered by collective bargaining agreements	www.lantmannen.se/ansvar
G4-12	Description of the organization's supply chain	www.lantmannen.se/ansvar
G4-13	Significant organizational changes during the reporting period	8-9, 119
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization	66-67, 147-148 www.lantmannen.se/ansvar
G4-15	Externally developed economic, social or environmental charters, principles or other initiatives to which the organization subscribes or which it endorses	29, 142 www.lantmannen.se/ansvar
G4-16	Memberships of associations (such as industry associations)	www.lantmannen.se/ansvar
Identified material aspects and boundaries		
G4-1 – G4-23		24-25, 142-143 www.lantmannen.se/ansvar
Stakeholder engagement		
G4-24 – G4-27		24-25, 29 www.lantmannen.se/ansvar
Report profile		
G4-28 – G4-33		142-143 www.lantmannen.se/ansvar
Governance		
G4-34	Governance structure of the organization	132-136
Ethics and integrity		
G4-56	The organization's values, principles and code of conduct	64, 66 www.lantmannen.se/ansvar
SPECIFIC INFORMATION (management and performance indicators for material aspects)		
ECONOMIC		
Economic performance		www.lantmannen.se/gri
Procurement practices		www.lantmannen.se/gri
ENVIRONMENTAL		
Materials		www.lantmannen.se/gri
Energy		www.lantmannen.se/gri
Water		www.lantmannen.se/gri
Emissions		www.lantmannen.se/gri
Compliance		www.lantmannen.se/gri
Transport		www.lantmannen.se/gri
LABOR PRACTICES AND DECENT WORK		
Occupational health and safety		www.lantmannen.se/gri
Training and education		www.lantmannen.se/gri
Diversity and equal opportunity		www.lantmannen.se/gri
HUMAN RIGHTS		
Non-discrimination		www.lantmannen.se/gri
Risk assessment		www.lantmannen.se/gri
SOCIETY		
Anti-corruption		www.lantmannen.se/gri
PRODUCT RESPONSIBILITY		
Customer health and safety		www.lantmannen.se/gri
Labeling		www.lantmannen.se/gri
Compliance		www.lantmannen.se/gri

Sustainability facts

Based on our materiality analysis and the GRI and Global Compact requirements, Lantmännen reports on targets, indicators and performance for a number of different aspects, and a selection of them are described on these pages.

More about Lantmännen's work, targets and indicators at lantmannen.se/en/Start/Our-Responsibility

See also the appendix, Sustainability-related indicators 2015, which contains all sustainability data and indicators including comments.

Raw materials

Lantmännen reports on the use of our most important raw materials: grain, soy and palm oil. Reported volumes and proportions are based on tonnage.

Grain

The record harvest in 2015 also resulted in record-high volumes of weighed grain. 2014, for the first time harvest included grain grown according to Lantmännen's new Climate & Nature cultivation concept, which produces grain with a lower climate impact. The volumes increased from 27 thousand to 55 thousand tonnes in 2015. The positive development is a clear example of how Lantmännen develops business using sustainable added values. Grain from the cultivation concept is the basis of Lantmännen Cerealia's launch of the new "Friendlier wheat", *Vänligare vete*, wheat flour, which includes the entire wheat-based flour range under the Kungsörnen brand.

Weighed organic grain also increased, from 71 thousand to 91 thousand tonnes. The increase comes from generally high crop levels and higher yield levels in organic farming. On the basis of the current market growth both in the domestic and export markets, there is potential for a further increase in organic farming. In 2015, Lantmännen Cerealia relaunched its organic flour range and communicated the origin by specifying the grain growers in Mälardalen.

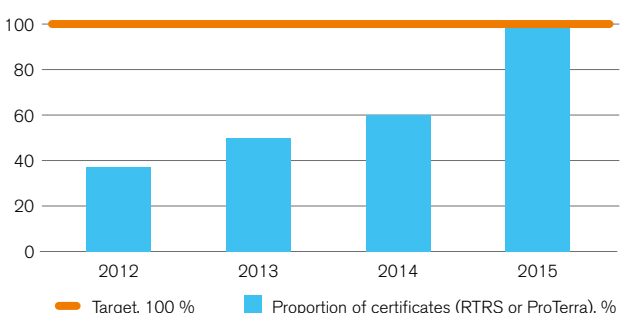
Grain concept

	2015	2014	2013	2012
Total volume of weighed grain, thousand tonnes	2,900	2,500	1,800	1,950
Grain grown according to Climate & Nature, thousand tonnes	55	27	-	
Organic grain, thousand tonnes	91	71	57	58

Soy

Lantmännen is continuing efforts to take responsibility for the soy it imports as an important feed raw material, and the target of 100 percent certified soy was achieved in 2015. The target is shared by large parts of the Swedish food sector and food trade under the Soy Dialogue sector agreement. In this way, the sector takes collective responsibility for an important sustainability issue. The Soy Dialogue defines responsible soy as certified according to RTRS or ProTerra.

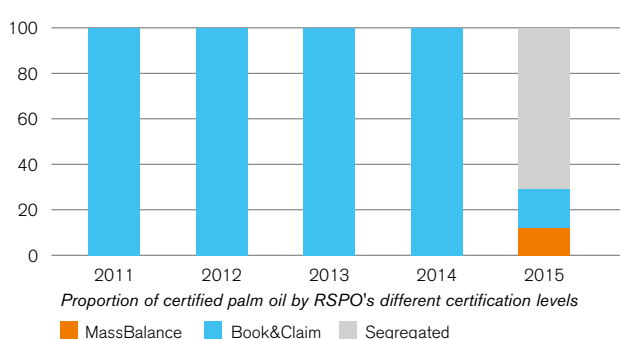
Proportion of certificates (RTRS or ProTerra) for soy as feed ingredient %



Palm oil

Our palm oil strategy is to ensure responsibly produced palm oil for the volumes we use in our food products. We achieve this by only purchasing RSPO-certified palm oil, which we have been doing since 2011. We are also working to speed up the market's transition together with industry colleagues and stakeholders.

Proportion of RSPO certified palm oil as an ingredient in food %





“ All managers are required to have a performance appraisal with their employees at least once a year. This applies to all employees in the Group and is covered in an employee survey.

We are now also taking further steps. The target for 2015-2016 is to buy physical traceable palm oil certified in accordance with RSPO Segregated for 100 percent of the volumes in our food products.

We do not currently purchase certified raw material for by-products from palm oil, palm kernel expeller, which are used in feed production, for example. The market here is not yet as well developed.

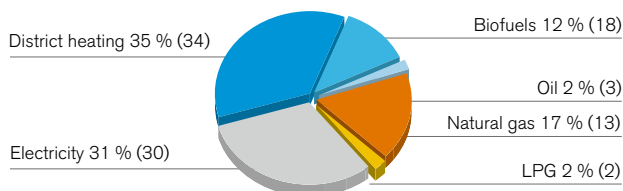
Climate and Energy

Energy consumption

The Group's climate target is a 40 percent reduction in carbon dioxide emissions from its own operations and transport by 2020, with 2009 as the base year. Energy efficiency, phasing out of fuel oil and prioritization of renewable fuels are important parts of the climate target work.

Learn more about our climate goal on page 19, and about energy and climate data in Appendix Sustainability-Related Indicators 2015 and at lantmannen.se/en/Start/Our-Responsibility

Energy consumption in 2015, by energy type



Employees

Code of Conduct training

All new employees at Lantmännen are required to undertake e-training in our Code of Conduct within three months of their appointment. A new version of the training was launched in fall 2015. At the end of the year, 41 percent of Lantmännen's employees had complete the training.

Business ethics

Lantmännen sets high standards for ethical conduct and business ethics, and works to combat all forms of corruption and to promote free and fair competition. To further strengthen compliance and monitoring, a Business Ethics Compliance program was adopted during the year.

New e-training in competition law has been implemented, with more advanced instructor-led training for selected target groups within the Group.

A Group-wide business ethics risk analysis was conducted during the year. Based on the analysis, activities for managing identified risks have been prioritized.

Risk facts

Risks are inherent in any business activity. Risks can arise from mismanagement or events and decisions outside Lantmännen's control. Identifying and managing risks is an integral part of strategic planning and operational management and control. Continuous business intelligence and internal and external dialogue with stakeholders are crucial to risk identification.

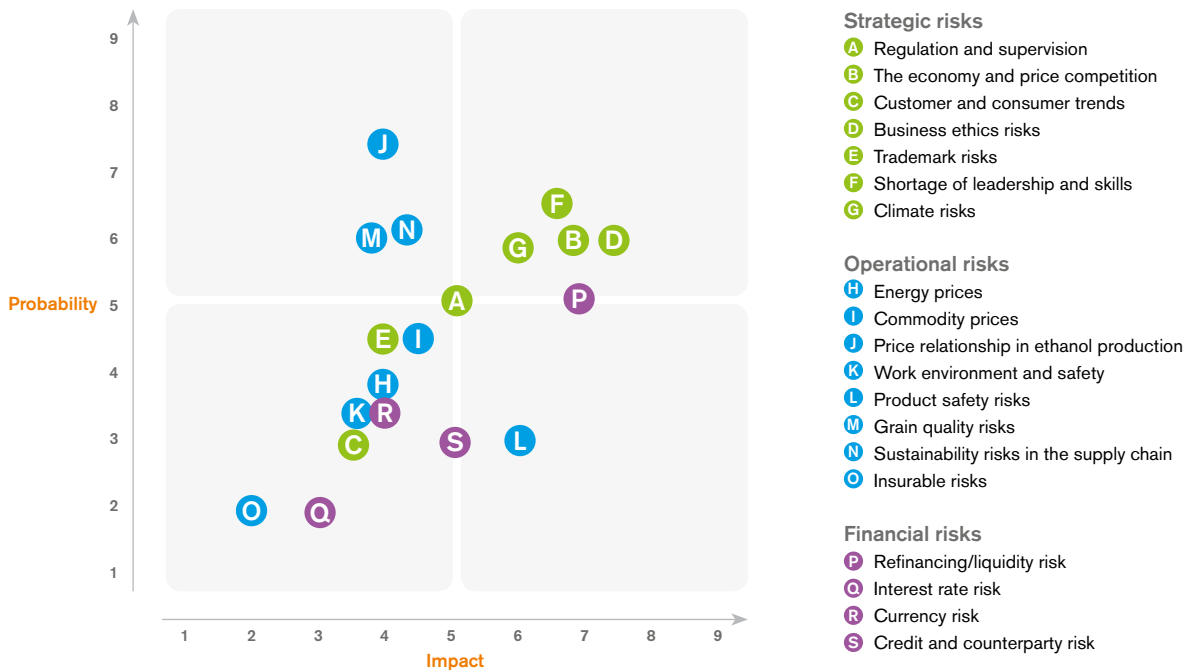
Strategic risks are largely dealt with as part of the annual strategy work, with the Group Board as the ultimate decision-making body. *Operational risk management* is based on a proactive risk management process, a number of key risk policies and our Code of Conduct. *Financial and risk policies* are evaluated and ratified by the Group Board.

Lantmännen's Board is responsible to the owners for the Company's risk management. Group management regularly reports on risk issues to the Board and its Audit Committee. Risk identification and continuity planning are an important part of every manager's responsibility.

Lantmännen's Risk Committee is responsible for ensuring compliance with the Group Board's adopted risk mandates, and reports to the Board's Audit Committee on a monthly basis.

Lantmännen's risk analysis

Classification into the risk categories low, moderate and high is made on the basis of a scale of 1-9 as follows: Low risk 1-3, moderate risk 4-6 and high risk 7-9.



2015/2016 risk assessment was conducted by the area manager using internal expertise.

Strategic risks

Strategic risks are associated with business development and long-term planning, and Lantmännen's brand. The most significant strategic risks concern the ability to adapt the business to economic changes, conduct effective business development and deliver Lantmännen's brand promises.

Description of risk	Risk management
<p>Regulation and supervision. New laws and regulations may restrict operations or bring new, stricter requirements. Lantmännen's operations are partly subject to permit, regulation and supervision and are affected by regulatory changes, mainly in Sweden and the EU.</p> <p>Risk level* Moderate probability, moderate impact</p>	<p>Each Sector and business area constantly monitors changes and adapts its operations.</p> <p>2015 outcome: In 2015, no new regulation or supervision was introduced that was individually likely to affect the revenue or earnings of the association or larger business areas.</p>
<p>The economy and price competition. The risk of business operations being affected by general changes in economic conditions, changes in demand in specific areas and Lantmännen's relative market competitiveness. There is strong price competition in most of Lantmännen's markets.</p> <p>Risk level* Moderate probability, high impact</p>	<p>We aim for flexibility and adapt the cost situation to economic fluctuations. This is reflected in the portfolio strategy through a presence in different geographical markets. Action plans have been prepared for major changes in demand. We minimize and counteract price competition for our products by working on price and mix, innovation and ongoing brand strengthening.</p> <p>2015 outcome: External and economic uncertainty, particularly for milk producers, affected margins and volumes, mainly in the Machinery Sector. This was offset by more competitive machinery and spare parts purchasing and continuing savings programs. With the acquisition of Vaasan, Lantmännen's sales are spread across more geographical markets.</p>
<p>Customer and consumer trends. Changed preferences and behavior of customers and consumers presents both opportunities and risks. The market landscape is also constantly affected by external trends and competitors' different activities.</p> <p>Risk level* Low probability, moderate impact</p>	<p>Based on driving forces and business intelligence, Lantmännen identifies future preferences in order to satisfy customer needs by developing innovative products and services.</p> <p>2015 outcome: Lantmännen continued to develop products and services based on responsibility, health and the environment, which resulted in more organic options, oat products and the world's first climate-friendly wheat.</p>
<p>Business ethics risks. Lantmännen operates in countries and industries with varying exposure to corruption and problems relating to competition law.</p> <p>Risk level* Moderate probability, high impact</p>	<p>The emphasis of Lantmännen's operations is in countries and industries with relatively low risks. Prevention measures in the form of Code of Conduct training, targeted information and competition law training have been implemented. Systematic monitoring of compliance with the anti-corruption policy and Code of Conduct. 2015 outcome: Lantmännen's Board has established a Business Ethics Compliance Program for the entire Group. The program is aimed mainly at strengthening compliance and monitoring of Lantmännen's regulatory framework for anti-corruption and competition law.</p>
<p>Trademark risks. The risk of an adverse impact on Lantmännen's brand if operations are conducted in a manner that from an economic, environmental and social perspective is not sustainable in the long term, and the company does not comply with current legislation, and/or stakeholders perceive Lantmännen as not meeting its commitments and brand promise.</p> <p>Risk level* Moderate probability, moderate impact</p>	<p>Lantmännen works systematically to take responsibility and reduce adverse impacts on people and the environment throughout the chain from field to fork. We do this through the requirements we impose on raw materials and suppliers, our processing procedures and the products and services we supply to the market. We actively pursue stakeholder dialogue and strive for honest and transparent reporting and communication of how we work and the results we achieve. 2015 outcome: Increased consumer awareness about Lantmännen and our brand promise. We achieved second place in the food category and third place overall in the Sustainable Brand Index for Sweden. We launched a new wheat flour which has replaced the previous range and has a 20 percent lower climate impact.</p>
<p>Shortage of leadership and skills. A shortage of the skills and leadership needed to achieve Lantmännen's business objectives, either in the short or long term.</p> <p>Risk level* Moderate probability, high impact</p>	<p>Lantmännen pursues systematic, strategic work with a focus on succession planning and skills supply and on further strengthening Lantmännen's employer brand among current and potential employees. 2015 outcome: Our employer brand has continued to perform strongly in Sweden. System support for skills audits has been implemented in several operations. Management and business training has been conducted, and Lantmännen's internal mentoring program has been further developed. Activities to strengthen gender equality and diversity within Lantmännen continue.</p>
<p>Climate risks. Changes in climate and weather patterns bring increased uncertainty and unpredictability, which can affect cultivation conditions and crop size and quality. Problems include increased pressure from pests, fungus attacks and weeds, and the effects of erratic rainfall. At the same time, a warmer climate may bring opportunities for cultivating new crops in the Baltic Sea region.</p> <p>Risk level* Moderate probability, moderate impact</p>	<p>Climate change requires development of cultivation techniques, plant breeding and geographical adaptation, as well as preparedness in grain handling, e.g. increased drying capacity.</p> <p>2015 outcome: Ongoing R&D work to meet changing cultivation conditions continued. Lantmännen is also working to influence the climate policy in a proactive direction, e.g. through the Haga Initiative, Fossil Free Sweden and Earth Statement.</p>

* 2015/2016 risk assessment was conducted by the area manager using internal expertise

Operational risks

Operational risks are elements of the day-to-day operations of Lantmännen's Sectors, and include commodity price risks and handling errors. Many operational risks can be controlled, and are often regulated by policies, guidelines and instructions in order to provide consistent and effective safety in the Group. A large number of the operational risks are also insurable.

Description of risk	Risk management
<p>Energy prices. Sharply fluctuating electricity and gas prices in the energy market and Lantmännen's annual consumption of about 700 GWh present a considerable risk.</p> <p>Risk level* Moderate probability, moderate impact</p>	<p>Lantmännen hedges electricity prices through financial futures of up to 36 months, depending on the business's situation 2015 outcome: Lantmännen seeks to reduce these risks for the Group's companies through active management in both the spot and futures markets. Electricity & gas price hedges were entered into in accordance with the financial policy's lower volume range, thereby taking advantage of falling electricity & gas prices.</p>
<p>Commodity prices. Commodities such as grain, soy and rape represent a large part of Lantmännen's total costs. Price volatility may increase with strong demand, limited global scope for land expansion and rising uncertainty about climate effects on crop yields.</p> <p>Risk level* Moderate probability, moderate impact</p>	<p>Lantmännen works actively to hedge commodity prices through supplier agreements and in the financial commodity markets. Commodities trading is regulated in policy documents.</p> <p>2015 outcome: Commodities were hedged according to defined rules. Grain hedges were centralized during the year.</p>
<p>Price relationship in ethanol production. The ethanol plant in Norrköping is greatly affected by grain prices and ethanol price trends and by political decisions such as the EU's tariff rules on fuel ethanol.</p> <p>Risk level* High probability, moderate impact</p>	<p>Lantmännen continuously hedges grain, and scope for hedging ethanol improved during the year through increased liquidity in the futures market for ethanol. In addition, extensive development of the ethanol business aimed at broadening both the raw material base and the product range is reducing the impact of the ethanol-grain price relationship. 2015 outcome: The EU Commission has extended Sweden's government support approval for tax exemption on biofuels until the end of 2018.</p>
<p>Work environment and safety. Some of our facilities have hazardous work environments and activities that could pose a danger or risk to health.</p> <p>Risk level* Moderate probability, moderate impact</p>	<p>Increased systemization, reporting and monitoring are a priority. There have been 50-60 annual workplace follow-ups since 2009. Health & safety training is obligatory for all our managers.</p> <p>2015 outcome: The number of accidents declined to 202 from 228 in 2014.</p>
<p>Product safety risks. If Lantmännen's products have defects, there are risks to customers and consumers.</p> <p>Risk level* Low probability, high impact</p>	<p>Products are regularly assessed from a safety perspective and given clear product information.</p> <p>2015 outcome: We are working on third-party certification systems for quality management and food safety. All incidents are analyzed and action plans are being drawn up to minimize the risk. In 2015, work started on increasing transparency in product safety and strengthening cooperation between Group companies to further raise the level of quality work and systematically reduce product safety risks.</p>
<p>Grain quality risks. For grain, our largest raw material, there are a number of issues to deal with, such as sludge fertilization, stem shortening and DON.</p> <p>Risk level* Moderate probability, moderate impact</p>	<p>Ongoing development of the requirements for grain as a raw material. 2015 outcome: Development of systematic quality assurance work continued with concerted initiatives throughout the grain value chain. Focus on supplier conditions and contracts at every stage.</p>
<p>Sustainability risks in the supply chain. Some of Lantmännen's suppliers operate in countries and industries that are high-risk with regard to work environment, social conditions and corruption. Lantmännen also handles a number of raw materials and products with a risk of major impacts on the ecosystem. These include plant nutrients, crop protection, soy, palm oil, cocoa and animal raw materials.</p> <p>Risk level* Moderate probability, moderate impact</p>	<p>There are systematic processes for assessing and monitoring suppliers based on our Supplier Code of Conduct with increased focus on compliance throughout the supply chain. For soy and palm oil, there are special strategies to safeguard our responsibility. 2015 outcome: 80 percent approved suppliers with a purchase volume over MSEK 1. 100 percent RTRS certified soy, 100 percent RSPO certification for palm oil.</p>
<p>Insurable risks. Assets such as property and production equipment can suffer serious damage in the event of fire or power failure. Food product recalls may give rise to major costs, partly direct costs, but also indirectly in the form of a decline in reputation among consumers.</p> <p>Risk level* * Low probability, low impact</p>	<p>Lantmännen has an insurance program for property and liability risk and works systematically to limit the risk of incidents. Premium costs are reduced by channelling most of the insurance programs via the Group's own insurance company. 2015 outcome: Through long-term cooperation based on trust between Lantmännen and the insurers, it has been possible to keep premium costs unchanged in a hardening insurance market, despite some major claims.</p>

* 2015/2016 risk assessment was conducted by the area manager using internal expertise

Financial risks

Lantmännen is exposed to financial risks that could cause fluctuations in earnings, cash flow and items in the statement of financial position. The management of these risks is described in the financial policy, which is Lantmännen's overall governing document for financial risks. Financial status and financial policy compliance are regularly reported to Group Management and the Group Board.

Description of risk	Risk management
<p>Refinancing/liquidity risk. When renewing loans and credit, there is a risk of higher costs and less access to new financing. Liquidity risk is the risk of inability to discharge payment obligations due to insufficient liquidity.</p> <p>Risk level* Low probability, moderate impact</p>	<p>Refinancing risk is limited by having a spread of counterparties and maturity profiles of interest-bearing liabilities 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. 2015 outcome: Liquidity forecasts were made continuously. A large number of loans have been extended and renegotiated. The bridge loan for the Vaasan acquisition has been replaced with a long-term bond. Refinancing risk was reduced during the year.</p>
<p>Interest rate risk. Changes in the market rate may have adverse effects on earnings and cash flows. The time it takes for interest rates changes to affect net interest depends on the fixed rate period for loans.</p> <p>Risk level* Low probability, low impact</p>	<p>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-interest period for existing loans. 2015 outcome: The average fixed interest duration increased to 18 months due to changes in interest rate expectations.</p>
<p>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 a currency risk.</p> <p>Risk level* Low probability, moderate impact</p>	<p>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, using the guidelines contained in Lantmännen's financial policy. 2015 outcome: Currency flows were hedged in line with the policy and by systematic work on customer and credit management.</p>
<p>Credit and counterparty risk. Lantmännen's financial transactions give rise to credit risks associated with financial and commercial counterparties..</p> <p>Risk level* Low probability, moderate impact</p>	<p>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. 2015 outcome: Preventive work meant that Lantmännen had low credit losses during the year.</p>

* 2015/2016 risk assessment was conducted by the area manager using internal expertise

The Group's Financial Overview

Condensed income statements	IFRS							Swedish GAAP			
	2015	2014	2013	2012	2011	2010	2009	2009	2008	2007	2006
MSEK											
Net sales	35,660	32,666	33,802	36,526	37,896	35,988	34,978	34,950	42,592	35,769	32,055
EBITDA	2,573	2,556	2,193	1,698	2,570	2,624	1,884	1,855	3,046	2,172	1,815
Depreciation, amortization and impairment	-1,222	-1,103	-2,104	-1,185	-1,366	-1,565	-1,407	-1,550	-1,910	-1,302	-1,632
Operating income	1,351	1,453	89	513	1,204	1,059	477	305	1,136	870	183
Finance income and costs	-105	-111	-4	-182	-337	-237	-373	-370	-434	-48	61
Income after financial items	1,246	1,342	85	331	867	822	104	-65	702	822	244
Refund, final price adjustment ¹⁾	-	-	-	-	-	-	-	-1	-122	-83	-64
Tax, minority ²⁾	-156	-117	15	-91	-147	-97	78	-7	-22	-151	152
Net income for the year	1,090	1,225	100	240	720	725	182	-73	558	588	332

¹⁾ Under IFRS, refund/final price adjustment is recognized in the same way as dividends.

²⁾ Includes adjustment for minority share in net income before transition to IFRS.

Condensed statements of financial position	IFRS							Swedish GAAP			
	2015	2014	2013	2012	2011	2010	2009	2009	2008	2007	2006
MSEK											
Property, plant and equipment	7,699	7,178	7,337	8,928	9,258	9,758	10,798	10,667	10,974	8,915	7,661
Goodwill	4,424	2,915	2,594	2,554	2,640	2,779	3,030	3,078	3,386	2,510	2,512
Other intangible assets	2,782	752	814	875	767	713	748	391	459	444	416
Other non-current assets	2,780	2,762	2,542	2,151	2,069	2,094	3,581	3,313	3,140	2,324	2,433
Total non-current assets	17,685	13,607	13,287	14,508	14,734	15,344	18,157	17,449	17,959	14,193	13,022
Inventories	5,545	5,379	5,249	5,946	5,506	5,224	5,646	5,646	7,059	6,303	4,804
Other current assets	5,599	5,087	5,170	5,561	5,642	5,572	5,436	5,411	7,266	7,797	6,695
Cash and cash equivalents	1,252	3,058	2,295	352	739	869	391	385	269	450	822
Total current assets	12,396	13,524	12,714	11,859	11,887	11,665	11,473	11,442	14,594	14,550	12,321
Total assets	30,081	27,131	26,001	26,367	26,621	27,009	29,630	28,891	32,553	28,743	25,343
Equity, members of the Parent	12,660	11,859	11,016	10,899	10,906	10,390	10,140	10,148	10,528	9,483	9,038
Equity, NCI	21	17	28	33	36	32	85	69	56	289	328
Total equity	12,681	11,876	11,044	10,932	10,942	10,422	10,225				
Provisions ¹⁾			-	-	-	-	-	2,206	2,371	2,952	2,978
Non-current liabilities	6,135	3,598	4,939	5,919	5,360	7,320	9,523	6,951	8,220	5,379	5,454
Current liabilities	11,265	11,657	10,018	9,516	10,319	9,267	9,882	9,517	11,378	10,640	7,545
Total equity and liabilities	30,081	27,131	26,001	26,367	26,621	27,009	29,630	28,891	32,553	28,743	25,343
Net debt	6,476	3,674	4,963	7,506	7,186	7,501	9,739	9,289	11,654	8,413	6,581
Contribution dividend, contribution issue ²⁾	243	328	171	168	230	245	163	163	167	201	155
Refund and final price adjustment ³⁾	189	135	129	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 2015.

³⁾ Under IFRS, refund/final price adjustment is recognized as a dividend in the Group.

Lantmännen began reporting under IFRS (International Financial Reporting Standards) in 2010. Comparative figures for the years 2006-2008 have not been restated, in accordance with 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.

The Group's Key figures

Key figures	IFRS							Swedish GAAP			
	2015	2014	2013	2012	2011	2010	2009	2009	2008	2007	2006
Operating margin, %	3.8	4.4	0.3	1.4	3.2	2.9	1.4	0.9	2.6	2.4	0.6
Profit margin, %	3.1	3.8	0.3	0.7	1.9	2.0	0.5	-0.2	1.3	1.6	1.0
Capital turnover rate, times	1.8	2.1	2.0	2.0	2.1	1.9	1.6	1.7	2.1	2.0	-
Return on equity, %	8.9	10.6	0.9	2.2	6.7	7.0	1.8	-0.7	6.8	7.3	4.0
Return on operating capital, %	7.5	9.1	0.5	2.8	6.5	5.7	2.2	1.4	5.6	5.3	-
Equity ratio, %	42.2	43.8	42.5	41.5	41.1	38.6	34.5	35.4	32.5	34.0	37.0
Net debt/equity ratio, times	0.5	0.3	0.4	0.7	0.7	0.7	0.9	0.9	1.1	0.9	-
Average number of employees	8,911	8,311	9,133	10,249	10,296	10,350	10,552	10,552	12,671	12,830	12,833

Excl. items affecting comparability	IFRS							Swedish GAAP			
	2015	2014	2013	2012	2011	2010	2009	2009	2008	2007	2006
Operating income, MSEK	1,351	851	805	747	1,063	1,223	588	588	1,032	718	346
Operating margin, %	3.8	2.6	2.4	2.0	2.8	3.4	1.7	1.7	2.4	2.0	1.1
Income after financial items, MSEK	1,246	740	683	565	841	946	215	215	622	470	199
Net income for the year, MSEK	1,066	595	494	457	634	804	232				
Return on equity, %	8.7	5.1	4.4	4.2	5.9	7.8	2.2				
Return on operating capital, %	7.5	5.3	4.7	4.1	5.7	6.5	2.8				

Condensed statements of cash flows MSEK	IFRS							Swedish GAAP			
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	
Cash flow from operating activities before changes in working capital	2,159	1,362	1,570	1,358	1,655	2,131	1,138	1,153	1,454	1,317	
Cash flow from changes in working capital	8	405	724	-375	-640	26	2,417	-730	-1,235	-764	
Cash flow from investments in property, plant and equipment and intangible assets, net	-811	-697	-862	-1,163	-160	-684	-1,328	-2,284	-2,112	-1,427	
Cash flow from operations	1,356	1,070	1,432	-180	855	1,473	2,227	-1,861	-1,893	-874	
Cash flow from acquisitions and divestments of operations, net ¹⁾	-4,154	1,065	1,196	0	0	-105	9	-1,060	423	-1,108	
Cash flow before financing activities	-2,674	2,077	2,450	-222	876	2,692	2,272	-2,776	-1,103	-1,205	
Cash flow for the year	-1,775	778	1,943	-379	-128	512	131	-233	-400	-640	
Cash and cash equivalents at end of year	1,252	3,058	2,295	352	739	869	391	269	484	875	

¹⁾ 2015 includes acquisition of Vaasan and sale of Lantmännen Doggy.

2014 includes acquisition of Strängnäs Valskvarn, sale of shares in Scandi Standard and divestment of Lantmännen Lantbruk's German and Polish plant breeding and seed operations (SW Seed Poland, SW Seed Germany, SW Winter Oil Seed).

2013 includes acquisition of 46 percent of Scandi Standard and divestment of Kronfågel Group and Rigas Dzirmavnieks.

2010 includes acquisition of 37 percent of Bakehouse and divestment of SweChick, Ecobrånse and Conagri.

2009 includes acquisition of 38 percent of Bakehouse and divestment of Lantmännen Färskröd in Sweden.

2008 includes acquisition of Euro-Bake, Eurobuns and Baco and divestment of Weibull Trägård and Granngården.

2007 includes acquisition of the minority in Kronfågel and divestment of Analycen.

2006 includes acquisition of Belpan Group and Aspen.

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

This is where you will find the Company's total sales.

Expenses

The costs of producing and selling goods and services are shown here.

Operating income

This shows whether sales are profitable

Financial items

Income or expenses associated with loans, investments, shares, securities etc.

Earnings

This is also called net income and shows profit after tax.

MSEK	2015	2014
Net sales	35,660	32,666
Other operating income	796	1 187
Changes in inventories of finished goods and work in progress	57	-15
Capitalized work for own account	0	2
Raw materials and consumables	-11,384	-12,312
Merchandise	-11,508	-8,894
Employee benefits expense	-5,169	-4,741
Depreciation, amortization and impairment	-1,222	-1,103
Other operating expenses	-5,982	-5,439
Share of income of equity accounted companies	103	102
Operating income	1,351	1,453
Finance income	106	118
Finance costs	-211	-229
Income after financial items	1,246	1,342
Taxes	-156	-117
Net income for the year	1,090	1,225
Net income for the year attributable to:		
Members of the economic association	1,088	1,217
Non-controlling interests	2	8

The statement of comprehensive income is based on net income for the year, plus all other items affecting equity, other than changes resulting from transactions with members of the association in their capacity as owners. The latter are summarized under Other comprehensive income.

Consolidated statement of comprehensive income

Other comprehensive income

OCI shows the fair value remeasurement of balance sheet items and exchange gains and losses. These count as income/expense and are part of the Group's comprehensive income for the year. OCI is added to equity and is included in the amount that can be distributed to owners.

Total comprehensive income

This shows the results of the year's operations and remeasurements. The amount increases or reduces the Group's equity.

MSEK	2015	2014
Net income for the year	1,090	1,225
Other comprehensive income		
<i>Items that will not be reclassified to the income statement</i>		
Actuarial gains and losses on defined benefit pension plans	211	-313
Tax on actuarial gains and losses	-46	70
Total	165	-243
<i>Items that will be reclassified to the income statement</i>		
Available-for-sale financial assets, net of tax	13	24
Cash flow hedges, net of tax	62	7
Exchange differences on translation of foreign operations	-189	182
Net gain on hedge of net investment in foreign operations, net of tax	56	-174
Tax attributable to items that will be reclassified	-34	37
Total	-92	76
<i>Share of OCI in equity accounted companies</i>		
Items that will be reclassified to the income statement	-12	27
Total	-12	27
Other comprehensive income, net of tax	61	-140
Total comprehensive income	1,151	1,085
Total comprehensive income attributable to:		
Members of the economic association	1,149	1,077
Non-controlling interests	2	8

How to read the Statement of Financial Position

The statement of financial income provides a picture of existing assets and how they have been financed. The value of total assets is always equal to the value of the liabilities, which consist of liabilities to owners, equity and other liabilities.

Non-current assets

Non-current assets are assets that are used or owned for more than one year and contribute to the company's value growth. This is where we find the value of tangible assets (factories, other property, machinery, equipment, etc.) and intangible assets (non-physical assets, e.g. goodwill, purchased trademarks and patents). Goodwill is the portion of the purchase price of a subsidiary that cannot be attributed to other assets and mainly reflects anticipated synergies and staff skills. Non-current assets is also where we find the value of our share in the equity of joint ventures and associates (20-50 percent ownership) under Equity accounted holdings.

Current assets

Current assets are assets held for sale or used in the business. These are assets that are consumed in a short time and can readily be converted to cash. This is where we find the value of goods still in stock, and our receivables from customers for products and services sold but not yet paid for. Cash and cash equivalents, mainly bank deposits, are reported under current assets.

Equity

Equity shows the existing net assets (assets–liabilities) belonging to the owners and on which they expect a return. Lantmännen's overall financial goal is to provide a long-term return of 8 percent on this equity over a business cycle and with the present business portfolio. The result used to calculate the return is "Net income for the year" in the consolidated income statement. Member contributions, both paid-in and issued, are an important component of equity. Other capital is amounts earned over the years in the parent association and Lantmännen companies; this is not distributed to members but is used as financing for 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.

Consolidated statement of financial position

MSEK	2015 Dec 31	2014 Dec 31
ASSETS		
Non-current assets		
Property, plant and equipment	7,113	6,612
Investment properties	586	566
Goodwill	4,424	2,915
Other intangible assets	2,782	752
Equity accounted holdings	1,690	1,512
Surplus in funded pension plans	14	-
Non-current financial assets	697	918
Deferred tax assets	371	322
Other non-current assets	8	10
Total non-current assets	17,685	13,607
Current assets		
Inventories	5,545	5,379
Trade and other receivables	5,407	4,723
Current interest-bearing assets	174	345
Current tax assets	18	19
Cash and cash equivalents	1,252	3,058
Total current assets	12,396	13,524
TOTAL ASSETS	30,081	27,131
EQUITY AND LIABILITIES		
Equity		
Member contributions	2,146	1,977
Other contributed capital	2,775	2,625
Reserves	-169	-65
Retained earnings	7,908	7,322
Total equity attributable to members of the economic association	12,660	11,859
Non-controlling interests	21	17
Total equity	12,681	11,876
Non-current liabilities		
Non-current interest-bearing liabilities	4,897	2,600
Provisions for pensions	360	517
Deferred tax liabilities	612	200
Other non-current provisions	227	227
Other non-current liabilities	39	54
Total non-current liabilities	6,135	3,598
Current liabilities		
Current interest-bearing liabilities	3,230	4,601
Trade and other payables	7,608	6,573
Current tax liabilities	73	59
Current provisions	354	424
Total current liabilities	11,265	11,657
TOTAL EQUITY AND LIABILITIES	30,081	27,131

How to read the 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, depreciation and capital losses reduce earnings but do not involve a payment. Financial items and taxes paid during the year are also 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 for 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., a company acquisition is not a cost in the income statement, and an asset's cost is divided using depreciation, based on the asset's estimated useful life.

Financing activities

Financing activities show how activities and investments are funded if cash flow from operating activities is insufficient. They also show payments (e.g., dividends to owners or loan repayments) to the parties funding the activities.

Consolidated statement of cash flows

MSEK	2015	2014
OPERATING ACTIVITIES		
Operating income	1,351	1,453
Adjustment for non-cash items ¹⁾	983	166
	2,334	1,619
Financial items paid, net	-76	-180
Taxes paid	-99	-77
Cash flow from operating activities before changes in working capital	2,159	1,362
<i>Cash flow from changes in working capital</i>		
Change in inventories	-151	-165
Change in operating receivables	-318	265
Change in operating liabilities	477	305
	8	405
Cash flow from operating activities	2,167	1,767
INVESTING ACTIVITIES		
Acquisition of operations	-4,381	-338
Divestment of operations	227	1,403
Investment in property, plant & equipment	-1,216	-1,006
Investment in intangible assets	-40	-81
Sale of property, plant & equipment and intangible assets	445	390
Change in financial investments	124	-58
Cash flow from investing activities	-4,841	310
Cash flow before financing activities	-2,674	2,077
FINANCING ACTIVITIES		
Change in loans	1,194	-1,069
Paid-in contributed capital	123	138
Refunded capital contribution	-104	-64
Dividend paid	-314	-304
Cash flow from financing activities	899	-1,299
Cash flow for the year	-1,775	778
Cash and cash equivalents at beginning of year	3,058	2,295
Exchange gains/losses	-31	-15
Cash and cash equivalents at end of year	1,252	3,058
MSEK	2015	2014
¹⁾ Adjustment for non-cash items		
Depreciation, amortization and impairment of non-current assets	1,222	1,103
Share of income of joint ventures/associates	-86	-86
Capital gains/losses on sale of non-current assets and operations	-190	-801
Other items	37	-50
Total	983	166

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 in the accounting period, i.e. twelve periods for the full year. All average capital ratios are calculated in this way.

B2B • Business to business – non-consumer-related sales.

Biodiversity • A term describing the diversity of life forms and species in an ecosystem. An ecosystem is a living biological community in a specific physical environment.

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 energy source whose share of total energy use has increased in recent decades.

Biofuels • Renewable fuels produced from living organisms (biomass), which do not make a net contribution of carbon to the atmosphere during combustion. Logs, wood pellets, biogas and ethanol produced from grain are examples of biofuels.

Capital turnover rate • Net sales divided by average operating capital.

Code of Conduct • Guidelines on ethical and responsible business operations for companies and organizations.

CSA • A credit support annex is an agreement that governs how a party with an outstanding debt must provide collateral in the form of cash or securities.

DON (Deoxynivalenol) • DON is a mold toxin that can occur in grain crops for feed and food purposes, particularly in wheat and oats. The mold toxin is formed by two fungi, *Fusarium graminearum* and *Fusarium culmorum* in the genus *Fusarium*.

Ecosystem • An ecosystem is a distinct part of nature, consisting of living components (plants, animals, microorganisms) in the system and non-living components (water, wind, minerals).

Equity ratio • Equity divided by total assets.

ERM process • A structured and proactive risk management process.

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. When fossil fuels burn, carbon dioxide is formed and builds up in the atmosphere. The net surplus formed contributes to an enhanced greenhouse effect.

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.

GRI • Global Reporting Initiative. Provides guidelines for sustainability reporting that can be used by organizations to report environmental, social and economic aspects of their business, products and services.

IFRS • International Financial Reporting Standards. Learn more at ifrs.com

Interest cover ratio • Interest cover is calculated as income after financial items plus finance costs divided by finance costs.

ISDA agreement • A standardized contract for financial trading.

LCR • Liquidity coverage ratio, can also be described as the proportion of highly liquid assets that can be used to settle current liabilities.

Liquidity • Cash, bank deposits and lines of credit that can be used under current borrowing agreements.

Net debt • Net debt comprises interest-bearing liabilities, including pension liabilities and accrued net interest, less financial assets.

Net debt/EBITDA • Net debt divided by EBITDA, a measure of a company's debt and an indicator of the ability to pay back such debt. The ratio compares the financial commitments a company has, including debt and other liabilities, with cash earnings excluding non-cash expenses. EBITDA (earnings before depreciation, interest, taxes and amortization) affects Lantmännen's potential borrowing capacity in that it shows how much cash is generated by the business.

Net debt/equity ratio • Net debt divided by equity.

Operating capital • Operating capital is 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 • The operating margin is operating income as a percentage of net sales for the year.

Profit margin • The profit margin is net income for the year as a percentage of net sales.

R&D • Research and Development.

Return on equity • Return on equity is net income for the period divided by average equity.

Return on operating capital • Return on operating capital is 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. More about the RSPO certification levels Book & Claim, Mass Balance and Segregated can be found at www.rsपो.org

RTRS • Round Table on Responsible Soy. International round table process to develop criteria for sustainable soy.

Stem-shortening agent • A growth regulator that reduces the risk of crop lodging. Stem-shortening agents are basically the only chemical sometimes found in detectable levels in the grain raw material.

TCO • Total cost of ownership.

USDA • United States Department of Agriculture.

Value added • EBITDA plus employee benefits expense.

Volatile • Tending to vary often or widely.

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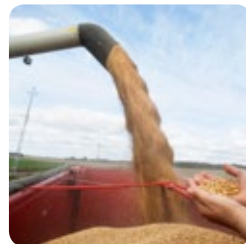
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Together we take responsibility from field to fork



Lantmännen has chosen to support We Effect.

We Effect is a development cooperation organization that acts and works with a long-term approach in order to effect change.

Help to self-help is We Effect's guiding principle.



Lantmännen

