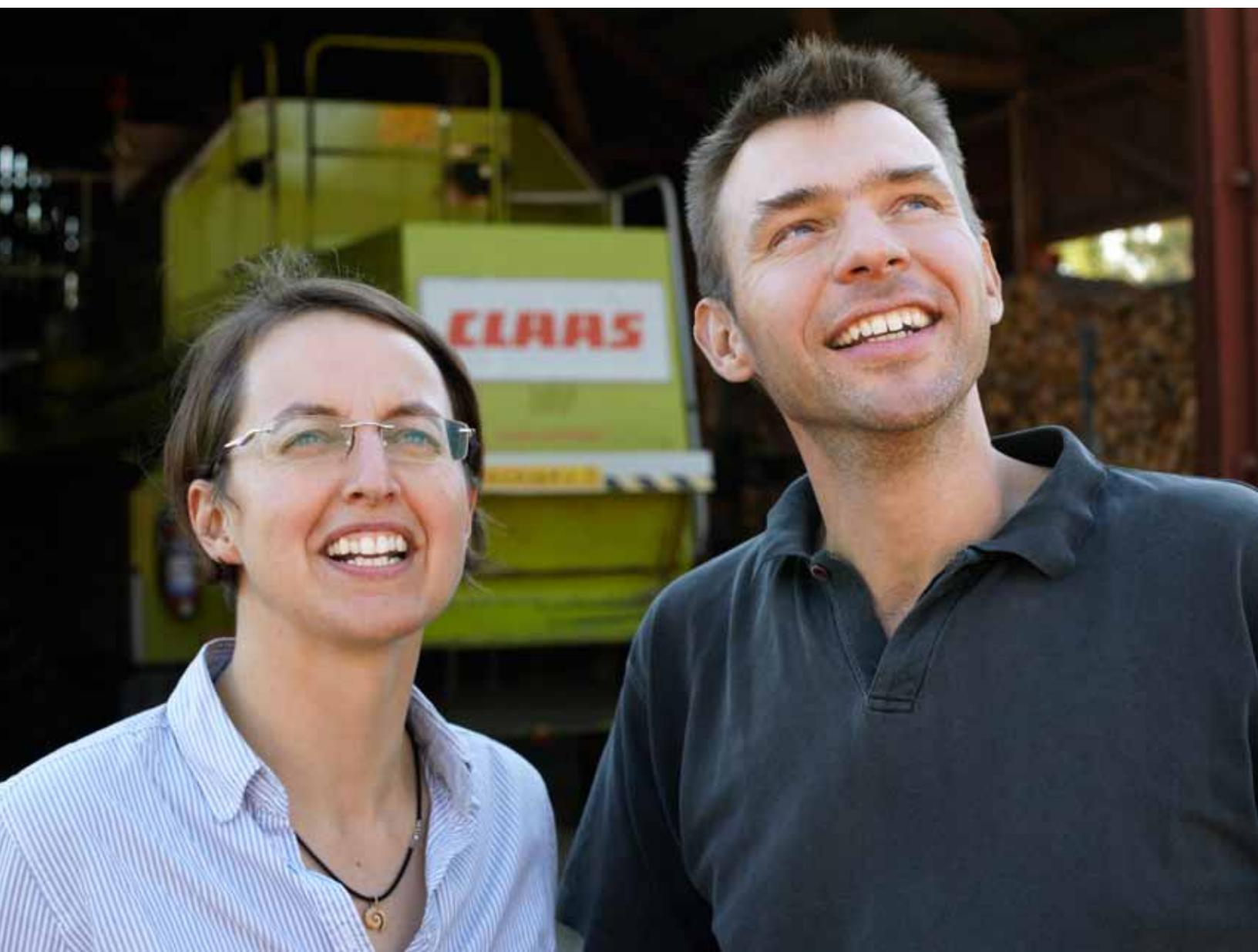


Lantmännen Annual Report and Sustainability Report



“ Lantmännen takes responsibility from field to fork



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About us

Here you will find information about the Group and the Chairman's and President's view of the past year and future. A clear description of our strategies, our brands and our focus areas for profitable growth is also found here.



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Our Sectors

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Sustainability Report

Here you will find descriptions of our work on responsibility from field to fork. This section focuses on our employees, supplier relationships, efficient use of resources and products with sustainable added value. It concludes with a summary of the GRI indicators that we meet. A detailed description of our sustainability-related indicators can be found on www.lantmannen.com



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Annual Report

Lantmännen's financial statements and notes for both the Lantmännen Group and the Parent Company Lantmännen ek för.



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Corporate Governance Report

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Lantmännen 2011 in brief

Lantmännen is one of the largest agriculture, energy, machinery, and food groups in the Nordic region. Owned by nearly 35,000 Swedish farmers, Lantmännen has more than 10,000 employees, operations in 22 countries and revenues of SEK 38 billion.

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

Arable land and its possibilities constitute the basis of Lantmännen. Lantmännen is engaged in a range of activities with strong ties to farmers' needs, such as agricultural consumables, energy, machinery and buildings.

As a leading player in food, energy, machinery and agriculture, we are working to drive development towards a healthier and better society. Lantmännen operates throughout the value chain, from field to fork.

With our customers in focus, we develop and process farmland resources in a responsible manner. Lantmännen operates in an international market in which Sweden is the base of the Group's operations.

Our business is run and developed by our employees. Lantmännen's goal is to offer stimulating and healthy workplaces where each individual comes into their own and can contribute to our long-term goals.

**35,000
farmers**



**10,000
employees**



**Operations in
22 countries**



**Sales of
SEK 38 billion**

Lantmännen by the numbers

Net sales for the Group amounted to MSEK 37,896 (35,988), an increase of 5 percent. Adjusted for changes in the Group's composition, net sales increased by about 2 percent.

Operating income totaled MSEK 1,204 (1,059) and adjusted for items affecting comparability (capital gains and restructuring costs), it was MSEK 1,063 (1,223).

Income after financial items totaled MSEK 867 (822) and adjusted for items affecting comparability it amounted to MSEK 841 (946). Net financial items amounted to MSEK –337 (–237).

Net income after tax was MSEK 720 (725).

Investments in non-current assets during the year amounted to MSEK 1,431 (1,587).

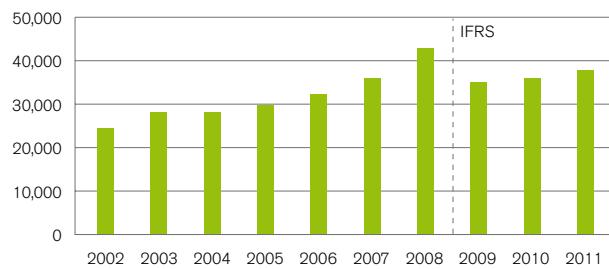
Cash flow before financing activities amounted to MSEK 781 (2,692).

Dividend. The Board has decided to pay a dividend in the form of a refund and final price adjustment of 1 percent, totaling MSEK 110 (95). The Board of Directors proposes that the Annual General Meeting approve a 5 (5) percent dividend on contributed capital, totaling MSEK 78 (68), and a contribution issue of MSEK 152 (177). The proposed dividend on subordinated debentures is 6.75 (5.5) percent, a total of MSEK 4 (3).

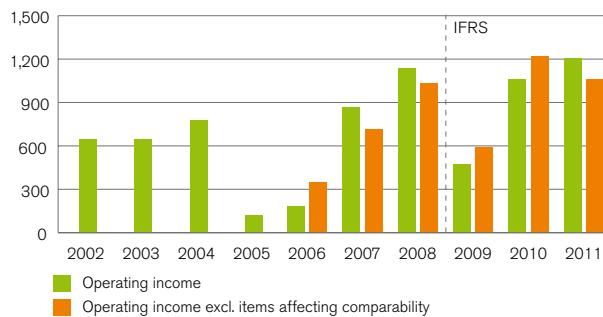
Transition to IFRS

Lantmännen began applying IFRS (International Financial Reporting Standards) in 2010. Comparative figures for the years 2001-2008 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 on ▶ pages 121-123. Download Lantmännen's annual reports at ▶ www.lantmannen.com

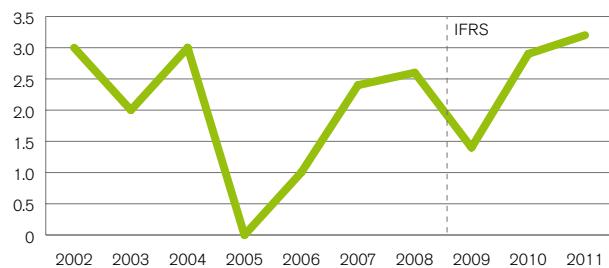
Net sales
MSEK



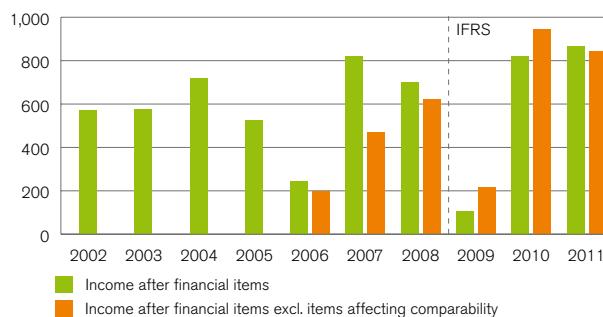
Operating income
MSEK



Operating margin
%



Income after financial items
MSEK



Lantmännen's organization



Key figures	2011	2010	Sales by market, MSEK	2011	2010	Change
Net sales, MSEK	37,896	35,988	Sweden	20,136	20,049	0%
Operating income, MSEK	1,204	1,059	Denmark	4,883	4,573	7%
Operating margin, %	3.2	2.9	Germany	3,751	3,280	14%
Income after financial items, MSEK	867	822	Norway	3,320	2,669	24%
Net income for the year, MSEK	720	725	U.K.	1,516	1,260	20%
Cash flow before financing activities, MSEK	781	2,692	Belgium	606	643	-6%
Return on equity, %	6.7	7.0	Netherlands	544	684	-20%
Return on operating capital, %	6.5	5.7	Poland	467	375	25%
Total assets, MSEK	26,621	27,009	Baltic countries	429	340	26%
Net debt, MSEK	7,186	7,501	Finland	376	346	9%
Equity ratio, %	41.1	38.6	Russia	302	223	35%
Investments in non-current assets, MSEK	1,431	1,587	Rest of Europe	947	786	20%
Number of members	34,738	36,050	U.S.	434	433	0%
Average number of employees of which women, %	10,296	10,350	Rest of world	185	327	-43%
Total CO ₂ emissions, thousand tonnes	387.4	381.5	Total	37,896	35,988	5%
CO ₂ emissions, tonnes per MSEK, value added	51	48	<i>For more sustainability-related indicators, download the annex from www.lantmannen.com and see Sustainability Report ► pages 57-81. Glossary and definitions, see ► page 153.</i>			
Total sick leave, %	3.7	4.0				
Key figures excl. items affecting comparability	2011	2010				
Operating income, MSEK	1,063	1,233	For more information, please contact			
Operating margin, %	2.8	3.4	Per Olof Nyman <i>Acting President and CEO</i> <i>Chief Financial Officer</i> per.olof.nyman@lantmannen.com Tel +46 8 657 42 47	Anette Rosengren <i>Vice President & Head of CF</i> <i>Communication</i> anette.rosengren@lantmannen.com Tel +46 8 657 43 19		
Income after financial items, MSEK	841	946				
Return on equity, %	5.9	7.8				
Return on operating capital, %	5.8	6.5				



Notice of Annual General Meeting

The Annual General Meeting will be held at Clarion Hotel, Ringvägen 98, Stockholm, on Wednesday, the 2nd of May 2012.

Financial Reporting

Interim Report Q1	April 27, 2012
Interim Report Q2	July 20, 2012
Interim Report Q3	October 26, 2012

Distribution

Lantmännen's printed Annual Report and Sustainability Report is distributed to anyone who would like a copy. Summaries of the annual report and interim and other reports are available in English and Swedish. All reports may be downloaded from ► www.lantmannen.com

Operations

2011

Agriculture Sector

The Agriculture Sector, which constitutes Lantmännen's core business, develops and offers products and services to enable a strong and competitive farm economy. The products are marketed under well-known names such as Nötfor, Piggfor, Pullfor, Protect and the SW and Krafft brands. The Sector accounts for 29 percent of Lantmännen's sales.



Agriculture Sector ► page 32

	2011	2010
Net sales, MSEK	11,497	11,111
Operating income, MSEK	183	82
Operating margin, %	1.6	0.7
Return on operating capital, %	4.8	2.2
Investments in non-current assets, MSEK	103	112
Average number of employees of which women, %	1,154 30	1,199 28
Share of women in executive management, %	29	29
Total CO ₂ emissions, thousand tonnes	83.3	78.3
CO ₂ emissions, tonnes per MSEK, value added	80	n.a.
Total sick leave, %	2.6	n.a.

Key figures excl. items affecting comparability

	2011	2010
Operating income, MSEK	183	167
Operating margin, %	1.6	1.5
Return on operating capital, %	4.8	4.4

Machinery Sector

The Machinery Sector's business includes construction equipment in Swecon, farm machinery in Lantmännen Maskin and lubricating oils in Agro Oil. Swecon is a distributor and partner of Volvo Construction Equipment (Volvo CE). Lantmännen Maskin imports, markets and sells farm machinery and equipment in Sweden, Norway and Denmark. Under the Agrol brand, Agro Oil is a major supplier of lubricants to the professional market. The Machinery Sector operate in 7 countries and accounts for 26 percent of Lantmännen's sales.

Machinery Sector ► page 38

	2011	2010
Net sales, MSEK	10,328	8,561
Operating income, MSEK	444	206
Operating margin, %	4.3	2.4
Return on operating capital, %	22.4	10.4
Investments in non-current assets, MSEK	307	287
Average number of employees of which women, %	1,816 9	1,863 10
Share of women in executive management, %	14	20
Total CO ₂ emissions, thousand tonnes	n.a.	n.a.
CO ₂ emissions, tonnes per MSEK, value added	n.a.	n.a.
Total sick leave, %	2.9	n.a.

Key figures excl. items affecting comparability

	2011	2010
Operating income, MSEK	444	236
Operating margin, %	4.3	2.8
Return on operating capital, %	22.4	12.0



...rooted in the soil



Energy Sector

Uniting Lantmännen's energy businesses, the Energy Sector is a leader in Sweden in bioenergy and green chemistry. The Sector manufactures and markets products such as fuel ethanol, potable spirits, starch, protein feeds, heating pellets, district heating, and alkylate petrol. Lantmännen Energi has four main businesses: Lantmännen Agroenergi, Lantmännen Agroetanol, Lantmännen Aspen and Lantmännen Reppe. The Sector accounts for 8 percent of Lantmännen's sales.

Food Sector

The Food Sector develops, processes and markets products that include flour, breakfast foods, pasta, frozen and fresh bread, chicken, ready-to-eat meals and pet food. While the Nordic countries represent the base of the business, we operate in 21 countries. The Sector accounts for 37 percent of the Group's sales.

NorDiet - Nordic diet

Energy Sector ► page 44

	2011	2010
Net sales, MSEK	3,052	3,005
Operating income, MSEK	-141	113
Operating margin, %	-4.6	3.8
Return on operating capital, %	-6.1	4.7
Investments in non-current assets, MSEK	85	114
Average number of employees of which women, %	330 21	323 23
Share of women in executive management, %	19	20
Total CO ₂ emissions, thousand tonnes	73.7	75.8
CO ₂ emissions, tonnes per MSEK, value added	229	n.a.
Total sick leave, %	1.5	n.a.

Key figures excl. items affecting comparability

	2011	2010
Operating income, MSEK	-68	125
Operating margin, %	-2.2	4.2
Return on operating capital, %	-2.9	5.2

Food Sector ► page 48

	2011	2010
Net sales, MSEK	14,708	14,484
Operating income, MSEK	298	534
Operating margin, %	2.0	3.7
Return on operating capital, %	3.2	5.4
Investments in non-current assets, MSEK	814	974
Average number of employees of which women, %	6,670 35	6,681 36
Share of women in executive management, %	14	29
Total CO ₂ emissions, thousand tonnes	248.2	227.4
CO ₂ emissions, tonnes per MSEK, value added	59	n.a.
Total sick leave, %	4.5	n.a.

Key figures excl. items affecting comparability

	2011	2010
Operating income, MSEK	539	784
Operating margin, %	3.7	5.4
Return on operating capital, %	5.7	7.9



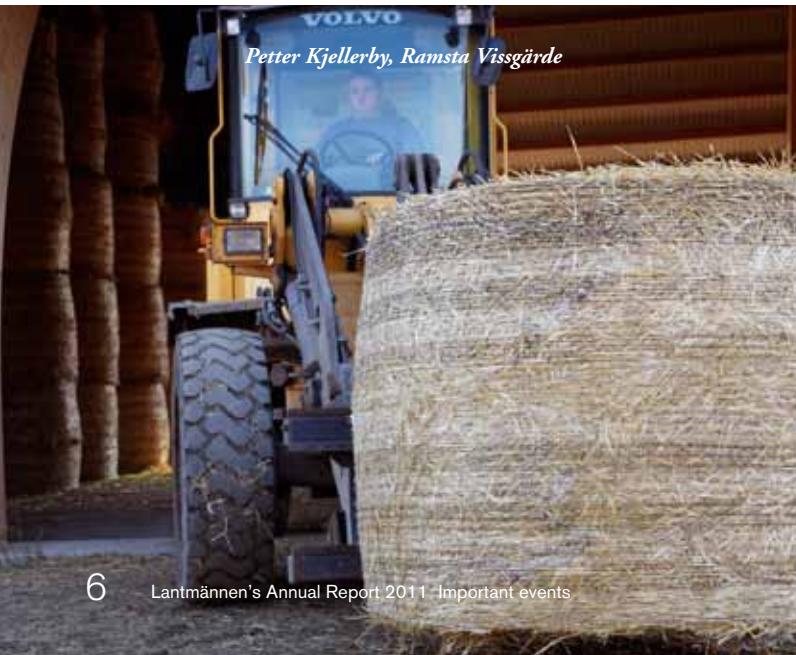
Important events

First quarter

- ▶ On January 1, CFO Per Olof Nyman took up the position of Executive Vice President, Håkan Pettersson took over as Head of the Machinery Sector and Carl von Schantz became Head of the Energy Sector.
- ▶ Restructuring of Lantmännen's central R & D functions was initiated. Responsibility for some R&D activities was transferred to the Sectors, particularly to Food.
- ▶ Lantmännen released Sweden's first cookbook for school cooks – Matlust (Appetite). The book is a collection of the winning recipes from Lantmännen SkolmatsGastro, Sweden's first cooking contest for school cooks, and children's favorites. Its aim is to motivate schools and school cooks to make both good and wholesome food.
- ▶ Lantmännen completed its first Communication on Progress (COP), a public disclosure to stakeholders on progress made in implementing the UN Global Compact's principles for corporate responsibility.
- ▶ Lantmännen took sixth place out of 150 consumer brands and second place in the consumer goods category in Sustainable Brands 2011 – a brand survey conducted on the basis of sustainability. The survey showed that consumers are well aware that Lantmännen is a sustainable company and that our message is getting across.
- ▶ Lantmännen's marketing communications were named Sweden's best by the Swedish Public Relations Association.

Second quarter

- ▶ At Lantmännen's Annual General Meeting in May, Per Lindahl was elected as a new Board member to succeed Birgitta Carlander. The AGM re-elected Board members Bengt-Olov Gunnarson, Nils Lundberg, Anita Steen, and Hans Wallemyr.
- ▶ Tove Cederborg was appointed General Counsel of Lantmännen and is responsible for the legal department. She joins Lantmännen from Vattenfall and took up her position on September 1.
- ▶ The expanded food facility for chicken located in Valla outside Katrineholm was opened in May and is the largest plant of its kind in northern Europe. An annual production of approx. 41 million chickens will make it Sweden's largest facility.
- ▶ The new U.K. bakery in Bedford opened in June.
- ▶ Lantmännen was named Advertiser of the Year by StockholmMediaAward, one of Sweden's largest media competitions.
- ▶ Lantmännen Agroenergi installed another pellet press at its facility in Norberg. Capacity was increased by 30 percent from fall 2011.
- ▶ Lantmännen Cerealia received a Green Cargo Climate Certificate for environmentally friendly shipping. The certificate was awarded by Minister for Infrastructure Catharina Elmsäter-Svärd at the Sustainable Logistics seminar organized by Green Cargo, which transports goods by rail.
- ▶ Swecon made its initial delivery of machinery for airport operations to the Defence Materiel Administration.



Third quarter

- ▶ Lantmännen Unibake launched a savings program which includes integration of its fresh bread business with frozen bread operations effective September 1.
- ▶ As one of the first companies in the world Lantmännen bought its first soy certificate according to RTRS (Round Table on Responsible Soy Association) standards.
- ▶ Lantmännen Lantbruk announced a new organizational structure as part of the ONE Lantmännen Lantbruk program, see Glossary ▶ page 153. The organizational change covers the Agriculture Sector's salaried employees in Sweden (excl. Bygglant, Kraftt and Nötcenter Viken), and involves cutting 39 mainly administrative positions. The new organization was introduced on December 1, 2011.
- ▶ Lantmännen established a pension fund to cost-effectively safeguard its pension obligations to Swedish salaried employees. Called "Lantmännens gemensamma pensionsstiftelse Grodden", the fund covers pension obligations for nine of the Group's companies.
- ▶ In September, Lantmännen was presented with the 2011 Food Prize. The prize is awarded by the National Food Association.
- ▶ Lantmännen Lantbruk and the Dutch research and development company KeyGene began collaboration on new and improved varieties of oilseed rape and grain crops.
- ▶ In Germany, Körnicke Baumaschinen was fully integrated into Swecon Baumaschinen's operational and legal structure.

Fourth quarter

- ▶ Lantmännen Agroetanol continued to be a pioneer in sustainable biofuels. During the quarter, production was certified according to the European ISCC standard, which enables exports of sustainable ethanol.
- ▶ President and CEO Per Strömberg left Lantmännen to become CEO of ICA. He was succeeded by Per Olof Nyman, Executive Vice President and Chief Financial Officer, until a permanent successor is appointed.
- ▶ Lantmännen reached its target of 100 percent RSPO (Roundtable on Sustainable Palm Oil) certificates for palm oil.
- ▶ Lantmännen became one of nine companies in the Haga Initiative, a corporate network that proactively works to reduce business sector emissions.
- ▶ The details of the restructuring program for Lantmännen Unibake were adopted and include operations in Denmark, Poland, Germany and Hungary. The total cost in 2011 amounted to MSEK 241.
- ▶ The value of holdings in the partly owned German company VK Mühlen AG were written down by MSEK 115 and goodwill in Agroenergi by MSEK 73.
- ▶ The pension fund acquired properties from Lantmännen, which represented a capital gain of MSEK 455.

Significant events in 2012

- ▶ Thomas Bodén informed the Nomination Committee that after nine years as chairman of the board he would not run for reelection.

Lantmännen's goal is 50 percent RTRS certification of soy imports by 2013



Skolmatsgastro – Sweden's first cooking competition for school cooks



Closing the circle



“ For me it is natural that we take advantage of the business development potential

The economic situation and financial turmoil in 2011 affected both Lantmännen and us farmers. Lantmännen is a solid company and in the current situation our broad range of operations is a buffer against sharp profitability swings.

Pulled by Swecon, the Machinery Sector posted excellent earnings. The Agriculture Sector, which is undergoing major changes, performed well despite increasingly tough competition. Although food is a stable market, the Food Sector saw major challenges in 2011. The gap between grain and ethanol prices depressed profits in our energy operation. Despite this we see many opportunities in Agroetanol, whose different parts can work together and grow the business. The contribution-based operations in the Agriculture and Machinery Sectors posted positive results and the Board has decided to pay a 1 percent refund and final price adjustment in both areas. At the same time the Board wishes to highlight owner value and proposes a 5 percent contribution dividend and a contribution issue totaling MSEK 152.

2011 was a year marked by abrupt shifts between drought and rain. A dry spring led to the extremely early harvest in eastern Sweden, while rain made fall planting difficult, with uncombined areas in western and northern Sweden. Quality issues also came into focus. We saw very high quality – but low volume – in some areas and downgrading of grain due to rainfall and increased occurrence of mycotoxins in other areas. This year we again grappled with the challenge of knowing when, how and how much grain to sell. Happily, we can conclude that the pool price provided a pretty good dividend. While prices for dairy farmers remained fairly stable the, to say the least, turbulent situation in the dairy market and uncertainty about the impact of the restructuring changes have dampened both job satisfaction and willingness to invest. Nor, unfortunately, did we see any significant improvement in the challenging beef and pork markets.

Shrinking livestock numbers are deeply unfortunate for both farmers and Lantmännen. In several contexts, including when we have had viewpoints on the Federation of Swedish Farmers (LFR)'s Food Strategy and the EU's agricultural policy, Lantmännen pointed out that increasing crop and livestock production volumes is fundamental for creating profitability and competitiveness in Swedish agriculture.

An important area for a company that operates from field to fork is long-term sustainability issues. The fact that Lantmännen was one of the first companies in the world to purchase certified soy is just one example. The further fact that Arla, the dairy co-op, has also decided to use only certified soy by 2015 shows that when we join forces farmers can influence development. For me it is natural that we take advantage of our business development potential and utilize our expertise throughout the chain!

Another important factor in development, profitability and competitiveness is investment in R&D, research and development. During the year the Board actively worked on establishing a joint research foundation. Basically an amalgamation of our three foundations, the VL Foundation, the SL-Foundation and the Cerealia Foundation, the merger will provide us with a powerful foundation with both the expertise and capacity to develop our businesses. Owner influence was safeguarded by elected members of working groups and close interaction with the Board.

During the year the Board met with all districts for a vote on important corporate governance issues including return requirements, dividend policy and the owner organization. These informal meetings provided a good picture of the mood in Lantmännen. During the year we also had a Future Group of young farmers meet to capture their views and wishes concerning Lantmännen. One of their messages was – clear and simple communication – an advice as good as any! It was also gratifying to note the group's awareness of the importance of developing the farmer-owned companies.

The year has also shown the importance of nurturing farmer-owned businesses so that they are strong enough to be able to follow their strategies and retain their decision-making powers. Only strong companies can fulfill their duties towards their owners. To this end, Per Strömberg launched an important process of continuous improvement, mainly in production, supply chain and capital management. Per Strömberg chose to leave us in the autumn, but the direction and our strategies remain on track and give us a good basis for meeting the future. I want to give credit to all employees for their part in helping us post a decent profit despite the harsh conditions that prevailed in many of our markets in 2011. I would also like to extend a warm thank-you to Per Olof Nyman for shouldering the responsibility as Acting President and CEO. I am proud that the Group can handle major changes and that there are many qualified people who quickly and with great dedication take on new, challenging tasks.

I summed up Lantmännen's first ten years at the 2011 Annual General Meeting. The goal was to reduce our costs, strengthen the chain from field to fork, vertically integrate forward in the food chain, increase the owner benefits of owning industries and create new business opportunities for Swedish farmers. In retrospect, I see the field to fork vision as very strategic – it provides the conditions for both production and increased owner value.

When I hand over the chairmanship of Lantmännen at the General Meeting I do it with great pride and confidence that we are on the right track. We jointly own a company that is of great benefit to us and which also has the power to help shape the development of Swedish agriculture!

Noraström, February 2012

Thomas Bodén
Chairman of the Board, Lantmännen



President's Comments

Lantmännen's profit for 2011 was down compared to last year, primarily due to the unfavorable price ratio between grain and ethanol, and the declining demand for consumer goods that was most noticeable in the fourth quarter. It's something we must take seriously and respond to. At the same time our earnings show that our long-term strategy is the right one.

The result for 2011 after net financial items adjusted for items affecting comparability amounted to MSEK 841, slightly lower than our profit of MSEK 946 for 2010. The Agriculture and Machinery Sectors performed well during the year, while the Energy and Food Sectors faced greater challenges than before and posted weaker earnings than last year.

Our cost-cutting and action program continues to yield good effects, not least in the Agriculture Sector, which improved its operating profit to MSEK 183 (MSEK 167). The ONE Lantmännen Lantbruk action program has led to improved efficiency, lower costs and improved deliveries to our customers. The Machinery Sector also improved its operating profit sharply, to MSEK 444 (MSEK 236). The Sector did very well throughout 2011, both for farm and construction machinery.

However, its performance does not compensate for the challenges we faced during the year. The weaker result was due in part to the continued very unfavorable price ratio between ethanol and grain. Lantmännen Agroetanol's business operated with heavy losses in 2011, and the Energy Sector as a whole posted an operating loss for the year: MSEK -68 (MSEK 125). Reduced demand for consumer goods in foods, combined with necessary price increases to offset higher commodity prices, also led to reduced volumes and lower operating income in the Food Sector: MSEK 539 (MSEK 784).

Our planned improvement process continues

Our supply chain and organizational efficiency programs ran as scheduled. Within the flow of goods, we are in line with our annual plan, with savings of MSEK 568. In the Shape program, which was implemented to reduce our administrative costs, total savings amounted to MSEK 415. In response to the fluctuations in the economy, we will continue the work we have started on

these programs and our other priority focus areas. We will continue to reduce our working capital, identify additional savings in the supply chain and keep our administrative costs down.

We will also intensify our work on demand-driven production to ensure that we tie up as little capital as possible in stock – while maintaining reliability of supply to our customers. In order to generate profitable growth in the long run, we also need to continue our commitment to innovation, price and mix and leadership.

Sustainability is important for our continued development
Our ambition is to be a company that takes responsibility throughout the chain from field to fork. This places demands on our climate and sustainability work, and we have worked for a number of years to strengthen our ability to take responsibility – including through our Code of Conduct and our supplier relationships. Sustainability work is also about finding new business opportunities: we achieve success through innovative business development and a strong customer focus.

Our climate targets, including reducing carbon emissions by 40 percent by 2020, remain unchanged. Two examples of our progress in 2011 was that we carried out Sweden's first purchase of soy certified under the Round Table on Responsible Soy, and we achieved our goal of 100 percent Roundtable on Sustainable Palm Oil (RSPO) certification for palm oil.

We have the right strategy, but also face challenges

Looking back on 2011 as whole we achieved historically good financial results, but fluctuations in the economy and reduced demand in certain operations, particularly food, are major challenges that we need to address and combat. We must continue to adapt to economic conditions, find savings in all our operations, and prioritize our efforts in the areas where we get the best gearing in both the short and long term.

Although we need to be flexible and willing to adapt, our 2011 earnings show that our long-term strategy is the right one. We will continue to be a profitable, innovative and customer-oriented company that stands for responsibility throughout the chain, from field to fork. In this way, we live up to the demands placed on us, whether they come from customers, employees, suppliers, partners or owners. I look forward to continuing our journey in 2012!

Stockholm, February 2012

Per Olof Nyman
Acting President and CEO, Lantmännen

A professional photograph of a man with short brown hair and glasses, wearing a dark suit, white shirt, and patterned tie. He is smiling and looking towards the camera. The background shows shelves filled with various food products, including boxes of cereal and containers of yogurt or spreads.

“Stable profit despite challenges at the end of the year

Strong brands

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

Our brand promise – *we take responsibility from field to fork* – permeates all our operations and is based on our unique values. It is important to build strong brands in order to stand out among the proliferating product and service offerings. When a brand is really clear and strong it makes it easier and safer for customers to choose.

In order to make informed choices and feel secure and confident, customers and consumers need to know who stands behind the products. Consequently, corporate brands have to meet high transparency and information standards.

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



We use a guarantee in our communication to unite Lantmännen and its product brands.



Attractive offerings to consumers

Lantmännen's goal is to be the obvious choice for responsibly produced food. We stand for "Good food", food that is produced in a sustainable and responsible manner, inspected and responsibly produced at every stage. Food that takes consumer needs into consideration along with environmental and ethical aspects. We offer:

- ▶ Healthy, high-quality food
- ▶ Responsibly produced foods that conform to ethical guidelines for raising chickens.
- ▶ A diet based on Nordic raw materials, fiber-rich foods with documented beneficial effects on cholesterol and blood pressure. An example is the NorDiet, see ▶ page 31.
- ▶ Dietary advice for better health. Ask the dieticians at ▶ axasportsclub.com
- ▶ Lantmännen guarantees quality and discloses the origin of its food.
- ▶ Lantmännen is engaged in research for better health and sustainable solutions.
- ▶ Climate declared foods that disclose their carbon footprint throughout their life cycle.
- ▶ Keyhole-labeled healthy and tasty ready-to-eat foods.
- ▶ New product concepts such as Kronfågel DELi, Gooch meals, bake-off products and Great oatmeal on the go.
- ▶ Tips and recipes for using ingredients and leftovers. The "Restdejting" website was launched in 2011 as part of this.

...bolster our competitiveness

Lantmännen's unique values

Our unique values set us apart from our competitors.

- ▶ Lantmännen is owned by Swedish farmers.
- ▶ Operations include the entire chain from field to fork.
- ▶ Commitment to research and sustainable development.

Good food is food produced in a sustainable and responsible manner

Why strengthen Lantmännen's brand vis-à-vis consumers?
One of our main business challenges is to deal with industrial changes and respond to trends in the food market. Industry consolidation creates new major players and competition from strong private label products. Many players are using their brands to enhance their products. This is the competition we can meet with our unique values. Our strategic focus is to meet the challenges through stronger links between the our brand and the product brands. Investing in this focus strengthens both Lantmännen's and the product brands' competitiveness in the long term.

A stronger brand benefits all operations

A stronger position for Lantmännen in food means that Lantmännen will become more known for its unique values. At the same time this increased recognition builds the competitiveness of Lantmännen's Agriculture, Machinery and Energy Sectors because the unique values also permeate all our activities. The more we communicate and elucidate our values, the more attractive we also become as an employer.

A strong brand strengthens the original business

From an ownership perspective the benefit of a strong brand is increased consumer demand for products containing grain, the base of our business. A strong brand also means that the agriculture, machinery and energy operations are strengthened by Lantmännen's visibility as a partner that stands for predictability, sustainability, and reliability. By extension, this generates owner value through increased returns on contributed capital, which means owners share the value increase.

Lantmännen receives top awards

- ▶ Lantmännen was named "**Advertiser of the Year**" at StockholmMediaWeek, thanks, not least, to our efforts to communicate our responsibility from field to fork.
- ▶ Lantmännen's **marketing communications** were named Sweden's best by the Swedish Public Relations Association.
- ▶ Lantmännen received the **Food Prize** for its innovations. The National Food Association wrote: "Lantmännen is brave! They have an open attitude to innovation and the courage to invest in new ideas from scientists, students and other creative people."
- ▶ Axa Great won a prize for its packaging at **the Packaging Industry Awards**. The jury commented that "We applaud Axa for developing a completely new concept for a traditional product where the packaging is a fundamental concept."
- ▶ Axa Great Gröt (oatmeal) received **the MåBra val award** from MåBra magazine.
- ▶ Lantmannen.se won the associations/organizations category in the **Web of the Year** competition. The prize is awarded by E-space Communication, one of Sweden's largest research companies focusing on web pages and goes to the website visitors rank the highest.



Farmer owned and run

Lantmännen is owned by around 35,000 farmers from all over Sweden. Lantmännen's mission is to contribute to the profitability of its owners' farms and maximize the return on the owners' capital in the association.

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

During the year, both the districts and the Group Board worked on following up the OSI, Owner Satisfaction Index, which was unveiled in February. The Board's action plan included a tour of all the districts to increase district participation in strategic ownership issues. Issues discussed at the meetings included return requirements, questions concerning capital and Lantmännen's ownership organization.

In December, Lantmännen's Future Group, which consists of 13 young farmers, presented the result of its work to the Group Board. The mission of the group was to contribute ideas and suggestions from young farmers regarding both owner and user issues. The group began its work in autumn

2010 and concluded it at the meeting in December. During the fall a course in corporate governance and finance was held for elected members in Lantmännen's subsidiaries.

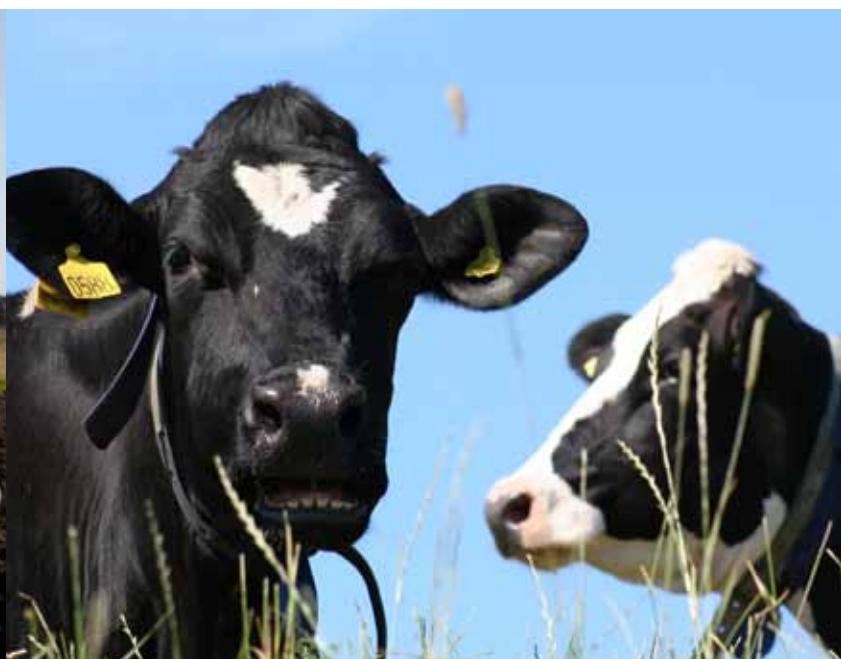
District activities

The districts are the basis of the members' role as owners of Lantmännen. Each district has a board that works both locally and on cross-cutting issues for Lantmännen. During the year the boards followed up the regional OSI results, and, in collaboration with the Group Board, organized a dialogue tour. The future seminar for district scholarship holders was held in June in conjunction with Borgeby Fältdagar (Field Days). In November a large membership meeting for the northern districts was held in Lycksele, with over 500 participants.

Proposed total dividend for 2011 is MSEK 340

Annual General Meeting

Lantmännen's 2011 Annual General Meeting was held on May 4 in Stockholm. A motion focusing on support and information to the districts was discussed at the Meeting. The Meeting decided that in conjunction with major district-level strategic changes that have a direct impact on primary production,



...with profitable growth

Lantmännen must have a dialogue with the affected district boards before making a decision. At the Meeting, Per Lindahl, Kristianstad, was elected a new member of Lantmännen's Group Board.

District Board Conference

At the district board conference on November 15 the tour was summarized through group work and questions to the Board. The goal of the conference was not only to provide district boards an opportunity to conduct a comprehensive dialogue on strategic ownership issues, but also to describe how and who takes matters further.



Annual General Meeting on May 4, 2011.

District divisions

At the beginning of 2012, the number of directly affiliated members numbered 29,773 organized in 29 districts.



Lantmännen's members and owners

Lantmännen is owned by 34,738 farmers across the country, of which 22 affiliated local associations had 3,486 members. Kalmar Lantmän, with 1,925 members, is an organization member of Lantmännen. Lantmännen is a co-operative, and each member has one vote.



Owner meetings year round

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

ASSOCIATION
MEETINGS

Council of
Trustees District General
Meetings

District Board Con-
ference

Council of
Trustees

DISTRICT
MEETINGS

District General
Meetings

Fall meetings in the
districts

Board Meetings with District Board, training of elected representatives and member meetings take place on a regular basis all year.

Owner value

Lantmännen shall generate regular and stable dividends for its owners over time. A total dividend of MSEK 340 is proposed for 2011.

Where are earnings created?

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

In 2011, Lantmännen Lantbruk's contribution-based Swedish operations with grain, feed, fertilizer, crop protection, plastic, and other ag operations generated operating income of

MSEK 57

In 2011, Lantmännen's trading and industrial operations with bakeries, mills, ethanol plants, machinery, and other ag operations generated operating income of

MSEK 1,147

Dividend policy

The Group Board's ambition is to pay out, in the form of refunds and final price adjustments, contribution dividends and contribution issues, about 40 percent of consolidated net earnings each year. The principles for the dividend payment are set out in the dividend policy decided by the Board.

How are earnings distributed?

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

Refunds and final price adjustments are paid in proportion to the members' business with the Association. They are calculated

as a percent of contribution-based purchases from and sales to Lantmännen Lantbruk, 1 percent for 2011 and Lantmännen Maskin, 1 percent for 2011.

Contribution issue means that part of the collectively owned free capital is transferred to members' individual contributed capital. For 2011 the Board proposes a contribution issue of MSEK 152. It will be distributed as follows: 75 percent based on paid-in and issued contributions and 25 percent based on the member's contribution-based turnover with Lantmännen. The Annual General Meeting decides the contribution issue.

Contribution dividend or "interest" on the contributed capital is paid in proportion to the member's paid-in and issued contributions. A contribution dividend of 5 percent is proposed for 2011. The Annual General Meeting decides the contribution dividend.

Contributed capital – paid-in and issued

Lantmännen's members contribute risk capital through their contributions in the Association. At the end of 2011, contributed capital amounted to MSEK 1,568, corresponding to 14 percent of Lantmännen's total equity. Contributed capital consists of paid-in contributions totaling MSEK 680 and issued contributions totaling MSEK 888. The contributions enable contribution dividends and future contribution issues.

Trading in contribution issues

By trading contribution issues the seller can convert contribution issues to cash, and the buyer receives future contribution dividends and upcoming contribution issues. Contribution issues have the same right to contribution dividends, "contribution interest", and new contribution issues as the paid-in contributions. Eight trading sessions were completed in 2011. The total turnover was just over MSEK 9.4, with 112 purchase orders and 177 sales orders resulting in transactions. The transaction price varied between 100 and 113 percent of the nominal value. See ► www.lantmannen.com/emissionsinsatser

The proposed dividend on subordinated debentures for 2011 amounts to 6.75 percent (5.5), equivalent to MSEK 4 (3).

Dividend

MSEK	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Refund, final price adjustment ¹	110	95	1	122	83	64	139	199	154	161
Contribution dividend ²	78	68	63	57	50	56	50	49	38	38
Contribution issue ²	152	177	100	110	151	99	100	39	-	-
Total	340	340	164	289	284	219	289	287	192	199
Contribution dividend and contribution issue as % of contributed capital	15%	18%	13%	14%	20%	13%	14%	9%	4%	4%

Member contributions

MSEK	2011	2010	2009
<i>Member contributions:</i>			
Paid-in	680	612	606
Issued	888	738	660
Total	1,568	1,350	1,266

¹ Reported amount may include restatements of previous years. ² Pursuant to the Board's proposal for 2011.

Grain - our common thread

Grain is the basis of our business and portfolio strategy. We have clear integration throughout the value chain; our grain processing knowledge is one of our competitive advantages and provides us with unique opportunities.

Lantmännen's backward integration in the value chain strengthens the potential for creating conditions for our owners to develop and engage in competitive agriculture at our latitudes. The value chain begins with plant breeding.

While Lantmännen operates throughout the entire value chain of grain from field to fork, we produce, in addition to food, sustainable ethanol with high greenhouse gas (GHG) savings. One example is our work to certify the ethanol we produce at Lantmännen Agroetanol under the EU's sustainability criteria. The EU's sustainability criteria have been established to ensure that biofuels provide a certain climate benefit compared with fossil fuels and to protect biodiversity-rich areas.

To be defined as sustainable, a biofuel must have 35 percent lower greenhouse emissions compared with its fossil fuel alternative. Lantmännen Agroetanol's ethanol reduces greenhouse gas emissions by up to 70 percent. Through our certification program, we can sell sustainable ethanol with a market-leading climate performance rating to the entire EU market.

Lantmännen's industrial activities increase the value of commodity grain by processing it. By being involved in much of the value chain from field to fork, Swedish farmers can benefit from the increase in value when commodity grains are processed. Examples of this are when grain is transformed into

glucose syrup for the confectionery industry, spirits for vodka, Kungsörnen flour or livestock feed, such as the feed delivered to Kronfågel chicken plants.

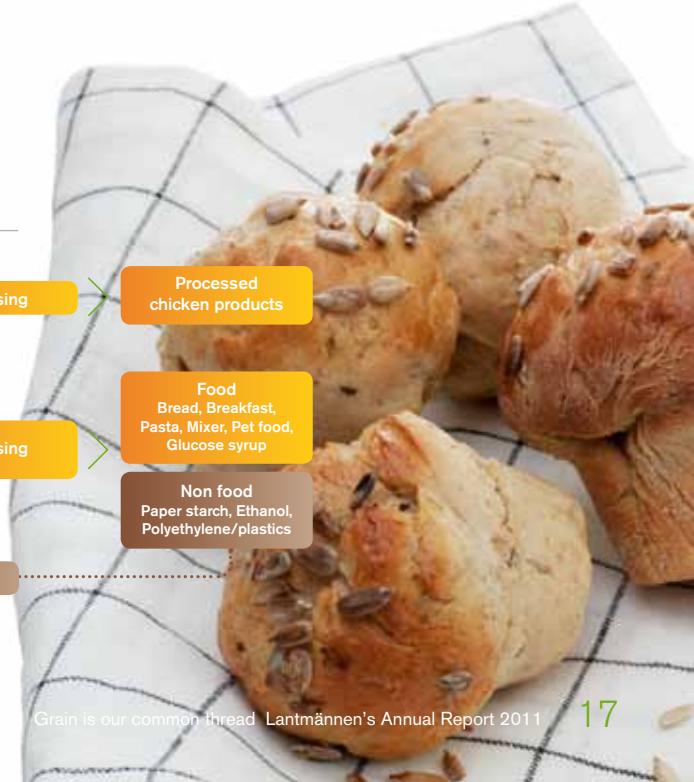
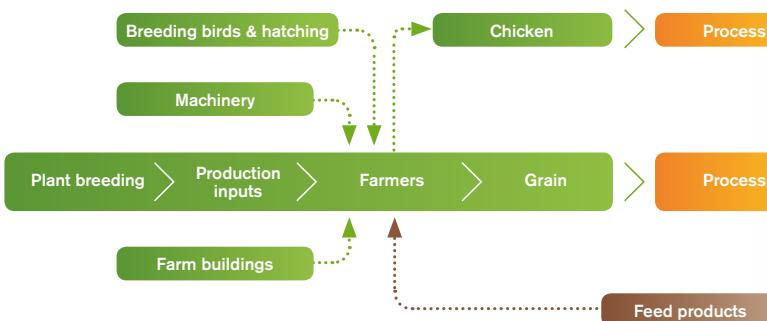
Commodity grains

The OECD (Organisation for Economic Co-operation and Development) and FAO (Food and Agriculture Organization) Agricultural Outlook shows that we have had a 5-year period of great instability for agricultural goods. The OECD and the FAO predict that grain prices will rise 20 percent during 2011-2020. Interest in food commodities on the commodity exchanges has been persistent. It is difficult to forecast demand, creating volatile markets. In the food industry, this has spurred increased futures trading for commodity purchases. According to the Swedish Food Federation's third quarter 2011 survey, 35 percent of food companies said they hedged commodities and 11 percent say they have increased forward purchasing to increase in-house predictability concerning raw material costs. It is predictability, and not always a much lower price, that is important.

The OECD and the FAO predict greater use of agricultural products for biofuels in the future. By 2020 they forecast that 13 percent of global coarse grain production will be used to make biofuel.

With the changes in the world around us Lantmännen must seize opportunities and fend off risks in our endeavor to achieve a 10 percent return on equity. We work with eight strategies and a number of focus areas to manage our operations and achieve our long-term goals. See ► pages 18-19.

Grain is our common thread – from field to fork



Our strategy

Lantmännen's overriding mission is to harness the combined resources of the organization in order to contribute to the profitability of its owners' farms and maximize the return on their capital in the organization through eight basic strategies.

Create business opportunities for Lantmännen's owners

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

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

Focus on core business

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

Our Vision

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

Our Business concept

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

Our Values

Openness, a Holistic View and Drive.

Higher cost and capital efficiency

Increase cost and capital efficiency through continuous improvement efforts.

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

Develop strong brands

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

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

Develop the product portfolio through active research and development

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

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

Improve our partnership with our customers

Stimulate increased demand by developing our partnership with customers.

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

Sustainable development

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

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

Employees and organization

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

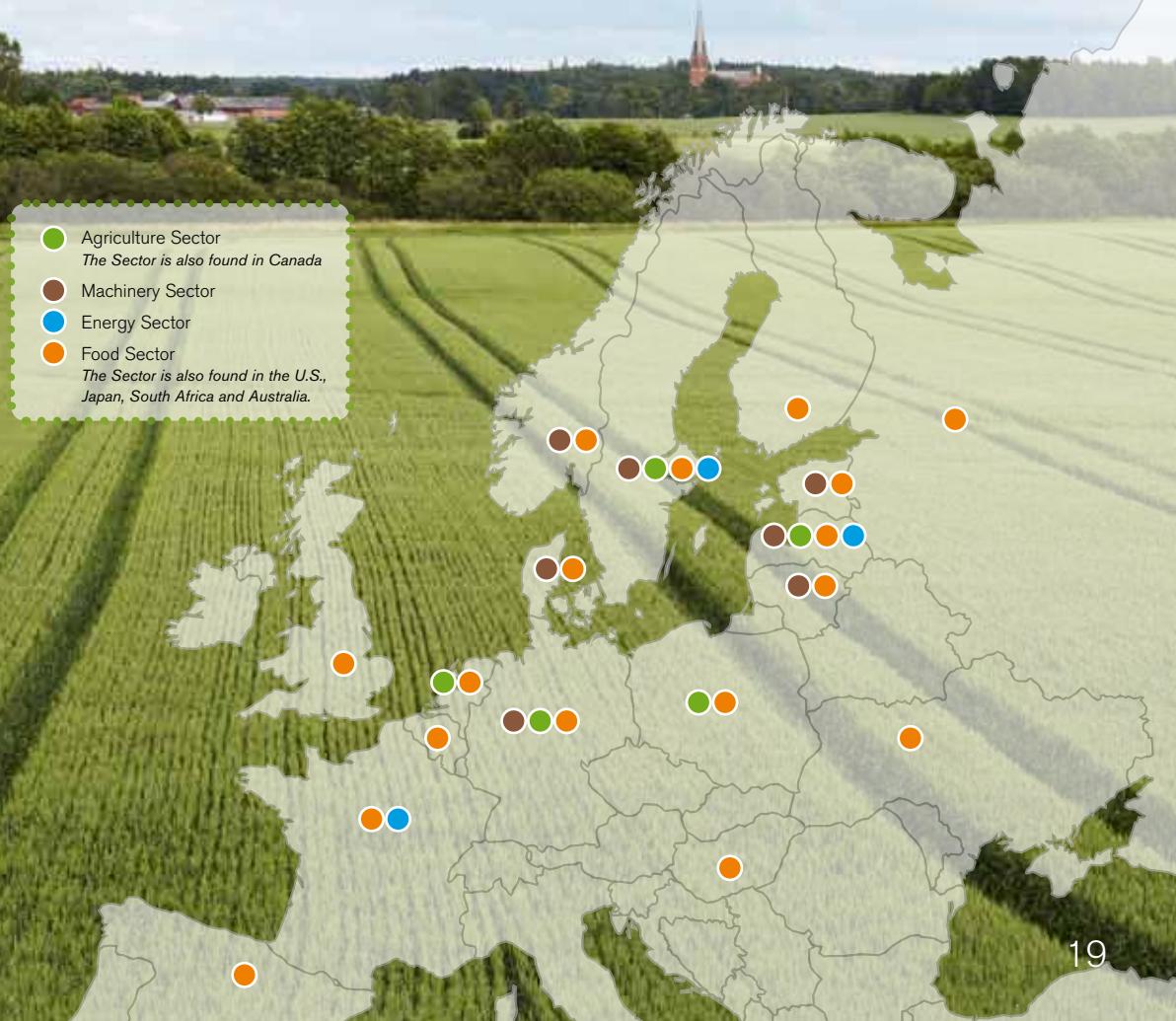
The participation and performance of each employee is crucial to our success. Lantmännen's performance is dependent on the individual's performance.

...with a focus on efficiency and profitable growth

Targets and focus

- Achieve target of a 10 percent return on equity and 40 percent equity ratio.
- Enhanced and increased focus on programs in our efficiency platform capital, supply chain and organizational efficiency.
- Focus area for profitable growth: Price & Mix, Innovation, Competence & Leadership.

...with operations in 22 countries



Our financial targets

At the beginning of 2011 we made the assumption that we would see a relatively stable economy, but with some uncertainty about the global financial imbalance. During the year, it became increasingly clear that the debt crisis in Europe had adversely impacted consumers' purchasing behavior in our main markets.

Our Target rate of return

Our long-term target rate of return on equity is 10 percent.

Our Target equity ratio

Our target equity ratio is 40 percent.

Target rate of return

Our long-term target profit is a return on equity of at least 10 percent per year over a business cycle. The target is adjusted to Lantmännen's risk profile and is based on an assumed equity ratio of 40 percent.

2011 outcomes

The Agriculture Sector showed a positive trend as a result of the implementation of the ONE Lantmännen Lantbruk. The

program aims to increase competitiveness and lower costs through improved processes.

The Machinery Sector saw positive developments, with Swecon in particular benefiting from a favorable economic climate for the mining industry in northern Sweden as well as investments in infrastructure. The Energy Sector noted a downward trend mainly due to the very unfavorable price ratio between grain and ethanol. During the year the Food Sector experienced historically weak growth in all markets as a result of reduced consumption. According to the Swedish Food Federation's economic assessment, the most powerful consumer trend in autumn 2011 was low-price products, while the organic and locally grown product trend faded.

Despite weak market conditions in the food sector and the negative situation for Agroetanol, the return that was achieved was almost on par with last year, mainly thanks to the Machinery Sector's good profit performance and comprehensive work on cost and capital efficiency. Return on equity fell to 6.7 percent, compared with 7.0 percent in 2010.

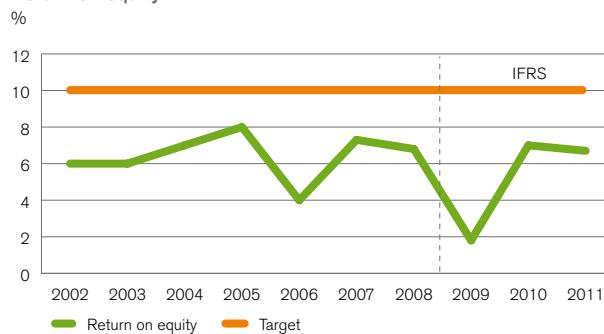
Equity ratio

Lantmännen's target is an equity ratio of 40 percent. The equity ratio target is based on Lantmännen's desired financial risk profile and reflects the Board's view of long-term financial stability. With a lower level of borrowing, we are creating more flexibility, thereby also reducing our finance costs.

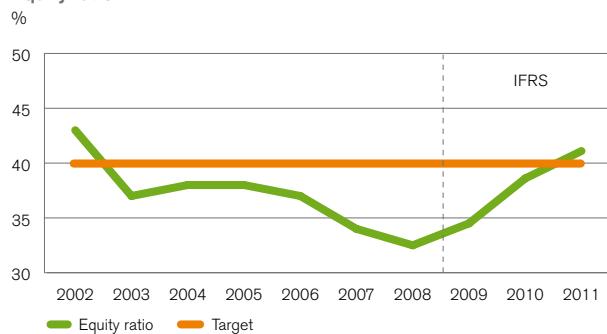
2011 outcomes

Total assets at year-end decreased to MSEK 26,621 (27,009). The establishment of the pension fund and Lantmännen's sale of properties to the foundation have reduced total assets and had a positive effect on the equity ratio, which at year-end amounted to 41.1 percent (38.6).

Return on equity



Equity ratio



...and benchmarking

Investments

Lantmännen's investments in non-current assets in 2011 amounted to MSEK 1,431 (1,587). All investments are assessed from a profitability perspective and prioritized in accordance with our portfolio strategy. As a main rule, only expansion and efficiency investments with payback periods of up to four years are approved. Future investments are made particularly in areas that both achieve the required rate of return and allow profitable growth.

Route to the profitability target

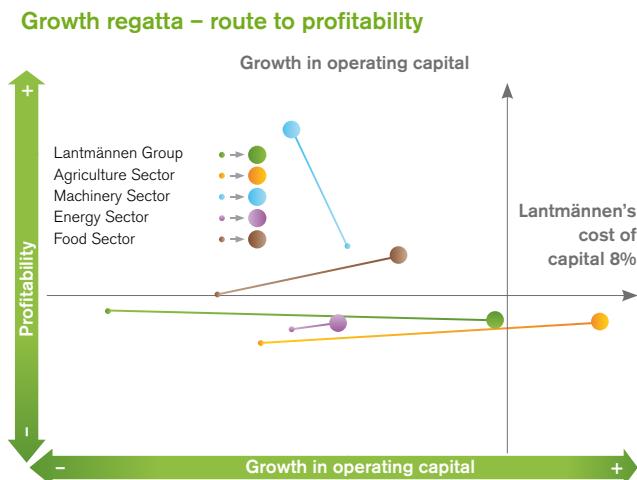
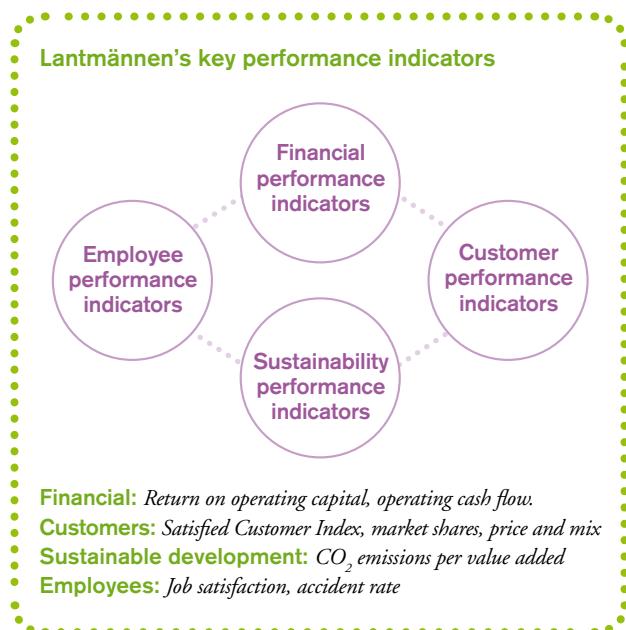
To reach the profitability target, we need to be even more efficient and continue to lower our costs. We will primarily do this by continuing to work on our efficiency platforms, read more on ► pages 22-23.

Our strategic focus areas for the coming years are directly and indirectly tied in with efforts to create profitability. We will continue to prioritize our most profitable products and services, innovate and develop competencies and leadership within Lantmännen, read more on ► page 23.

Our management model is evolving

All of our operations must contribute if Lantmännen is to achieve its overall return target. We have formulated specific profitability targets for each business, expressed as return

on operating capital, which vary depending on the type of business and return levels for comparable companies outside Lantmännen.



The diagram shows the sectors' return levels and growth in 2011. Vertically, the diagram shows the return on operating capital, while growth in operating capital compared with previous years is shown by the horizontal position. A position to the right of the diagram's center point means the Sector's operating capital increased compared with the previous year, while a position to the left means it declined.

Starting 2012, Lantmännen's key performance indicators will be introduced in management to supplement traditional financial metrics monitoring also for customers, sustainable development and employee numbers.

We respond to changing economic conditions

Given the economic uncertainty and the generally weak economic performance in our key markets, we have developed a number of plans and introduced adjustment measures in several areas. Our aim is to meet sales lost because of the weaker economy with cost adjustments. To increase our adaptability, we will:

- have more frequent follow-ups to more quickly counteract downturns
- tighten investment requirements even more
- increase our focus on working capital measures
- be cost prudent
- increase profitability requirement for marketing investments in the short term
- accelerate the implementation of ongoing restructuring projects.

Intensified work

To adapt Lantmännen to the economic situation, we refocused on our efficiency platforms in the fall of 2011.

Capital efficiency



A reduction in tied-up capital and improved cash flow must be achieved by financial benchmarking and an increased focus on cash flow and return on operating capital. The Cash Race program was launched in 2009 for the purpose of freeing up restricted capital, particularly in trade receivables, inventories and renegotiated payment terms to suppliers. We continue to work on:

- ▶ visualizing the cost of operating capital by control
- ▶ working capital efficiency with the goal of freeing up capital
- ▶ more efficient use of capital relating to non-current assets by increasing capacity utilization and sales of non-strategic assets
- ▶ higher return requirements and monitoring of investments and investment frameworks. All investments over MSEK 3 are discussed by the Investment Committee.

Implemented: Return on operating capital is one of our most important key financial ratios. Return targets have been introduced and the results are followed up in financial reporting for all business units. Working capital efficiency, measured as working capital divided by sales, improved by 0.5 percentage points in 2011 and by a total of 5 percentage points since the program was launched.

Supply chain efficiency



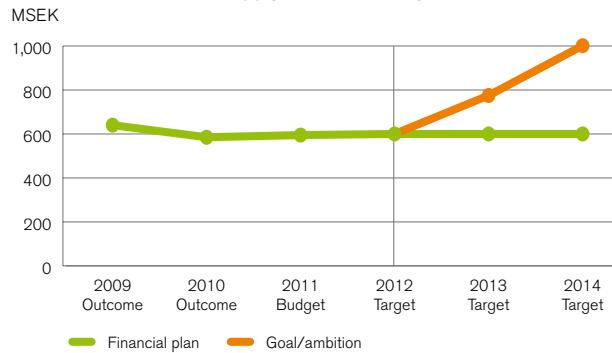
The supply chain project created annual efficiency gains of around MSEK 600, representing 1.5 percent of our sales. The efficiency gains include both cost reductions and avoided cost increases. In 2012 we are starting two new programs for changing practices in supply chain efficiency that will further drive and support improvement in the flow of goods. The proactive programs are known as SCP (Supply Chain Planning) and SME (Supply Management Excellence). All processes and decisions within our supply chain are to be characterized by operational excellence. This entails an ongoing process of continuous improvement and higher cost efficiency throughout the supply chain – procurement – logistics – production.

LEAD, our work for operational excellence, continues to be our base for continuous improvement, and means that we:

- ▶ develop and consolidate the LEAD (Learn, Engage, Analyze, Do) initiative. LEAD is a business system and a methodology for continuous improvement, which also includes analyses, methods and tools, and training and benchmarking. Through LEAD, we gain a better understanding of our losses and systematic practices for eliminating them. A review of LEAD was done in 2011 and starting 2012 Lantmännen will, among other things, begin training its own internal LEAD auditors.
- ▶ continue investment-driven efficiency improvements and structural rationalization measures.
- ▶ implement energy efficiency measures.

Our goal is planning, procurement and production excellence

Increased ambition for supply chain efficiency



...on our efficiency platforms

Proactive supply chain planning (SCP) means:

- ▶ forecasting and market-driven supply chain
- ▶ active control by indicators
- ▶ flow of goods and inventory rationalization
- ▶ development of skills, tools and system support.

Improved supply chain planning based on reliable forecasts will enable us to control our flow of goods more efficiently. This will have a positive impact on service levels, inventory and capital efficiency and supply chain and freight-related costs. A survey of our supply chain, our existing processes and our capacities will be commenced during the year.

Supply Management Excellence (SME) means:

- ▶ cross-functional approach and practices
- ▶ total cost perspective with strategic sourcing
- ▶ new practices and control
- ▶ development of skills, tools and system support.

Based on the survey of our procurement and supply processes that was conducted in 2011, the overall efficiency potential of a coordinated, joint procurement concept is appreciated. The analysis forms the basis for the change program that will now be commenced. The program will include new practices and forms of control plus significant skills development and will have some effect in 2012 and more substantial effect in 2013-2014. Investing in a common procurement platform commenced during the year.

Implemented: Total work on supply chain efficiency reached MSEK 568 in 2011.

Organizational efficiency



The goal of Shape, our 2009-2011 cost reduction program, was to reduce our costs by MSEK 400 annually compared with 2009. The remaining activities, such as co-location of our operations, continue to generate savings.

Implemented: The goal was reached and then exceeded in 2011 and our aim going forward is to keep our administrative costs at a constant absolute level despite inflation and wage increases. All organic growth in existing markets should in principle be carried out with constant sales and administrative costs. The only costs that are allowed to increase are the growth-oriented costs, primarily in marketing and research and development. To achieve this objective, operations must be streamlined and properly organized on an ongoing basis. A large-scale competence shift process has been initiated with the aim of ensuring that the right person with the right skills works at the right place in the organization. Read more in the Sustainability Report on ▶ pages 65-67.



Values-driven growth and profitability factors

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

Innovation in all parts of our business is essential for strengthening our brands, stimulating and meeting new needs of customers and consumers, and increasing the proportion of profitable products. Innovation is also important to our internal efficiency work.

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

Our responsibility from field to fork and our good reputation with customers and consumers are important factors for maintaining our sales and increasing future profitability.

Profitable growth

Three strategic focus areas have priority for business development and profitable growth. While simultaneously pursuing its goal of creating profitable growth, Lantmännen must accelerate its supply chain efficiency and increase its flexibility in case of further economic contraction in 2012.

Price and mix

The price and mix focus area represents the core of the concept of profitable growth. It is about increasing sales in the areas where we have the best margin. The aim is to grow profitably through products with added value that customers are willing to pay for. The trimming down and concentration of the product range will continue.

Three areas have been identified as playing a key role in our efforts in the price and mix focus area:

- ▶ Focus on products and customers, with improved profitability through efficient control: Individual follow-up of customers and products will increase our understanding of profitability at all levels, creating an approach where businesses gradually switch to customer and product segments with better profitability.
- ▶ Develop offerings and products that provide long-term profitability. Our focus on innovation must be linked to improved profitability.
- ▶ Reduce the number of items. A prerequisite for profitable growth is gradual product rationalization of products with low profitability. This means that product portfolios are reviewed annually to ensure a continuing focus on the most profitable products.

Objective: Continuously increase the proportion of products with good profitability and reduce the range by continued rationalization of products with low profitability or turnover.

Lantmännen's strategies and current focus areas	Price and mix	Innovation	Competence and leadership
Create business opportunities for owners	●	●	
Focus on core businesses	●	●	
Increased cost-efficiency	●	●	●
Develop strong brands	●	●	●
Develop the product portfolio	●	●	●
Improve our partnership with our customers	●	●	●
Sustainable development	●	●	●
Employees and organization		●	●

Innovation

Simply put, the innovation focus area means that we do things in new ways, resulting in new production methods, new products, new sales concepts, new business models, alliances and new practices. This involves innovation at every level and is an evolutionary approach based on today's activities. Innovation in business is about a new way of thinking and tackling issues. We have many examples of successful innovation, and it is a major challenge to highlight and harness the power of innovation that exists. Read more in the Innovationsboken (Innovation Book) at ▶ www.lantmannen.com. Research and development (R&D) is part of the innovation focus area.

The goal of R&D investments is to bolster our competitiveness and increase customer satisfaction, thereby boosting our profitability. Success requires processes with clear responsibilities and decision-making forums, and endurance. In 2011, our R&D structure was developed by the R&D Committee, liaison groups, topic forums, and ideas and working groups, representing owners, key research environments and the businesses.

During the year the Cerealia Foundation changed its name to Lantmännen Research Foundation. We have also applied to the Legal, Financial and Administrative Services Agency to merge

Research and development are of crucial importance for our entire organization





Completely new take on oatmeal in a smart container

A unique technology makes it possible to flavor oatmeal. Quick and easy preparation, just pour hot water into the cup to make a serving of delicious oatmeal.

Two new research projects

- ▶ Effect of *functional fibers* on intestinal flora and its host – evaluation of a test system (FIBFLO). Recipient of MSEK 2.4 grant from TvarLives and conducted with Karolinska Institutet.
- ▶ *Barley malt and Barley by-products* for improved gut health. Recipient of MSEK 3 grant from TvarLives and conducted with SW Seed, Viking malt, Probi and Lund University.

Both projects are funded by the Lantmännen Research Foundation.

the SL and VL foundations with the Lantmännen Research Foundation. A strong research foundation provides us with an overview and opportunities for mobilization, long-term involvement and a more efficient administration. The Lantmännen foundation's goal is to annually distribute MSEK 15 to research in our areas of business. Read more at ▶ www.lantmannen.com/stiftelse

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

Competence and leadership

The right person with the right skills in the right place and good leadership are fundamental to our business. Good leadership is the key factor for good performance. Lantmännen's compulsory management training includes performance appraisals, working environment, labor law, change management and health-promoting leadership. An annual leadership conference is also held. Our eight guiding principles for leadership clarify the importance of each leader taking responsibility for his business, delivering defined objectives and pro-actively managing change.

Our managers shall:

- ▶ have drive and initiative
- ▶ have self-awareness
- ▶ be open in their communication
- ▶ develop their talents
- ▶ show respect and consideration
- ▶ engage and inspire
- ▶ be courageous
- ▶ have a holistic view.

We also continue to develop the leadership supply process throughout the organization and actively recruit good management candidates. Greater diversity, more female managers and increased internal mobility are to be stimulated. Activities to attract, retain and develop talent include an international trainee program, Grow for young talent, GAP for high potentials and a mentoring program aimed at female talent.

Our regular employee surveys are a tool for continuous improvement to promote increased job satisfaction and improved leadership. The surveys not only show important parameters including how far we have come with the implementation of our shared values and our common corporate culture, but also the extent to which employees are familiar with our overall goals.

Read more at ▶ lantmannen.com/en/Join-us/

Objective: To increase internal mobility, identify and highlight talented employees and future managers.

All managers shall:

- ▶ conduct performance appraisals that include clear objectives according to Lantmännen's main performance indicators
- ▶ integrate our values in the respective operations
- ▶ create greater awareness of our common goals.

Risk management and control

Risks are an inherent part of doing business. Risk is an event which, if it occurs, has a negative effect on Lantmännen's business. Risks can arise from mishandling or events or decisions outside our control. Risk management aims to identify risks and prevent, limit or prevent these risks from materializing and negatively impacting business. Risk management is fundamental.

Risk identification and management is part of day-to-day work at Lantmännen and an integral component of the Group's corporate governance and internal controls. Continuous business intelligence and dialogue with different stakeholders play an important role in identifying risks and monitoring their evolution.

Lantmännen's own requirements and higher expectations from customers and other stakeholders make transparent risk management increasingly relevant.

Governance

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

Operational risk management is based on a proactive risk management process, ERM (Enterprise Risk Management), a number of key risk policies and our Code of Conduct. Our management of financial and commodity-related risks is based on the Group's financial policy and the risk policies specific to each business area. Consequently, risk policies have also been formulated for trade in commodities, with clear boundaries for the risk each business is allowed to take. Financial and risk policies are evaluated and ratified by the Group Board on an annual basis or as required.



Risk management – an integral part of business

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

Risk identification provides us with a safer business

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

Organization for risk management

Lantmännen's Risk Committee is charged with ensuring compliance with the risk mandate adopted by the Board. The Committee, which holds monthly minuted meetings, consists of the CFO, the Heads of the Agriculture and Energy Sectors, the Internal Audit Group, Finance Department and key personnel from the Group Treasury function. Reports are sent to the Group Board's audit committee after each meeting.

Control and management of Lantmännen's finance, energy trading and currency trading is done by the finance department based on Lantmännen's financial policy. In the areas where financial risk is not centralized, such as commodity trading, the finance department has control and monitoring responsibility for ensuring that the issued risk mandate is not contravened. Development of Lantmännen's financial risks and commodity risks is reported regularly to the Group Board in the financial report which is produced at each Board meeting.

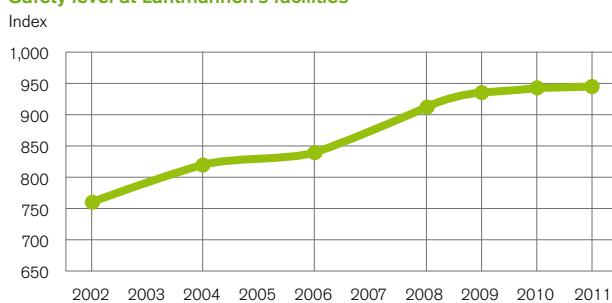


Systematic safety and working environment work

Damage prevention has high priority. Damage in the form of, for example, fires poses risks to the business in terms of disruption and risks to the employees. All plants are inspected regularly by reference to the Group's policy documents. Between 50 and 60 inspections are performed each year. The plants' safety level is assessed with the aid of a scoring system. In the event of defects, the inspection report provides guidance on how they are to be corrected. Thanks to constant improvements in the approach to safety at the facilities, we have gradually managed to improve the overall safety level considerably over the years. The process of protecting the plants goes hand in hand with a better and safer working environment. Starting in 2011, the process has also systematically included risks in the working environment that are not directly related to the plants themselves. Our core values dictate that our workplaces are to be a safe environment for employees. Active prevention reduces the number of injuries, leading to higher job satisfaction and a more stable business. Insurance companies look favorably on our systematic safety work during claim settlements and premium negotiations. The diagram below describes the gradual improvement of the safety level of our facilities.

Lantmännen has Group-wide insurance coverage for property, product liability, general liability and shipping, among others. Any damage is analyzed and preventive measures are

Safety level at Lantmännen's facilities



proposed in close cooperation with insurance companies.

Lantmännen has had its own insurance company, Swiss-based Dirual AG, since 1999. Lantmännen insures some risks itself via Dirual. By having its own provider, Lantmännen can insure risks not insurable on the open market. Over the years, the company has provided substantial savings for Lantmännen.

Risk overview

The risk management process has allowed identification of a number of main risk areas for Lantmännen. A selection of these is shown on the following pages, together with a general description of how each risk area is managed. Financial risk management is detailed under Note 22 on ► page 125. The Corporate Governance Report on ► pages 143-148 contains a description of the internal control and risk assessment designed to prevent errors in financial reporting. Our occupational hazards as well as the Code of Conduct are outlined in the Sustainability Report on pages ► 61, 65-67.

Lantmännen has developed a method for extinguishing silo fires

In cooperation with the Technical Research Institute of Sweden (SP) and the Swedish Civil Contingencies Agency (MSB), Lantmännen has developed a method for extinguishing silo fires. A fire in a silo is very difficult to combat and local fire departments often lack experience with these types of fires. In 2011, the method was successfully used in conjunction with a silo fire in Falkenberg. The approach held damage to a minimum.

Lantmännen's main risks and uncertainty factors

Strategic risks	Operating risks	Financial risks	Sustainability-related risks
Regulation and supervision Economic situation Price competition Trademark risks	Energy prices Commodity prices Swedish ethanol production Contagion Working environment and safety risks Insurable risks	Refinancing and liquidity risk Interest rate risk Currency risk Credit and counterparty risk	Risks in supplier chain Commodity risks Business ethics risks Product safety risks Animal welfare risks Changed growing conditions Shortage of employees

Strategic and operating risks

The nature of strategic and operating risks varies. They include risks beyond our control that are difficult to predict, such as the economy, competition, or regulatory and supervisory changes. Price risks of underlying commodities are also outside Lantmännen's control but can be managed more systematically with financial instruments. Finally, there are insurable operating risks relating to production disruptions that we have more opportunity to influence and prevent.

Strategic risks

Strategic risks are evaluated as part of the annual strategic planning process and in connection with critical business decisions. With our flexibility and cost and capital efficiency at every level we have ample options.

Operating risks

Price risk

Lantmännen uses the financial markets to manage price risk in commodity purchases, sales of ethanol and the purchase of energy such as gas and electricity. Hedging prices in the longer term increases predictability and evens out rapid price fluctuations. Price risks are managed within the Financial Policy framework, see ► page 29.

Production disruption risk

The importance of working systematically and preventively on strategic and operational risks increases as the efficiency of the plants increases, resulting in higher capacity utilization and increased sensitivity. Our systematic work on ERM seeks, among other things, to minimize these risks.

Description of risk	Risk level 2011/2012 *		
	Probability	Impact	Risk management
Regulation and supervision. New laws and regulations can result in restrictions on operations or impose new, higher standards. Lantmännen's operations are partly subject to authorization, regulation and supervision and are affected by regulatory changes in Sweden and the EU.	Low	Moderate	Supported by Lantmännen's legal department, management teams in each sector continuously assess legal issues to anticipate and prepare the business for any changes in circumstances. 2011 outcome: During the year, Lantmännen initiated a discussion concerning asset pledge requirements in connection with ethanol shipping, which is expected to lead to legislative change in 2012.
Economic situation. The risk of business operations being affected by general cyclical changes, changes in demand in specific areas and by Lantmännen's relative competitiveness in the market.	High	Moderate	We seek the flexibility to adapt the cost situation to economic fluctuations. Action plans have been prepared for major changes in demand. 2011 outcome: Major uncertainties in the economy and business environment affected margins and volumes, but were offset by savings.
Price competition. Price competition is strong in most of the markets in which Lantmännen operates. A continued economic downturn increases the risk of further price pressure.	Moderate	High	We minimize and counteract price competition for our products by working with price and mix, innovation, and by continuing to strengthen our brands.
Trademark risks. The risk that Lantmännen's brand will be damaged if Lantmännen's activities are conducted in a manner that, from an economic, environmental and social perspective, is unsustainable in the long term.	Low	Moderate	Lantmännen works actively on its sustainability responsibilities. Implementation and follow-up of Lantmännen's Code of Conduct. 2011 outcome: Lantmännen continued its successful work on sustainable development and the Lantmännen brand during the year.
Energy prices. Sharply fluctuating electricity and gas prices in the energy market and Lantmännen's annual consumption of approx. 700 GWh represent a considerable risk of an adverse impact on earnings.	Low	Low	Lantmännen hedges electricity through financial futures for up to 36 months depending on the individual business' situation. 2011 outcome: Electricity price hedging was implemented according to financial policy.
Commodity prices. Commodities such as grain, soybeans and oilseed rape represent a large part of Lantmännen's total costs and the company is therefore particularly sensitive to changes in their prices.	Moderate	Moderate	Lantmännen works actively to hedge commodity prices by means of supplier agreements and on the financial commodity markets. Commodities trading is governed by the policy document. 2011 outcome: Commodities have been hedged in accordance with policy.
Swedish ethanol production. The ethanol plant in Norrköping is very much affected by grain and ethanol price trends and also by political decisions such as the EU's tariff rules regarding fuel ethanol.	High	High	Lantmännen continuously hedges grain and actively participates in the debate on the advantages of Swedish ethanol production. 2011 outcome: The margins in ethanol production are still low and imports of ethanol to Europe adversely impacted the price situation during the year.
Contagion. Contagion, such as salmonella in feed plants and livestock production, can potentially have a major impact on results in the event of incidents.	Low	High	A comprehensive control program is conducted in our own factories. Control programs also include analyses of suppliers and carriers of incoming risk commodities. 2011 outcome: In 2011, no contamination occurred in Lantmännen's feed production.
Working environment and safety. Some of our facilities have hazardous work environments and activities likely to cause danger or risk to health.	Moderate	High	Increased systemization, reporting and monitoring in the area remains a priority. Since 2009 between 50 and 60 follow-up checks of workplaces are carried out annually. Work environment training is compulsory for all our managers.
Insurable risks. Assets such as property and production equipment can suffer serious damage in the event of fire or power failure. Recalls of food products may give rise to major costs, partly as a result of direct costs, but also indirectly in the form of a decline in reputation among consumers.	Low	Low	Lantmännen has an insurance program for property and liability risk and works systematically to limit the risk of incidents. Most of the insurance program is channeled via the Group's own insurance company, Dirual, which reduces insurance costs. 2011 outcome: Some minor fires occurred in 2011 and a roof collapsed during the winter. Some products were recalled in accordance with established action plans, but in no case did it lead to major costs for Lantmännen.

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

Financial risks and commitments

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

Lantmännen's financing

To ensure our long-term financing, agreements with binding financial commitments have been signed with a number of banks. The financial policy regulates liquidity risk by stipulating that guaranteed unused credit facilities and cash resources must always exceed MSEK 1,500. At the end of 2011 loans from credit institutions amounted to MSEK 5,394, of which MSEK 4,233 was long-term loans. The loans have an average maturity of 6.4 years. In 2012-2013, MSEK 2,153 in long-term loans will fall due for payment.

Our finance department is responsible for financing, financial and commodity risk controls, liquidity planning and payment solutions, and capital efficiency projects. Consolidating and controlling risk minimizes it along with, for example, the cost of hedging currency flows.

Counterparty risks

Financial transactions with a financial or commercial counterparty contain risks, which is minimized for example by credit checking 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.

LARMA risk management system

Each year, Lantmännen Lantbruk handles large volumes of

grain purchased locally or internationally. The grain is then sold to outside customers or internally to our industries. The fact that the market price is in constant motion exposes Lantmännen to risk when buying and selling. Commodities risk can be minimized by matching purchases and sales or hedging the price in the financial markets.

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

LARMA was introduced in 2010 for grain trading in Lantbruk Sweden and was integrated in 2011 with Lantbruk's feed and fertilizer operations, Agroetanol and Cerealia.

Commitments

Lantmännen has pledged assets and made other financial commitments. Many of these relate to assets pledged for credit institution loans, such as pledges in properties. On December 2011 pledged assets amounted to MSEK 911. Lantmännen also has pension obligations, primarily to Swedish salaried employees. In 2011, the funding of the pension liability was changed and the pension fund "Pensionsstiftelsen Grodden" was formed. The assets that the new pension fund will manage will cover the defined benefit pension obligations for salaried employees at: Lantmännen ek för, SW Seed, Lantmännen Maskin Sweden, Lantmännen Swecon Sweden, Lantmännen Kronfågel, Lantmännen SweHatch, Lantmännen Unibake Sweden, Lantmännen Reppe and Lantmännen Fastigheter. In the final analysis, the pension obligation vis-à-vis beneficiaries remains with Lantmännen. Read more at ► Note 31, Page 133.

Description of risk	Risk level 2011/2012 *		
	Probability	Impact	Risk management
Refinancing and liquidity risk. When loans and credits are renewed, there is a risk of higher costs and limited opportunities for new financing. Liquidity risk is the risk that payment obligations cannot be met as a result of insufficient liquidity.	 Low	 Moderate	Refinancing risk is limited by having a spread of counterparties and maturity profiles of loans and debts to credit institutions. Lantmännen's financial policy regulates liquidity risk by stipulating that guaranteed unused credit facilities and cash resources shall always exceed MSEK 1,500. 2011 outcome: Liquidity forecasts have been made on a weekly basis and the financial performance followed the pre-set plan.
Interest rate risk. Changes in the market rate may have adverse effects on earnings and cash flows. The time it takes for changes in interest rates to have an impact on net interest depends on the fixed rate period for loans.	 Low	 Low	Lantmännen's strategy is to take out loans with short fixed-rate periods but long maturities. Lantmännen has entered into a number of interest rate swaps in order to extend the fixed-rate periods. 2011 outcome: The strategy covering fixed-rate periods and tied-up capital has minimized the interest rate risk.
Currency risk. Changes in exchange rates affect Lantmännen's earnings, equity and competitive situation in different ways. Payment flows and agreements in different currencies create currency risk.	 Low	 Low	Lantmännen's currency risk is managed centrally and the aim is to minimize currency effects by using currency inflows for payments in the same currency. In addition, financial instruments are used to hedge expected payment flows, in accordance with the guidelines contained in Lantmännen's financial policy. 2011 outcome: Currency flows were hedged in accordance with policy and precision was improved by means of the LARMA risk management system.
Credit and counterparty risk. Lantmännen's financial transactions give rise to credit risks associated with financial and commercial counterparties.	 Low	 Moderate	Lantmännen only works with banks that have a high credit rating and in particular those that participate in the Group's long-term financing. In order to minimize the credit risk associated with outstanding trade receivables, Lantmännen has a policy of conducting special credit checks. 2011 outcome: Lantmännen had low credit losses in 2011 as a result of its work on credit risk.

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

Sustainability risks

Screening of Code of Conduct-related risks

During the year, a risk screening tool was developed to manage risks under the Code. The screening is done using the same principles by which we assess our suppliers, i.e., the risk analysis is based on the type of business, commodity, country and industry. This is then compared with available risk indices from established organizations, such as Transparency International's corruption index and the survey of water resources by the World Business Council for Sustainable Development.

An initial screening of Lantmännen's activities commenced during the year and will be implemented continuously. The results provide a basis for each operation to further prioritize relevant risks in their strategic work.

Risks in supplier chain

All suppliers are risk assessed in terms of the Supplier Code of Conduct. Follow-up of medium- and high-risk suppliers is done through self-assessments and audits, see ► page 72.

Dependent on ecosystem services

During the year we began to compile a list of the ecosystem services on which we depend. They primarily involve agro-nomic services such as access to clean water and soil fertility.

We also performed a preliminary analysis of access to clean water in areas where we have our production facilities and workshops. Read more ► pages 58-59.

Employees

A shortage of the right skills and large-scale impending retirements could create a risk for Lantmännen. In our systematic work on leadership supply and employer branding under which we are gearing up for continued excellence and capable leaders, we believe we have low exposure to risk in this area. Even so, we continue to prioritize these areas.



Description of risk	Risk level 2011/2012 *		Risk management
	Probability	Impact	
Code of Conduct risks in supplier chain. Lantmännen has a large number of suppliers, many of them local, although others are in high-risk countries with regard to working environment, social conditions and corruption.	Moderate	Low	Active work to incorporate the Supplier Code of Conduct into all agreements, and monitoring by means of risk assessment, self-evaluation and audits. 2011 outcome: 16 supplier audits carried out, 66 percent of suppliers followed up.
Commodity risks. Lantmännen handles a number of high-risk commodities and goods such as fertilizers, cocoa, soy and palm oil. Even our largest volume commodity, grain, has a number of aspects to deal with such as sludge fertilizing, stem shortening, cadmium, and DON.	Moderate	Moderate	Active work on the requirements imposed by the Supplier Code of Conduct, international collaboration such as the Round Table on Sustainable Soy, and how we can reduce our dependence on risk commodities. Clear and transparent requirements for commodity grains. 2011 outcome: 22.6 percent RTRS certified soy, 100 percent RSPO certification for palm oil.
Business ethics risks. Lantmännen operates in an international environment with a variety of ethical risks depending on the business climate.	Low	Low	Prevention through Code of Conduct training, ethical guidelines and procedures. 2011 outcome: 93 percent of employees completed Code of Conduct training.
Product safety risks. Defective Lantmännen products represent a risk to customers and consumers.	Low	Moderate	Products are regularly assessed from a safety perspective and provided with clear product information. 2011 outcome: Lantmännen is working on a third-party certification system for food safety.
Animal welfare risks. Consumers are becoming more demanding in the area of animal welfare and animal ethics. For Lantmännen this mainly concerns Kronfågel, but some animal raw materials are found, for example, in food service.	Low	Moderate	Kronfågel applies the principles of the Swedish Poultry Meat Association. In other parts of the business good animal welfare is safeguarded through systematic work based on the Code of Conduct. 2011 outcome: A survey of animal welfare requirements in Lantmännen's operations was implemented.
Risk of changed growing conditions. Soil fertility, access to good quality water and resistance against pests may be affected by climate change.	Moderate	High	Ongoing development of cultivation techniques, plant breeding and adaptation to geographical location. Knowledge about operations' dependence and impacts on ecosystem services is constantly expanding. 2011 outcome: First analysis of Lantmännen's dependence on ecosystem services performed. Risk identification of our facilities concerning water resources completed.
Shortage of employees. A shortage of the right skills and large-scale impending retirements could be a potential risk for us.	Low	High	With systematic work on leadership supply and employer branding we are gearing up for continued excellence and capable leaders.

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

NorDiet

Nordic diet with beneficial effects on cholesterol levels, weight and blood pressure

In the recently published study "NorDiet" published in the *Journal of Internal Medicine*, Viola Adamson, a PhD student at Uppsala University, demonstrated that a diet based on Nordic food lowers bad cholesterol by an average of 21 percent and can have major effects on blood pressure.

"My hypothesis for this study was that all geographic regions can create their own healthy diet. I therefore wanted to examine whether, and if so, how much of an effect we can have on "bad cholesterol" with a diet based just on our Nordic raw materials," says Viola Adamsson, PhD student at Uppsala University.

Cardiovascular diseases are our most prevalent diseases. It has long been known that a balanced diet with reduced content of saturated fat in favor of mono- and polyunsaturated fats and high-quality carbohydrates with high fiber content can lower somewhat elevated cholesterol levels.

A carbohydrate-rich diet gives energy for the brain and muscles

Our Nordic foods are nutritious and with gentle cooking methods their qualities can be preserved. The foods used in the study included oily fish such as salmon and herring, whole grain pasta from wheat and products based on barley and oats, peas and brown beans, fruit, berries, and root and other vegetables. The idea is that the diet should be easy to eat on a daily basis.

For a copy of "Hälsosam Nordisk mat," a collection of recipes in Swedish, send an e-mail to: viola.adamsson@telia.com

“It's cool to know that good old everyday Swedish food really is a truly healthy diet. The breakfast I tested in the study works perfectly for me and I still eat it, says Kristina Larsson, a participant in the study.



Controlled clinical study to examine the health effects of the Nordic diet

The study lasted for 6 weeks with 88 men and women who were mildly overweight and had moderately elevated cholesterol levels. A number of clinical trial subjects ate the Nordic diet for up to 10 weeks. After 10 weeks, their LDL (bad cholesterol) dropped by 31 percent and blood pressure by 9 units. The study is funded by the Lantmännen Research Foundation.

EFFECTS OF NORDIC DIET, 6 WEEKS

Total cholesterol	-16%
LDL	-21%
Systolic blood pressure	-7 mmHg
Weight	-3 kg (4%)

NUTRITIONAL PROFILE OF NORDIC DIET

Energy (kcal/day)	2,200
Total protein (% of energy)	10–20
Carbohydrates (% of energy)	45–60
Dietary fiber (g/MJ)	>3
β-glucans (g/day)	>3
Total fat (% of energy)	25–35
Saturated fatty acids (% of energy)	<8
Polyunsaturated fatty acids (% of energy)	5–10
Sodium (mg/day)	< 2,161

Agriculture Sector

The Agriculture Sector, which constitutes Lantmännen's core business, develops and offers products and services to enable a strong and competitive farm economy. The products are marketed under well-known names such as Nötfor, Piggfor, Pullfor, Protect and the SW and Krafft brands. The Sector accounts for 29 percent of Lantmännen's sales.

Operations

The Agriculture Sector consists of Lantmännen Lantbruk, Lantmännen Byggplant and Lantmännen Krafft. Lantmännen Lantbruk is also part-owner of the German company HaGe Kiel and Scandinavian Farmers. Based in Sweden, the Sector is also active in the international market, primarily in Germany, Poland, Holland and the Baltic region. The Sector has a total of 1,154 employees.

In 2011 the Agriculture Sector's management team added several new employees. In addition, new CEOs were recruited for Lantmännen Byggplant and for Lantmännen Krafft.

The Agriculture Sector's profit grew during the year.

Business Environment and Market

Due to deregulation and international trade agricultural markets are heavily dependent on the world economy, which has made the market volatile. 2011 opened with high grain prices, which rose further during the spring due to unfavorable weather. When grain availability increased from several major countries on the world market, prices fell back. During the fall, prices remained low, partly as a result of growing financial turmoil and tumbling stock markets.

Swedish agriculture is characterized by increased market adaptation. The area under cultivation, intensity and choice of crops are adjusted according to profitability, which has led to more varied and unpredictable demand for feed and crop inputs. Meanwhile, competition has become greater as a number of new competitors have entered the market and the traditional players have expanded their range and geographic area or boosted their sales organization.

2011 had a positive impact on Swedish crop production. The Swedish Board of Agriculture estimated the grain acreage to be 993,000 hectares, an increase of 3 percent over the previous year. After a poor harvest in 2010 the availability of



“ In the Agriculture Sector we concentrate activities that develop and offer products and services that contribute to strong and competitive agriculture. Lantmännen Lantbruk offers crop production inputs such as seed grain, fertilizer and crop protection products.

Swedish grain was limited in the first half of 2011 and imports were therefore higher than normal. While the 2011 harvest greatly increased the availability of Swedish grain, poor harvest weather affected the quality. The fall weather problems also adversely affected the production of seed grain and the winter crop acreage in large areas, which in turn affected the demand for garden seed, seed grain and other inputs for fall planting.

Livestock production in Sweden continued to decrease. The state of the Swedish pork industry was particularly strained, but by the end of the year the outlook for the industry had brightened somewhat.

The market for agricultural buildings was relatively stable. Interest in biofuel plants increased during the year, but the expected political support for farm-based biogas plants did not materialize.

Outlook for 2012

A changing market with several new players means that competition is expected to increase. The Agriculture Sector's new strategic direction will serve an important role in maintaining our market position. In 2012, efforts will continue to realize the strategic plan developed in 2011. Lantmännen Lantbruk's profitability is to be further strengthened, and the action plan that was started in 2010 continues to run. With the focus on increased competitiveness and profitability a more effective sales organization, product range, pricing and supply chain costs will be important areas for improvement. In an increasingly competitive market, Lantmännen Lantbruk must act in a customer-oriented and business-like manner, on an equal footing with competitors.



Monika Lekander
Senior Vice President &
Head of Agriculture Sector

Responsible businesses – Agriculture Sector

Lantmännen Lantbruk is working to:

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

Read more in the Sustainability Report on

▶ pages 57-81.

Our new organization will meet customer needs in a better way

Agriculture Sector

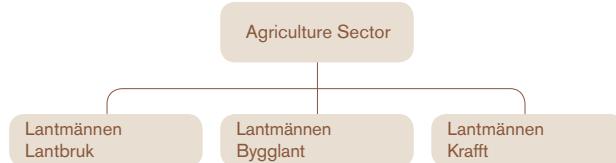
Key figures

	2011	2010
Net sales, MSEK	11,497	11,111
Operating income, MSEK	183	82
Operating margin, %	1.6	0.7
Return on operating capital, %	4.8	2.2
Investments in non-current assets, MSEK	103	112
Average number of employees	1,154	1,199
of which women, %	30	28
CO ₂ emissions, thousand tonnes	83.3	78.3

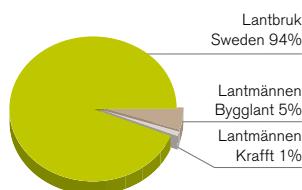
Agriculture Sector

Key figures excl. items affecting comparability

	2011	2010
Operating income, MSEK	183	167
Operating margin, %	1.6	1.5
Return on operating capital, %	4.8	4.4



Share of Agriculture Sector's net sales



Nötfor
Piggfor
Pullfor
Protect



Lantmännen Lantbruk

Operations

In 2011, several important steps were taken in the ONE Lantmännen Lantbruk program and the business was characterized by a strong commitment to enhance competitiveness and reduce costs. Earnings improved in parallel with extensive internal work. Some important events during the year were:

- ▶ New freight agreements were signed, which, along with new shipping practices, will result in lower freight costs and streamline operations.
- ▶ Kimstad feed plant was commended and tied for silver in the Swedish Lean Prize competition for its LEAD work.
- ▶ Spring work went well as did grain deliveries to elevators despite fewer grain elevators.
- ▶ Several successful campaigns were conducted for offerings including the new wheat starch Lojal and triticale Empero, both developed in Lantmännen Lantbruk's own breeding program.

The organizational changes, which took effect December 1, and the decision to co-locate many salaried employees in Malmö, are key elements in the effort to strengthen our competitiveness. Operations of Lantmännen SW Seed were integrated with Lantmännen Lantbruk, further strengthening the Seed Grain & Garden Seed product segment.

Financial performance in the contribution-based part of the Agriculture Sector

Net sales for the year amounted to MSEK 10,544 (10,110), an increase of 4 percent. The increase in sales was primarily the result of higher prices for grain, fertilizer and feed, and higher volumes of seed grain and parts of the finished feed product range.

Operating income for the year amounted to MSEK 57 (−49). Compared with the previous year, earnings were positively affected by both increased output and supply chain savings as well as lower expenses as a result of past and ongoing action programs, and economic adjustments.

2010 earnings were impacted by restructuring costs totaling MSEK 85, which means that the result for 2011, adjusted for this, was MSEK 21 higher than last year.

Key figures for the contribution-based part of Lantmännen Lantbruk Sweden

	2011	2010
Net sales, MSEK	10,544	10,110
Operating income, MSEK	57	−49
Operating margin, %	0.5	−0.5
Return on operating capital, %	2.2	−1.9
Investments in non-current assets, MSEK	80	81
Average number of employees	848	858
of which women, %	26	25



“ In the SW-app “Så rätt” (Seed right), you can easily sort grass seed mixtures according to crop area, organic or conventional, grass and legume mixtures and more. You can also read about characteristics and applications of the mixtures and see which varieties are included in a mixture.

Key figures for contribution-based part of Lantmännen Lantbruk Sweden excluding items affecting comparability

	2011	2010
Operating income, MSEK	57	36
Operating margin, %	0.5	0.4
Return on operating capital, %	2.2	1.4

Seed grain & Garden Seed

Under the brand SW, Lantmännen Lantbruk breeds and markets varieties of grain, oilseeds and forage crops. Sales of seed grain and garden seed for the spring planting season were good and export sales of garden seed increased significantly. However, the large amounts of precipitation caused sales for fall seeding to be lower than expected.

Attractive products and services are a must in a competitive market

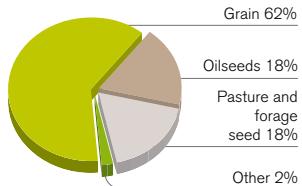
The later seeding led to a sharp international increase in demand for hybrid varieties. Before the end of 2012 the availability of the hybrid rape variety Marquis will be secured for the German market, making the product portfolio more complete. During the year, the sales company in Poland was once again very successful, yielding a market-leading position for winter rape.

Positions grew stronger even for biologically treated seed grain. Sales of ThermoSeed, Cedomon and Cerall products performed well.

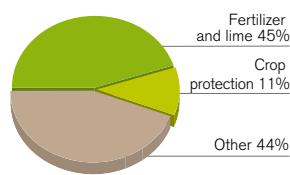
In August, a new service lab was opened at the seed plant in Eslöv. This will provide more efficient handling of seed and ensure product quality when more analyzes can be done on site.

A collaboration was initiated during the year with KeyGene in Holland, which will lead to new and improved varieties of oilseed rape and grain.

**Seed grain and garden seed,
distribution of sales**



**Goods for resale,
distribution of sales**



Goods for resale

Lantmännen Lanbruk has a wide range of crop production products, including fertilizers, lime, crop protection, plastic and nets. Crop protection performed well, although a lower need for herbicides and glyphosate along with decreased fall seeding affected sales. Fertilizer sales got off to a good start in the summer but declined afterwards due to a cautious market. The fertilizer market was marked by variable prices, more suppliers and increased competition, leading to changes in buying patterns.

Animal feed

Lantmännen Lanbruk offers a comprehensive range of feeds for livestock production under names such as Nötfor, Piggfor, Pullfor and Protect.

Sales of Nötfor developed well during the year. Swedish milk production stabilized and investments were made in increasing capacity. At the same time the dairy market was hit by the general economic turmoil that characterized the second half. Swedish pork production had a difficult year with low settlement prices. Many pork producers discontinued their operations and price sensitivity was high. Sales of Piggfor decreased in volume, but the new sow feeds helped Lantmännen Lanbruk retain its position in the market. Sales of Pullfor Värp saw an upward trend and heat-treated meal was a major impetus for this. On the other hand, the volume of feed sold for broilermeat production decreased during the year.

Grain

Lantmännen Lanbruk in Sweden both buys and sells grain and oilseeds. In a year with a normal harvest about 2.2 million tonnes is bought and sold. Approximately 75 percent of this is sold to Swedish industry, in particular to mills, feed businesses, distilleries, ethanol plants and malting plants. The export market is also important for Swedish grain farming, where the main market is Western Europe.

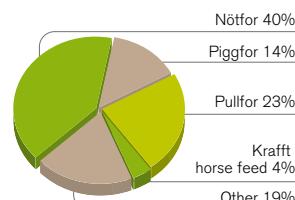


**Lantmännen
develops new prod-
ucts that help me
in my daily work.**

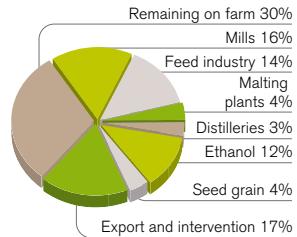
Mats Eriksson
Sättra Gård, Upplands Väsby



**Feed,
distribution of sales**



**Use of the Swedish
harvest**



Lantmännen Byggplant

Lantmännen Byggplant designs and delivers farm and forestry buildings such as animal housing and machine sheds and energy solutions tailored for Swedish farmers. The company offers everything from small deliveries of materials to turnkey contracting of entire construction projects and energy installations.

Building production inquiries during the year almost exclusively concerned milking parlors and sheds. Interest in new investments in pork production was very weak due to poor profitability in the industry.

Sales of heating boilers took an upward turn. The first half saw strong interest in farm-based biogas plants, but without the Swedish Energy Agency's support for biogas the anticipated increase in demand did not materialize.

Lantmännen Byggplant's first biogas plant opened for operation during the year and work on another plant commenced.

Read more at ► www.lantmannenbyggplant.se

Lantmännen Krafft

Lantmännen Krafft develops, markets and offers a broad product range of horse feeds and is the Swedish market leader in the professional equine business with well-known brands such as Krafft Groov and Krafft Sport.

During the year work continued on expanding the premium range, among which Krafft Groov Sensitive was re-launched. The feed market for trotting horses remained strong in Sweden and the export market also showed a positive trend.

Read more at ► www.krafft.nu

International partnership

The international companies of which the Agriculture Sector is part-owner performed well during the year. In the German company HaGe Kiel, the integration of companies acquired in 2010 proceeded as planned. Lantmännen Lantbruk's stake in HaGe Kiel is 39 percent.

Scandinavian Farmers AB is a company equally owned by Lantmännen and DLG (Dansk Landbrugs Grovvareselskab). The company is engaged in grain sales, feed and crop production in the three Baltic countries.



Machinery Sector

The Machinery Sector's business includes construction equipment in Swecon, farm machinery in Lantmännen Maskin and lubricating oils in Agro Oil. The Machinery Sector accounts for 26 percent of Lantmännen's sales and has 1,816 employees.

Operations

Swecon and Lantmännen Maskin have a long-term collaboration with leading machinery manufacturers and represent strong brands. This collaboration draws on a close partnership and a decades-long tradition.

Swecon markets, sells and services Volvo construction machinery in Sweden, Germany and the Baltic countries.

Lantmännen Maskin markets, sells and services farm machinery in Sweden, Norway and Denmark. The largest suppliers of agricultural machinery are Valtra, Fendt and Claas. The machinery companies have well-developed customer service departments with modern workshops and fully equipped service vehicles for flexible deployment.

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

Business Environment and Market

The global markets for construction and agricultural machinery saw an upswing in 2011, driven mainly by increases in Asia. Our main suppliers Volvo Construction Equipment (Volvo CE), Valtra, Fendt and Claas continued to see volume gains and higher profits. They as well as other competitors are investing in positioning themselves in growth regions, with China the prime target.

In Europe, the volume increase continued, especially in the markets in which the Machinery Sector operates. In Scandinavia the volume of agricultural machinery increased by 18 percent. A significant sales increase of 35 percent was noted for construction machinery in Sweden and Germany. The pace of recovery is very slow in Denmark and the Baltic region.



“ The new and tougher standards for lower exhaust emissions in Europe and North America took effect this year. In the tractor industry manufacturers chose to gradually introduce models equipped with the new generation of engines. Volvo CE decided to take the plunge and introduced new engines in all machinery models without using the flexible transition rules.

Integration in Germany

Königliche Baumaschinen was integrated according to plan during the year. The company was incorporated into Swecon Baumaschinen and the German business is now operated as a single unit. Going forward, there will be continued development of practices and management to ensure a long-term stable platform. Work remains on developing and optimizing shared processes, creating a homogeneous operation, and further streamlining of the distribution structure.

New channels

The machinery companies in Sweden started online selling of retail products and spare parts. The new channel will increase availability and make purchasing more convenient for customers.

Outlook for 2012

The market scenario is uncertain due to the unstable financial situation in Europe. Our assessment is that the activity level of customers will remain strong and that sales of new machinery will stabilize at current volumes.

In 2012, we will continue to add machinery models featuring new engine technology. Engines with lower horse power are currently in the pipeline include models for construction equipment and farm machinery to a greater extent than before. Our focus on improving practices and customer service to strengthen our positions and brands remains in place. Activities to reduce working capital are ongoing and remain a high priority.



Håkan Pettersson
Senior Vice President &
Head of Machinery Sector

Machinery Sector

Key figures

	2011	2010
Net sales, MSEK	10,328	8,561
Operating income, MSEK	444	206
Operating margin, %	4.3	2.4
Return on operating capital, %	22.4	10.4
Investments in non-current assets, MSEK	307	287
Average number of employees	1,816	1,863
of which women, %	9	10

Machinery Sector

Key figures excl. items affecting comparability

	2011	2010
Operating income, MSEK	444	236
Operating margin, %	4.3	2.8
Return on operating capital, %	22.4	12.0

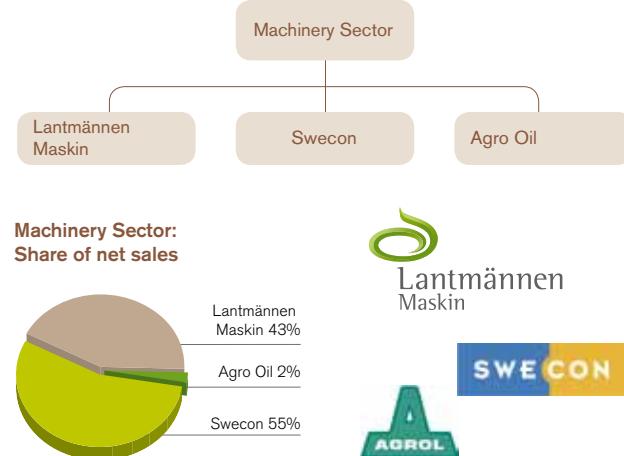
We are improving our practices and customer service to bolster our positions

Responsible businesses – Machinery Sector

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

- ▶ safe handling of chemicals and efficient practices concerning the use of energy and equipment in workshops
- ▶ a safe and stimulating work environment that fosters employee dedication and utilizes their skills
- ▶ further development of customer offerings based on knowledge and technology for more sustainable use of machinery.

Read more in the Sustainability Report on ► pages 57-81.



Lantmännen Maskin

Lantmännen Maskin markets, sells and services farm machinery and equipment in Sweden, Norway and Denmark. Lantmännen Maskin represents the strongest brands in the farm machinery markets and is the exclusive partner of Valtra, Fendt and Claas.

Operations

Several activities have been implemented to achieve more efficient practices and reduce tied-up capital. During the year, a central warehouse for implements and machinery was opened in Skäninge. The aim is to achieve more cost-effective machinery logistics that will eventually provide substantial reductions in transport costs and reduce tied-up capital.

A time-accounting system for mechanics was introduced to achieve better monitoring of our workshop business. A support system is used to assure the quality of the time charged for each job.

Sales and Operational Planning (SOP), a forecasting and procurement process, was introduced for sales and procurement. It enables a clearer link between sales side forecasting and the procurement department. The objective is to create high availability of machinery with less tied-up capital and increase the focus on the profitable parts of the range using detailed marketing plans.

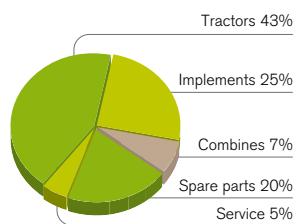
In spring and fall, a successful sales drive was carried out for used tractors and equipment, reducing the second-hand inventory by 25 percent. During the year, the automatic warehouse replenishment system, Refill, was developed to enable further reduction in the spare parts inventory while maintaining service levels.

The comprehensive commitment to the business school continued to create a sales-oriented organization. The training covers machinery sales representatives, store personnel, spare parts sellers and workshop staff. During the year, around 450 employees received training in an active and goal-oriented sales



“ Valtra has long been a favorite among tractor buyers and is the market leader in Sweden. Manufactured in Finland for Nordic conditions, the tractors are rugged, reliable machines with a long life.

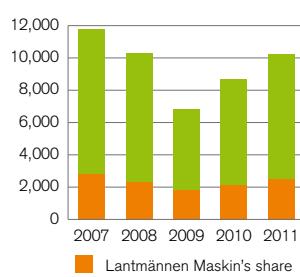
**Lantmännen Maskin:
Sales per group**



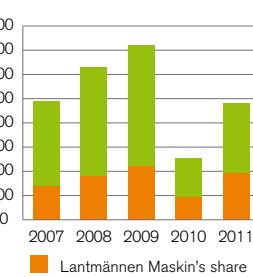
**Lantmännen Maskin:
Sales by country**



Total market, tractors
Number registered in Scandinavia



Total market, combines
Number in Scandinavia



process. The measurable activities and campaigns conducted so far have had a very positive impact.

Business environment

In 2011, commodity prices were at a favorable level for milk and grain producers. Despite smaller harvest yields than expected the financial outcome for grain growers was good. The situation has created a good investment climate and belief in the future of Scandinavian agriculture. The second half saw significantly improved purchasing power across Europe. The exception was Denmark where bank credit restrictions remain high. Low prices for pork also affected the majority of pork producer operations, especially in Denmark.

We continue to build a customer-oriented and cost-effective organization

Market

Machinery sales rebounded strongly in 2011. In Scandinavia, they increased by over 18 percent. Tractor sales account for the largest volume increase.

In Sweden, Claas tractors took positions in the market and steadily increased their market share. Sales of Fendt are retaining their share in a growing market. The start of Valtra's production of the new A series was seriously delayed. This affected market shares in the segment below 100 horsepower and was noted in both Norway and Sweden, where the volume in this

power category is large. Valtra's new A series proved popular with customers and sales increased. Deliveries began in the fourth quarter.

The market for combines increased. Sales of the new Claas Lexion have been very successful. Even Denmark noted a sharp improvement in the market over the previous year. Despite this fact the overall market for both tractors and combines is still at a low level.

The service and spare parts business was stable during the year.

Improvements for the future

We work constantly on development in order to continue to build a customer-conscious and cost-effective organization. Active efforts are under way throughout the organization to improve our offerings, customer service and availability. To consolidate our position as a leading supplier of machinery to Scandinavian agriculture we will continue our commitment to sales and product expertise training. Together with Lantmänna Lantbruk, a branding campaign was launched to further support Lantmännen's image.

Read more at ► www.lantmannenmaskin.se

When we chose our machinery we looked at the overall picture.

Thomas Sandgaard and
Caroline Bonde-Sandgaard
Ericsbergs Säteri



Lantmännen Maskin

Key figures

	2011	2010
Net sales, MSEK	4,527	4,135
Operating income, MSEK	78	27
Operating margin, %	1.7	0.7
Return on operating capital, %	6.4	2.0
Investments in non-current assets, MSEK	27	44
Average number of employees	866	890
of which women, %	8	8

Lantmännen Maskin

Key figures excl. items affecting comparability

	2011	2010
Operating income, MSEK	78	27
Operating margin, %	1.7	0.7
Return on operating capital, %	6.4	2.0

Swecon

Swecon is a distributor and partner of Volvo Construction Equipment (Volvo CE) and is engaged in marketing, sales and service in the Swedish, German, Estonian, Latvian and Lithuanian markets.

Operations

Sweden

Sales developed well in 2011 during the market upturn and the rapid rise in the active machinery fleet. The demand for services rose significantly during the year, particularly in metropolitan areas and in and around the mining industry in the north. Sales of big machinery increased as a result of the need for high production capacity by customers. Deliveries to the Defence Materiel Administration (FMV) were carried out according to plan and Swecon received additional orders for delivery in coming years. Tied-up capital and stock reduction continued to be a focus during the year. Several activities have been initiated, including the LEAD improvement project aimed at improving operations and ensuring efficient management.

Germany

Könicke Baumaschinen was successfully integrated according to plan during the year. The company has now been completely incorporated into Swecon Baumaschinen and we have a functioning structure, fully operational in the German market. Work remains on developing practices and processes to ensure a strong platform in the future. Measures to reduce operating capital are a priority and continue to be an important part of the process. Sales of compacters and production machinery increased and the volume performance of spare parts was positive due to Swecon's larger geographical area of responsibility. Leasing picked up again and fleets grew to some extent. Market shares remained stable and competition increased in the important volume market in Germany.

It's a great service and makes it quick and easy to order parts online.

Victor Thorängen
Östervallaskogs Allteknik



Baltic region

The Baltic economies have stabilized since the last financial crisis. Demand for new machinery remained weak and volumes in the markets remained low. The companies handled the situation through strong service organizations and intensive use of available machinery stocks. Sales of used machinery were successful.

Business environment

During the year, stricter new laws for curbing emissions from high horse power engines started to be implemented. Except for a few low-volume models, Volvo CE decided to move to the new, more cost-intensive engine technology.

Demand for construction machinery increased globally in 2011, particularly in Asia, resulting in long delivery times due to a lack of capacity among suppliers. Competition remained intense.

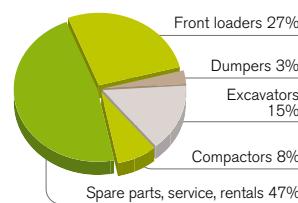
Market

While the markets in Germany and Sweden went beyond expectations in 2011, the Baltic markets remained at low levels. With investments in infrastructure and expansion of mining driving up demand for construction equipment in Sweden, the market grew by about 35 percent. In Germany, infrastructure projects and the build-up of rental fleets spurred strong market growth matching the Swedish level. The Baltic market is still characterized by considerable restraint regarding new investments and volumes are low. Machinery rental income increased in all markets and is an important part of the business model. Swecon works with the major rental companies in Sweden and the Baltic countries. In Germany, renting is mostly in-house.

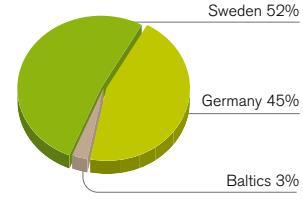
The service market performed well in 2011 thanks to high machine utilization and increased active machine population.

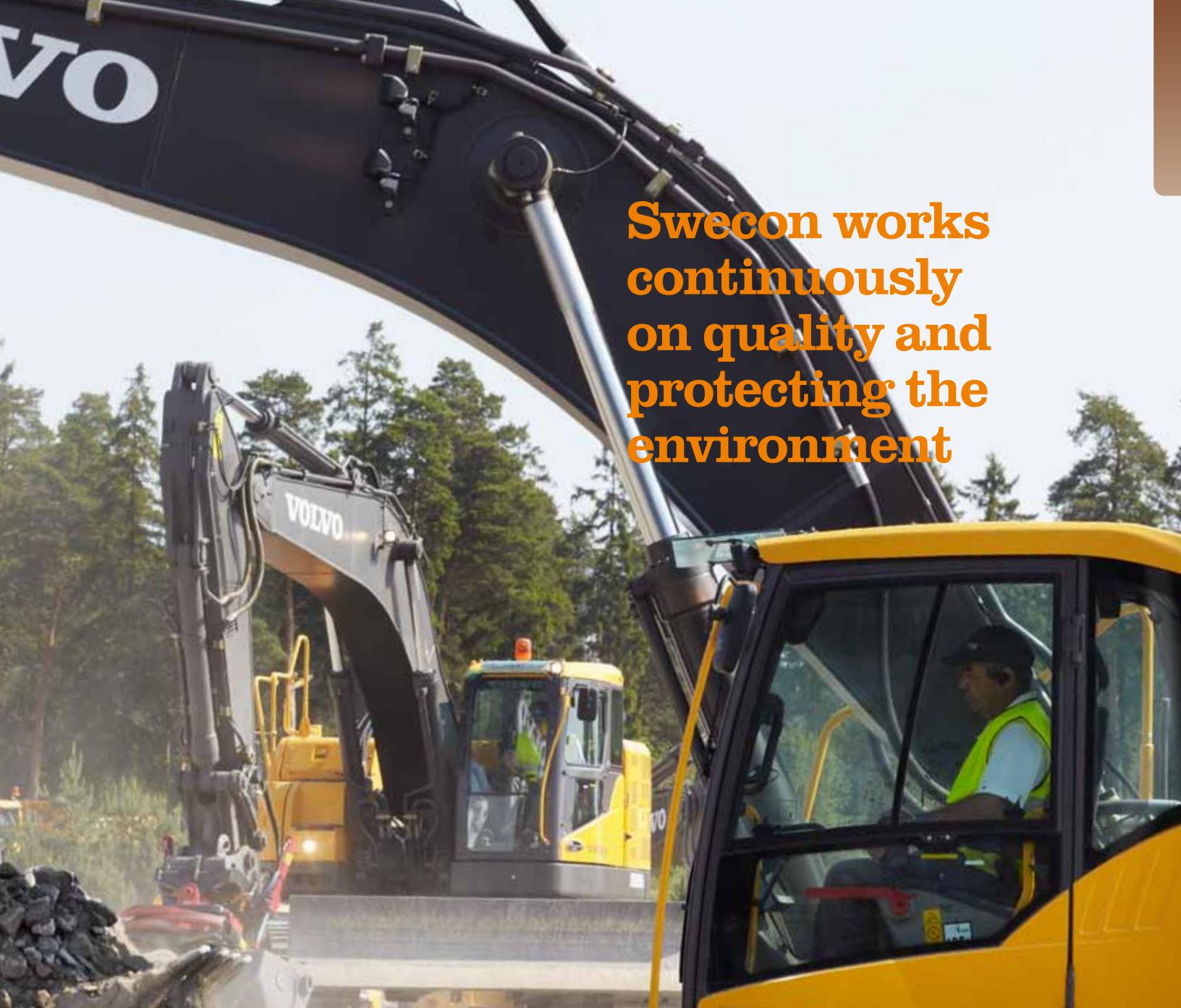
Read more at ► www.swecon.se

**Swecon:
Sales by product area**



**Swecon:
Sales by market**





Swecon works continuously on quality and protecting the environment

Agro Oil

Under 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 offer 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 and reduce the fuel consumption

of machinery. Most of the products are produced by Petrolia AB, which is jointly owned by Lantmännen, OKQ8 and OK-föreningar (co-ops). Agrol lubricants are sold in Sweden, Norway, Denmark and Estonia.

Agro Oil showed stable sales during the year, slightly exceeding the previous year. The improvement is largely a result of increased sales in the Machinery Sector. Sales in Norway are now well established with continued positive development. The most important new product was the launch of Hybran Syntet, a transmission oil for farm tractors with major user benefits, especially during the winter months.

Read more at ► www.agrol.se



Energy Sector

Uniting Lantmännen's energy businesses, the Energy Sector is a leader in Sweden in bioenergy and green chemistry. The Sector manufactures and markets products such as fuel ethanol, potable spirits, starch, protein feeds, heating pellets, district heating, and alkylate petrol. Lantmännen Energi has four main businesses: Lantmännen Agroenergi, Lantmännen Agroetanol, Lantmännen Aspen and Lantmännen Reppe. The Sector accounts for 8 percent of Lantmännen's sales.

Operations

The Energy Sector is the largest bioenergy supplier in Sweden, with approximately SEK 3.1 billion in sales. Based on energy content Lantmännen Agroenergi is the largest Swedish supplier of solid refined biofuels.

Read more at ► www.lantmannenenergi.se

Business Environment & Market

For the second consecutive year, bioenergy is the most widely used energy source in Sweden before oil, which ranks second. Bioenergy accounts for about one third of the total energy consumption. As a source of energy, bioenergy is larger than hydropower and nuclear power put together, and is growing more than any other source of energy.

Prices

During the year the Sector was affected by unfavorable price ratios between grain and ethanol. European ethanol producers are disadvantaged by large imports of tax-subsidized ethanol from the U.S.

For 2012 there are good reasons to expect higher ethanol prices due to increased demand as much of Europe is increasing low-level blending of ethanol in petrol. The price of feed based on Agrodrank, a protein-rich by-product of ethanol production, closely tracks grain prices and demand increased at the turn of 2010/2011. Producers of solid biofuels operate in a tough economic environment; margins on heating pellets in Sweden in 2011 were under considerable pressure due to the stronger Swedish krona. Market shares were maintained even



“Lantmännen Agroenergi supplies renewable biofuels whose components are part of the natural cycle. This means we can supply heat and energy today – without jeopardizing the needs of the next generation.

though the warm year also resulted in reduced market volumes for Lantmännen Agroenergi.

The EU's sustainability criteria for biofuels

Lantmännen Agroetanol's production meets EU sustainability criteria for biofuels and liquid biofuels in Sweden and has received sustainability verification from the Swedish Energy Agency. Lantmännen Agroetanol is certified according to ISCC (International Sustainability and Carbon Certification), one of the voluntary certification systems approved by the

European Commission. The certification is also approved for the European market. This means that we can deliver ethanol that meets sustainability requirements for the entire Swedish and European markets.

Policy instruments for biofuel

Discussions are in progress in the EU and Sweden concerning the use of policy instruments to stimulate biofuel use. Increased use of biofuels is important for enabling Sweden to reach its goal of ten percent renewable energy use in the transport sector by 2020 and the goal of a fossil-free vehicle fleet by 2030. A tax exemption for renewable fuels is currently applied. The proposed revised Energy Tax Directive contains provisions to continue to apply the full energy tax exemption for biofuels until at least 2023.

The Fuel Quality Directive has been adjusted to permit higher low-level ethanol and biodiesel blends. The ethanol level has been raised from five to ten percent and biodiesel from five to seven percent. Low-level blending is expected to increase in Sweden, as well as in Europe.

Outlook for 2012

The EU's targets for renewable energy and their associated regulations will have a significant impact on businesses in the bioenergy sector for years to come. Expected higher availability of low-level blends in several European countries and a reduction in ethanol imports from the U.S. should boost ethanol prices in 2012.



Carl von Schantz
Senior Vice President &
Head of Energy Sector

Sustainable ethanol to the Swedish and European markets

Responsible businesses – Energy Sector

We offer bio-based energy products and eco-friendly service products manufactured in a responsible manner. This means that we continue:

- to produce with a low carbon footprint and make efficient use of raw materials, materials, energy and equipment
- to ensure responsibly-produced energy products
- to develop and further refine our products
- to maintain a safe, stimulating work environment that fosters employee dedication and utilizes their skills
- to maintain and develop our leading-edge knowledge in the debate on bioenergy.

Read more in the Sustainability Report on ► pages 57-81.

Energy Sector

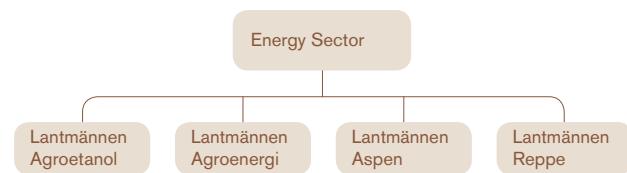
Key figures

	2011	2010
Net sales, MSEK	3,052	3,005
Operating income, MSEK	-141	113
Operating margin, %	-4.6	3.8
Return on operating capital, %	-6.1	4.7
Investments in non-current assets, MSEK	85	114
Average number of employees	330	323
of which women, %	21	23
CO ₂ emissions, thousand tonnes	73.7	75.8

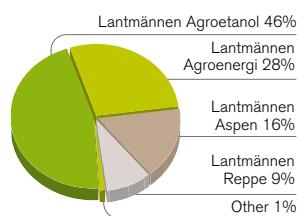
Energy Sector

Key figures excl. items affecting comparability

	2011	2010
Operating income, MSEK	-68	125
Operating margin, %	-2.2	4.2
Return on operating capital, %	-2.9	5.2



Energy Sector: Share of net sales



Lantmännen Agroetanol

Lantmännen Agroetanol is by far the Nordic region's largest producer of fuel ethanol. The majority of its customers are Swedish oil companies that produce E5, a blend of ethanol and 95 octane petrol. In addition to ethanol, Agroetanol produces a protein feed material under the name Agrodrank. Its annual production is 210 million liters of ethanol and 175,000 tonnes of protein feed. While the primary market for the ethanol is Sweden, some is sold to Northern Europe. Net sales amounted to MSEK 1,532 (1,457) and operating income was MSEK -131 (4).

Driven by nature!

2011 earnings were negatively impacted by an unfavorable price ratio on the world market caused by high purchase prices for grain and an ethanol price that did not rise as much as grain prices. The importation of large amounts of American tax-subsidized ethanol to Europe, which capped the price of European ethanol, dealt a severe blow to all European producers. Market conditions in early 2011 were so difficult that we made some production cuts in the spring.

EU sustainability criteria for biofuels went into effect on January 1, 2011. During the year we continued our efforts to adapt to the criteria and broadened certification from being only third party approved under a national system to dual European certification (ISCC), which allows exports of sustainable ethanol to the European market. Lantmännen Agroetanol has received verification from the Swedish Energy Agency that it meets the sustainability criteria. It is believed the market in Europe will gradually move to certified ethanol only. The next challenge is to obtain 100 percent certified grain.

During the year we intensified our development of new feed products with good results. Lantmännen Agroetanol also plans to utilize the carbon dioxide, CO₂, formed during the fermentation process, a product that today is not dealt with in

the factory. These strategically very important projects will enable Lantmännen Agroetanol to increase revenues, reduce its environmental impact and expand its business.

Read more at ► www.agroetanol.se

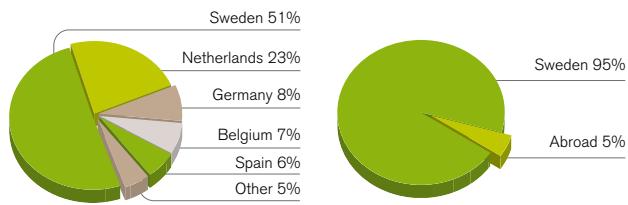
Lantmännen Agroenergi

In 2011 we strengthened our position as the market leader in refined solid biofuels in Sweden. Lantmännen Agroenergi manufactures, markets and sells biofuels such as heating pellets and briquettes under the Agrol brand. Production takes place in Sweden and Latvia. The market situation in Sweden for pellets, our main product, remained difficult and we noted some pressure on prices during the year and the warmer weather in 2011 compared to 2010 affected market volumes. In contrast, the market for Latvian pellets improved throughout the year. Prices in the export market have been rising the past couple of years. We also operate around 15 heating and district heating plants in southern and central Sweden, with stable profitability. All district heating companies in Lantmännen Agroenergi are certified under the Swedish District Heating Association's quality label, Reko fjärrvärme. The labeling means the companies comply with strict standards in areas such as comparability, readily available information and open dialogue with customers. Our customers are the central and local governments, the manufacturing industry and property and homeowners. We strive to increase raw material flexibility and the percentage of raw materials such as chips and roundwood is increasing.

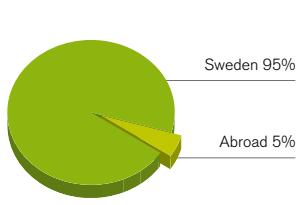
Pellet production capacity was expanded by about 30 percent at our facility in Norberg, providing a positive scale effect in the plant. Due to raw material shortages in the local market, we closed production at our pellet plant in Sörvästborg, which still serves as a port terminal for southern Sweden. The steam plants in Malmö and Talsi in Latvia have converted from electricity to biofuel, which is economically advantageous and consolidates pellets as a more environmentally friendly fuel.

During the year, operation of most facilities on the island of Gotland was transferred to the municipality under an

Lantmännen Agroetanol:
Sales by market



Lantmännen Agroenergi:
Sales by market



The biofuels market
in the EU will more
than double by 2020.

Alarik Sandrup
Director Government and
Public Affairs, Energy Sector



agreement through which the municipality acquired the facilities from Lantmännen Agroenergi in 2009. Currently remaining on Gotland is a smaller facility and a long-term solution for this is being studied. The agreement with Jönköpings Energi for heating operations in Gränna expired in September 2011 and the plant was sold. In 2012, an expansion of the district heating network in Skurup is planned and networks in other district towns will be condensed on an ongoing basis with an expected positive effect on earnings.

During the year we launched Pelletsakuten, a service concept for private customers in Sweden. The concept is based on high availability thanks to online trading in combination with a well-developed resale network.

For 2012, the demand for pellets is expected to increase as industries replace fossil fuels with bioenergy at a rapid pace. The expected sharp increase in demand for renewable energy on the continent could drive up prices in the Nordic countries.

Read more at ► www.agroenergi.se

Lantmännen Aspen

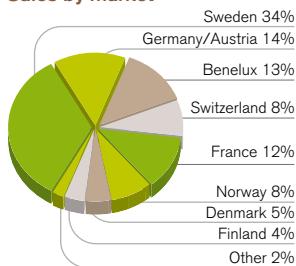
Lantmännen Aspen develops, manufactures and markets alkylate petrol under the Aspen brand. Focusing on people, the environment and machinery, Aspen has evolved to become the market leader in much of Europe and Canada. Alkylate petrol is an eco-friendly petroleum product primarily used in small engines such as lawn mowers, chainsaws and boats. Customers hail from forestry, park and property management, agriculture, horticulture, marine and motor sports.

In 2011, a lowering of the alkylate tax in Finland led to higher sales. The marine segment in Sweden is performing well and Aspen believes the building of marinas that sell Aspen alkylate petrol from the pump will continue and is seeing an increased interest in alkylate from engine manufacturers.

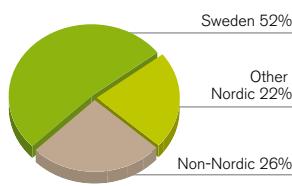
In 2012, the effort to reach out to new customer groups, particularly individuals in the Nordic countries, will continue. In the non-Nordic countries, the professional user is our main target.

Read more at ► www.aspen.se

Lantmännen Aspen:
Sales by market



Lantmännen Reppe:
Sales by market



Lantmännen Reppe

Lantmännen Reppe refines wheat into products mostly for the food industry. Examples include glucose syrup, gluten flour and starch. The company is also one of Scandinavia's largest distillers and produces spirits for the alcoholic beverages industry. The feed industry is also an important customer group.

Commissioning of our new distillery was completed in early 2011 and the distillery ran at full capacity in the second half. Very high and stable quality was achieved with efficient use of energy. Lantmännen Reppe has been enrolled for a second period in the Program for Energy Efficiency (PFE) after its participation in the first period was deemed a success.

At the turn of 2010/2011, a starch dryer was brought on line to produce dried, raw starch. The main application of the starch is the carton and packaging industry. New customers for industrial starch were contracted in Sweden, the Baltics, Finland and Denmark and the installation of a processing line is under way for the part of the starch production scheduled to be ready for production in late 2012.

Read more at ► www.reppe.se



Food Sector

The Food Sector develops, processes and markets products that include flour, breakfast foods, pasta, frozen and fresh bread, chicken, ready-to-eat meals and pet food. While the Nordic countries represent the base of the business, we operate in 21 countries. The Sector accounts for 37 percent of the Group's sales.

Operations

The Food Sector operates in four business areas: Lantmännen Cerealia, Lantmännen Unibake, Lantmännen Kronfågel and Lantmännen Doggy. The Sector's sales amounted to MSEK 14,708 in 2011, with Sweden accounting for 31 percent of sales, Europe 65 percent and the rest of the world 4 percent. Production takes place at 40 facilities and the number of employees in the Sector was 6,670 in 2011. The Food Sector has a large number of strong brands, including Axa, Kungsörnen, Amo, Regal, GoGreen, Gooch, Kronfågel, Danpo, Hatting, Schulstad, Korvbrödsbagarn, Doggy and Mjau.

Business Environment and Market

2011 was characterized by weak consumer demand and continued stiff competition in the food area. Due to prevailing economic conditions and high uncertainty, consumer behavior can be described as cautious and restrained, with a weak market as a result. Price is a central issue and is even more relevant in the current economic situation. In 2011, the grocery trade in Sweden placed bigger bets on private labels than before. Parallel to this, value added factors relating to health, quality, the environment and sustainability interest more and more consumers.

Efficiency for enhanced competitiveness

In the past year, efforts to streamline operations continued. It is necessary to continuously reduce costs to ensure competitiveness in the market. An important example of the efficiency measures implemented within the Sector in 2011 is the construction of a new bakery in the U.K., a move that will ensure Unibake's position in the U.K. market. The transfer of production from Kristianstad to the expanded facility in Valla will assure Kronfågel's continued competitiveness in the market.



“

Good food can have different meanings for different people. It may be useful, good, locally produced, sustainably produced, readily available, or a combination thereof. Lantmännen is working in many areas to make good food better!



It's about being aware of what you buy and living a rich life with good food.

Eva Blixt, Norrtälje

In early 2011, all production of pasta under the Sopps brand was moved from an external supplier to Cerealia's facility in Järna, resulting in improved efficiency. Important decisions for future efficiency measures were made during the year. For example, a decision was made to invest in a new packaging department at Lantmännen Cerealia's facility in Vejle, which means that the current operation in Lunderskov will be closing at the end of 2012. Furthermore, under the MSEK 241 worth of restructuring measures adopted for Lantmännen Unibake, the bakery in Verden, which is part of Lantmännen Unibake's German operations, will be closed in 2012, and the fresh bread and frozen bread operations will be coordinated in Denmark and Poland respectively.

Platform for growth

During the year work continued on strengthening our priority brands. Clear brand platforms give us a good foundation to stand on and on this basis, new communication with the consumer and packaging designs were developed. Another priority in 2011 was innovation, which is important for ensuring that we will continue to be successful in the market going forward. Examples of new product concepts launched with great success during the year include Axa Great, new baking mixes under the Kungsörnen/Amo/Regal brands, flavored couscous, bulgur and pearl oats under the GoGreen brand, further development of Kronfågel DELi, new premium products under the Korvbrödsbagarn brand and exciting new variants in the bake-off products segment.

Outlook for 2012

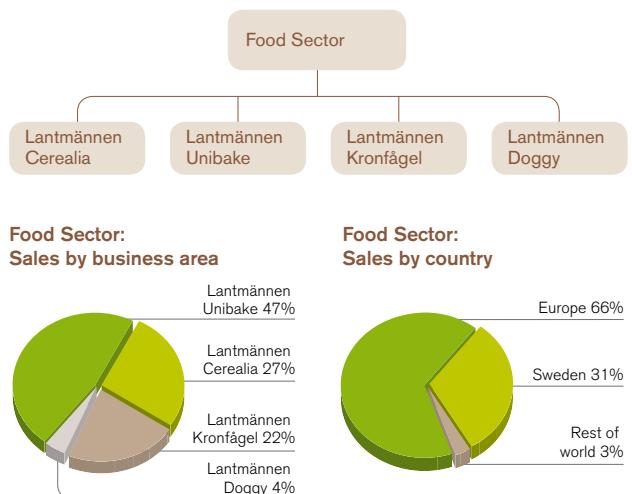
In 2012 the market is also expected to be marked by fierce competition with a major focus on price. The economic crisis and the uncertainty in the market will continue to dampen consumer confidence. Market growth is therefore likely to be limited in 2012. Meanwhile, there is a huge amount of interest in food and its origin. More and more of our customers and consumers will make choices based on health, quality, environmental and sustainability criteria. The operations of the Food Sector are well prepared to address these issues and work with them daily.



Johan Karlström
Senior Vice President &
Head of Food Sector

Food Sector		
Key figures	2011	2010
Net sales, MSEK	14,708	14,484
Operating income, MSEK	298	534
Operating margin, %	2.0	3.7
Return on operating capital, %	3.2	5.4
Investments in non-current assets, MSEK	814	974
Average number of employees	6,670	6,681
of which women, %	35	36
CO ₂ emissions, thousand tonnes	248.2	227.4

Food Sector		
Key figures excl. items affecting comparability	2011	2010
Operating income, MSEK	539	784
Operating margin, %	3.7	5.4
Return on operating capital, %	5.7	7.9



Lantmännen Cerealia

Lantmännen Cerealia develops, produces and sells grain-based products such as flour, flour mixes, meal, muesli, pasta and pancakes along with ready-to-eat meals, beans and lentils. It operates out of Sweden, Norway, Denmark, Finland, Latvia, Russia and Ukraine. Products are sold to grocery stores, restaurants, food service/catering, bakeries, wholesalers and the food industry.

Operations

At the beginning of the year, Sopps, the acquired Norwegian brand, moved its pasta production from an outside supplier to Lantmännen Cerealia's facility in Järna, which helped to increase the profitability of Cerealia's Swedish plants.

In April, Lantmännen's Board decided to invest in a new packaging department at Cerealia's facility in Vejle. This was the final step in the Danish restructuring plan and means that operations in Lundekov will be closing at the end of 2012. Investment in the new packaging line in Vejle creates a favorable platform for increased efficiency and significant savings in the Danish operation.



Lantmännen Cerealia's brands



A new organization for Lantmännen Cerealia's supply chain was launched in mid-August. It will have a Nordic instead of the previous country-based focus.

Lantmännen Cerealia is working on a project to improve the security aspects of the forecasting process. The aim is to strengthen cooperation between the functions, reduce inventory, increase efficiency and cut costs.

Work on the LEAD cost and efficiency program continues. After summer was over, full implementation of the practices commenced at Lantmännen Cerealia's facilities in Vejle, Järna, Malmö and Uppsala. The purpose of the LEAD methodology is to foster greater engagement (among employees), bolster competitiveness and cut costs.

We help our customers live healthier lives

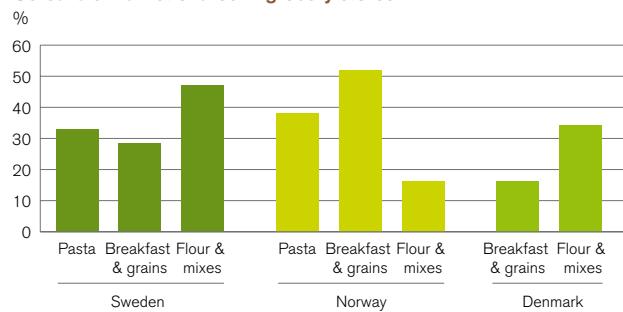
Business environment

Lantmännen Cerealia is clearly feeling the effects of lower demand, which resulted in lower sales volumes for both the consumer and B2B (business to business) segments.

Lantmännen Cerealia's business is also affected by various low carb trends, such as the LCHF (Low Carb High Fat) diet. More and more consumers in the Nordic countries say they regularly go on a diet that involves a reduced intake of carbohydrates. Sales of categories containing grain products have gone down and it is clear that Lantmännen Cerealia, which sells many products made from grain, has a challenge on its hands.

Over the past year, Lantmännen Cerealia saw a number of clear trends in supermarkets that are affecting business and sales. The chains are betting aggressively on their own brands in the Nordic markets. Another trend seen today is that the

Cerealia's market shares in grocery stores



Source: The Nielsen Company.

Responsible businesses – Lantmännen Cerealia

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

- ▶ producing with renewable energy, efficient use of raw materials, materials, energy and equipment
- ▶ ensuring a safe and stimulating work environment that fosters employee dedication and utilizes their skills
- ▶ developing grain in a sustainable manner, continuing to safeguard agronomic standards
- ▶ promoting responsible production conditions for other commodities such as palm oil and animal raw materials.

Read more in the Sustainability Report on ► pages 57-81.

chains quickly copy or produce similar products after a vendor has been successful with a product launch.

Market and market performance

Sweden, Norway and Denmark

In Sweden, sales in the food service segment fell due to the business cycle. Lantmännen Cerealia lost volumes in carbohydrate-rich products, especially flour. The market contracted during the year and no single player captured shares. In the frozen range, the trend was positive and both ground meat products and pancakes rose in volume. Norway and Denmark saw healthy growth during the year.

B2B (business to business) competition was fierce in the Swedish market and further intensified in the latter part of the year. The Danish industrial market was marked by intense price pressure from German players. Consumption trends were weak with respect to the volume of retail trade in the Nordic countries in 2011. The breakfast category, comprising products such as grains and muesli, is the only category that saw positive growth, mainly driven by a strong health trend, while categories such as pasta and flour were negatively impacted by higher commodity prices and the low carb trend. In general, brand manufacturers, including Lantmännen Cerealia, lost market shares to the chains' private labels.

Examples of launches in 2011

At the beginning of the year, Axa Great, oatmeal on the go, was launched in Sweden and Norway. Supported by media coverage, sales campaigns and events, the launch received much attention in social media and blogs.

In Finland and Norway GoGreen launched flavored couscous, bulgur and pearly oats.

The launch of Kungsörnen/Amo/Regal bake mixes for cupcakes was the first Nordic co-launch for the brands in Sweden, Denmark and Norway.



Kungsörnen Makaronsnäckor with lemon sauce, chicken and tomato. For recipes go to ► www.kungsornen.se

Gooch

Gooch maintained its position in supermarkets and increased its market share in an otherwise declining market. During the year, it focused on those regions where the bulk of its sales take place, i.e. Stockholm/Mälardalen, Malmö and Gothenburg.

Latvia

A pancake mix that is part of Hercog's new range of mixes was successfully launched in the Lithuanian and Estonian markets. Several competitors abandoned the Baltic countries during the year due to the adverse effects of the weak purchasing power of consumers.

Ukraine

Ukrainian operations showed a decrease in domestic sales, partly as a result of lower consumption of breakfast cereals. The cause is believed to be the price increases Lantmännen Cerealia and other players in the industry were forced to adopt due to high inflation.

The year's biggest launch in the Ukrainian and Russian markets were portion packs of muesli and porridge.

Lantmännen Unibake

Lantmännen Unibake is a leading international manufacturer of frozen and fresh bread products for both the food service and grocery sectors. Lantmännen Unibake has a wide assortment of bread, fast food, pastries, croissants and rye bread. We offer something for every meal and snack.

Lantmännen Unibake has 3,900 employees at bakeries in Denmark, Sweden, Norway, Finland, Poland, Belgium, Germany, Russia, Hungary, the U.K. and the U.S., and sales offices in Spain, the Netherlands, France, Canada, South Africa and Australia. Our brands include Hatting, Schulstad, Bakehouse, Schulstad Bake Off, Schulstad Royal Danish Pastry, Pastridor, Korvbrödsbagarn and Paaskebrød.



Operations

2011 was a year of consolidation. As one of several measures we are working to restructure our bakeries to streamline operations and create synergies. In June 2011 we opened a bakery in Bedford in the U.K. featuring the latest technology that will enable us to deliver locally produced pastries to the British market. The new bakery capacity means that we will shut down the Fistrup bakery in Denmark and move the bulk of production to the bakery in Bedford. The decision was made to close the bakery in Verden, which is part of Lantmännen Unibake's German operations, in 2012. During the fall the decision was also made to integrate the frozen and fresh bread operations in Denmark and Poland, respectively. The total impact of the restructuring and efficiency program on annual earnings was MSEK -241.

Lantmännen Unibake mobilizes to meet the challenges of market

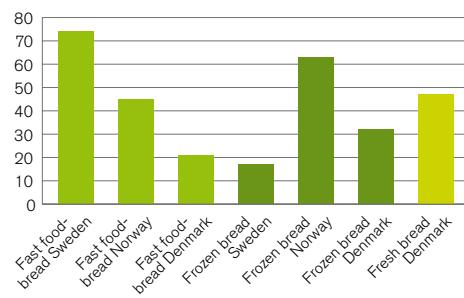
In 2011 we took an important step in ensuring the company's competitiveness by investing in a new production line for croissants in Moeskroen's bakery in Belgium. Scheduled for completion in October 2012, the efficient new production line will produce all kinds of croissants, upping capacity by an additional 150-200 million croissants.

Implementation of a new business system (ERP) continues. The new system will integrate all units and support the philosophy of working as ONE Lantmännen Unibake. The system has so far been implemented in Denmark, Finland and the U.K.

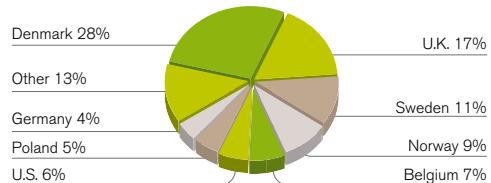
Lantmännen Unibake's brands



Market shares in grocery stores, %



Lantmännen Unibake: Sales by market



- Responsible businesses – Lantmännen Unibake**
- Priority sustainability issues in Lantmännen Unibake are:
- ▶ to reduce the carbon footprint of its daily operations by 33 percent by 2020, compared with 2009
 - ▶ to calculate the carbon footprint of products from our various product categories
 - ▶ that all palm oil is to be sustainable by buying credits for a corresponding amount of sustainable palm oil from 2011
 - ▶ to observe and follow up Lantmännen's Supplier Code of Conduct
 - ▶ that sustainability issues are part of our planning.
- Read more in the Sustainability Report on ► pages 57-81.

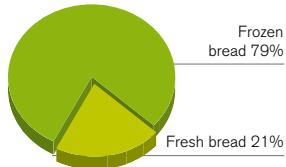
Implementation of the LEAD program is taking place in 13 bakeries and will be initiated in the rest of our units in 2012.

In 2011, Lantmännen Unibake reached a milestone in food safety: All Unibake bakeries have received BRC "A" certification, the highest rating under the British Retail Consortium (BRC) Global Standard for Food Safety. Food safety is a top priority for Lantmännen Unibake and we are proud of achieving a BRC "A" rating for all Unibake bakeries.

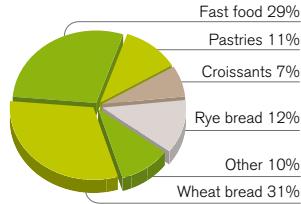
Markets

Continued focus and hard work is required to achieve growth in the current market situation. Consumers are challenging the baking industry to develop new, healthy and tasty products. We put a lot of work into continually developing our product categories, including by adding new products. One example of this is the fast food category, where consumers are looking for healthy alternatives to burgers, sandwiches and hot dogs. Here we have succeeded in developing convenient fast food products with whole grain. The development potential for our coffee buns is also promising and our coffee buns with Daim is an example of this.

Sales by product group



Sales by product category



Source: The Nielsen Company.



Schulstad's rye bread with sunflower seeds.

Lantmännen Unibake in Russia performed well in 2011. Our Russian company increased sales by a whopping 158 percent over the previous year, thanks mainly to the rapid growth of the Russian fast food market.



Lantmännen Kronfågel

Lantmännen Kronfågel is the largest producer of chicken-based food in the Nordic countries. A market leader in Sweden and Denmark, Lantmännen Kronfågel produces, markets and sells fresh, frozen, and chicken-based value-added products. These are marketed under the well-known Kronfågel, Danpo, Ivars, Kronfågel Stinas and Chicky World brands.

Operations

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

Lantmännen SweHatch is a hatchery that supplies day-old chicks to broiler breeders in Sweden and for export.

Good animal welfare is the foundation of our work

Lantmännen Kronfågel's mission is to be the market leader that drives the category and grows in profitable markets.

The Danish and Swedish operations were further integrated and a strategic plan with common goals resulted in a number of projects aimed at finding efficiencies and synergies between the operations. Leadership and employeeship are also measured and followed up.

During the year, production was gradually moved from the

plant in Kristianstad to Valla. In May, the expanded facility in Valla, which has annual capacity of over 40 million chickens, was opened. With its 440 employees Valla is now Lantmännen's largest employer. Production in Kristianstad was shut down last October with a loss of 100 jobs. After the closure was announced, about 20 employees moved to Valla, and others are enrolled in a program to find new employment. Most breeders in southern Sweden affected by the closure have found alternative solutions and the majority have switched to other producers. In Valla's proximity, several breeders have taken advantage of the opportunity to grow their business by increasing production in conjunction with the expansion of the facility in Valla. A couple of brand new breeders have even started operations.

The processing factory in Farre was reopened in September after the installation of a new line to increase capacity. With an annual capacity of 26,000 tonnes Farre raised its availability to the customers. The purpose of the structural changes in Kronfågel and Danpo is to reduce costs and enhance competitiveness.

Business environment

Consumption of chicken is rising in the world. Chicken is the kind of meat that is accepted by most religions and as living standards rise it ends up on more and more consumers' plates. The EU has forecast that the rate of consumption in the EU will increase by 6 percent over the next 10 years. There is potential for Swedish consumption to increase since Sweden is far from matching the average consumption in Europe.

Price remains a central issue for consumers and it is even more relevant with the prevailing economic uncertainty. However, there is increasing interest in value added factors relating to health, quality, the environment and sustainability. Our strategic sustainability initiatives that include environmental, quality and animal welfare issues are well placed for meeting the demands of today's discerning consumers.

Market and market performance

The total production of Swedish chicken rose by about seven percent and is around 78.5 million chickens, of which Kronfågel accounts for over half. In Sweden, people eat about 18 kg of poultry meat per person per year, far less than the 23 kg which

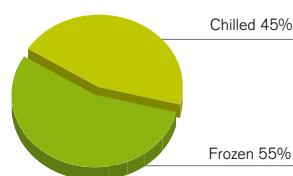
Lantmännen Kronfågel's brands



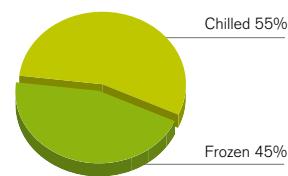
Lantmännen Kronfågel: Sales by company



Lantmännen Kronfågel Sweden: Sales by product category



Lantmännen Danpo Denmark: Domestic sales by product category



Responsible businesses – Lantmännen Kronfågel

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

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

Read more in the Sustainability Report on ► pages 57-81.

is the average EU consumption per person per year (2010)*. Imports account for about 40 percent of total poultry consumption.

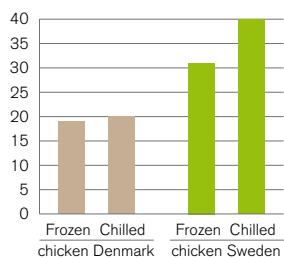
The chicken category performed well in 2011, in contrast to many other categories in Swedish grocery stores. In the frozen category, Lantmännen Kronfågel's volume shares in supermarkets are stable at around 30 percent, while during the year we dropped to just over 40 percent in the chilled category. Most of the market shares were taken by private labels. Spontaneous brand recognition for Kronfågel's chilled chicken is 52 percent and 53 for frozen.

Kronfågel relaunched the Kronfågel DELi concept with two new flavors. DELi meets a trend among consumers who want to cook real food, but need a little help along the way. Developing and cultivating the existing product portfolio was also a focus during the year.

Denmark produces 110 million chickens a year, with Danpo accounting for 44 million. In Denmark, people eat about 24 kg of poultry meat per person per year. Lantmännen Danpo's range of frozen products has gained market shares in

* 2011 figures are not yet available.

Market shares
in grocery stores, %



Kronfågel fresh spice-marinated chicken fillet with tarragon and lemon.

grocery stores and is now around 19 percent. In the chilled category, market share is 20 percent. For Danpo, the overall brand recognition is about 54 percent.

Danpo's product launch velocity is high and several products were launched during the year including a new taste and convenience concept, "Smag på verden" (Taste the world), with four pan-ready products seasoned with spices from around the world.



Lantmännen Doggy

Lantmännen Doggy's production facilities, development department, four-legged taste panel and headquarters are located in Vårgårda. The company manufactures pet food under the Doggy, Doggy Professional, Mjau, and Bozita/Robur brands.

Lantmännen Doggy has 194 employees, most of whom work in Vårgårda. The company has a branch office in Finland with four employees, as well as a sales company in Germany, Lantmännen Bozita, with a staff of 18.

Operations

The main market is Sweden and other Nordic countries. Sweden accounts for 53 percent, but exports are growing rapidly in eleven countries, including Poland, Netherlands, Norway, and Switzerland. Germany and Russia are seeing the sharpest increases. In 2011, efforts continued to generate increased demand for Tetra Recart products* under the Mjau, Doggy and Bozita brands. Through an extensive public relations and sales campaign Doggy Professional has succeeded in establishing a stronger platform and adding an aggressive and young value range to the Doggy brand. The Bozita Feline range with both dry food and Tetra products was launched very successfully in all pet stores. The third Tetra line for 200 ml packages was started up during the year and a large number Bozita launches were conducted in Europe and Russia. Lantmännen Bozita GmbH has entered the Fressnapf pet store chain, which accounts for 40 percent of the total speciality retail market in Germany, with about 750 stores. The private-label deal with Dechra is growing and now covers their entire range in the international veterinary market.

Through Lantmännen Doggy's partnership with Vårgårda Värmecentral, the plant is being increasingly powered by wood raw material, reducing oil consumption. The establishment of Tetra Recart packaging as Europe's leading climate-smart packaging choice for pet food continues in all markets.

* See the Glossary ► page 153.

Lantmännen Doggy's brands



Market and market performance

In 2011 the world market was marked by the global turmoil and associated currency and commodity fluctuations. Agents, key customers and end users alike reacted by changing their buying habits to some extent. Competition with private labels has become harder as they become more like the premium brands.

Increased quality and organic ingredients continue to drive growth in pet foods.

New research highlighting the importance of the human-animal bond and changing attitudes to pets are strong driving forces in how consumers view dog and cat food brands. The continuing increase in the number of pets is creating opportunities for an expanded range of pet foods and means that strong brands can grow even in a declining economy.

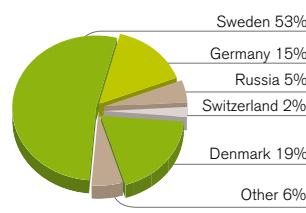
Responsible businesses – Lantmännen Doggy

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

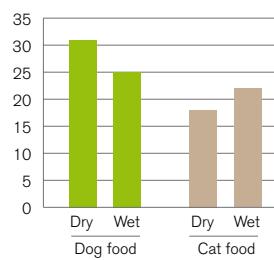
- that all production is based on renewable energy, efficient use of raw materials, packaging materials, energy and equipment
- that we have a safe and stimulating work environment that fosters employee dedication and utilizes their skills
- always having responsible production criteria for raw materials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

Read more in the Sustainability Report on ► pages 57-81.

Lantmännen Doggy: Sales by market



Market share in Swedish grocery stores, %



Sustainability Report

2011

Responsibility from field to fork is part of Lantmännen's strategy for long-term profitability.



Arable land as a base

Arable land enables the cultivation of our most important commodity – grain. Today, global demand for grain and other cultivated raw material is increasing, while the strain on the earth's resources and ecosystems is steadily growing. Lantmännen's responsibility contributes to sustainable production of energy and food.

Nature is our main supplier

All humans and all companies are fundamentally dependent on the functions and raw materials provided by nature. Functioning ecosystems provide us with everything from oxygenated air and clean water to fertile soil and pollination. A lot of ecosystem services are currently threatened or exploited in an unsustainable way, not least by the global loss of biodiversity.

Business critical ecosystem services

For Lantmännen, nature's raw materials and services are directly business-critical and are the foundation of our mission. Retention of fertile arable land, for example, is entirely dependent on

efficient recycling of water and nutrients. Meanwhile, current farming methods affect the ecosystems, including through land use and leaching of pesticides and nutrients into waterways.

Lantmännen's responsibility for long-term sustainable farming is to contribute to the development of farming practices that maintain the fertility of arable soils and conserve biodiversity.

Analysis of dependence and influence

Work is taking place in Lantmännen to further identify and evaluate the impact and dependence of our operations on various ecosystem services, and how ecosystem changes affect us. In 2011, we embarked on an analysis using a structured methodology for ecosystem services, Corporate Ecosystem Services Review (ESR). A pilot study involving one supplier has been conducted, based on conditions that apply to farming in Skåne. The study analyzed how the different trends and scenarios for priority ecosystem services affect agriculture, and how Lantmännen in turn should manage the risks and opportunities that the effects entail, see the table on the next page.

The conclusion from the completed ESR study and Lantmännen's collective knowledge is that a more sophisticated strategy is needed for several important ecosystem services including water and arable soil fertility.

...and responsible production

Analysis of water risks commenced

Water (supply and use) has previously been identified as an area where we need more knowledge to be able to cope with long-term risks and opportunities.

In 2011, a preliminary analysis was made of water resources in locations where Lantmännen has production facilities or

workshops. While the vast majority of our plants are located in low-risk areas, we have facilities in, for example, Belgium and the U.K., in areas with an elevated risk of water shortages. However, these are operations with a low consumption of water. In the next step, the water-dependency of commodity production and associated risks will be analyzed.

Priority ecosystem services

General summary for agriculture based on the completed pilot study according to an established methodology for analyzing ecosystem services, ESR (Corporate Ecosystem Services Review).

Priority ecosystem services	Agriculture depends on:	Agriculture has an impact on:
Fresh water	fresh water for irrigation of crops.	fresh water quantity for irrigation needs and quality if pesticides and nutrients leach.
Water regulation	wetlands and ditches that collect water and have a mitigating effect on flooding, run-off and nutrient losses.	the capacity of watercourses to prevent flooding, surface run-off and nutrient leaching due to the straightening of ditches.
Maintenance of soil fertility	an earth rich with the right distribution of water and oxygen and sufficient nutrients.	soil fertility through fertilizing, crop selection, soil treatment and soil compaction.
Control of weeds and pests	a rich flora and fauna that benefits agriculture, including more birds and predatory insects that eat pests.	the occurrence of fewer uncultivated areas to the detriment of a rich flora and fauna. Intensive use of pesticides has a negative impact.
Pollination	pollinators that ensure that crops can reproduce, achieve higher yields and better quality, such as for cultivating clover seed.	pollinators by reducing the variation of the landscape, giving rise to fewer small biotopes. For example, with large monocultures, insects have to fly long distances. Use of pesticides has a negative impact.



Unique conditions

Taking responsibility from field to fork is part of Lantmännen's strategy for long-term profitability and is based on our vision – to make the most of our land to give everyone the chance of a healthier life.

Three unique features provide us with the prerequisites for taking responsibility all the way from field to fork

We are owned by Swedish farmers

Around 35,000 farmers form the Lantmännen co-operative economic association. A democratic membership organization with strong owner influence gives us natural credibility with respect to industry knowledge and long-term commitment.

Learn more about our ownership model and association governance on ► pages 143-147.

Activities throughout the chain

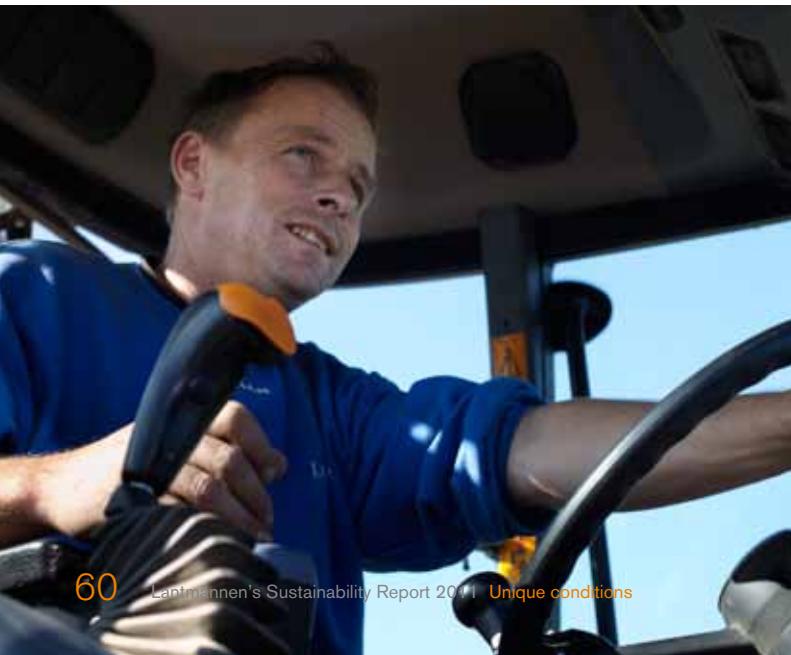
Our activities include everything from seed grain breeding and sales of inputs, machinery and agricultural buildings to farmers to further processing of grain and other raw materials for food and energy products.

Commitment to research and development

For many years, Lantmännen has conducted extensive research on sustainable energy and agricultural practices and food production. Among other things, research has resulted in biologically rather than chemically treated seed grain and more whole grain and fiber products in food markets.



In the cultivation stage, Lantmännen provides advice for optimal farming, with the development of seed grain and goods for resale such as fertilizer and crop protection products. In our own operations, we take responsibility for good working conditions and reduced environmental impact, and set clear standards for our suppliers to do the same. Vis-à-vis consumers our green sprout on our packaging guarantees responsibly produced food. We are also working to spread knowledge and inspiration that promotes health and a more sustainable lifestyle.



...and we accept the challenge!



Innovative business development is the way forward

Our sustainability work is about dealing with the changes taking place in our world today and participating in the developments that we face in the longer term, i.e. 10, 20, 50 years. Acting responsibly and having new business opportunities are equally important. Innovative business development and further focus on resource efficiency are critical to success.

A lot has been done – but challenges remain

Long-term targets for all important areas

Strategic work on sustainability issues requires a long-term, clear vision for our key areas, along with business-specific targets and action plans. This is a process that continuously evolves. During the year, a tool for analyzing the risks associated with the different areas of the Code of Conduct was developed. More about risk management on ► pages 26-30.

Internal monitoring of the Code of Conduct

A comprehensive review of the Code is done annually. A more business-specific follow-up of how we fulfill our responsibility has begun and will have a greater focus in 2012.

Responsibility criteria in key processes

Lantmännen's view is that successful sustainability efforts must be well integrated into the governing processes of the business. By systematically including the different perspectives on responsibility in strategic planning, research and development, investment, etc., we can continue to develop and offer innovative products and services. There is still some work to be done before sustainability is fully integrated into all core processes.

Management and organization

Sustainable development is one of Lantmännen's eight basic strategies. Sustainability initiatives are driven by the strategic plan and have the support of Group Management, which is also responsible for overall strategic decisions and annual follow-up. Each area of Lantmännen's Code of Conduct is headed by an appointed member of Group Management. A common function for sustainable development runs and coordinates the work in close collaboration with the Sectors and other functions. A Decisions Forum with representatives from all Sectors exists for the respective subjects.

More about how sustainability work is managed and organized is found on ► www.lantmannen.com/responsibility

Code of Conduct shows the way

We take responsibility through risk analyses and implementation of Lantmännen's Code of Conduct in all operations. The Code of Conduct contains overarching guidelines for the way we are to act in taking environmental and social responsibility and is a guide applying to all employees. Relevant sections also apply to elected representatives in the owner organization, suppliers and partners.

All employees are trained in the Code. E-training with exercises that reflect potential dilemmas and situations is available in seven languages.

The Code of Conduct in its entirety can be found at ► www.lantmannen.com/codeofconduct



Greater focus on responsible businesses

During the year, Group Management asked the organization to increase the transparency of responsibility work and link it more closely to the businesses. This means greater integration into each business's strategic work, including targets, key figures and action plans. How the work is progressing is evaluated in Group management's annual follow-up. What responsible business means for each part of the business is described in the Sector sections ► pages 32-56.

Lantmännen's priority sustainability targets

Key figures	Target	2011	2010
Share of employees in healthy group	75% yr 2011	62%	56.8%
Share trained in Code of Conduct, e-training	100% yr 2011	93%	83%
Share of followed-up suppliers: purchase value over MSEK 1 per year	100% yr 2012	66%	35%
Share of soy purchased with RTRS certificate	50% yr 2013	22%	0%
Share of palm oil purchased with RSPO certificate	100% yr 2011	100%	17%
CO ₂ emissions, tonne per MSEK value added	reduce 15% by yr 2013 40% by yr 2020	+4.7	-5.9
No. of phase-out substances	Zero vision	299*	192

* In 2011 we expanded the criteria for phase-out substances.
The number has increased for this reason.

Go to ► www.lantmannen.com for details and facts.

Grain opportunities

Grain is the core of Lantmännen's research activities. Each kernel consists of starch, protein, fiber, fat and powerful bioactive components. Each type of grain is unique and the composition of its elements varies, providing endless opportunities for research and innovation.

Research for tomorrow's needs

Continuous investment in knowledge and innovation is essential for developing and offering products that meet customer demands and expectations. Active research and development is therefore one of Lantmännen's main strategies. Innovation is also one of three priority areas of focus in the strategic plan for 2012-2014. Read more on ► pages 24-25.

Lantmännen has a long history of successful research projects that have resulted in product innovations, process improvements and more efficient agriculture. Since 1985, more than 500 projects and studies have been funded by our research foundations.

Collaboration yields results

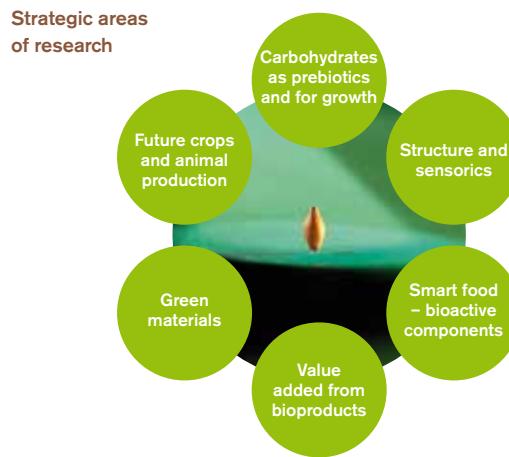
We participate in numerous research projects – in food, agriculture and energy – along with a large number of universities, institutes and suppliers in the Nordic countries. Collaboration is the key to some of our best innovations on the food side: products with a documented low glycemic index, fiber products with specific health properties, new whole grain products and functional foods based on Antisecretory Factor (AF), an endogenous protein. Our company, AS-Factor, develops products used in premium feeds and foods for special medical purposes. The products are available at pharmacies. Collaboration has also been a success factor in crop production innovations. Examples include the development of biological treatment of seed grain with Cedemon and Cerall and increasing nitrogen efficiency with the N-Sensor.

Overall structure for increased business value

In 2011, Lantmännen adopted a new overall structure for research and development work. This will ensure a portfolio based on initiatives that can be commercialized, enhance the competitiveness of our businesses, and provide an opportunity to be paid for creating added value.

The central function for research and development gathers the Group's experts in research, innovation and scientific inquiry. The overall objective is to ensure that raw materials and final products meet, for example, sustainability and food

safety requirements and expectations throughout the chain. An important part of this work is coordinating and assisting other parts of Lantmännen with deeper knowledge. Work on research and innovation projects is conducted in close cooperation with Lantmännen's commercial Sectors. The portfolio consists of EU projects, projects co-funded by national research activities in the Nordic countries and projects funded by our own research foundation. Lantmännen annually invests around MSEK 15 in external research projects, which are multiplied by public investments in the projects we participate in.



Current research

- Development of a domestic and sustainable protein feedstock for animal feed out of Agrodrank, a by-product of our ethanol production.
- Life-cycle based climate calculations at the product level, for everything from flour to ethanol. This information is as important for internal improvement processes as it is for meeting external demands and expectations.
- New packaging materials. Packages based on renewable materials that are functional and retain the features of the product.
- The NorDiet study shows that eating food grown and produced in the Nordic countries can have very beneficial effects on health.
- Dietary fiber for the stomach. A collaboration with Karolinska Institutet, in which the effect of functional fibers on intestinal flora is being studied for the next generation of functional foods.

Dialogue with the world

We encourage open dialogue with customers, consumers, suppliers and other stakeholders and are responsive to their demands and expectations of us as a company. We drive issues and engage in debate within our areas of interest. Lantmännen wants to be a positive force in society through our business activities and initiatives that support sustainable development.

Our role in society

Lantmännen contributes to society, not only through the products and services we sell, but also by creating jobs, developing employees, conducting research and promoting sustainable development.

Economic value created by Lantmännen for various stakeholders

MSEK	2011	2010	2009
Sold products and services	37,896	35,988	35,101
Employees (payroll expenses)	5,419	5,502	5,851
Owners (dividend)	230	245	163
Owners (refund and final price adjustment)	110	95	1
Suppliers (goods and services purchased)	30,770	28,696	28,050
State (taxes paid)	106	76	46

Continuous dialogue with stakeholders

Dialogue with many of our stakeholders on an ongoing basis through various forums and channels. We are also working systematically to continuously identify and prioritize relevant target groups, and the issues that are important to them. The contents of this report reflect the results of this work.

Blogs provide a faster and more direct dialogue.

Claes Johansson
Head of Sustainable
Development, Lantmännen



Stakeholder issues 2011

- Employees • *Employee survey*
Health and working environment, performance appraisals, union meetings and organizational changes ► pages 65-68.
- Owners • *District and General Meetings, member meetings etc.*
Business ethics, protein crops, research and development, owner communication ► pages 14-16.
- Customers (B2B) • *Customer survey, partnership/development project Cadmium, sludge, animal welfare, health-promoting food*
► pages 77-79.
- Consumer (B2C) • *Consumer surveys, Social media*
Health and carbohydrates, animal welfare, food waste
► pages 77-79.
- NGOs/opinion shapers • *Dialogue with WWF, SNF, RTRS etc.*
Soy imports ► page 76.
Cadmium and sludge ► pages 69-71.
Sustainable energy production ► pages 44-47, 79.
Climate ► page 74.
- Industry associations • *Dialogue/collaboration with LRF, FEFAC and industry associations at EU level. Participant in Round Table on Responsible Soy etc.*
Soy, palm oil ► pages 70-71, 76.
Sustainability criteria for energy production ► pages 44-45.
- Suppliers • *Dialogue, partnership/development projects, visits*
Supplier Code of Conduct, agreements and improvement work ► pages 69-72.
- Authorities/decision makers • *Supervisory agencies, Swedish Chemicals Agency, Swedish Work Environment Authority etc.*
Approval procedures, chemicals, working environment
► pages 66-67, 85.

Social media are shaping the agenda

Blogs, Facebook and other types of social communication on the Internet offer new opportunities and challenges for personal communications between companies and individuals.

The fact that anyone can make their voice heard and new questions can quickly emerge in the debate places new demands on intelligence and our capacity to provide a quick and accurate response. At the same time, the new media landscape represents increased potential for valuable close dialogue, engagement and direct contact with customers and consumers. Lantmännen has an established presence in social media and is represented in all the major channels that we believe are relevant for our communications. In 2011, we also communicated with a number of writers in their own blogs about good food, energy and sustainable development on ► www.lantmannen.com

Please take a look at our pages on ► Facebook, YouTube, Twitter, LinkedIn, Wikipedia.



Salmon with red beet barlotto. A popular recipe from the NorDiet study. Read more on page 31 or get the recipe at ► www.lantmannen.se

Carbohydrates and food waste – focus issues in 2011

One issue that remained at the forefront during the year was low carb diets and how they affect health and the environment. Lantmännen's NorDiet study conducted with Uppsala University garnered attention in this connection. The results show that a diet based on Nordic foods such as whole grains, root vegetables, rapeseed oil and oily fish has a positive impact on health. The diet lowers bad cholesterol, which reduces the risk of cardiovascular disease. Compared with a LCHF diet where the proportion of meat and animal protein is high, the more carbohydrate-rich Nordic diet has a smaller carbon footprint and is more sustainable from an environmental perspective. Read more on ► page 31.

Another main issue during the year was food waste. Several studies show that as much as 25 percent, one out every four bags of groceries carried home, is not eaten and ends up in the trash. Consequently, it was produced to no avail. Reducing food waste is a very important sustainability issue in society and for Lantmännen.

Involvement with a focus on diet and health

For Lantmännen responsibility from field to fork also involves providing knowledge and assistance through selected nonprofit activities and initiatives.

Lantmännen's food and exercise guide, Uppladdningen (Recharge), is aimed at everyone from top athletes to everyday exercisers. Since its launch in 1982, over three million copies of Uppladdningen have been distributed, primarily to schools and sports associations. We also share our knowledge through AXA Sports Club, one of the Nordic region's largest athletic associations, with over 40,000 members.

Matlust (Appetite) – the most important cookbook of the year?

In January 2011, Lantmännen published Sweden's first cookbook for school cooks, Matlust, to inspire and motivate school cooks to make good and healthy food in school kitchens. Matlust contains winning recipes from Lantmännen's Skolmats-Gastro school cooking competition, features and advice from school cooks across Sweden.

More about our community involvement and sponsoring activities on ► www.lantmannen.com



Awards

During the year Lantmännen received a number of external awards and recognition for our long-term work on our responsibility from field to fork. Not least, we are proud of being awarded the 2011 Food Prize for our commitment to innovation and new ideas.

We were also named the sixth most sustainable brand in the consumer survey Sustainable Brands. See more on ► page 13.

Our people

We continue our efforts to attract, retain and develop our employees. We are a popular employer and allow employees to grow and change jobs internally. This year's employee survey shows that the focus on skills development and values-driven leadership provides greater job satisfaction.

Attractive employer

The long-term effort to strengthen and communicate Lantmännen as an employer (Employer Branding) to students and young professionals continued in 2011. Among other things, we promoted ourselves at fairs and career days and gave lectures at universities and colleges in Sweden. We also expanded our presence and capacity for dialogue with potential employees via social media such as Twitter, Facebook and LinkedIn. During the year we significantly improved our position in several rankings. In the 2011 Sweden's Best Employer survey, where employees grade their employer based on three main factors: identity, satisfaction and loyalty, Lantmännen ranked 37 compared with 54 the year before.

In the Universum Swedish Student Survey, Lantmännen is one of the year's two "rockets" in both the high-performance MBA category and high-performance engineering group, after climbing as many as 40 places among business students and 19 places among engineering students.

In a study presented by the talent network 4 potentials, Lantmännen ranked the highest among firms that are adept at retaining their talent. Challenges, an inspiring corporate

culture and clear responsibilities are some of the reasons why talent stays with a company.

In Universum's Ideal Employers survey of young professionals, Lantmännen climbed the rankings for the third consecutive year among both engineering and business professionals.

Universum's Career Barometer

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

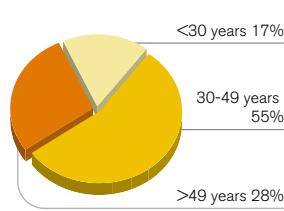
Management development a key to success

Each year, Lantmännen carries out a comprehensive leadership supply process to ensure high-quality leadership. Leadership assessment, identification of talent and succession planning are all part of this process. In 2011, a basic management development program was developed. The program lasts for 6 days and is aimed at new managers or managers with no previous management training. The program is carried out approximately 6 times each year in Sweden and Denmark. In 2011, a partnership was entered into with an external provider to offer individual coaching to managers. Furthermore, in 2011 Lantmännen completed a round of the MAP mentoring program and carried out the international management development programs Grow and GAP.

Rights skills for achieving goals

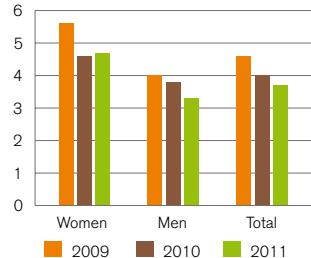
Like many other companies, Lantmännen is facing challenges concerning generational and competence shifting. Lantmännen has a common approach to working strategically on the supply of competencies. Competencies in Lantmännen Lantbruk were surveyed in 2011.

Age breakdown



Go to ► www.lantmannen.com
for details and facts.

Sick leave, % of total working hours



International trainee program

The third round of Lantmännen's international trainee program began in 2011. During the 15-month program, each trainee is assigned four internship periods in various Sectors of the Group. They will receive training in change management, business skills and personal development. Of the 700 students who applied, 10 were selected, nine from Sweden and one from the U.K. You can read about their assignments and on-the-job experiences in their blogs at ► www.lantmannen.com/en/join-us/trainee

“ The trainee program has great significance for us as it helps secure our long-term supply of managers and employees for key positions, says Elisabeth Wallin Mononen, VP of Human Resources at Lantmännen.

Internal job changes

Creating internal mobility among employees and managers is a very important strategic issue for Lantmännen. Internal mobility is important for retaining, developing and involving employees. While internal mobility increased in 2011 we continue to work to create conditions to broaden internal career paths.

Employee survey 2011

Insikt (Insight) is Lantmännen's employee survey and is conducted every two years throughout the Group. The results of the survey show employees' job satisfaction and evaluates leadership within the Group. The outcome helps Lantmännen capture the factors that make the company even more attractive as a workplace.

Lantmännen's overall result for 2011 is at a medium level, 68, in line with the external European Employee Index benchmark score of 67.

Values – part of our responsibility from field to fork

Lantmännen's values are *openness, drive and holistic view* and must permeate all that we do. Our values come alive in the dialogue between employees and in everyday work life. Learn more about our work on values on ► page 68.

Safe working environment

Work environment monitoring is a very important part of our efforts to improve the working environment and minimize risks. In 2009 we started regular monitoring of working environment work in all operations. In 2011, the process continued and each year Lantmännen's Group Management reviews the results. The review includes risks, near-accidents (incidents) and accidents.

Risk management

Examples of working environment risks in Lantmännen's operations are explosions, fire, crushing injuries, working alone, forklift handling, falls, stress, noise and chemicals. Risk management procedures vary and improvement measures include the ongoing identification of risks and developing action plans.

Health issues are a natural part of our operations

Near-accidents

One area with room for improvement is the reporting of and responses to near-accidents (incidents that could lead to illness or accident). In 2011, 915 near-accidents occurred, a decrease





"Around the World" in 80 days

In 2011, 2,000 employees took part in a fitness activity – "The Stair Step Challenge". The activity was aimed at all employees and together we walked: 1.8 billion steps or 1.6 million km.

This translates to "Around the World" 41 times.

from 1,005 in 2010. Analyzing near-accidents and taking action are an important part of Lantmännen's preventive work to ensure that no accidents occur. The goal is 10 reported incidents per accident.

Accidents

During full-year 2011, 313 accidents occurred resulting in at least one day of sick leave, compared with 326 in 2010. Measured in number of accidents per million hours worked, the result is 24.43, slightly higher compared with the corresponding period the year before (22.4). It was still somewhat lower than the 2010 industry average of 27.0 in food, beverages and tobacco. The most common incidents are falls and injuries from machinery or machinery parts. During the year the

"Safe working environment at Lantmännen Energi" project was completed with excellent results. A common approach has been formulated for systematic working environment work based on the international OHSAS 18001 health and safety standard.

Ten overall goals for working environment improvements were adopted at the Group Management meeting in April. Through a collaboration between HR and Risk Management and Supply Chain we follow up the working environment during injury prevention inspections.

Health is key

Lantmännen is highly committed to improving employee health through health interventions. Among other things, work on health screening continues and we have now done nearly 4,500 screenings since 2009. In 2011, a large number of follow-up screenings were performed. In 2011, Lantmännen signed a partnership agreement with a company with specialist expertise in dealing with alcohol and substance abuse in the workplace.

Action program

Implemented

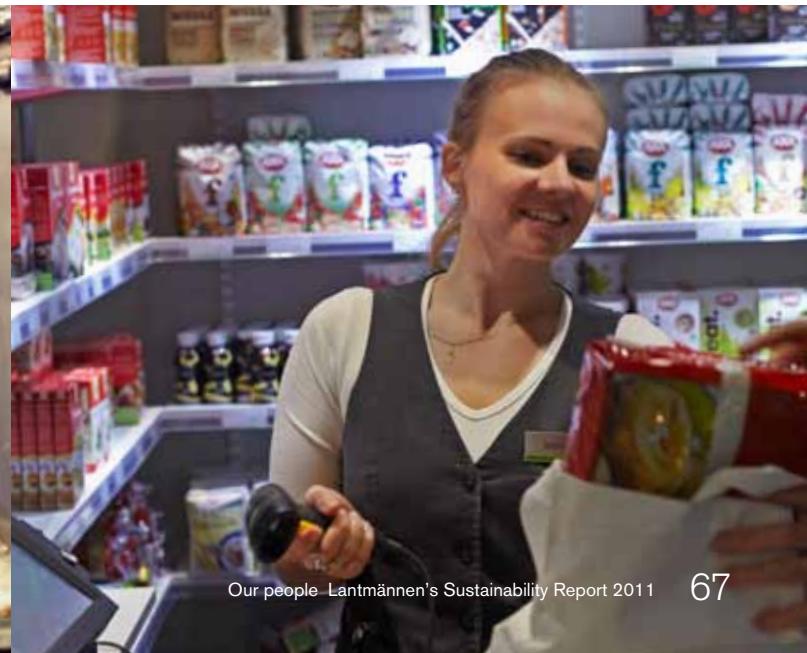
- ▶ Leadership meeting for Lantmännen's 700 managers.
- ▶ 75 percent had a performance appraisal.

Ongoing

- ▶ Overall competency survey.
- ▶ Implementation of common job system.
- ▶ International trainee program.

Challenges

- ▶ Increase internal systematization and transparency in the working environment area.
- ▶ Increase internal mobility.



Focus

Values and culture – an important part of leadership

Lantmännen Kronfågel had come far in its work on strategies and structures. The time had therefore come to take the next step and become even better. With the ambitious goal of having Lantmännen's best leadership by 2015, work began on leadership in which values and culture play an important role.

"There is a clear link between leadership, employeeship and customer satisfaction," says Jenny Fridh, head of information at Lantmännen Kronfågel and one of the driving forces in the work on values. On this basis, we began the process of relating values to our business strategy and the goals set for our leadership, values and corporate culture.

A top-management meeting in Sweden and Denmark marked the start of work on leadership in the business area. For two days, all managers worked on leadership, values and culture and with issues such as how profitability can be affected by values-driven management. The outcome of the meeting was, among other things, that all the managers were given a personal task list of specific requests to work on in their business. A basic course on values has also been carried out along with several workshops for other administrative employees in Kronfågel.

"At Kronfågel values have become a natural part of all business decisions and are in the process of becoming part of the company's DNA. Successful work on a values-driven leadership requires bringing in existing contexts and processes. For Kronfågel's part the context was its work on LEAD. Although the values are already present as a natural component of LEAD and other processes, we must always keep the values alive and remind us why they are so important to both the company's and employees' success," says Jenny Fridh.

“ Values are about our “mindset” - what do we want Kronfågel to be? What do customers experience when they meet us, how do we act toward each other in the company? Our common values are a starting point for our behavior and our decisions. To me, our values and the culture we embrace are as much of a competitive factor as the right product portfolio. Just like we continually review our offerings to customers, we have to work with people - both within and outside the organization.

Jan K. Henriksen
Former CEO of Lantmännen Kronfågel,
CEO of Lantmännen Unibake since January 1

Anna Kihlén, HR consultant at Lantmännen, is responsible for the values work at the corporate level. She believes that values should be clear and make it easier for employees to make the right business decision – they should serve as an internal compass.

"Furthermore, we believe that these values help boost the motivation of our employees. It is important to translate the values into concrete behavior. Work on values has to be long-term and continuous. It may take time before the values are anchored and start to permeate everything we do."

The responsibility for embracing these values in daily work lies with all employees. But leaders have a special responsibility. A good opportunity to capture whether the values are being kept alive is by holding a dialogue on the values: *Openness, drive and holistic view* during the annual performance appraisals," says Anna Kihlén.

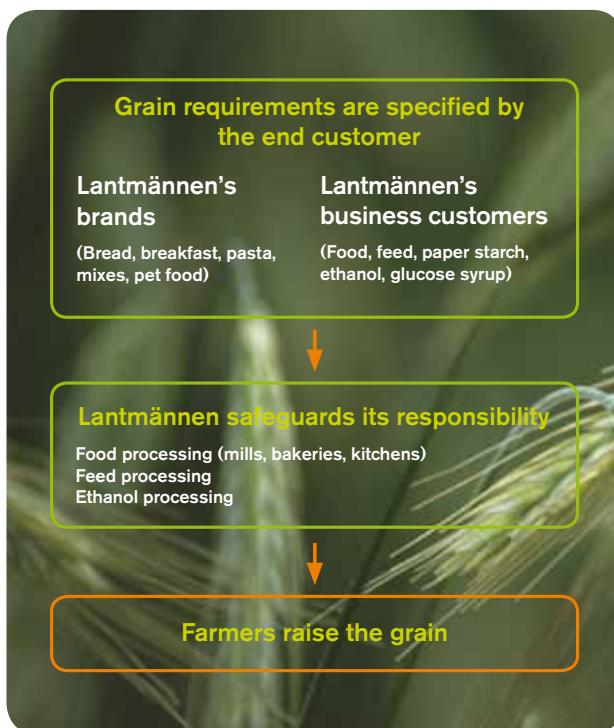
Responsible procurement

Responsible procurement of grain and other commodities is the basis of Lantmännen's contribution to sustainable products. We take responsibility backward in the chain and set clear standards for our suppliers concerning environmental protection and social aspects. Through dialogue with customers and other industry players, we also want to influence them to raise their standards to drive development forward.

Grain

The end customer specifies requirements – Lantmännen ensures responsibility

The processing chain from growing grain to the finished product is complex. Specifications for grain vary depending on the market and purpose, and are made backward in the chain by



each end user. We own the specifications for Lantmännen's own brands; for the other parts it is our responsibility to ensure that standards are met.

More and more controlling aspects

Existing quality parameters such as falling number and protein content are used to purchase the right quality of grain for the respective application.

Today's existing challenges of managing sustainable crop production, including the use of plant protection, recycling of nutrients and climate impacts, are giving rise to more and more aspects that affect grain. More governing criteria are separating grain from grain; for instance, traceability, gluten-free and low cadmium concentrations will take on greater importance. This development means greater opportunities for Lantmännen to highlight sustainable value and provides the customer with more options to make more specific requirements. Here are some examples of aspects that have been in focus during the year.

Cadmium

Cadmium is a heavy metal that occurs naturally in soil and can be partially absorbed by the crops that grow on the field. Because grain-based products are one of the sources of cadmium intake, low levels in commodity grains are important. For many years, Lantmännen has monitored the precise levels of cadmium in commodity grains to ensure low levels well below the applicable legal requirements. The legislative level for cadmium in grain is 0.20 mg/kg and the typical value in our analyses ranges from 0.01 to 0.06 mg/kg. In other words, the amounts are 20 to 4 times lower than the current legislation. Based on a new risk assessment by the European Food Safety Authority, EFSA, there are now signs that a low intake of cadmium is becoming increasingly important for public health. Lantmännen has long worked strategically on the issue and is well prepared should more stringent legal requirements be imposed.

Fertilizer

The geological conditions of the cultivation site and natural soil content are the key factors behind cadmium uptake by crops, over which we have no power. Efforts to control and manage cadmium uptake in crops must therefore concentrate on other factors. Supply is a factor to consider since in the long-term it can affect the soil's total content of cadmium. These sources include fertilizers along with airborne deposition and erosion. Fertilizer is one of the factors that can be affected and is therefore important to work on actively. Lantmännen has long checked

and closely monitored the levels of cadmium in the fertilizers we buy, which have low levels. In 2011 the average was 7.8 mg Cadmium (Cd)/kg phosphorus (P), which compares with the respective Swedish and EU legislative levels of 100 and 150 mg Cd/kg P. Because low-cadmium phosphate is a limited resource there are uncertainties about the possibility of long-term retention of the low mean values in the Swedish market.

Sludge – recycling plant nutrients

A necessary nutrient, phosphorus is also a finite and costly resource. Returning plant nutrients from treatment plant sludge without increasing levels of other unwanted substances is therefore important. Supporting and encouraging the development of tighter quality standards is Lantmännen's way of accelerating sustainable recycling of plant nutrients to farmland. Sludge-fertilized grain is not permitted in Lantmännen's food products on the Swedish market. REVAQ-certified sludge is required for feed products. Sludge fertilization remained a controversial issue in the media during the year.

Rapid growth of mold toxin in oats

The presence of the mold toxin DON (Deoxynivalenol) in oats rose sharply in 2011. Nearly half of the oats delivered to Lantmännen was downgraded to feed or fuel due to high DON levels, causing major revenue losses for farmers.

The main reason for the increased incidence of mold toxin is believed to be the recent humid climate with rainy summers. Work is under way to further investigate the background and possible actions to stem the problem. There is currently no approved plant protection product in Sweden that works against DON in oats.

Stem shortening

After being banned in Sweden since 1987, the use of stem shortening agents was again permitted in grain production. While stem shortening reduces the risk of crop quality damage due to lodging, it also means increased risk of exposure to chemical substances. We are participating and following the discussion in the industry and clarify our specifications for various purposes.

Other commodities and input materials

Responsible supplier relationships

In addition to grain, Lantmännen is dependent on commodities from other parts of the world, such as soy, palm oil and nuts. We also buy animal raw materials and goods and services such as machinery, chemicals and shipping from numerous suppliers around the world. Lantmännen endeavors responsible relationships with all its suppliers, with a focus on joint improvement efforts. Our supplier Code of Conduct sets clear expectations in terms of environmental, labor and business ethics. The Code in its entirety can be read at ► www.lantmannen.com/codeofconduct

Systematic evaluation

A systematic approach to evaluating and monitoring our suppliers has been in place since 2009. Based on an initial risk assessment the degree of control and monitoring is adjusted according to the risk category to which a supplier belongs.

Risk assessments are to be completed no later than 2012 of all the approximately 3,500 suppliers from whom more than MSEK 1 is purchased per year. By the end of 2011, 66 percent of the suppliers had been reviewed.

Focus on risk goods

In the process of evaluating and monitoring suppliers, particular focus is placed on commodity categories that are associated with some type of higher risk and are simultaneously critical to Lantmännen's business. So far, for example, extensive work has been conducted on soy and palm oil, due to the often problematic



100 percent certification for palm oil!

Palm oil is a priority commodity for Lantmännen. We are working continuously to switch to palm oil certified according to the Roundtable on Sustainable Palm Oil (RSPO). In 2011 we achieved our goal of 100 percent RSPO certified palm oil.

WWF reviewed over 130 companies using RSPO certificates for its 2011 Palm Oil Buyers' Scorecard. Lantmännen was among the fifth of the companies that received a passing grade.

Read more at ► www.lantmannen.com/palmoil

growing conditions and complex supply chains that hinder follow-up, read more about this on ► page 76.

In 2011, Lantmännen conducted a review of meat raw materials for food service customers in order to evaluate and further develop its criteria for animal welfare and food safety. Lantmännen's existing policy on meat components in food service products requires good animal welfare, full traceability and control of salmonella.

All fish in our pet food is approved according to the WWF and the MSC (Marine Stewardship Council).

Lantmännen Danpo also handles imported chicken specifically for McDonald's. McDonald's makes its own far-reaching and detailed supplier requirements, which govern the work of this part of the business.

Animal welfare – chickens

Lantmännen Kronfägel has extensive poultry experience and works closely with our farmers to achieve good chicken farming practices.

Swedish chickens are raised on some of our 49 farms and in Denmark on some of our 70 farms. We base all our work on national animal welfare legislation.

In Sweden, we also comply with the Swedish Poultry Meat Association's animal welfare program that includes 31 chicken farming checkpoints and guidelines for shipping and slaughtering. On top of that there are external third-party controls and several self-controls.

Action program

Implemented

- ▶ In 2011 Lantmännen was one of the first companies in the world to buy soy certified according to RTRS (Round Table on Responsible Soy) standards. The volume represents approximately 18 percent of Lantmännen's total soybean imports. The goal is to gradually transition to certified soy as it becomes available, with an interim target of 50 percent by 2013.
- ▶ Palm oil purchases are 100 percent RSPO (Round-table on Sustainable Palm Oil) certified.
- ▶ Systematic efforts implemented with risk assessment and monitoring of suppliers based on the Code of Conduct.

Ongoing

- ▶ Risk assessment of all suppliers no later than 2012.
- ▶ Further development of policy and criteria for meat raw materials for food service products.

Challenges

- ▶ Develop specifications for handling the increasing number of controlling aspects concerning grain.
- ▶ Evaluation and monitoring of specific risk materials.



Focus

Supplier follow-up will make a difference

Responsibility is important in Lantmännen's supplier relationships. The Supplier Code of Conduct sets clear expectations in terms of environmental protection, working conditions and business ethics. Our monitoring of suppliers' efforts is aimed at ensuring supplies of essential products and developing joint improvement efforts.

Since 2009, Lantmännen has been systematically evaluating and monitoring suppliers on the basis of the Code of Conduct. Independent third-party audits are conducted for selected suppliers associated with high risk. Procurement and coordination of audits are carried out at the corporate level. Purchasing managers in every business prioritize the suppliers to be audited.

Quality before quantity

Our premise is that each audit shall contribute to improvement. All identified non-conformances must be dealt with and resolved. In 2011, 16 supplier audits, mainly for agricultural commodities for feed and food, were carried out.

Identified non-conformances by region



All non-conformances are followed up

If a departure from our Code of Conduct is discovered, we will work with the supplier to produce an action plan. Depending on the type and severity of the non-conformance, a follow-up audit is done in 6-12 months. Only when the supplier has demonstrated that all non-conformances have been resolved is the audit completed and approved.



Combine operator on one of the farms in Mato Grosso, Brazil that grows the soy used in our feed products.

Audit of soybean growers in Brazil

In 2011 supplier audits were carried out in Brazil at one of Lantmännen's soy suppliers and on some of the farms that grow the soy that Lantmännen purchases. The audit resulted in some minor non-conformances, mainly in working and social conditions, but none of a systematic nature. The non-conformances have been remedied. Claes Johansson, Lantmännen's head of sustainable development, personally visited the farms:

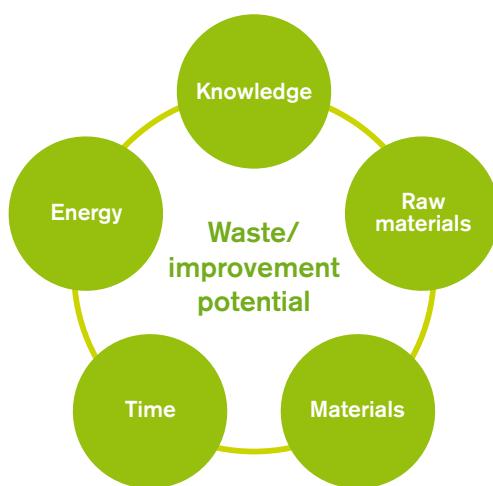
“ The standard of the farms I visited was consistently high, and work on health and safety was exemplary. This does not mean that there are problems in Brazilian soybean production, but it shows how important it is to work with responsibility in supplier relationships to steer developments in a positive direction. We clearly communicate that our Supplier Code of Conduct is a prerequisite for a long-term business relationship with us.

Read more at ► www.lantmannen.com/codeofconduct

Efficient use of resources

Lantmännen's goal is to protect both material and human resources in the best way; it is an important part of taking responsibility for people and the environment. Resources refer not only to commodities, materials and machinery, but also energy, time and knowledge.

We must protect the resources of the entire chain
Positive effects of resource management are spreading throughout the value chain – reduced food waste at the consumer level saves resources at all stages, from raw material production and energy use in processing to packaging and shipping.



Involvement and participation are the engine of the improvement process

Lantmännen embraces a systematic approach with a clear focus on improvement. While a joint approach to implemented processes, procedures and monitoring systems provides good conditions for efficiency, it is our employees' active involvement that makes a real difference. Even well-functioning operations have the potential to reduce various types of waste and wastefulness throughout the chain. This is done by continually identifying and addressing waste in specific elements and activities.

LEAD involves and streamlines

In its efficiency work, Lantmännen uses LEAD (Learn, Engage, Analyze, Do), a method for making specific improvements utilizing the commitment, knowledge and participation of employees. The method involves putting together teams and using their collective expertise to solve or reduce an identified problem.

LEAD utilizes each team member's knowledge and commitment

Since LEAD was introduced in 2008, 100 of Lantmännen's plants with a total of 1,600 employees have implemented the practice. The process has shown that energy efficiency and reduced waste in production plants are two areas that have great potential for improvement. In parallel with financial and material savings employee surveys show greater involvement and better leadership at the facilities that have adopted the practice.



16 tonnes of sesame seeds saved

At Lantmännen Unibake in Finland a LEAD team worked during the year to reduce sesame seed waste in the manufacture of hamburger buns. Many seeds loosened and fell off the baked buns. Through systematic improvement which, among other things, resulted in adjusting a machine that sprinkles the seeds, the overuse of sesame seeds fell by as much as 16 tons per year.

Saving water at Lantm  n  n Danpo

Slaughtering and processing chicken is an energy- and water-intensive operation. During the year Lantm  n  n Danpo in Denmark worked systematically to identify potential savings and implemented several measures to reduce their water consumption. A new feed system at the slaughterhouse in Aars saves 45 m³ of water per day, equivalent to about 11,000 m³ per year. Adjusting the water flow for cooling the packing machinery resulted in additional savings of 1,800 m³ per year.

Work continues now with the goal of reducing water consumption to 5 liters per kg slaughtered chicken (in 2011 it was 6 liters per kg).

Climate

- Climate change is important to Lantm  n  n for two reasons:
- About 25 percent of global greenhouse emissions come from food production, which implies a special responsibility for us as a major industry player.
 - Climate change will affect Lantm  n  n's costs significantly for the foreseeable future, through higher prices and taxes on energy, fuel and carbon emissions.

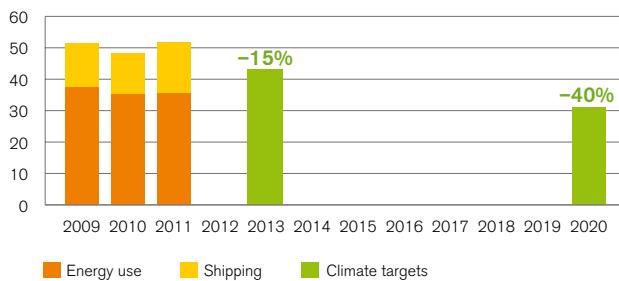
Proactive climate strategy

- In 2010 Lantm  n  n adopted a new proactive climate target:
- To reduce its own CO₂ emissions by 40 percent between 2009 and 2020. The interim target for 2013 is 15 percent.

The measurable climate target is limited to energy use in own production and shipping. In addition, Lantm  n  n is working to reduce its carbon footprint at other stages, in collaboration with suppliers and customers. From a life-cycle perspective, Lantm  n  n products have a significant impact on the climate in the cultivation stage.

Lantm  n  n's climate targets

Tonne CO₂/MSEK value added



Successful work on energy efficiency

Work on energy efficiency is continuous at Lantm  n  n's facilities. During the year a number of smaller energy projects were conducted within the LEAD framework, which together had a significant positive effect. In recent years, Lantm  n  n also worked actively on phasing out fossil fuels in our facilities.

Shipping is the biggest challenge

In the current situation the main challenge to achieving the climate target is reducing our logistics-related emissions. More shipments need to be moved to trains and ships, and the share of renewable fuels must increase in the remaining overland shipments by truck. Work is under way to develop a clearer strategy for efficient shipping in line with the climate target.

The Haga Initiative

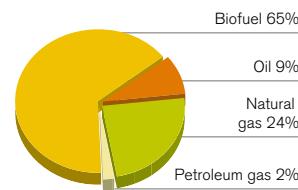
Lantm  n  n joined the Haga Initiative network in autumn 2011. The network consists of nine proactive companies that are working to reduce carbon emissions from business activities, raise the climate change issue and inspire more companies to take active and greater responsibility for the climate.

► www.hagainitiativet.se

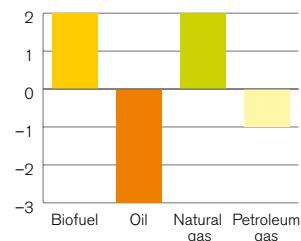
Reduced empty running in Mantorp

An energy consumption survey at Unibake's plant in Mantorp showed unnecessary energy consumption during the night break. All energy thieves were identified and a checklist was drawn up for equipment that can be turned off. Before leaving for the night the staff now have a shut-off round. Since its introduction overnight power consumption has decreased by more than 60 percent.

Direct energy consumption by primary source 2011



Direct energy change compared to 2010 %



Go to ► www.lantmannen.com for details and facts.

Chemicals

The widespread use and spread of chemicals have effects on both health and the environment. In Lantmännen, chemical products occur within a wide range of applications, through sales of fertilizer and plant protection products to farmers, to own use of inputs in the production of animal feed and lubricants and cleaners.

Orderly system

Chemical work is very much about having an orderly system to minimize health and environmental risks during handling, and phasing out risk products on an ongoing basis. The work is largely governed by European and national legislation on chemicals. Lantmännen works continually on coordinating its management of chemicals. A common system and procedures exist today for Lantmännen's Nordic operations.

The challenge with the products we import and sell is to ensure proper handling, labeling and product information to meet applicable legal requirements.

Phasing out undesirable chemicals

The overall goal for Lantmännen is to reduce the number of chemical products and phase out unwanted chemical substances. The use of phase-out substances and risk-reduction substances is monitored continuously. Phase-out substances are to be eliminated or replaced by better alternatives. A special decision-making process applies to exemptions. For example, cobalt, which is needed in small amounts in animal feed, is classified as a phase-out substance. For risk-reduction substances, it is important to make a proper risk assessment, prioritize and review the options. In 2011, for example, Lantmännen Doggy and Lantmännen Agroetanol removed more than 20 phase-out and risk-reduction substances.

From 36 to 3 suppliers of lubricating oil

As part of efforts to reduce the number of chemicals we reviewed the use of food grade lubricants in operations in 2011. The work resulted in a decision to work with three selected suppliers, compared to 36 at present.

From complaint to example

In 2010 Lantmännen Maskin received a complaint from the Swedish Chemicals Agency for mislabeled chemical products. In response, two people were trained as labeling specialists. Maskin is also working actively to reduce its product range and structure its chemicals more clearly. Those suppliers who cannot comply with the labeling requirements have been replaced by other suppliers. In the fall, a survey was done of the use of chemicals at selected sites, which will mean better control of the range of chemicals. A decision has been made not to stock regulated products.

Action program

Implemented

- ▶ Adopted climate strategy with the goal of reducing emissions of carbon dioxide, CO₂, by 40 percent from 2009 to 2020.
- ▶ Member of the Haga Initiative.
- ▶ Implemented common system and procedures for handling chemicals in Sweden, Denmark and Norway.
- ▶ 1,600 employees at 100 production plants are working on systematic improvement through LEAD.

Ongoing

- ▶ Increased focus on energy efficiency and phasing out of fossil fuels under the LEAD framework.
- ▶ Local risk assessments of chemicals and process for replacing phase-out substances. Coordination of chemical procurements.

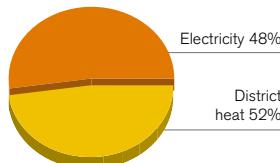
Challenges

- ▶ Reduce CO₂ emissions from shipping. Include company car use and passenger transportation in the climate strategy.
- ▶ Minimize the use of risk-reduction substances, and reduce the number of chemical products.

Our co-workers appreciate our increased focus on chemical safety.

Johan Wirén, warehouse employee
Thomas Lundin, product manager store & accessories, Lantmännen Maskin

Indirect energy, electricity and district heat 2011



Unchanged compared with 2010.



Focus

Sustainable protein raw materials

Our work on sustainable raw protein materials both involves the transition to domestic sources of protein and driving the development of sustainable soybean production. Product development and advice to farmers on efficient use of protein feed are also an important part. With our knowledge of the entire value chain and access to our own source of protein we have the means to help steer development in the right direction.

Several challenges

Competitive chicken, pig and cattle farming depends on good, cost-effective protein feed. Much of today's feed consists of imported soybeans, which in recent years have been increasingly questioned. In several parts of the world soybean cultivation takes place at the expense of indigenous peoples, the rainforest and biodiversity, and contributes to climate impacts due to deforestation. Other problems are the working conditions of farmers and farm workers and the use of environmentally hazardous and harmful pesticides. From a Swedish perspective, where the market calls for GMO-free soy, it is also a challenge to deal with the globally increasing share of GMO soy.

Work on several fronts

Alternative protein crops

Peas, field beans and oilseed rape are examples of crops that are potential alternatives to soy. Quality, protein content and cost effectiveness must be developed to increase their use. Through collaboration with LRF, aspects that are impeding the development of domestic protein crops where Lantmännen can play a role have been identified.

Agrodrank from ethanol has the greatest potential

Agrodrank from ethanol production is the main domestic alternative to soy. Agroetanol annually produces 175,000 tonnes of Agrodrank, equivalent to about half of the protein in the soy that Lantmännen imports. Its potential has not been fully tapped. To increase its appeal, Agrodrank

must be further processed into various grades suited to different types of animals. Agrodrank is currently used as feed for dairy cows, among others.

First certified soy

RTRS (Round Table on Responsible Soy) introduced its standard for responsible soy in 2010. Lantmännen 2011 was one of the first companies in the world to buy an RTRS certificate for soy, a volume of 30,000 tonnes, equivalent to approximately 20 percent of Lantmännen's total soybean imports. The goal is to gradually transition to certified soy as it becomes available, with an interim target of 50 percent by 2013.

“Lantmännen is a company that understands that social and ecological sustainability is becoming a prerequisite for long-term thinking in business. After the first certified RTRS soy hit the market in 2011, Lantmännen played its role as a pioneer by being one of the first to buy certificates. Lantmännen has clearly committed itself to increasing its volume of RTRS soy. Just as we do with companies that use and purchase cotton and cocoa, Solidaridad will explore possibilities to work with Lantmännen's soy suppliers to actually make a difference in the field, for example by working with farmers to reduce pesticide use.



Gert van der Bijl
Program manager for soy and cattle, Solidaridad

Learn more about or work for sustainable soybean production ► www.lantmannen.com/soy

Sustainable value added

Lantmännen offers attractive and innovative products and services to multiple customer segments: farmers, corporate customers in the energy and food industry and consumers through grocery stores. Through product development and dialogue with our customers, we want to gradually move our offerings forward in a sustainable direction, and drive demand for the added value we can offer.

From cutting edge to standard

Lantmännen seeks a balance between offering products in demand today and proactive development to meet tomorrow's increasing demands. Our customers should be assured that all products and services from Lantmännen maintain high standards of environmental and social responsibility from field to fork. In addition to a good basic level, we also offer cutting-edge products with a clear sustainable profile.

Work on product development is based on our knowledge of the entire chain from field to fork, and is very much about the values we incorporate in grain – our main commodity. Grain is no longer a generic commodity – it is influenced by many aspects. Traceability back to the farm, low cadmium content, regulation of sludge fertilization and use of plant protection products are some examples that all grain customers

in the food industry have to consider. Here is a description and examples of products and services we offer different customers, and how we are working to increase sustainability.

To farmers

Our offerings to farmers include both machinery and inputs such as seed grain, fertilizer, plant protection and feed, and services and advice concerning variety selection and crop rotation. The starting point is to offer a competitive range and enable farmers to meet growing demands and changing conditions for sustainable growth.

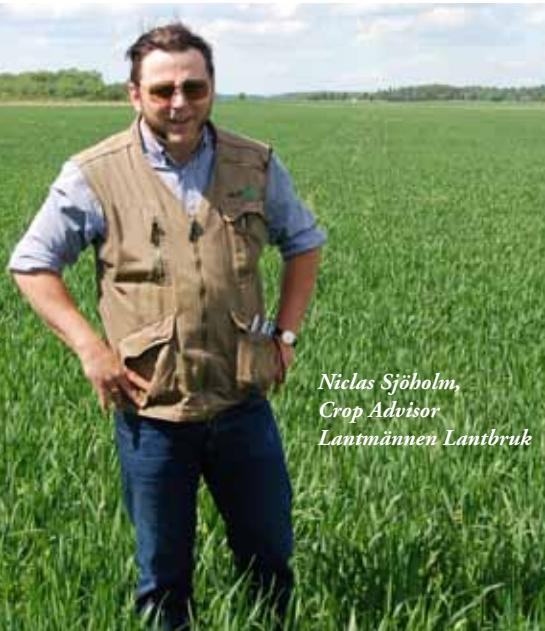
Crop production advice for increased profitability

Through a network of specialized crop advisors, we offer farmers advice in areas such as crop rotation, fertilization and crop protection. The services are meant primarily to increase profitability on the farm, but will also contribute to sustainable agriculture with reduced environmental impact. Lantmännen participates with other players in several initiatives to optimize crop production, such as Odling i Balans (balanced farming) and the national environmental project Focus on Nutrients, which offers free advice to farmers to reduce eutrophication.

Read more at ► www.greppanu

Knowledge and technology for need-based fertilization

Lantmännen is driving the development of methodology for optimized fertilization. The efficient use of fertilizer reduces both the farmer's costs and environmental impacts (eutrophication through nutrient leaching).



Niclas Sjöholm,
Crop Advisor
Lantmännen Lantbruk



Seed grain with good prospects

The most important measures for protecting crops from pests and diseases are the development and selection of seed varieties, crop rotation and tillage. Lantmännen is working to develop seed grain with the best possible properties to reduce the need for chemical control. Chemical pesticides may cause leakage of persistent organic pollutants into waterways and affect biodiversity. Handling chemicals can also pose direct health risks. As an alternative to chemical treatment of seed grain Lantmännen has long worked on the transition to treatment with heat or naturally occurring microorganisms. Today, 64 percent of the seed grain from Lantmännen is biologically treated or untreated.

The Yara N-Sensor combines advanced technology with Lantmännen's knowledge of cultivation to achieve optimal application of fertilizer. The N-Sensor is mounted on the roof of the tractor and reads the nitrogen need from the green color, the chlorophyll content, of the crop. The key to correct fertilization of a specific crop is in the development and calibration of the software, which Lantmännen has adapted to Scandinavian conditions. The N-Sensor can be used for all grain crops and oilseeds and development is under way in additional areas. Sweden is the third largest user of the N-Sensor in Europe. In 2011, there were 80 N-Sensors in Sweden. They are used on approximately 50,000 hectares of arable land. Use of the N-Sensor reduces nitrogen leaching by an average of 1 kg per hectare, equivalent to about 10 percent of the goal of the Focus on Nutrients program.

New advice service for N-Sensor owners

In 2011 a service was launched where crop advisors with specific expertise in plant nutrition provide updates and maintenance of the N-Sensor. The advisor is available by phone support to give advice on fertilizing, and can remotely connect to the sensor in the tractor and directly read and adjust settings.

Locally grown feed

Nötfor Nära is a feed for beef cattle and dairy cows consisting of Swedish and European ingredients, with no soy or palm oil-based raw materials. Locally grown feed materials is a way of offering more sustainable alternatives with a smaller carbon footprint. Climate calculations are available for all Lantmännen feed products. A prerequisite for sustainable production and consumption of feed is the existence of demand and interest. Lantmännen is driving development through dialogue with customers and partners. Compared to the entire cattle feed range, the sales share for Nötfor Nära increased to 3.1 percent this year compared with 2.1 percent in 2010, an increase of 45 percent.

To consumers

The good food that we are endeavoring to develop in a sustainable manner is the result of Lantmännen's responsibility towards consumers. That means food that promotes both good eating and health, and is inspected and responsibly produced at every stage from field to fork. Contents and additives, origin and traceability of raw materials, production conditions and impact on health and the environment are aspects that are becoming increasingly important to consumers. At the same time, price, availability and easy preparation are decisive for many.



Gooch – ready-to-eat meals at the forefront

Our Gooch ready-to-eat meals are an example of products where our responsibility to consumers addresses a trend towards healthier fast food options. Only Swedish meat and chicken are used in the dishes and labeling with Svenskt Kött (Swedish Meat) will be introduced 2012. No flavor-enhancing additives are used and several of the dishes carry the Keyhole Nordic nutrition label. A 2011 study showed that the high quality of the ingredients and cooking technique provided more nutritional value than average for ready-to-eat foods. And it pays off. More and more consumers are discovering Gooch and plans for 2012 call for continued strong expansion in Sweden.

Consumer awareness is crucial

Lantmännen contributes to more sustainable food consumption through the development of products and ranges, and by communicating knowledge that makes it easier for consumers to make informed choices.



The good food that we are endeavoring to develop in a sustainable manner is the result of Lantmännen's responsibility towards consumers.

The demand for environmentally friendly food with a sustainable profile is increasing, but still varies due to economic and health trends. Our challenge is to meet today's demands with a wide assortment of good food and use our knowledge to develop new cutting-edge products. We are developing our organic line in step with demand, and issue climate declarations for many of our foods. Active communication that involves consumers and influences their behavior is critical. Consumers' handling of food is also very important for resource efficiency and environmental impacts from a life-cycle perspective.

I'd rather share onion soup with someone than eat steak by myself

Lantmännen Restdejting

Inspiration for wise purchases and reduced waste

Our campaign for less food waste continued. The book "Var rädd om maten" (Take care of your food) with tips and recipes for using ingredients and leftovers was followed up with online campaigns for lunch boxes and new ways of using leftovers. In autumn 2011 the launch of the "Restdejting" matchmaker service for people with leftovers attracted national and international media attention. Close to 15,000 visited the website to find a "dinner partner" with complementary ingredients.

For corporate customers – the food

Knowledge is our strength

As a supplier of inputs to business customers, our performance is guided by the demands of the customers. Our responsibility is to ensure a basic level based on Code of Conduct standards and best industry practice, and, in dialogue with the customer, offer added value.

Economic and regulatory challenges for public sector customers

The public sector is an important part of Lantmännen's food customers. Many municipalities are looking for sustainably produced food. The recent recession period and comprehensive regulatory framework for public procurement make it hard to get paid for value added quality and sustainability, and the Public Procurement Act has so far made it difficult to prioritize locally grown foods, except for organic products. The Govern-

ment's target of 25 percent organic food in the public sector is a clear motivation.

An additional challenge for Lantmännen in promoting its products to customers is that wholesalers and food retailers are seeking a bigger share for their own brands.

Lantmännen stands for the quality and sustainable added value that many public sector dieticians demand, but which economics and regulations often impede. "We explain the differences in quality that exist and the requirements they can make," says Niklas Bergstedt, Key Account Manager at Lantmännen Cerealia.

For corporate customers – energy

Lantmännen Agroetanol is Sweden's largest producer of fuel ethanol. We want to contribute to the transition to sustainable energy sources and see domestic ethanol as a replacement for fossil fuels, provided that raw materials and production meet key sustainability criteria.

New sustainability criteria for ethanol

The new EU sustainability criteria for biofuels went into effect on January 1, 2011. The entire production chain must meet statutory environmental standards regarding land use, climate impact and biodiversity. A third party review in 2010 confirmed that our production chain meets these requirements. Agroethanol from grain has a high energy yield and reduces greenhouse gas emissions by up to 70 percent compared to petrol. This is made possible by a resource-efficient production chain from crop to ethanol plant. Read more at ► pages 44-47.

Action program

Implemented

- Ethanol production approved for export under the EU's sustainability criteria for biofuels.
- Climate calculations for all feed products, climate declarations for food products.
- All food production facilities certified to international standards.

Ongoing

- Continued rollout of Eco Operator for efficient driving and reduced fuel consumption.
- Development of feed products from Agrodrank and alternative protein crops.

Challenges

- Further develop and offer more innovative and sustainable products and services.
- Meet, stimulate and drive demand for sustainable added value from corporate customers and consumers.

GRI index

Lantmännen has chosen to report according to GRI application level B. More information about GRI is found at ► www.globalreporting.org
 In-depth reporting of result indicators found in the Annex Sustainability-related indicators found on ► www.lantmannen.com

The table shows whether we have reported completely ● or partially ▲ or not relevant Lantmännen ○ and where in the report the information may be found.

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1.2 Description of key impacts, risks, and opportunities.	●	26-30, 58-59
2. Organizational Profile		
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3. Report Parameters		
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3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, etc.	●	81
3.9 Data measurement techniques and the bases of calculations.	●	81
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4. Governance, Commitments and Engagement		
4.1 Governance structure of the organization.	●	143-152
4.2 Indicate whether the Chair of the highest governance body is also an executive officer.	●	144-145
4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members. State how the organization defines "independent" and "non-executive." This element applies only for organizations.	○	
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	●	14-16, 143-144
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4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	●	63-64
Sourcing		
DMA SOU Sustainability management Sourcing	●	Website
FP1 Percentage of purchased volume from suppliers compliant with company's sourcing policy	●	61, 69-72
Economic		
DMA EC Sustainability management Economic	●	Website
EC1 Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	●	63
EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change.	●	26-30, 74
EC3 Coverage of the organization's defined benefit plan obligations.	●	129
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Environment		
DMA EN Sustainability management Environment	●	Website
EN1 Materials used by weight or volume.	●	Annex
EN3 Direct energy consumption by primary energy source.	●	74
EN4 Indirect energy consumption.	●	74
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EN16 Total direct and indirect greenhouse gas emissions by weight.	●	73-74
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EN23 Total number and volume of significant spills.	●	Annex
EN28 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	●	
Comment: In 2011 Lantmännen was not fined significant amounts.	●	81
EN29 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	●	74
Labor practices and decent work		
DMA LA Sustainability management Labor practices and decent work	●	Website
LA1 Total workforce by employment type, employment contract, and region.	●	113
LA7 Rates of injury, occupational diseases, lost days, and absenteeism.	●	3, 65
LA12 Percentage of employees receiving regular performance and career development reviews.	●	Annex
LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	●	65, 113, Annex

Description	Status	See page
Human rights		
DMA HR Sustainability management Human rights	Website	
HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights, and actions taken.	61, 72	
HR4 Total number of incidents of discrimination and corrective actions taken. Comment: No cases of discrimination were reported.	81	
Society		
DMA SO Sustainability management Society	Website	
FP4 Healthy and affordable food	12-13, 25, 31, 62, 77-79	
SO2 Percentage and total number of business units analyzed for risks related to corruption.	30	
SO3 Percentage of employees trained in organization's anti-corruption policies and procedures.	61	
SO4 Actions taken in response to incidents of corruption.	Annex	
SO5 Public policy positions and participation in public policy development and lobbying.	44-45, 63-64	
SO6 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Website	
SO7 Total number of legal actions for anticompetitive behavior, antitrust, and monopoly practices and their outcomes. Comment: No legal actions were reported for 2011.	81	
SO8 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations. Comment: In 2011 Lantmännen was not fined significant amounts.	81	
Product responsibility		
DMA PR Sustainability management Product responsibility	Website	
FP5 Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system.	79	
PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling. Comment: No violations of regulations or voluntary codes were reported.	81	
PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Annex	
PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications.	12-13	
PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications.	Annex	
PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. Comment: We are unaware of any substantiated complaints regarding breaches of customer privacy and losses of customer data.	81	
PR9 Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services. Comment: In 2011 Lantmännen was not fined significant amounts.	81	
Animal welfare		
DMA PR Sustainability management Animal welfare	Website	
FP9 Percentage and total of animals raised and/or processed, by species and breed type.	55	
FP10 Policies and practices by species and breed type, related to physical alterations and the use of anaesthetic.	71	
FP11 Percentage and total of animals raised and/or processed, by species and breed type, per housing type.	55	
FP12 Policies and practices on antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments, by species and breed.	71	
FP13 Total number of incidents of non-compliance with laws and regulations, and adherence with voluntary standards related to transportation, handling, and slaughter practices for live terrestrial and aquatic animals.	85	

About the report

GRI and Global Compact

The Global Reporting Initiative (GRI) is an independent global organization that develops frameworks for sustainability reporting. Applying the GRI Food Processing sector supplement ensures relevant and clear disclosure of sustainability work. For this seventh sustainability report, Lantmännen has chosen to report according to GRI Level B according to its own judgment and integrate it into the annual report. The ambition is to develop future reports to the A+ level.

The Sustainability Report also meets the requirements laid down in the Global Compact's "Communication on Progress" (COP), i.e. reporting on the work of implementing the Global Compact's principles for corporate social responsibility. Lantmännen signed the Global Compact in 2009 and has thus committed itself to publishing a COP.

Additional reporting information

- The report pertains to 2011, unless stated otherwise.
- The report is annual, and the previous one was completed in February 2011.
- The contact person for the report is Claes Johansson, Head of Sustainable Development. ► claes.johansson@lantmannen.com
- The report refers primarily to the Lantmännen Group, including its Sectors. Associated companies and joint ventures are not included.
- Disclosures are regarded as significant for Lantmännen and its stakeholders. The contents of this report were compiled in a process in which the Lantmännen Department for Sustainable Development and internal specialists in various areas determined the content together. Last year's sustainability report was sent out to a substantial number of external stakeholders, including industry representatives, customers, authorities, policymakers, the trade press, et al., to give them the opportunity to voice their views and make comments. Significant issues are also identified by Lantmännen through continuous dialogue with various stakeholders.

For more indicators

Definitions and result see "Annex Sustainability-related indicators" found at ► www.lantmannen.com

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

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

The statement of financial position shows assets and liabilities including equity

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

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

Board of Directors' Report

The Board of Directors and President and CEO of Lantmännen ek för, Corporate Identity No. 769605-2856, hereby present the annual report for the 2011 financial year. The earnings and financial position of the Parent Company and Group are stated in the following income statements and statements of financial position with associated comments and notes.

Agriculture Sector Net sales MSEK 11,497 Operating income MSEK 183	Machinery Sector Net sales MSEK 10,328 Operating income MSEK 444
Energy Sector Net sales MSEK 3,052 Operating income MSEK -141	Food Sector Net sales MSEK 14,708 Operating income MSEK 298

The Group's business and organization

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

- ▶ Lantmännen's basic operations aimed at farmers are conducted in *the Agriculture Sector*. The Sector encompasses the contribution-based operations of the Lantmännen cooperative association. It also includes the construction and installation activities of Lantmännen Byggslant, the feed operations of Lantmännen Kraftt and the Group's international associates in the agricultural sector.
- ▶ *The Machinery Sector* operates in three units: Lantmännen Maskin, Swecon and Agro Oil. The Sector conducts trade in agricultural machinery, tools and construction machinery in Sweden, the rest of Scandinavia, the Baltics and Germany. Agro Oil markets and sells lubricants and hydraulic oils in the Nordic countries.

- ▶ Net sales amounted to MSEK 37,896 (35,988), an increase of 5 percent, with changes in the Group's composition accounting for 3 percentage points. Currency effects had a negative impact of 2 percentage points on sales compared with the previous year. The Machinery Sector's sales increased by 21 percent.
- ▶ Operating income amounted to MSEK 1,204 (1,059). Adjusted for items affecting comparability, operating income was MSEK 1,063 (1,223). The improved operating income in the Agriculture and Machinery Sectors did not compensate for the declines reported by the Energy and Food Sectors.
- ▶ Income after financial items totaled MSEK 867 (822). Adjusted for items affecting comparability, the figure was MSEK 841 (946).
- ▶ Net income after tax was MSEK 720 (725).
- ▶ Investments totaled MSEK 1,431 (1,587).
- ▶ Cash flow before financing activities amounted to MSEK 781 (2,692).
- ▶ Refunds and final price adjustments for 2011 amounted to MSEK 110 (95).
- ▶ The Board proposes a contribution dividend of MSEK 78 (68) and a contribution issue of MSEK 152 (177).

▶ *The Energy Sector* manufactures and markets products which include fuel ethanol, potable spirits, starch, protein feeds, heating pellets, district heating and alkylate petrol. Lantmännen Energi has four main business areas: Lantmännen Agroetanol, Lantmännen Agroenergi, Lantmännen Aspen and Lantmännen Reppe. The Sector is a leader in Sweden in renewable energy related to field-based crops.

▶ *The Food Sector* operates in four business areas: Lantmännen Cerealia, Lantmännen Unibake, Lantmännen Kronfågel and Lantmännen Doggy. The Sector develops, processes and markets products such as flour, breakfast foods, pasta, frozen and fresh bread, chicken, ready-to-eat meal concepts and pet food.

Changes in the Group's structure

Lantmännen transferred three real estate companies to the newly-established pension fund. More information can be found in the section entitled "Pension Fund" below.

In addition, 50 percent of the holding in another real estate company, Kajan 18 i Luleå, was sold with a marginal gain.

Divestments of companies during the year generated a capital gain overall, which is classified under sale of property in the cash flow statement and specifications. Total external sales of the divested units were marginal.

The previous preliminary acquisition balance sheet for Konicke Baumaschinen, which was purchased in 2010, was adopted during the year. This resulted in a reclassification of goodwill to supplier relationships. The 2010 reported values have not been changed, as the effect of the reclassification is considered immaterial.

Restructuring of Lantmännen's central R&D functions was completed during the year. Responsibility for certain R&D activities was transferred to the Sectors, in particular to the Food Sector.

Pension fund

Lantmännen established a pension fund, "Lantmännen's Gemensamma Pensionsstiftelse Grodden" during the year. The fund will ensure more economically advantageous management and long-term safeguarding of its pension obligations to Swedish salaried employees. On its establishment, the fund covered the previously expensed PRI pensions in Lantmännen ek för and eight Swedish Group companies. In December, the Company transferred cash to the fund corresponding to each company's PRI obligation at 30 November. The total amount transferred to the fund was MSEK 1,578. Now that assets for the safeguarding of these pension obligations are located in a separate legal entity outside the Lantmännen Group, the previously reported liability will be netted against the fund's assets.

In addition to the safeguarding of the obligations through the fund's assets, credit insurance through PRI Pensionsgaranti is still in place, although at a lower cost than before. In total, the fund covers some 7,400 individuals who work or have previously worked at the nine companies concerned.

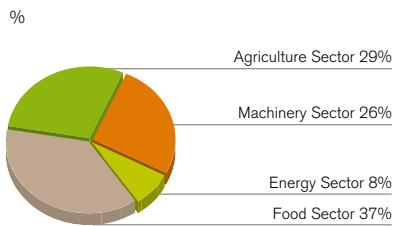
Under its defined investment directive, the fund is entitled to own real estate, interest-bearing securities and equities. A typical investment portfolio comprises 60 percent real estate, 25 percent interest-bearing securities and 15 percent listed equities and equity instruments. In connection with the transfer of cash to the fund, the fund acquired three properties and three real estate companies from Lantmännen. The transfer was conducted at the market value of the properties/real estate companies as determined by an independent valuation. The market value was MSEK 1,057 and the sale generated a capital gain of MSEK 455 for Lantmännen. The mandate of the fund's board is to ensure the properties are not sold, but generate a continuous and stable cash flow for the fund, in order to cover Lantmännen's future pension obligations. The operating activities of the properties are not affected by the sale.

Lantmännen has increased its external borrowing by MSEK 480 in order to be able to transfer cash to the fund. The facility to net the pension liability, the increased borrowing and the sale of properties and real estate companies all had the effect of decreasing the Group's total assets by just over MSEK 600. The change in total assets and the capital gain have had positive impact of 2.5 percentage points on the equity ratio. It is expected that some of the return generated by the pension fund will be refunded to its companies prospectively in order to cover the pension payments made. Compensation received from the fund reduces the recognized pension expense and thereby also the special payroll tax. The compensation that can be refunded corresponds to the excess return the fund generates over and above what is required to balance the current pension obligations.

Acquisitions and divestments



Share of Lantmännen's sales



Changes in Group management

On January 1, 2011, CFO Per Olof Nyman took up the position of Executive Vice President. On the same date, Håkan Pettersson took over as Head of the Machinery Sector, while Carl von Schantz became Head of the Energy Sector. Tove Cederborg took over as General Counsel on September 1.

Per Strömberg, former President and CEO of Lantmännen, left Lantmännen to take up his appointment as CEO of the ICA Group in October. Per Olof Nyman took over as Acting President and CEO on October 19. The recruitment of a new President and CEO is in progress.

Other important events in 2011

The expanded food plant for chicken located in Valla outside Katrineholm was opened in May. The plant has been fully operational since the end of 2011 and is northern Europe's most modern of its kind. The new bakery in the English town of Bedford opened in June. The bakery specializes in continental pastries.

In the Food Sector, Lantmännen Unibake decided during fall to implement a restructuring and efficiency program. This will involve the closure of production facilities and integration of the frozen and fresh bread operations. The program encompasses operations in Denmark, Poland, Germany and Hungary. The total cost of the program is estimated at MSEK 241 and affected income for the year.

Lantmännen Lantbruk's new organization, which is part of the ONE Lantmännen Lantbruk program, was introduced on December 1. The organizational changes related to the Agriculture Sector's administrative employees in Sweden, excluding Bygglant, Kraft and Nötcenter Viken. The changes have involved a reduction in the number of administrative positions, while the administrative functions have been concentrated in the Malmö office.

Lantmännen has a financial investment corresponding to 18 percent of the shares in the German company VK Mühlen AG, which was the subject of an investigation by the German authorities into cartel-forming. The ruling was announced at the end of October and included the imposition of a fine of EUR 23.8 million. Lantmännen arranged an independent valuation of its holding, which resulted in an impairment loss of MSEK 115.

Group's long-term savings program Shape is essentially completed. The project improved the Group's efficiency by more than the planned MSEK 400 on an annual basis compared with 2009.

Sustainability

Sustainable development is one of Lantmännen's eight core strategies. In 2011, Lantmännen completed its first Communication on Progress (COP), a public disclosure to stakeholders on progress made in implementing the UN Global Compact's principles for corporate responsibility.

Lantmännen's Code of Conduct is the basis of Lantmännen's sustainability work and acts as a guide for employees. The Code contains overall guidelines on Lantmännen's social and environmental conduct. All employees undergo training in the Code of Conduct. Relevant sections also apply to elected representatives in the owner organization, suppliers and partners. It is Lantmännen's view that successful sustainability efforts must be well integrated into the business governance processes. During the year, Group management asked the organization to increase the transparency of responsibility work and link it more closely to businesses. This means greater integration into each business's strategic work, including targets, key figures and action plans.

Lantmännen has a proactive approach to environmental issues and in 2010 the Company adopted a new climate target, namely to achieve a 40 percent reduction in carbon emissions between 2009 and 2020. Lantmännen achieved its goal of 100 percent Roundtable on Sustainable Palm Oil (RTSR) certification for palm oil in 2011. During the year, Lantmännen also became one of the first companies in the world to buy RTRS-certified soy for approx. 20 percent of its total soybean imports.

In Sweden, Lantmännen engages in operations subject to permit requirements at 35 plants and operations subject to notification requirements at 118 plants, all in accordance with the Environmental Code. These activities include mills, workshops and factories for manufacturing feeds, ethanol, fuel pellets and food. Direct environmental impacts occur mainly through noise, emissions to air and water and temporary storage of hazardous waste. In 2010, Lantmännen Maskin in Norrköping sold regulated chemicals without a permit. The chemicals were intended for the cleaning of milk tanks and milking equipment. Action was taken and at the beginning of January 2011 all Lantmännen Maskin sites had been granted the required permits. The case is still awaiting judgment from the Environmental Prosecutor. Lantmännen Kronfågel is the subject of a case brought before the prosecution authority in Sörmland. The notification concerns alleged violation of the Animal Welfare Act.

Production units in other countries adapt their operations, apply for any required permits and report to the authorities in accordance with local laws. Further information about the Group's environmental work can be found in the Sustainability Report ► pages 58-81.

Human resources

The average number of employees in the Lantmännen Group was 10,296 (10,350). The slight decline compared with the previous year is partly the result of implemented efficiency programs. 4,506 (4,650) of the average number of employees were employed in Sweden.

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



Among other things, Lantmännen's equal opportunity and diversity policy states that the Group shall safeguard and value the skills, qualities and experience of all employees regardless of gender, age, ethnicity, beliefs, sexual orientation, disability or other individual differences. In addition, it states that the Group will not tolerate any bullying, harassment or discrimination. For further information about Lantmännen's personnel work, see the section entitled Employees in the Sustainability Report ► pages 65-68.

Remuneration of senior executives

The guidelines for remuneration of senior executives in 2011 are described in Note 5. The General Meeting adopts remuneration guidelines on the basis of Board proposals. These guidelines govern remuneration concerning fixed salary, pensions, other benefits and severance pay.

The annual general meeting in 2011 decided on the guidelines to be applied in 2012. These are in line with the 2011 guidelines.

Variable salary will only be paid for performance beyond what would normally be expected. As in 2011, the variable salary program for 2012 consists of quantitative and qualitative targets. The quantitative targets represent 75 percent of the maximum variable salary and are linked to the EVA (economic value added) that the operating units generate for Lantmännen. This value is calculated by deducting from operating income the estimated cost of capital, which is currently 8 percent of average operating capital for the year. The cooperative operations in the Agriculture Sector are not included in the calculation basis for variable salary. The result does not include non-recurring costs and revenues beyond what is contained in the budget. The remainder, 25 percent of the maximum variable salary, is linked

to individual targets depending on the position held. These can be based on economic as well as more business-oriented assessments. The maximum variable salary that can be paid to Lantmännen's Group Management for 2012 is 30 (30) percent of the fixed annual salary. No variable salary is paid if financial targets are not met. No variable salary is paid to the Head of the Agriculture Sector.

Guidelines on other remuneration can be found in Note 5 ► page 114.

Research and development

One of Lantmännen core strategies is to create product and process innovation through active research and development, thereby strengthening the Group's competitiveness. R&D is a key component of the innovation focus area. See the Section entitled Profitable Growth ► pages 24-25 and the processing sections of the Sustainability Report ► page 62.

Successful research and development requires endurance, but also well functioning processes with clear responsibilities and decision-making forums. Innovation management was a focus area in 2011 and Lantmännen's working methods in the area of research and development were reorganized and developed during the year. R&D expenses during the year totaled MSEK 288 (307).

Lantmännen has three research foundations, which made awards of MSEK 12 for external research projects in 2011. The total size of external projects in which Lantmännen is involved through its R&D corporate function is MSEK 50. The projects that Lantmännen supports are mainly in the strategic areas *Processing of by-products, Green materials, Crops and livestock production of the future, Food structure and sensory properties and Prebiotics and bioactive components*.

An application to merge the research foundations was made to the Legal, Financial and Administrative Services Agency at the end of the year. The purpose is to create greater opportunities for pooling of resources, increased continuity and more efficient administration. The long-term goal is that the Lantmännen foundation will be able to make annual distributions of MSEK 15 to research in the Group's areas of business.

Significant risks and uncertainties

Lantmännen works continually assess and evaluate the risks to which the business is exposed. Risks are a natural part of all business activity and if they materialize, they have a negative impact on Lantmännen's operations and results. Risks can arise from mishandling or events or decisions outside Lantmännen's control. Risk management aims to identify risks and prevent, limit or prevent these risks from materializing and negatively impacting business.

The risks in Lantmännen's operations encompass strategic risks associated with trademarks and external regulations, operational risks in business activities, financial risks and risks associated with sustainability. A summary of identified risks and uncertainties and a description of how each risk is managed can be found on ► pages 26-30. Financial risk management is described in Note 22 on ► page 125. The Corporate Governance Report on ► pages 147-148 contains a description of the internal control and risk assessment designed to prevent errors in financial reporting. Our work environment risks and the Code of Conduct are outlined in the Sustainability Report on ► pages 58-81.

Strategic and operational risks

Strategic risks include the risk of new legislation and regulations that change Lantmännen's operational conditions, the risk of damage to the Lantmännen brand, economic risk and the risk of increased price competition in situations such as economic downturns.

Strategic risks associated with business development, brand care and long-term planning are normally managed by discussing strategic decisions at Group management level, with subsequent action by the Board. These risks are also addressed during the annual strategic planning process. All units are involved in the strategic process, which ensures plans and approaches are well accepted. Lantmännen's main tools for successfully management of price competition are efficient, flexible production and ongoing brand strengthening through innovation and other initiatives.

Lantmännen endeavors to achieve a high degree of operational flexibility to ensure it is able to quickly adapt to changing conditions and fluctuations in the economy.

The main operational risks relate to increased prices of key commodities and energy, low ethanol prices, contagion and insurable risks. Lantmännen uses the financial markets to man-

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

Contagion, such as salmonella in feed plants and livestock production, is counteracted by means of an extensive control program at all Lantmännen factories. The control program also includes analyses of suppliers and transporters of incoming risk commodities.

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

Financial risks

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

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

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

Refinancing risk is limited by having a spread of counterparties and maturity profiles of loans and debts to credit institutions. Lantmännen's financial policy regulates liquidity risk by stipulating that guaranteed unused credit facilities and cash resources shall always exceed MSEK 1,500. On December 31, 2011, Lantmännen's total payment capacity, including cash and bank balances, amounted to MSEK 1,615 (3,600). Lantmännen's interest rate risk is managed by taking out loans with short fixed-rate periods and long maturities Lantmännen has entered into a number of interest rate swaps in order to extend the fixed-rate periods. The average remaining fixed credit period at the end of the year was 6.4 (8.2) years.

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

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

Sustainability risks

Sustainability-related risks are closely associated with trademark risks. Lantmännen shall conduct its business in a long-term sustainable manner from an economic, environmental and social perspective. Operations that do not live up to this standard ultimately risk damaging the Lantmännen brand and the Group's position in the market. The most significant sustainability risks are supplier chain risks, commodity risks, business ethics risks, production safety risks, animal welfare risks and the risk of changes in cultivation conditions.

Business ethics risks, supply chain risks, commodity risks and animal welfare risks are mainly managed through cooperation in international organizations. The risks are also managed by systematic compliance work with regard to the code of conduct and ethical guidelines, and by incorporating the suppliers' code of conduct into all contracts and monitoring suppliers regularly.

Product safety risks are managed by regularly assessing products from a safety perspective and providing clear product information. Lantmännen participates in the development of cultivation techniques, plant breeding and adaptation to geographical location. Knowledge about operations' dependence and impacts on ecosystem services is constantly expanding.

Election of the Board

Members of the Board of Lantmännen ek för are elected for two-year terms. The Board consists of nine AGM-elected members, three employee representatives and the President. At Lantmännen's Annual General Meeting in May 2011, Per Lindahl was elected as a new Board member to succeed Birgitta Carlander. The AGM also re-elected Board members Bengt-Olov Gunnarson, Nils Lundberg, Anita Steen, and Hans Wallemyr. Chairman Thomas Bodén, Thomas Magnusson, Björn Wallin and Helle Kruse Nielsen were also re-elected.

Significant events after the reporting date

Thomas Bodén, who has been a Lantmännen Board member

since Swedish Lantmännen was established in 2000 and has been Board chairman since late fall in 2003, has informed the nomination committee that he will not be seeking re-election to the Lantmännen Board prior to the AGM on May 2, 2012.

In the Energy Sector, Lantmännen Agroetanol signed a letter of intent with AGA Gas AB for the construction of a carbon dioxide plant, which will capture and purify carbon dioxide from Lantmännen Agroetanol's plant in Norrköping. The plant is scheduled to start operations in fall 2013.

In the Agriculture Sector, contracts have been signed for the transfer of the Sector's diesel and heating oil sales operations to Swea Energi and for the sale of five fuel stations on Gotland to OKQ8. The commencement date for the Swea Energi contract was March 1, 2012 and for the OKQ8 contract February 20, 2012.

Outlook

As we enter 2012, there is high level of uncertainty in the outside world, with the financial situation unpredictable and the global outlook becoming less and less positive.

Agriculture Sector

The development of grain prices is an essential factor for Lantmännen. Grain prices fell towards the end of 2011 after a period of higher prices. This was due to lower demand in the face of the unstable economic situation and a large harvest in fall 2011. World wheat stocks appear set to reach the highest level in 10 years. World stocks represented 114 days of consumption at the end of 2011, compared with 112 days of consumption after the 2010 harvest.

The profitability of Swedish agriculture is very important to Lantmännen's ag-related operations, such as feed and grain sales. Swedish milk production shows a positive long-term trend, although the outlook for the immediate future is uncertain in the current general economic climate. The negative trend in Swedish pork production continued in 2011. However, the decline in the settlement price was reversed at the end of the year and the government has adopted a new compensation arrangement to partially offset the costs for Swedish animal welfare.

The Agriculture Sector's ONE Lantmännen Lantbruk action program is continuing according to plan also in 2012. The program enabled the Sector to streamline operations and reduce costs in 2011. The savings will be realized gradually in 2012.

Machinery Sector

The Machinery Sector, which performed positively in 2011, continued its strong order intake and aftermarket in both construction and farm machinery operations. The willingness to invest in agriculture continues to recover and demand in Europe is generally high. Infrastructure projects in the Swedish urban regions and continuing investments in the mining

sector favor the construction machinery sector, as do large investments in building and construction projects in Germany. With Körnicke Baumaschinen now fully integrated into Swecon Germany, this is expected to have a positive impact on the Sector in 2012.

Energy Sector

The financial results for the Energy Sector are significantly affected by a number of external factors. An unfavorable relationship between ethanol and grain prices recently has resulted in poor profitability. Large imports of tax-subsidized ethanol from the United States have given rise to serious price pressure in the European ethanol market, which has had a highly detrimental effect on profitability. Action has been taken in the United States and the EU, which will improve the situation in 2012. The U.S. tax subsidy ceased at the end of the year, but due to inventory build-up and existing import permits, there will be some delay before the price-depressing U.S. ethanol disappears from the European market.

Lantmännen Agroetanol continues its focus on creating value added by exploiting every aspect of the raw material and doing so in a sustainable way. This focus is part of the efforts to increase profitability in the business. Some of the work involves processing the protein-rich feed material produced during ethanol production.

Food Sector

Food retailing performed very weakly in 2011, which led to price pressure and increased competition. The decline in demand for consumer goods is having a marked effect on the Food Sector and there is much uncertainty with regard to 2012. According to the Swedish Food Federation's economic assessment, low-price products represent the strongest consumer trend at the moment, with organic and locally grown products having slowed.

The restructuring and efficiency program at Lantmännen Unibake continues in 2012. Production conditions are also regularly reviewed in other operations in order to allow an optimal response to market changes.

Continuing efficiency work

Lantmännen responds to fluctuations in the economy with an increased focus on three priority efficiency platforms. Read more on ► [pages 22-23](#).

- ▶ Increased capital efficiency, with a reduction in tied-up capital and improved cash flow, will be achieved by financial benchmarking and an increased focus on cash flow and return on operating capital.
- ▶ Supply chain efficiency has three components – efficient production, proactive supply chain planning and coordinated purchasing. To date, the programs have created annual savings of MSEK 600, which corresponds to 1.5 percent of Lantmännen's sales. The programs were expanded in the lead-up to 2012.
- ▶ Continuing organizational efficiency, particularly in the form of co-location of activities, continues to generate savings.

Three strategic focus areas

Three strategic focus areas have priority for business development and profitable growth. The price & mix focus area is about increasing sales in the areas with the best margins and reducing the number of items with low profitability. The other two focus areas are innovation and leadership. Read more on ► [pages 24-25](#).

Growth investments are made in businesses that perform above the return target. Businesses that have yet to reach the target are required to focus on profitability-enhancing measures; otherwise they are divested.



Group net sales and earnings

Net sales

Lantmännen's net sales for the year amounted to MSEK 37,896 (35,988), which is an increase of 5 percent.

Currency effects had a negative impact of 2 percentage points on net sales. The increase in net sales was mainly attributable to the Machinery Sector. The Sector's construction machinery sales showed a particular increase and the acquisition of the German company Konicke Baumaschinen is estimated to have contributed 3 percentage points to the overall sales increase. Konicke was integrated into the German Swecon Operations in August. All other Sectors reported an increase in net sales, albeit more modest.

Operating income

Lantmännen's operating income for the year amounted to MSEK 1,204 (1,059). Items affecting comparability totaled MSEK 141 (-164). MSEK 455 of these one-time items related to the sale of property, MSEK -73 to goodwill impairment at Lantmännen Agroenergi and MSEK -241 to restructuring and efficiency costs at Lantmännen Unibake. Items affecting comparability in 2010 included MSEK 213 from the sale of property, MSEK -185 in restructuring costs and an impairment loss of MSEK -192 on the mill in Vejle. Adjusted for these items, operating income amounted to MSEK 1,063 (1,223). The Agriculture and Machinery Sectors reported higher operating income than in the previous year. The Machinery Sector was responsible for the biggest improvement in income, although this did not fully compensate for the decline in the Energy and Food Sectors. Net income from the sale of properties was MSEK 455 and comprised capital gains on property sales to Lantmännen's newly established pension fund.

Net financial items

The Group's net financial items amounted to MSEK -337 (-237). The figure includes an impairment loss of MSEK 115 on shares in the German company VK Mühlen. The shares were written down after impairment testing revealed that their fair value was significantly lower than their carrying amount. Net financial items for 2010 included a capital gain of MSEK 40 on the sale of shares. After adjustment for these items, net financial items amounted to MSEK -222, compared with MSEK -277 in the previous year, with the improvement being largely attributable to lower interest expenses in the Group's foreign currency borrowing and increased income from the financing service to farmers.

Tax and income after tax

Tax expense for the year amounted to MSEK -147 (-97), which gives an effective tax rate of 17 (12) percent. The tax rate is partly an effect of the fact that dividends from Lantmännen

- ▶ Lantmännen's net sales amounted to MSEK 37,896 (35,988).
- ▶ The increase is largely due to increased sales in existing operations and the acquisition of the German company Konicke Baumaschinen.
- ▶ Operating income increased to MSEK 1,204 (1,059).
- ▶ The Agriculture and Machinery Sectors reported higher operating income than in the previous year.
- ▶ The Shape efficiency program has been completed and resulted in annual savings of just over MSEK 400.

ek för are not recognized in the income statement, but are tax deductible and included in the income on which tax is calculated. Income also includes capital gains which are not taxable.

Accordingly, the Group's net income after tax for the year amounted to MSEK 720 (725). MSEK 720 (719) of this figure is attributable to members of the economic association and MSEK 0 (6) to non-controlling interests (minority owners) in the Group's subsidiaries.

Significant items affecting comparability *

MSEK	2011	2010
Recognized operating income	1,204	1,059
<i>Items affecting comparability in operating income:</i>		
Capital gain on		
- sale of properties	455	208
- sale of operations, equities	-	5
Impairment of non-current assets	-148	-249
Impairment of goodwill	-73	-
Restructuring costs	-93	-128
Total items affecting comparability in operating income	141	-164
Operating income, adjusted for items affecting comparability	1,063	1,223
Recognized income after financial items	867	822
Items affecting comparability in operating income according to the above	141	-164
<i>Items affecting comparability in financial items:</i>		
Capital gain on the sale of shares	-	40
Impairment of shareholding	-115	-
Total items affecting comparability in net financial items	-115	40
Income after financial items adjusted for items affecting comparability	841	946
Return on equity, net of items affecting comparability, %	5.9	7.8
Return on operating capital, net of items affecting comparability, %	5.8	6.5

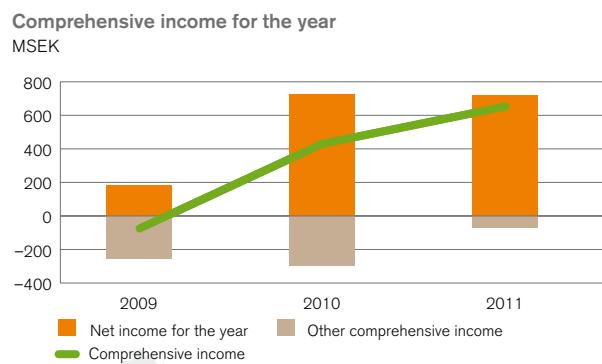
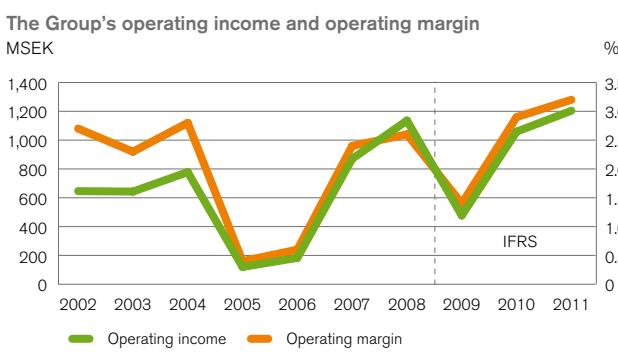
* See also Note 9 on page 118.

Consolidated income statement

MSEK	Note	2011	2010
Net sales		37,896	35,988
Other operating income	3 4	687	633
Changes in inventories of finished goods and work in progress	4	65	107
Capitalized work for own account		4	2
Raw materials and consumables		-15,605	-13,663
Goods for resale		-8,712	-8,476
Employee benefits expense	5	-5,419	-5,502
Depreciation, amortization and impairment	6	-1,366	-1,565
Other external costs	7	-6,453	-6,557
Share of income of associates		107	92
Operating income	9 10	1,204	1,059
Finance income	8	239	195
Finance costs	8	-576	-432
Income after financial items	9 10	867	822
Taxes	11	-147	-97
Net income for the year		720	725
Net income for the year attributable to:			
Members of the economic association		720	719
Non-controlling interests		0	6

Consolidated statement of comprehensive income

MSEK		2011	2010
Net income for the year		720	725
Other comprehensive income	20		
Actuarial gains and losses on defined benefit pension plans		-156	169
Available-for-sale financial assets		38	-22
Cash flow hedges		37	69
Exchange differences on translation of foreign operations		-17	-770
Net gain on hedge of net investment in foreign operations		5	431
Tax relating to components of other comprehensive income		26	-171
Other comprehensive income, net of tax		-67	-294
Total comprehensive income		653	431
Total comprehensive income attributable to:			
Members of the economic association		653	425
Non-controlling interests		0	6



Performance per Sector*

MSEK	Agriculture Sector		Machinery Sector		Energy Sector		Food Sector		Lantmännen Group	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Net sales	11,497	11,111	10,328	8,561	3,052	3,005	14,708	14,484	37,896	35,988
Operating income	183	82	444	206	-141	113	298	534	1,204	1,059
Return on operating capital, %	4.8	2.2	22.4	10.4	-6.1	4.7	3.2	5.4	6.5	5.7
Operating income, adjusted for items affecting comparability	183	167	444	236	-68	125	539	784	1,063	1,223
Return on operating capital, adjusted for items affecting comparability,	4.8	4.4	22.4	12.0	-2.9	5.2	5.7	7.9	5.8	6.5

* For full segment information see Note 3 on page 111.

Agriculture Sector

The Agriculture Sector's *net sales* for the year amounted to MSEK 11,497 (11,111), an increase of 3 percent. The increase was mainly attributable to the Sector's contribution-based operations. Lower volumes affected sales by -9 percentage points, while higher market prices for grain, feed and fertilizer and a better product mix had a positive effect. Approx. 30 percent of the negative volume effect was related to the fertilizer tax effect, which resulted in increased fertilizer sales in early 2010.

Net sales for Lantmännen Byggplant and Lantmännen Kraft were on a par with the previous year.

Operating income amounted to MSEK 183 (82). The figure for the previous year included restructuring costs of MSEK -85, mainly associated with the ongoing action program ONE Lantmännen Lantbruk, and impairment of non-current assets in the contribution-based operations. Income from contribution-based operations improved despite the lower volumes. This was primarily due to improved production results and lower costs as an effect of completed and ongoing action programs.

Lantmännen Byggplant's operating income was slightly lower than the previous year, while Lantmännen Kraft's was on par with last year's figure.

International operations reported higher income than in the previous year.

Initiatives under the ONE Lantmännen Lantbruk action program are proceeding as planned and have already resulted in improved efficiency, lower costs and improved delivery to customers. The decision relating to the organizational changes, which took effect on December 1, and the decision to co-locate administrative staff in Malmö are key elements in the effort to strengthen competitiveness in the agriculture operations.

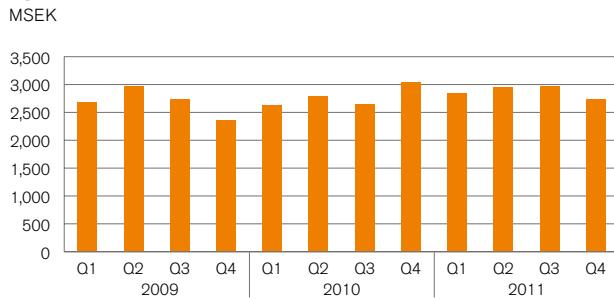
Machinery Sector

The Machinery Sector's *net sales* for the year amounted to MSEK 10,328 (8,561), an increase of 21 percent. All business units in the Sector showed an increase in sales.

However, Swecon's German and Swedish companies were responsible for the majority of the increase, with the acquisition of the German company Körnicke Baumaschinen in October 2010 making a major contribution. The Swedish market for construction machinery remained strong and also contributed to Swecon's increase of sales.

The Scandinavian farm machinery markets increased by 18 percent compared with the previous year. Lantmännen Maskin was affected by delays in deliveries of Valtra tractors during much of the year, was able to reverse the earlier loss of market share and had regained its position as market leader in tractors in Sweden by the end of the year. Net sales were

Agriculture Sector, net sales



Agriculture-related operations

MSEK	Agriculture Sector's contribution-based operations		Machinery Sector's farming machine operations	
	2011	2010	2011	2010
Net sales	10,544	10,110	4,527	4,135
Operating income	57	-49	78	27
Return on operating capital, %	2.2	-1.9	6.4	2.0
Operating income, adjusted for items affecting comparability	57	36	78	27
Return on operating capital, adjusted for items affecting comparability, %	2.2	1.4	6.4	2.0

also affected by increased sales of Claas tractors and combines.

Lubricating oil operations in Agro Oil showed stable volume growth during the year.

Operating income amounted to MSEK 444 (206). All units in the Sector contributed to the improvement. The Machinery Sector's operating income for the previous year included restructuring costs of MSEK -30 in connection with the Körnicke acquisition.

However, Swecon was responsible for most of the increase, which was an effect of the increased sales, strong growth in the service market and a good product mix.

Lantmännen Maskin's improvement compared with the previous year was mainly attributable to sales in the Danish market, although the Norwegian operations also contributed to the positive trend.

Energy Sector

The Energy Sector's *net sales* for the year amounted to MSEK 3,052 (3,005), an increase of 2 percent.

Lantmännen Agroetanol's net sales were MSEK 1,532 (1,457), an increase of 5 percent. The increase was an effect of higher prices for ethanol and feed. The higher prices compensated for low volumes of produced ethanol and feed. The low volumes were attributable to a reduction in the production rate during a market-driven production standstill in the spring and a breakdown of the feed dryers.

Lantmännen Agroenergi's net sales showed a decline compared with the previous year. This was partly due to the divestment of the salix (willow) operations at the end of 2010 and the disposal of two heating systems during 2011. In addition, biofuel and heating operations showed a negative sales trend as a result of warmer weather in 2011 than in 2010.

The Energy Sector's other business areas, Lantmännen Aspen and Lantmännen Reppe, increased their net sales. Lantmännen Aspen's improvement in was largely due to increased sales in existing markets in the Nordic region and Europe, while for Lantmännen Reppe, the increase was due to higher sales volumes after the commissioning of the expansion investment in Lidköping.

Operating income for the year amounted to MSEK -141 (113), a decline of MSEK -254.

Operating income for Lantmännen Agroetanol amounted to MSEK -131 (4). The decline was largely due to an unfavorable relationship between ethanol and grain prices, which was one of the factors behind the market-driven production standstill in spring. Problems with the feed dryers in the new plant also had an adverse effect on operating income. Overall, this resulted in increased costs, contribution margin loss and margin erosion, which had a major impact on net income for the year. Lantmännen Agroetanol's operating income includes annual depreciation of MSEK -110.

MSEK -73 of the year's decline related to goodwill impairment in Lantmännen Agroenergi. The write-down corresponded to the value in use for this business. In addition, Agroenergi's operating income was adversely affected by lower volumes, as a result of warmer weather in 2011, and an unfavorable sales mix.

The Sector's other business areas, Lantmännen Aspen and Lantmännen Reppe, reported a better operating income than in the previous year, which was largely due to increased volumes.

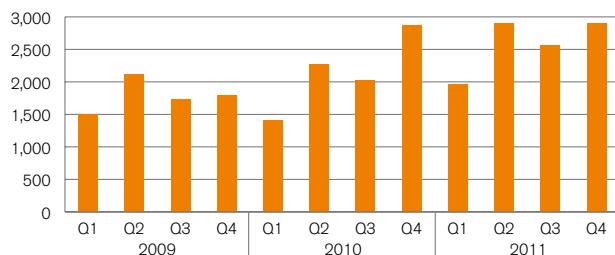
Food Sector

Net sales for the year amounted to MSEK 14,708 (14,484), an increase of 2 percent. After adjustment for foreign currency translation effects, sales rose by 5 percent. Reduced demand for consumer goods resulted in lower volumes, while the necessary price increases to offset higher commodity prices helped to keep sales up.

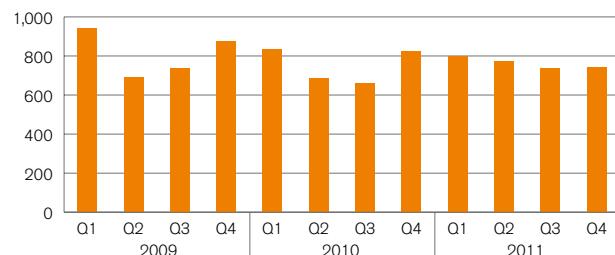
Lantmännen Cerealia reported an increase in net sales compared with the previous year in Sweden, Denmark and Latvia. The increase in Sweden and Denmark was due to price compensation as a result of higher grain prices, while higher volumes contributed to the increase in Latvia. Lantmännen Unibake's net sales were on a par with the previous year, while Lantmännen Kronfågel reported a slight increase in net sales.

Operating income amounted to MSEK 298 (534), a decline of MSEK 236. Currency effects were MSEK -16. The figure included costs of MSEK -241 associated with a

Machinery Sector, net sales
MSEK



Energy Sector, net sales
MSEK



restructuring and efficiency program at Lantmännen Unibake. An impairment loss of MSEK –250 on the mill in Vejle, Denmark, and restructuring costs had an adverse effect on the previous year's figure. After adjustment for these one-time items, income for the year amounted to MSEK 539, compared with MSEK 784 the previous year.

The restructuring and efficiency program in Lantmännen Unibake encompasses operations in Denmark, Poland, Germany and Hungary, and also includes coordination of the frozen and fresh bread operations and the closure of a production unit in Germany. Costs associated with the program include MSEK –148 in impairment losses on non-current assets and structural costs of MSEK –93, with the majority of these costs relating to termination benefits.

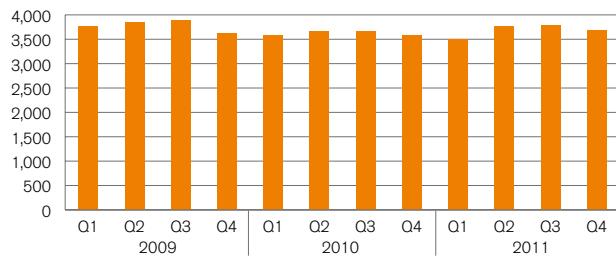
Lantmännen Cerealia's operating income, net of items affecting comparability, was lower than in the previous year. The decline was due to lower margins and lower B2B volumes in Sweden and a generally less favorable product mix.

After adjustment for currency effects and items affecting comparability, Lantmännen Unibake's operating income was lower than in the previous year. Lower sales volumes in Norway, Germany and the United Kingdom and disruptions to production in Denmark contributed to the decline. The running-in costs for the new bakery in the English town of Bedford also had a negative impact of MSEK 58 on income.

Operating income in Lantmännen Kronfågel, after adjustment for currency effects, was lower than last year. The lower income was mainly attributable to running-in costs (MSEK 15) for the new loading system at Valla and the costs of slaughter cutbacks in the first half of the year in Sweden. The negative contribution from the Swedish operations was partly offset by higher operating income in the Danish operations, where increased sales, high factory efficiency and a favorable product mix had a positive effect on income.

Lantmännen Doggy's operating income was lower than in the previous year due to lower volumes and higher commodity prices.

Food Sector, net sales
MSEK

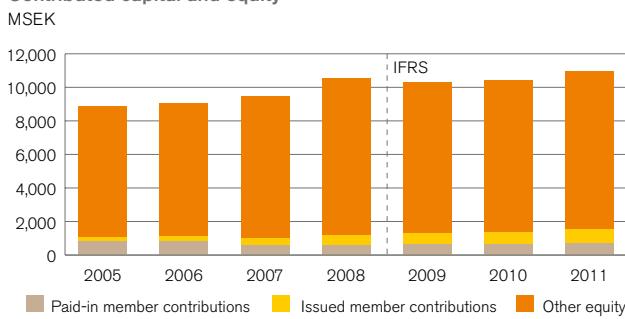


Consolidated statement of financial position

MSEK	Note	2011 Dec 31	2010 Dec 31	MSEK	Note	2011 Dec 31	2010 Dec 31
Assets				EQUITY AND LIABILITIES			
Non-current assets				Equity			
Property, plant and equipment	12	9,057	9,515	Member contributions		1,568	1,350
Investment properties	13	201	243	Other contributed capital		2,300	2,090
Goodwill	14	2,640	2,779	Reserves		-602	-651
Other intangible assets	14	767	713	Retained earnings		7,640	7,601
Investments in associates	15	1,277	1,157	Total equity attributable to members of the economic association		10,906	10,390
Non-current financial assets	16	515	662	Non-controlling interests		36	32
Deferred tax assets	11	232	231	Total equity	20	10,942	10,422
Other non-current assets		45	44	Non-current liabilities			
Total non-current assets		14,734	15,344	Non-current interest-bearing liabilities	21 22	4,570	5,096
Current assets				Provisions for pensions	23	347	1,776
Inventories	17	5,506	5,224	Deferred tax liabilities	11	147	100
Trade and other receivables	18	5,511	5,417	Other non-current provisions	24	273	299
Current interest-bearing assets	19	119	139	Other non-current liabilities		23	49
Current tax assets	11	12	16	Total non-current liabilities		5,360	7,320
Cash and cash equivalents	19	739	869	Current liabilities			
Total current assets		11,887	11,665	Current interest-bearing liabilities	21 22	3,642	2,299
TOTAL ASSETS		26,621	27,009	Trade and other payables	25	6,278	6,585
				Current tax liabilities	11	90	113
				Current provisions	24	309	270
				Total current liabilities		10,319	9,267
				TOTAL EQUITY AND LIABILITIES		26,621	27,009

Pledged assets and contingent liabilities, see Note 31 on page 133.

Contributed capital and equity



Equity ratio and net debt/equity ratio



- The equity ratio was 41.1 (38.6) percent.
- Return on equity was 6.7 (7.0) percent.
- The Group's average operating capital decreased slightly to MSEK 18,430 (18,756).
- The capital turnover rate rose to 2.1 (1.9).

Assets and investments

Total assets ended the year on MSEK 26,621 (27,009), which is a decline of MSEK 388.

The establishment of the Swedish pension fund, the subsequent transfer of cash to the fund and the fund's purchase of properties from Lantmännen caused non-current assets to decline by approx. MSEK 575, while total assets fell by just over MSEK 600.

As there was virtually no change in the Swedish krona's value against other currencies between the beginning and end of the year, the currency effect of various balance sheet items was marginal.

The value of goodwill has declined, partly due to goodwill impairment at Lantmännen Agroenergi and partly due to a reclassification from goodwill to other intangible assets with regard to the final acquisition balance sheet for Könicle Baumaschinen.

Inventories increased by approx. 5 percent, partly as a result of higher grain prices.

The Group's investments in non-current assets amounted to MSEK 1,431 (1,587) during the year. The largest individual investments in the period related to the construction of a bakery specializing in continental pastries in the English town of Bedford, which was opened in June, and the expansion of the chicken facility in Valla outside Katrineholm, which was fully operational at the end of the year. The Food Sector has completed its large investment in increased capacity at the chicken processing facility in Farre in Denmark.

Liabilities and equity

Group equity amounted to MSEK 10,942 (10,422) at the

end of the year. MSEK 36 (32) of the figure 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 720 (725), while dividends and changes in the association's contributed capital decreased equity by MSEK 137 (175). Revaluation and similar effects recognized in other comprehensive income decreased equity by a total of MSEK 67 (294).

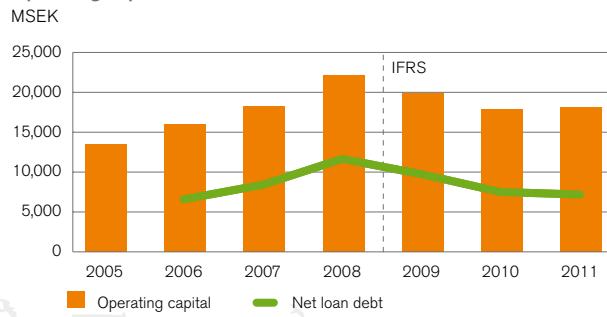
The Group's net debt at the end of the year was MSEK 7,186 (7,501), a decline of MSEK 315. The formation of the Swedish pension fund meant that the value of its assets, MSEK 1,578, could be deducted from the retirement benefit obligation covered by the fund, while Lantmännen's external borrowing increased. In total, the new fund pension resulted in a reduction of approx. MSEK 1,000 in the Group's net debt.

The Group's payment capacity at the end of the year amounted to MSEK 1,615 (3,600) and corresponds to the available credit lines based on Lantmännen existing loan agreements and associated covenants. The decline in payment capacity is mainly due to changed covenants in spring, as laid down in the original loan agreements. At the end of December, Lantmännen was within the framework of the covenants associated with its existing loan agreements.

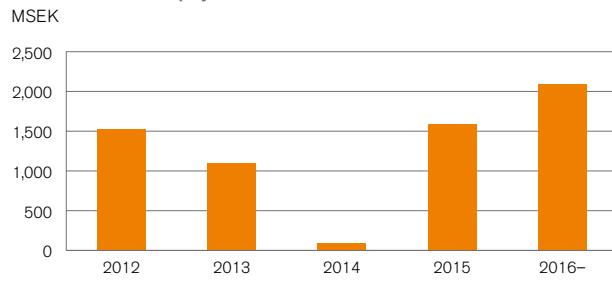
The equity ratio at the end of the year was 41.1 (38.6) percent. The improvement in the equity ratio was entirely due to the establishment of the Swedish pension fund.

Net debt, MSEK	2011	2010
Liabilities to credit institutions	5,394	5,193
Savings and capital accounts, members et al.	2,330	1,937
Pension liabilities	347	1,776
Subordinated debentures	56	56
Other interest-bearing liabilities	432	209
Total interest-bearing liabilities	8,559	9,171
Other interest-bearing assets	634	780
Short-term investments	342	382
Cash and bank balances	397	508
Total interest-bearing assets	1,373	1,670
Group's net loan debt	7,186	7,501

Operating capital and net loan debt



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



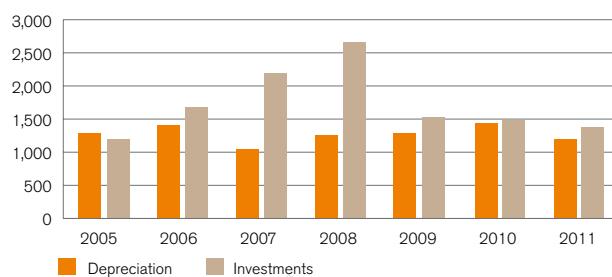
Consolidated statement of cash flows

MSEK	Note	2011	2010
OPERATING ACTIVITIES			
Income after financial items		867	822
Adjustment for non-cash items ¹⁾		894	1,385
Taxes paid		1,761 -106	2,207 -76
Cash flow from operating activities before change in working capital	32:1	1,655	2,131
<i>Cash flow from changes in working capital</i>			
Change in inventories		-285	236
Change in operating receivables		-124	-982
Change in operating liabilities		-326	772
		-735	26
Cash flow from operating activities		920	2,157
INVESTING ACTIVITIES			
Acquisition of operations	32:2	0	-225
Divestment of operations	32:3	0	120
Investment in property, plant and equipment	32:4	-1,385	-1,487
Investment in intangible assets		-46	-100
Sale of property, plant and equipment and intangible assets ²⁾		1,271	903
Change in financial investments		21	1,324
Cash flow from investing activities		-139	535
Cash flow before financing activities		781	2,692
FINANCING ACTIVITIES			
Paid-in contributed capital		90	38
Refunded capital contribution		-49	-53
Change in loans		700	-2,093
Transfer of cash to pension fund		-1,578	-
Dividend paid		-72	-72
Cash flow from financing activities		-909	-2,180
Cash flow for the year		-128	512
Cash and cash equivalents at beginning of year		869	391
Exchange gains/losses on cash and cash equivalents		-2	-34
Cash and cash equivalents at end of year	32:5	739	869
MSEK			
1) Adjustment for non-cash items			
Depreciation, amortization and impairment of non-current assets		1,366	1,565
Share of income of associates		-86	-92
Capital gains on sale of non-current assets and operations		-490	-284
Other items		104	196
Total		894	1,385

²⁾ Of which MSEK 1,057 sold to pension fund in 2011.

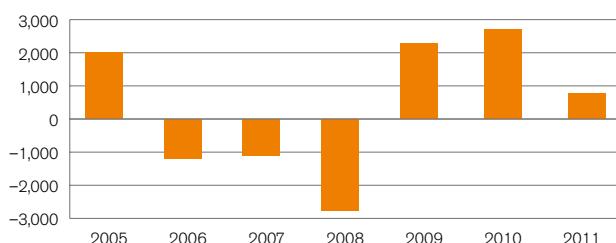
Depreciation and investment in property, plant and equipment

MSEK



Cash flow before financing activities

MSEK



- ▶ Positive cash from operating activities amounting to MSEK 920 (2,157).
- ▶ The Group's net investments in non-current assets yielded a cash flow of MSEK -160 (-684).
- ▶ Cash flow before financing activities amounted to MSEK 781 (2,692).

Cash flow from operating activities

The cash operating surplus, i.e. cash flow before changes in working capital, resulted in a positive cash flow of MSEK 1,655 (2,131), while an increase in working capital compared with the previous year reduced the cash flow by MSEK -735 (26). In total, this generated a positive cash flow from operating activities, which was MSEK 920 (2,157).

Cash flow from investing activities

Disbursements relating to the year's investments in property, plant and equipment and intangible assets were a little lower than in the previous year and amounted to MSEK -1,431 (-1,587), while sales of non-current assets provided a cash

inflow of MSEK 1,271 (903), most of which was derived from the sale of properties. Proceeds from the sale of property to the Swedish pension fund in 2011 amounted to MSEK 1,057. Overall, this gave a cash flow from net investments in non-current assets of MSEK -160 (-684). There were no major acquisitions or divestments during the year that affected the cash flow. Total cash flow from investing activities amounted to MSEK -139, compared with MSEK 535 the previous year, when the figure was positively affected by the sale of Lantmännen Finans AB's leasing and installment agreements.

Cash flow from financing activities

Financing activities generated a cash flow of MSEK -909 (-2,180), with the cash transfer to the Swedish pension fund representing -1 578 MSEK and increased external borrowing resulting in an inflow of MSEK 700. The dividend of MSEK -72 (-72) included MSEK -68 (-64) in contribution dividends paid to members of the association.

Cash flow for the year

The Group's total cash flow was negative, amounting to MSEK -128 (512), and the Group's cash and cash equivalents ended the year on MSEK 739 (869).

Consolidated statement of changes in equity

MSEK	Note	Member contributions	Other contributed capital	Reserves	Retained earnings	Lantmännen's owners	Non-controlling interests	Total equity
Opening balance, January 1, 2010		1,266	1,990	-233	7,117	10,140	85	10,225
Net income for the year	-	-	-	-	719	719	6	725
Other comprehensive income, net of tax	-	-	-	-418	124	-294	-	-294
Total comprehensive income	-	-	-	-418	843	425	6	431
Distributions to owners	100	100	-	-	-359	-159	-8	-167
Contributed capital paid in by members	37	-	-	-	-	37	-	37
Contributed capital paid out to members	-53	-	-	-	-	-53	-	-53
Buyout of minority interest in Bakehouse	-	-	-	-	-	-	-51	-51
Closing balance, December 31, 2010	20	1,350	2,090	-651	7,601	10,390	32	10,422
Net income for the year	-	-	-	-	720	720	0	720
Other comprehensive income, net of tax	-	-	-	49	-116	-67	-	-67
Total comprehensive income	-	-	-	49	604	653	0	653
Distributions to owners	177	210	-	-	-565	-178	-1	-179
Contributed capital paid in by members	90	-	-	-	-	90	-	90
Contributed capital paid out to members	-49	-	-	-	-	-49	-	-49
Other changes relating to non-controlling interests	-	-	-	-	-	-	5	5
Closing balance, December 31, 2011	20	1,568	2,300	-602	7,640	10,906	36	10,942

More information about equity can be found in the Parent Company's statement of changes in equity on page 103 and in Note 20 on page 124.

Equity attributable to members of the economic association	2011	2010
Contributed capital, paid in	680	612
Contributed capital, issued	888	738
Other equity	9,338	9,040
Total equity attributable to members of the economic association	10,906	10,390

Parent Company Lantmännen ek för

Operations

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

Number of members

The number of members at December 31, 2011 totaled 34,738 (36,050).

Net sales and operating income

Net sales amounted to MSEK 11,057 (10,547).

Operating income for the year amounted to MSEK -201 (-150). The lower operating income compared with the previous year is largely an effect of capital gains from property sales being MSEK 130 higher in 2010 than in 2011. Operating income was also affected by higher pension costs, which amounted to MSEK 68. The increase was due to changed life expectancy assumptions in the calculation of pension obligations based on the PRI Pension guarantee. Operating income was also affected by low net operating income from property management, as a result of external divestment of properties, and transfers of properties to other companies in the Lantmännen Group.

Operating income from agriculture operations during the year was MSEK 57 (-49). After adjustment for items affecting comparability, MSEK 0 (-85), operating income from agriculture operations was MSEK 21 higher than in the previous year. Compared with the previous year, operating income was positively affected by improved production output and supply chain savings, as well as lower costs resulting from previous and ongoing action programs and economic adjustments.

Income after net financial items

Income after financial items totaled MSEK 462 (774). Net financial items amounted to MSEK 663 (924). Net financial items for the year include a capital gain of MSEK 19 (54) on the sale of shares and interests, and dividends of MSEK 739 (485), mainly from subsidiaries. Net financial items also include impairment of shares in subsidiaries totaling MSEK 183 (0). Exchange gains on foreign currency loans amounted to MSEK 0 (404), which is a major deviation compared with the previous year.

Investments

Net investments for the year in non-current assets amounted to MSEK 138 (123).

Equity ratio

The equity ratio at the end of the year was 43.7 (41.9) percent.

Human resources

The average number of employees was 1,157 (1,099). The increase is due to the transfer of operations to Lantmännen ek för from other Group companies.

APPROPRIATION OF PROFIT

Refund and final price adjustment

The Board of Directors has decided to pay a 1 percent (1) refund on members' purchases of consumables from Lantmännen ek för and SW Seed and 1 percent (0.5) on members' purchases from the Machinery Sector's Swedish operations. The Board has also decided that a final price adjustment of 1 (1) percent will be paid for delivered grain, oilseed and grass seed. The refund and final price adjustment will total an estimated MSEK 110 (95). The refund and final price adjustment are recognized directly in equity in the Group.

Contribution dividend

The Board proposes that the Annual General Meeting adopt the payment of a contribution dividend of 5 (5) percent on paid-in and issued contributions to direct members, organization members and local associations, a total of MSEK 78 (68).

Contribution issue

The Board proposes that the Annual General Meeting adopt a contribution issue of MSEK 152 (177). The issued capital will be distributed as follows: 75 percent based on the members' paid-in and issued contributed capital and 25 percent based on the members' contribution-based turnover with the Association in 2011.

Together, the contribution dividend and contribution issue should correspond to 15 (18) percent of the association's contributed capital.

Subordinated debentures

The Board proposes that the Annual General Meeting adopt the payment of a 6.75 (5.5) percent dividend on subordinated debentures, which corresponds to MSEK 4 (3).

Proposal for appropriation of profit

The Board of Directors proposes that the Parent Company's unappropriated earnings of TSEK 5,705,239 be allocated in the following manner:

Contribution dividend	TSEK 78,404
Contribution issue	TSEK 152,000
Dividend on subordinated debentures	TSEK 3,795
Provisions for statutory reserve	TSEK 179,000
Carried forward	TSEK 5,292,040
Total	TSEK 5,705,239

Because of trading in contribution issues, the Board has decided that the date on which the holding entitles the holder to a dividend, in the form of either a contribution dividend or a contribution issue, will be the date of the General Meeting, Wednesday, May 2, 2012.

The dividend is calculated on the basis of the membership roll as updated on December 31, 2011. The contribution dividend and contribution issue amounts may be changed as a result of changes in the membership roll up to May 2, 2012.

The 2011 accounts will be presented for a decision at the Annual General Meeting on Wednesday, May 2, 2012.

Parent Company income statement

MSEK	Note	2011	2010
Net sales, external		8,970	8,957
Net sales, intra-Group		2,087	1,590
Net sales, total	33	11,057	10,547
Less excise duties		-9	-11
Change in products in progress, finished goods and work in progress for third parties		10	83
Capitalized work for own account		4	2
Other operating income	33	298	506
		11,360	11,127
Operating expenses			
Raw materials and consumables		-6,169	-5,139
Goods for resale		-2,750	-3,242
Other external costs	34	-1,591	-1,759
Employee benefits expense	5	-897	-898
Depreciation, amortization and impairment of assets		-154	-239
Total operating expenses		-11,561	-11,277
Operating income	35 38	-201	-150
Income from financial items			
Income from investments in Group companies	36	531	487
Income from investments in associates	36	21	-5
Income from other securities and receivables classified as non-current assets	37	22	63
Interest income from Group companies		366	273
Other interest income and similar income items		180	0
Interest expenses to Group companies		-108	-50
Interest expenses and similar income items		-349	156
Total financial items		663	924
Income after financial items	38	462	774
Refund and final price adjustment		-110	-95
Group contributions received		515	571
Group contributions paid		-348	-82
Income before tax		519	1,168
Tax on net income for the year	39	9	-164
NET INCOME FOR THE YEAR		528	1,004

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

Parent Company statement of cash flows

MSEK	2011	2010
OPERATING ACTIVITIES		
Income after financial items	462	774
Adjustment for non-cash items ¹⁾	281	194
	743	968
Taxes paid	0	0
Cash flow from operating activities before change in working capital ²⁾	743	968
<i>Cash flow from changes in working capital</i>		
Change in inventories	-123	211
Change in operating receivables	523	1,757
Change in operating liabilities	-122	1,034
	278	3,002
Cash flow from operating activities	1,021	3,970
INVESTING ACTIVITIES		
Acquisition of operations and shareholder contributions	-371	-
Investment in intangible assets	-42	0
Investment in property, plant and equipment	-96	-144
Sale of non-current assets	112	552
Change in financial investments	-70	-1,009
Cash flow from investing activities	-467	-601
FINANCING ACTIVITIES		
Paid-in contributed capital	90	37
Refunded capital contribution	-49	-53
Transfer of cash to pension fund	-791	-
Change in loans	237	-2,986
Dividend paid	-71	-64
Cash flow from financing activities	-584	-3,066
Cash flow for the year	-30	303
Cash and cash equivalents at beginning of year	386	83
Cash and cash equivalents at end of year ³⁾	356	386

¹⁾ Adjustment for non-cash items

Depreciation, amortization and impairment of non-current assets
Impairment of shares in subsidiaries
Capital gains on sale of non-current assets and operations
Reversal of provisions
Other items

Total

167	239
183	-
-34	-219
-	174
-35	-

281 194

²⁾ Interest paid and dividends received

Dividends received
Interest received
Interest paid

Total

719	484
167	78
-303	-294

583 268

³⁾ Cash and cash equivalents

Cash and bank balances
Short-term investments, maturity less than 3 months

Total

148	211
208	175

356 386

Parent Company statement of financial position

MSEK	Note	2011	2010	MSEK	Note	2011	2010
ASSETS							
Non-current assets				Equity			
Intangible assets	40	194	165	Restricted equity			
Intangible assets		194	165	Member contributions		1,568	1,350
Property, plant and equipment	41	219	234	Subordinated debentures		56	56
Land and buildings		52	90	Statutory reserve		2,300	2,090
Investment property	42	563	623			3,924	3,496
Plant and machinery		88	109	Non-restricted equity			
Other non-current tangible assets		922	1,056	Non-restricted reserves, retained earnings		5,177	4,631
Non-current financial assets				Net income for the year		528	1,004
Investments in Group companies	43	6,935	6,757			5,705	5,635
Investments in associates	14	861	851	Total equity		9,629	9,131
Receivables from Group companies		125	125	Untaxed reserves	46	311	311
Receivables from associates		2	2	Provisions			
Other non-current financial assets		256	285	Provisions for pensions	47	3	736
Deferred tax assets	39	142	133	Other provisions	48	212	247
Other non-current assets		8	10	Total provisions		215	983
		8,329	8,163	Non-current liabilities			
Total non-current assets		9,445	9,384	Non-current liabilities to credit institutions		4,102	4,743
Current assets				Other non-current liabilities		37	49
Inventories	44	1,953	1,830	Total non-current liabilities		4,139	4,792
Trade receivables		1,757	1,699	Current liabilities			
Receivables from Group companies		8,676	8,746	Current liabilities to credit institutions		981	0
Receivables from associates		6	7	Trade payables		1,707	1,653
Other current receivables		97	74	Liabilities to Group companies		3,582	3,542
Prepaid expenses and accrued income	45	295	207	Liabilities to associates		6	0
		12,784	12,563	Other current liabilities	49	1,625	1,501
Short-term investments		207	175	Accrued expenses and deferred income	50	389	420
Cash and bank balances		148	211	Total current liabilities		8,290	7,116
Total current assets		13,139	12,949	TOTAL EQUITY AND LIABILITIES		22,584	22,333
TOTAL ASSETS		22,584	22,333	Pledged assets	52	414	453
				Contingent liabilities	52	1,682	973

Parent Company statement of changes in equity

MSEK	Contributed capital	Subordinated debentures	Statutory reserve	Non-restricted equity	Total equity
Equity 2010-01-01	1,266	56	1,990	4,895	8,207
Net income for the year	-	-	-	1,004	1,004
Contribution dividend paid	-	-	-	-64	-64
Contributed capital paid in by members	37	-	-	-	37
Contributed capital paid out to members	-53	-	-	-	-53
Appropriation of profit	100	-	100	-200	0
Equity 2010-12-31	1,350	56	2,090	5,635	9,131
Net income for the year	-	-	-	528	528
Dividend paid ¹⁾	-	-	-	-71	-71
Contributed capital paid in by members	90	-	-	-	90
Contributed capital paid out to members	-49	-	-	-	-49
Appropriation of profit	177	-	210	-387	0
Equity 2011-12-31	1,568	56	2,300	5,705	9,629

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

Of the contributed capital paid out MSEK 1 (13) refers to refunds resulting from changed assumptions relating to the obligation of members to invest in the association, while MSEK 48 (40) refers to refunds to members who have left the association.

In 2012, an estimated MSEK 46 in contributed capital will be refunded to members. MSEK 40 relates to refunds to members who have left the association and MSEK 6 to refunds to members resulting from changed assumptions relating to the obligation of members to invest in the association. The unmet obligation of members to invest in Lantmännen pursuant to the association's articles of association amounted to MSEK 727 (692) at December 31, 2011.

Contributed capital, MSEK	2011	2010
Paid-in contributed capital	680	612
Issued contributed capital	888	738
Total	1,568	1,350

Outstanding subordinated debentures run until December 30, 2014.

Equity in Lantmännen ek för

Equity in the Parent Company consists of contributed capital, subordinated debentures, the statutory reserve and non-restricted equity. Contributed capital consists of paid-in and issued contributed capital.

The obligation to invest for the individual member is determined by the member's turnover value with the association. Each year the obligation to invest is calculated and excess contributions are refunded.

Issued contributed capital is non-restricted equity transferred to member contributions. When the member leaves, both paid-in and issued investment capital is paid to the member.

Based on IAS 32 rules on the capital contributions of cooperatives Lantmännen has determined that both paid-up and issued contributed capital shall be considered equity in the Group.

According to a special decision within Lantmännen an amount corresponding to the contribution issue undertaken shall be transferred from non-restricted equity to restricted reserves in the Parent Company in addition to the statutory provision. The amount in 2011 was MSEK 152 (177). The Board proposes that a total of MSEK 179 (210) be transferred to restricted reserves in 2012.



Notes to the annual financial statements

Amounts in MSEK unless otherwise stated

Lantmännen ek för conducts its operations as a co-operative economic association and is headquartered in Stockholm, Sweden. The address of the main office is S:t Göransgatan 160 A. Lantmännen's 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 Group's and the Parent Company's financial statements for 2011 will be presented for adoption by the Annual General Meeting on the 2nd of May 2012.

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 to 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 include International Accounting Standards (IAS) and IFRIC and SIC interpretations of standards. In addition to the Annual Accounts Act and IFRS, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups, has also been applied.

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

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

Standards, amendments and interpretations that entered into force in 2011 and have been adopted by the EU

IAS 24 Related Party Disclosures (Revised)

The revised standard clarifies the definition of related parties.

The consolidated accounts are not affected by this change.

IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Amendment

The amendment provides guidance on the refund value of a retirement benefit asset.

The consolidated accounts are not affected by the amendment.

Improvements to IFRS

The consolidated accounts are not affected by these improvements.

Standards, amendments and interpretations that entered into force in 2011 and have been adopted by the EU but are not relevant to the Group

IAS 32 Financial Instruments: Presentation – Amendment Classification of Rights Issues

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

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

IAS 7 Financial Instruments: Disclosures – Amendment (from 2012)

This amendment means that additional quantitative and qualitative information shall be disclosed upon derecognition of financial instruments. The amendment is currently not expected to have any impact on the consolidated financial statements.

IFRS 10 Consolidated financial statements and IAS 27 Consolidated and Separate Financial Statements – Amendment (from 2013 subject to adoption by EU)

IFRS 10 replaces the section in IAS 27 dealing with the presentation and preparation of consolidated financial statements. From now on, IAS 27 deals with parent entities' accounting for investments in subsidiaries.

There has been no change to the rules on the preparation of consolidated financial statements. IFRS 10 sets out how to apply the principle of control to identify whether an investor controls an investee.

Shareholdings, i.e., voting rights, are not necessary for controlling to exist.

The amendment is currently not expected to have any impact on the consolidated financial statements.

IFRS 11 Joint Arrangements, IAS 28 Investments in Associates and Joint Ventures (from 2013 subject to EU approval)

IFRS 11 deals with the accounting for joint arrangements, defined as a contractual arrangement whereby two or more parties have joint control. IFRS 11 supersedes IAS 31 and SIC 13.

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

In joint operations, each joint operator accounts for its own share of assets, liabilities, revenues and expenses arising from the arrangement.

Joint ventures may not be consolidated using the proportionate method; instead, investments in the arrangement are accounted for using the equity method.

The amendment is currently not expected to have any impact on the consolidated financial statements.

IFRS 12 Disclosures of interest in Other Entities (from 2013 subject to EU approval)

IFRS 12 defines what information to disclose about owned subsidiaries, associates and joint arrangements. Significant qualitative and quantitative information must be disclosed about each holding with regard to its possible effects on the financial statements and any risks associated with the holdings.

The amendment is currently expected to have some, but not a significant, impact on the consolidated financial statements.

IFRS 13 Fair Value Measurement (from 2013 subject to EU approval)

IFRS 13 clarifies how to measure fair value when used in accordance with other IFRS standards. The standard defines the expression fair value and contains enhanced disclosure requirements.

The amendment is currently expected only to affect disclosed information.

Note 1 continued

IAS 1 Presentation of Items of Other Comprehensive Income

- Amendment (from 2013 subject to EU approval)

The amendment requires separate subtotals for those elements that are recycled to the income statement and those that are not. There is no change to the content of other comprehensive income.

Under the amendment, actuarial gains and losses will be reported separately.

IAS 19 Employee Benefits – Amendment

(from 2013 subject to EU approval)

The amendment involves significant changes in accounting for defined benefit pension plans. For example:

- actuarial gains and losses must be recognized in other comprehensive income. Lantmännen already does this.
- sensitivity analyses for reasonable changes in all assumptions must be made.
- the actuarial calculations must include future payments of payroll taxes and dividend taxes (or equivalent).
- interest expense is calculated on net debt and with the selected discount rate.

The amendment will increase the value of pension obligations and reduce other provisions, as a result of handling payroll and dividend taxes. Enhanced sensitivity analyzes will be needed.

IFRS 9, Financial Instruments: Recognition and Measurement

This standard is part of a complete revision of the existing standard IAS 39. While there is no timetable for EU approval, IFRS 9 is likely to apply no earlier than 2015.

Pending the completion of all parts of the standard, the Group has not assessed the effects of the new standard.

Standards, amendments and interpretations that have not entered into force or have been adopted by the EU, and are not relevant to the Group IAS 12 Income Taxes – Amendment.

APPLICATION OF ASSUMPTIONS, JUDGMENTS AND ESTIMATES

To be able to prepare the financial statements in accordance with IFRS, estimates and assumptions must be made that affect reported assets and liabilities and income and expenses as well as other information disclosed. Actual outcome may differ from these estimates. The areas in which estimates and assumptions have the greatest impact on carrying amounts are described further in Note 2.

USE OF JUDGMENTS IN THE APPLICATION OF ACCOUNTING POLICIES

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

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

CONSOLIDATED FINANCIAL STATEMENTS

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

Subsidiaries

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

The consolidated financial statements are prepared according to the purchase method. The cost of the participations in the subsidiary is the amount of cash and the fair value of a different form of consideration paid for the participations. 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 the participations in the subsidiary exceeds the fair value of the acquired company's identifiable net assets, the difference is recognized as consolidated goodwill. Whether a minority's share of goodwill should be measured and included as an asset is determined for each acquisition. If the cost is less than the final fair value of the net assets, the difference is recognized directly in the income statement.

All intra-Group transactions, including receivables and liabilities, income and expenses as well as unrealized earnings, are eliminated in their entirety.

Associates

Associates are companies where Lantmännen has a significant, but not controlling, influence. This is normally the case when the Group holds between 20 and 50 percent of the voting rights.

Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. Acquired assets and liabilities are measured in the same way as for subsidiaries and the carrying amount of associates includes any goodwill and other Group adjustments. The Group's share of the associate's income after tax arising after the acquisition, adjusted for any depreciation/reversals, is reported on a line in the income statement and is included in operating income. The share of income is calculated on the basis of Lantmännen's share of equity in the associate. The equity method means that the consolidated carrying amount of investments in associates corresponds to the Group's share of the equity of associates plus the residual value of fair value adjustments.

Unrealized gains and losses that do not involve an impairment loss are eliminated in proportion to the Group's investment in the associate.

Joint ventures

Companies in which Lantmännen together with other parties have contractual joint control over an entity, known as a joint venture, are recognized according to the equity method in the same way as associates.

Non-controlling interests

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 paid or received consideration 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 of 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 operation and translated according to the same principles as the operation.

Note 1 continued

Parent Company

The Parent Company recognizes all investments in Group entities, associates and joint ventures at cost, adjusted where applicable by accumulated impairment losses.

TRANSACTIONS AND BALANCE SHEET ITEMS IN FOREIGN CURRENCY

The various units 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 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 manner as translation differences relating to investments in foreign subsidiaries.

SEGMENT REPORTING

Reported operating segments are consistent with the internal reporting provided to the chief operating decision maker, who is the person that allocates resources and evaluates the results of the operating segments. In Lantmännen this function has been identified as the President, who, on behalf of the Board, attends to day-to-day management and governance.

The business segments are consistent with the Group's operational structure in which activities are divided into Sectors. The Sectors are organized around different types of products and services. The four Sectors are Agriculture, Machinery, Energy and Food. Activities not included in a Sector, mainly property operations and corporate functions, are reported as Other operations. A further description of the operating segments is set out in Note 3 on ► page 113.

The Sectors are responsible for their operating income and the assets and liabilities used in their own operations, namely the operating capital. Financial items and taxes are not within the Sectors' responsibility; these are reported centrally for the Group. The same accounting policies are used by the Sectors and the Group. However, accounting for pensions under IAS 19 and financial instruments under IAS 39 is applied at Group level, not Sector level.

Transactions between Sectors, segments, and also with other operations, are carried out on commercial terms.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recognized at cost after deduction for 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, in which 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 after deduction for accumulated depreciation and any accumulated impairment. The fair value of investment properties is provided as supplemental information, see Notes 13 and 42. In the Group, properties where more than 90 percent is rented to entities other than Group entities are classified as investment properties. In the Parent Company, properties are classified as investment properties when more than

90 percent is rented to other entities. Parent Company investment properties with Group companies as tenants are reported as operating properties on a consolidated basis.

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 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. Impairment of goodwill 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 from the sale of Group companies include the remaining carrying amount of the goodwill attributable to the divested unit.

Trademarks

The value of trademarks is carried at cost less any accumulated amortization and accumulated impairment losses. Trademarks with an indefinite useful life are not amortized but are tested annually for impairment in the same manner as goodwill. Trademarks that Lantmännen intends to continue using for the foreseeable future and that have a cost of at least MSEK 10 are classified as trademarks with an indefinite useful life.

The Relief from Royalty Method is used to measure trademarks identified in a business combination.

Trademarks with a finite useful life are amortized on a straight-line basis over their expected useful life, which varies between 5 to 10 years.

Parent Company

The Parent Company recognizes the value of trademarks at cost less any accumulated amortization and impairment losses.

Customer and supplier relationships

Intangible assets in the form of customer and supplier relationships are identified in connection with business combinations. The value of customer relationships is calculated using the Multi-Period Excess Earning Method, together with any other relevant information, and is carried at cost less accumulated amortization and impairment losses.

Note 1 continued

At present, existing customer relationships are considered to have a useful life of 7 years and existing supplier relationships a useful life of 10 years.

Research and development

Expenditure on research is recognized as an expense in the period in which it is incurred. Expenditure on development is recognized as an intangible asset only if it is technically and financially feasible to complete the asset, it is expected to provide future economic benefits and the cost of the asset can be measured reliably. In respect of development of seed grain, this means that costs cannot be capitalized until an official variety test has shown potential success for the variety. With regard to the development of fuels, expenditure is capitalized only after 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 IS/IT systems is capitalized if the general preconditions according to the above are met and the total expenditure is estimated to exceed MSEK 3.

Capitalized expenditure is amortized on a straight-line basis over the estimated useful life of 5 to 10 years.

Other intangible assets

Intangible assets also include patents, licenses and other rights. The assets are carried at cost less accumulated amortization and impairment losses. Amortization is straight-line over the expected useful life of the asset, which is estimated at 5-10 years.

Subsequent expenditure on other intangible assets increases the cost only if it is likely that the Group will have future economic benefit from the subsequent expenditure. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

IMPAIRMENT LOSSES

Intangible assets with an indefinite useful life are not amortized but are tested for impairment annually or more frequently if there is an indication of impairment. The carrying amounts of assets that are amortized are regularly tested. At the end of each reporting period an assessment is made as to whether there is any indication 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 value 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 considered to be the present value of the estimated future cash flows that are expected from using the asset and its estimated residual value at the end of its useful life. When calculating the value in use, future cash flows are discounted at an interest rate before tax intended to take into account a market assessment of risk-free interest rates and risk involved with the specific asset. In 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 method (First In/First Out) or weighted average prices. The cost of self-produced goods includes raw materials, direct wages, other direct costs and production-related overhead costs, based on normal production capacity. Borrowing costs are not included in the measurement of inventories. Net realizable value is the estimated selling price in operating activities less the estimated costs to complete and sell the product.

For recognition of grain stocks, see also "Revenue recognition – grain" on ▶ page 109.

CONSTRUCTION CONTRACTS AND SIMILAR ARRANGEMENTS

In the consolidated financial statements the percentage of completion method is applied to construction contracts for which the outcome can be calculated in a satisfactory manner. Income and expenses are recognized in the income statement in relation to the contract's stage of completion. The stage of completion is determined on the basis of contract costs expended in relation to the total calculated contract costs for the contract. Expected losses are expensed immediately.

FINANCIAL ASSETS AND LIABILITIES**- FINANCIAL INSTRUMENTS**

All financial instruments recognized in the statement of financial position include, on the asset side, cash and cash equivalents, trade receivables, shares and other similar equity instruments, loan receivables, other interest-bearing instruments and derivatives. Financial liabilities include trade payables, loans and derivatives. Derivative instruments include forward contracts, futures and swaps used primarily to cover risks relating to exchange rate and commodity price fluctuations and exposure to interest-rate risks. Derivative instruments are recognized in the statement of financial position when agreements are made. Trade receivable are recognized in the statement of financial position when the invoice has been issued. Trade payables are recognized when an invoice is received. Other financial assets and financial liabilities are recognized in the statement of financial position on the settlement date. A financial asset or part of the asset is derecognized on the settlement date or when it expires. A financial liability or part of a financial liability is derecognized on the settlement date or when it is extinguished in another manner.

Classification of financial instruments

Measurement depends on how the financial instrument is classified. Classification takes place at the time the transaction is carried out. Lantmännen classifies its financial instruments in the following categories:

Financial assets measured at fair value through profit or loss

A financial asset is assigned to this category if it is held for trading. Derivative instruments with a positive market value are assigned to this category if they have not been identified as hedging instruments. Changes in value in this category are recognized in profit or loss.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets in this category are carried at amortized cost and are subject to impairment tests.

Impairment of a financial asset takes place if events occur that provide evidence that the future cash flows from the asset will be adversely affected. Impairment testing of, for example, trade receivables is based on an individual assessment of bad debts and current counterpart.

Available-for-sale financial assets

A financial asset that has not been classified in any of the above categories and is not a derivative instrument is included in this category. Financial assets are carried at fair value, and the change in value is recognized in Other comprehensive income in equity until the asset is sold, unless an impairment loss requires a change in value to be reclassified to profit or loss beforehand.

Financial liabilities measured at fair value through profit or loss

Derivative instruments with a negative fair value are assigned to this category, unless the instrument has been identified as a hedging transaction. Changes in the values of these instruments are recognized in profit or loss.

Other liabilities

This category includes all liabilities except for derivative instruments. Other liabilities are carried at amortized cost.

Derivatives used in hedge accounting

This category includes derivatives used in hedge accounting in accordance with what is described in the section on Derivative instruments and hedge accounting.

Non-current financial assets

Equities and interest-bearing securities acquired for permanent use in operations are classified as non-current financial assets. Listed equities are included

Note 1 continued

in the "available-for-sale financial assets" category. Unlisted shares and market-listed securities are included in the "at fair value through profit or loss" category. Unlisted interest-bearing securities are included in the "loans and receivables" category.

Trade receivables

Trade receivables are included in the "loans and receivables" category and are recognized at the amount expected to be paid in based on an individual assessment of doubtful trade receivables.

Short-term investments

Short-term investments mainly include short-term investments in banks with a maturity at the date of acquisition exceeding 3 months but 12 months at the most or instruments that are directly tradable on the market. Short-term investments are included in the "loans and receivables" category.

Cash and cash equivalents

Cash and cash equivalents comprise cash, immediately available bank deposits as well as other money market instruments with an original maturity less than three months and are included in the "loans and receivables" category.

Interest-bearing liabilities

Interest-bearing liabilities include mainly loans from credit institutions and members. Also included are deposits from the public in Lantmännen Finans AB. Interest-bearing loans are initially recognized at cost corresponding to the fair value of the performance received. The transaction costs are amortized over the term of the loan. These liabilities are included in the "other liabilities" category.

DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

Holdings of financial derivative instruments comprise interest rate and currency swaps, currency forward contracts, commodity derivatives and electricity derivatives.

Derivative instruments are carried at fair value and the result of the remeasurement affects the income statement when the derivative does not qualify for hedge accounting. Hedge accounting may be applied if certain criteria are met with regard to documentation of the hedge relationship and the hedge effectiveness. Most of the derivative contracts used at Lantmännen have been entered into to hedge risks such as currency risk.

The majority of the derivative instruments held by Lantmännen represent 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 a hedge of an actual or forecast transaction.

IAS 39 defines three different hedging relationships: cash flow hedges, hedging of net investments and fair value hedges. Lantmännen currently applies only cash flow hedging and hedging of net investments.

A **cash flow hedge** is a hedge held to reduce the risk of an impact on profit or loss from changes in cash flow relating to a highly probable forecast future transaction or in transactions associated with an asset or liability. In cash flow hedge accounting, the change in the derivative instrument's fair value is recognized in equity via "other comprehensive income." When the hedged position is recognized in profit or loss, the result of the revaluation of the derivative instrument is also transferred to profit or loss.

Cash flow hedging using various types of derivative instruments is applied to currency and commodity price risks in commercial flows, electricity price risks and interest rate risks in the debt portfolio.

Hedging of net investments refers to hedges held to reduce the effect of changes in the value of a net investment in a foreign operation owing to a change in foreign exchange rates. Foreign currency gains or losses arising from measurement of the fair value of the instruments used for these hedges are recognized in equity via "other comprehensive income." 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 other comprehensive income in the same manner as translation differences relating to investments in foreign subsidiaries.

Currency risk

Currency derivatives are entered into with the aim of limiting the impact of short-term currency movements on Lantmännen's earnings and financial position. The basis for Lantmännen's financial policy is that the currency is part of the pricing and shall therefore be hedged by no later than when agreements are entered into with customers.

Interest rate risk

Interest rate derivatives are used for the purpose of changing the fixed-rate interest period of underlying financial assets and liabilities. Interest rate swaps are used to hedge against interest rate risks. Amounts that are to be paid or received according to the interest rate swap agreement are recognized on an ongoing basis as interest income or interest expense.

Commodity price risk

Commodity derivatives are used for the purpose of reducing earnings fluctuations caused by variations in the price of commodities, particularly wheat, malting barley, oilseed rape and soybeans. Hedge accounting is applied, which means that the effect of the hedge is recognized in the income statement in the same period as the underlying transaction.

Electricity price risk

Electricity derivatives are entered into to increase the predictability of costs, thereby reducing earnings volatility and the need for changes in prices to customers caused by fluctuations in the price of electricity.

Ethanol price risk

Ethanol derivatives are used for the purpose of reducing earnings volatility caused by variations in the price of ethanol. The capacity to hedge price risk via derivatives in the ethanol market is limited. Ethanol is priced in EUR or USD. The basis for the Group's financial policy is that the currency is part of the transaction's pricing and shall therefore be hedged by no later than when agreements are established. Ethanol price risk only arises in the Energy Sector.

Parent Company

In the Parent Company financial instruments are accounted for using the cost method. Since the interest-bearing assets and liabilities of the Parent Company are consistent in all material respects with those of the Group, no special disclosures are provided for the Parent Company.

DETERMINATION OF FAIR VALUE

Lantmännen's financial instruments are mostly priced in the official markets and measurement is done using official market prices or is derived from the quoted market prices. This applies, for instance, to commodity futures and energy derivatives.

For unlisted financial instruments, or if the market for a certain financial asset is inactive, the value is determined through the application of generally accepted valuation techniques, whereby the Group makes assumptions based on market conditions prevailing at the reporting date. The fair value of forward exchange contracts and currency swaps is estimated based on current forward rates at the reporting date, while interest rate swaps are valued using estimates of future discounted cash flows. Market rates and current credit margins form the basis for estimating the fair value of long-term borrowings.

For financial assets and liabilities with short maturities, the fair value is estimated at cost adjusted for any impairment. If the fair value of equity instruments cannot be determined, they are reported at cost adjusted for any impairment.

PROVISIONS

Provisions are recognized when Lantmännen has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. For long-term material amounts, a present value computation is performed to take the timing aspect into consideration. 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.

Note 1 continued

EMPLOYEE BENEFITS

Pensions

Lantmännen has both defined contribution and defined benefit pension plans, most of which are funded.

In defined contribution plans the company pays fixed contributions to a separate legal entity and has no obligation to pay further contributions thereafter. The costs for these plans are charged to consolidated profit as the benefits are earned.

Defined benefit pension plans define an amount of pension benefit that an employee will receive on retirement, based on factors such as salary, years of service and age. The Group's companies bear the risk of 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 plan obligation and the fair value of the plan assets associated with the obligation at the reporting date in a pension fund or in some other way.

Pension costs and pension obligations for defined benefit plans are calculated according to the Projected United Credit Method. This method allocates the costs for pensions as the employees carry out services for the company that increase their entitlement to future benefits. The company's obligation is calculated annually by independent actuaries. The obligation comprises the present value of the expected future payments. The discount rate that is used corresponds to the interest rate for high-quality corporate bonds or treasury bonds with a maturity that corresponds to the average term for the obligations and the currency. An interest rate equivalent to the interest rates of high-quality mortgage bonds is used for Swedish plans. These bonds are considered equivalent to corporate bonds since they have a sufficiently deep market to be used as the basis for the discount rate.

Actuarial gains and losses may arise in determining the present value of the defined benefit obligation and fair value of plan assets. These arise either when the actual outcome diverges from the previously calculated assumption or the assumption changes.

Lantmännen recognizes actuarial gains and losses 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 recognized in the statement of financial position under "Other non-current provisions." The present value of the provision is not calculated. The change in the provision is recognized to the extent that it relates to actuarial gains or losses in Other comprehensive income.

Parent Company

The Parent Company applies the Pension Obligations Vesting Act (Tryggandlagen) 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 recommendation No. 4, Accounting of pension liabilities and pension costs. The most significant differences vis-a-vis the rules in IAS 19 are how the discount rate is set 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 other comprehensive income, whereupon related taxation is also recognized in equity or other comprehensive income. 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 under the rules applicable to the tax effects of dividends. Current tax is tax that must be paid or received for the current year. Current tax also includes adjustments to current tax attributable to previous periods.

Deferred tax is calculated according to the balance sheet method for all temporary differences that arise between the tax-related value and the carrying amount of assets and liabilities. Deferred tax is measured at the nominal amount and estimated by applying the tax rates and tax rules that have been decided or announced as at the reporting date. Deferred taxes relating to temporary differences attributable to participations in subsidiaries and associates are not recognized, since in each case Lantmännen can control the date for their reversal, and it is not deemed probable that a reversal will occur within the near future.

Deferred tax assets relating to deductible temporary differences and loss carry-forwards are recognized only in so far as it is deemed probable that these will result in lower tax payments in the future.

Deferred tax assets and deferred tax liabilities are netted when they are attributable to the same taxation authority and the affected company has a legal right to offset tax assets against tax liabilities.

Parent Company

Because of the connection between accounting and taxation, the Parent Company recognizes untaxed reserves including deferred tax liabilities. However, in the consolidated financial statement untaxed reserves are divided into deferred tax liabilities and equity.

REVENUE

Revenue is recognized exclusive of VAT and excise duties and is reduced by the value of discounts provided.

Revenue from the sale of goods and services is recognized in connection with deliveries to the customer and in accordance with the terms of the sale, i.e., when all significant risks and benefits of the ownership are transferred to the customer. Rental income is recognized in the period the rental concerns.

The percentage of completion method is applied to the construction contracts where the outcome can be calculated in a satisfactory manner. 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 determined.

Other revenue includes compensation for sales outside the Group's ordinary activities and includes external rental income, gain or loss from sales of non-current assets and from disposals of group entities.

REVENUE RECOGNITION – GRAIN

The entire grain harvest that Lantmännen buys according to the agreement for a single harvest year is considered 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, although 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 deemed to exist at any time, it is recognized directly in the income statement.

Valuation of current grain stocks is done on the basis of the purchase prices the above-described policies provide at the end of each reporting period.

REFUND AND FINAL PRICE ADJUSTMENT

Members of Lantmännen ek för may receive a refund for patronage with the association and the machinery business plus a final price adjustment on sales

to the association. The amount of the refund and final price adjustment is decided by the Board at the end of the year. The refund and final price adjustment are part of the economic association's dividend to its members and is recognized as a dividend on a consolidated basis.

Parent Company

In the Parent Company the refund and final price adjustment are recognized as an expense in the income statement. The item is recognized after finance income and costs. It is not recognized on an ongoing basis during the year but is recognized in its entirety when the Board makes its refund and final price adjustment decision.

LEASING

The Group acts both as lessor and lessee. The Group acts as a lessor only with respect to goods that are normally sold by the Group, i.e., in conjunction with customer financing.

Leasing is classified in the consolidated financial statements as either finance or operating leasing. Finance leasing is present when the financial risks and rewards incident to ownership are substantially transferred to the lessee. If not, the leasing is considered operational.

For the lessee, finance leasing means that the leased asset is reported as a non-current asset in the statement of financial position and a corresponding financial liability is attributed to interest-bearing liabilities. The non-current asset is depreciated according to the same policies as for a similarly owned asset, while the lease payments are recognized as interest and amortization of the initially recognized liability.

With operating leasing the lessee does not recognize an asset in the statement of financial position and the total lease payments are expensed on a straight-line basis over the term of the lease.

When the Group is the lessor, the leased asset for operating leasing is recognized as a non-current asset in the statement of financial position and is depreciated over its 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 leasing the transaction is recognized as a sale by which a receivable is created, which is recognized as a finance lease receivable. Payments received in connection with finance leasing are recognized as interest income and amortization of the finance lease receivable.

Parent Company

All lease agreements in the Parent company are recognized according to the rules for operating leasing. The Parent Company is solely 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 terms associated with the grant will be met and that the grant will be received. Grants are accrued in the same manner and over the same periods as the costs for which the grants are intended to compensate. If the government grant or assistance is neither related to the acquisition of assets nor to compensation of costs, the grant is recognized as other income.

BORROWING COSTS

Borrowing costs that are attributable to investments in assets that take more than 12 months to complete and where the investment amount is at least MSEK 300 are capitalized as part of the investment amount. Other borrowing costs are expensed in the period to which they are attributed.

BIOLOGICAL ASSETS

Biological assets are to be measured and carried at fair value under IAS 41. There are operations within Lantmännen that own and manage biological assets. These assets normally have a short life span, less than one year. For that reason Lantmännen has chosen to view the reported cost as an estimate of fair value. These operations account for a tiny fraction of Lantmännen's overall operations.

ASSETS HELD FOR SALE, DISCONTINUING OPERATIONS

Lantmännen only reclassifies assets where decisions have been made regarding their sale if the asset's value is substantial – currently a threshold of MSEK 50.

GROUP CONTRIBUTION AND SHAREHOLDER CONTRIBUTIONS

Parent Company

Lantmännen has elected to report received and paid group contributions under separate headings in the income statement, between interest and tax, as this is considered to be more in line with the substance of the transaction and relationship between accounting and taxation.

Paid out shareholder contributions are capitalized in shares and participations to the extent that impairment is not required. The recipient recognizes the shareholder contribution directly in equity.

RELATED PARTIES

Through its control the Parent Company is a related party to its subsidiaries and subsidiaries' subsidiaries. Through their significant influence both the Group and the Parent Company are related parties to their associates, which accordingly comprise directly as well as indirectly owned companies.

"Lantmännens Gemensamma Pensionsstiftelse Grodden" is a plan for post-employment benefits for employees of companies in the Lantmännen Group. Consequently, the Fund is considered to be related.

Pricing of deliveries of goods and services between entities within the Group is set at market prices.

Through their right to participate in the decisions that concern the Parent Company's strategies, Board members have significant influence over the Parent Company and are therefore considered related parties. An economic association's purpose is to promote its members' economic interests through the economic activities in which its members participate. In accordance with this, purchasing and selling of goods and services during the financial year have occurred between the Parent Company and individual Board members who are members of the association. In the same manner, individual Board members participate in the financing of the association. Transactions between Board members and the economic association, have, in their capacity as owners, taken place in accordance with the association's objectives. The same conditions apply to Board members as to other members. Information about amounts is therefore not disclosed regarding these transactions.

NOTE 2 | SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with IFRS is often based on the management's judgments and on estimates and assumptions about the reported amounts of assets and liabilities. These estimates are based on historical experience and assumptions that are deemed reasonable and realistic in the circumstances. The actual outcome may differ from these estimates.

The estimates and underlying assumptions are reviewed on a regular basis. Changes in accounting estimates are recognized in the period of the change if the change only affects that period. Changes are recognized in the period of the change and future periods if the change affects both.

Management's accounting estimates and assumptions affect the application of certain accounting policies. A general description of the ones that are expected to have the biggest impact on the Lantmännen Group's reported financial position or results is provided below. For information on the carrying amounts at the reporting date see the statement of financial position with associated notes.

Impairment of goodwill and other assets

Impairment of goodwill and other intangible assets with indefinite useful lives is tested annually or whenever there are indications that an impairment loss would arise, for example, due to a changed business environment, disposal decisions or closure of operations. The Group's goodwill and other intangible assets amounted to MSEK 3,407 at the end of 2011, which corresponds to 31 percent of the Group's equity. Impairment of other assets is tested as soon as there is an indication.

Management makes certain assumptions concerning the valuation of assets, including date and value of cash flows to be generated by the assets. The estimated future cash flows are based on assumptions that represent management's best estimate of the economic conditions that will exist during the

asset's remaining lifetime, and are based on the latest financial plan. Impairment occurs if the estimated value in use is less than the carrying value.

The discount factors used in the present value calculation of the anticipated future cash flows is the current weighted average cost of capital (WACC) established within the Group for the markets in which the cash-generating units conduct operations.

Impairment is described in more detail in Note 6.

Deferred tax assets and deferred tax liabilities

Assessments are made to determine deferred tax assets and deferred tax liabilities, particularly in respect of deferred tax assets. The possibility that deferred tax assets will be utilized and offset against future taxable profits is assessed. The actual outcome of these future taxable profits may differ as an effect of the future business climate, earnings potential or changes in tax regulations. See also Note 11.

Pensions

The value of pension obligations for defined benefit pension plans is based on actuarial calculations concerning assumptions about discount rates, future salary increases, inflation and demographics. The discount rate, which is the most critical assumption, is based on market return on high-quality corporate bonds, mortgage bonds with maturities corresponding to the pension plan's obligations, or, if there is no deep market for them, the market rate of government bonds. A lower discount rate increases the present value of pension liabilities and their cost while a higher discount rate has the reverse effect. A 0.25 percent change in the discount rate changes the pension obligation by approximately MSEK 70. See also Note 23.

NOTE 3 | SEGMENT REPORTING

INFORMATION ABOUT OPERATING SEGMENTS

Financial year 2011 MSEK	Agriculture Sector	Machinery Sector	Energy Sector	Food Sector	Other operations	Group- wide	Total Group
Net sales							
External sales	9,921	10,298	2,920	14,658	99	-	37,896
Internal sales	1,576	30	132	50	510	-2,298	0
Total net sales	11,497	10,328	3,052	14,708	609	-2,298	37,896
Income							
Income per business segment	183	444	-141	298	-95	515	1,204
Operating income	183	444	-141	298	-95	515	1,204
Of which share of income of associates	88	-	2	13	4	-	107
Finance income							239
Finance costs							-576
Tax expense for the year							-147
Net income for the year	183	444	-141	298	-95	515	720
Other disclosures							
Assets	4,100	3,789	2,606	11,209	2,698	-742	23,660
Equity share of associates	897	-	10	151	219	-	1,277
Unallocated assets							1,684
TOTAL ASSETS	4,997	3,789	2,616	11,360	2,917	-742	26,621
Liabilities	1,087	1,625	335	2,115	2,081	-742	6,501
Unallocated liabilities							9,178
Equity							10,942
Total liabilities and equity	1,087	1,625	335	2,115	2,081	-742	26,621
Investments	103	307	85	814	155	0	1,464
Depreciation, amortization and impairment	-134	-174	-239	-759	-63	3	-1,366

Note 3 continued

Financial year 2010 MSEK	Agriculture Sector	Machinery Sector	Energy Sector	Food Sector	Other operations	Group- wide	Total Group
Net sales							
External sales	9,953	8,529	2,908	14,446	152	-	35,988
Internal sales	1,158	32	97	38	468	-1,793	0
Total net sales	11,111	8,561	3,005	14,484	620	-1,793	35,988
Income							
Income per business segment	82	206	113	534	61	63	1,059
Operating income	82	206	113	534	61	63	1,059
Of which share of income of associates	72	-	2	11	7	-	92
Finance income							195
Finance costs							-432
Tax expense for the year							-97
Net income for the year	82	206	113	534	61	63	725
Other disclosures							
Assets	4,375	3,272	2,832	11,451	2,841	-950	23,821
Equity share of associates	812	-	9	142	194	-	1,157
Unallocated assets							2,031
TOTAL ASSETS	5,187	3,272	2,841	11,593	3,035	-950	27,009
Liabilities	1,259	1,882	501	2,061	2,209	-950	6,962
Unallocated liabilities							9,625
Equity							10,422
Total liabilities and equity	1,259	1,882	501	2,061	2,209	-950	27,009
Investments	187	204	106	955	247	-	1,699
Depreciation, amortization and impairment	-192	-179	-165	-927	-102	-	-1,565

INFORMATION ABOUT GEOGRAPHIC AREAS

MSEK	2011		2010	
	External sales	Non-current assets	External sales	Non-current assets
Sweden	20,136	7,190	20,049	7,025
Denmark	4,883	3,081	4,573	3,796
Germany	3,751	976	3,280	1,448
Norway	3,320	355	2,669	359
U.K.	1,516	1,019	1,260	218
Belgium	606	390	643	416
Netherlands	544	17	684	16
Poland	467	131	375	162
Baltics	429	102	340	104
Finland	376	232	346	404
Russia	302	48	223	59
Rest of Europe	947	62	786	52
U.S.	434	339	433	348
Rest of world	185	0	327	0
Total	37,896	13,942	35,988	14,407

Geographic Information

The information presented regarding the revenue allocated to the geographical areas is grouped according to where the customers are located.

Information regarding assets is based on geographical areas grouped according to where the assets are located, that is, where the entity carries on its production of goods and services, and includes property, plant and equipment, intangible assets and investments in associates.

The Group's major currencies:

MSEK	2011		2010	
	Average rate	Closing rate	Average rate	Closing rate
DKK	1.21	1.20	1.28	1.21
EUR	9.03	8.94	9.54	9.00
GBP	10.41	10.68	11.13	10.55
NOK	1.16	1.15	1.19	1.15
USD	6.50	6.92	7.20	6.80

Note 3 continued

Lantmännen's activities are operationally divided into Sectors.

The Group's operational structure and internal reporting to Group Management and the Board of Directors coincide. Consequently, the Sectors correspond to the Group's segments. The divisions between the Sectors are based on the Group's operations from a product and customer perspective.

Sales between the Group's units are conducted on market terms and conditions.

The assets and liabilities that are used in the segment's operating activities are included in the Sectors and the areas for which they are responsible. The assets and liabilities that are included are intangible assets, property, plant and equipment, current assets, operating liabilities and provisions attributable to the sale of goods and services, i.e., the operating capital of the Sectors. 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 responsibility for the Group's tax, lies with the corporate central functions. Consequently, financial assets and liabilities, provisions for pensions, taxes and gains and losses arising from the remeasurement of financial instruments under IAS 39 and pension obligations under IAS 19 have not been allocated to each Sector.

All tangible and intangible asset investments, with the exception of investments in expendable equipment and acquisition of companies, are included in the segments' investments.

The Group consists of four Sectors with different concentrations. Other activities encompass property management and a number of centrally controlled small companies. The Sectors are outlined below:

The Agriculture Sector is the Group's core business. The Sector develops and offers products and services that will create the conditions for profitable and competitive agriculture for Lantmännen owners. The Sector buys and sells grain and processes, develops and markets products in feed, crop production and seed. The Sector also includes Lantmännen Byggplant, which constructs different types of farm buildings, and the Group's international agriculture operations in the form of shares in associates.

The Machinery Sector imports, markets and sells farm machinery and equipment in Scandinavia and is the distributor and dealer for Volvo construction equipment in Sweden, the Baltics, and northern and central Germany. The Sector also markets and sells lubricants and hydraulic oils and engages in servicing and parts sales in its area of operation.

The Energy Sector develops and manufactures bio-based energy products and environmentally friendly service products, such as grain-based fuel ethanol, wood pellets, district heating, alkylate and alcohol for the beverage industry.

The Food Sector encompasses the Group's food production and consumer product units. It includes:

- Lantmännen Cerealia, which develops, manufactures and markets grain-based products such as flour, flour mixes, grains, muesli, pasta and pancakes, as well as ready-to-eat meals, beans and lentils. Products are distributed through supermarkets, restaurants, food service providers, bakeries, wholesalers and the food industry in Northern Europe.
- Lantmännen Unibake, which develops, manufactures and sells frozen bread and bake-off products all over the world, and fresh bread mainly in Denmark and Poland. Lantmännen Unibake is one of Europe's largest bakery companies, with customers in service operations and food retailing.
- Lantmännen Kronfägel, which is the largest producer of fresh, frozen and processed chicken products in the Nordic countries. The company also raises day-old chicks for delivery to breeders.
- Lantmännen Doggy, which develops and manufactures dry and wet cat and dog food.

MSEK	NOTE 4 BREAKDOWN OF REVENUE	
	2011	2010
Net sales		
Sales of goods	36,460	34,566
Construction contracts	314	301
Service assignments	664	651
Royalties	128	133
Rental activities	294	250
Other	36	87
Total	37,896	35,988
Other operating income		
Services	17	11
Capital gains	490	232
Government grants	6	5
Rental activities	48	97
Other	126	288
Total	687	633

Capital gains include MSEK 465 (219) from the sale of properties and MSEK 0 (13) from the sale of operations. The majority of the year's capital gains came from the sale of properties to Lantmännen's newly established pension fund.

Average number of employees	NOTE 5 EMPLOYEES AND EMPLOYEE BENEFITS EXPENSE			
	2011	of which women	2010	of which women
The Group				
Sweden	4,506	29%	4,650	29%
Denmark	2,084	30%	2,225	32%
Germany	839	28%	851	29%
U.K.	603	21%	435	19%
Poland	513	29%	515	31%
Norway	452	34%	401	41%
Belgium	372	33%	366	35%
Ukraine	243	58%	269	58%
U.S.	215	31%	210	30%
Russia	160	52%	130	48%
Latvia	137	30%	134	31%
Finland	59	15%	54	15%
Hungary	41	54%	42	55%
Estonia	34	15%	35	17%
Netherlands	14	14%	7	14%
Lithuania	11	9%	13	15%
Spain	9	44%	8	50%
France	4	0%	3	0%
Japan	-	-	2	0%
Group, total	10,296	30%	10,350	31%
Parent Company				
Sweden	1,157	35%	1,099	34%
Parent Company, total	1,157	35%	1,099	34%

Note 5 continued

Employee benefits expense MSEK	Group		Parent Company	
	2011	2010	2011	2010
Salaries and remuneration, Board and CEOs	94	83	11	13
- of which variable component	2	5	0	2
Wages and salaries, other employees	3,991	4,049	507	556
Social security costs	821	781	199	211
Pension costs ¹⁾	291	325	125	88
Other payroll expenses	222	264	55	30
Total	5,419	5,502	897	898

- ¹⁾ Of the Group's pension costs MSEK 13 (12) relates to the category boards of directors and CEOs.
The outstanding pension obligations for these persons amount to MSEK 7 (5).
Of the Parent Company's pension costs, MSEK 2 (2) relates to the category Board of directors and CEO.
The outstanding pension obligations for these persons amount to MSEK 0 (0).

Gender breakdown in executive management	Group		Parent Company	
	2011	2010	2011	2010
Boards of Directors	16	16	15	29
Other senior executives	28	28	44	50

SALARIES AND REMUNERATION OF SENIOR EXECUTIVES

Senior executives

Senior executives as referred to in this note include Group Management consisting of the President & CEO, Executive Vice President, Heads of Sectors and Heads of Corporate Functions. Members of Group Management may be employed by the Parent Company or by subsidiaries. The composition of the senior executives group was unchanged in 2011, consisting of 10 individuals at both the beginning and end of the year. In 2010, the group consisted of 9 individuals at the beginning and end of the year. However, one person left during the year and was replaced by another person. In October, the President & CEO resigned from his position. The Executive Vice President was appointed Acting President & CEO.

Lantmännen's Remuneration Committee

Lantmännen's Board of Directors has a special Remuneration Committee. Among other tasks, the Remuneration Committee is charged with preparing the Board's decisions in salary matters and other remuneration for the President & CEO, as well as approving other Group Management salaries and other remuneration.

Lantmännen's remuneration policy

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

- ensure that employees at Lantmännen receive market-based, competitive compensation that makes it possible to recruit and retain capable employees in line with Lantmännen's shared values: openness, a holistic view and drive.
- offer a salary structure based on individual performance, duties, qualifications, experience and position, which means that it is neutral with regard to gender, ethnicity, disability, sexual orientation, etc.

Remuneration structure, 2011

Lantmännen's remuneration structure has the following components:

- Fixed salary
- Variable salary
- Pension benefits
- Other benefits and severance pay

Fixed salary

Salaries of members of Lantmännen's Group Management are reviewed annually at January 1. The review takes into consideration performance, pay developments in the market, changes in area of responsibility, the company's performance as well as local agreements and rules.

Variable salary

Lantmännen has had a common structure for variable salary for a defined target group since 2006. The target group consists of Group Management, key staff who report to members of Group Management, members of the senior management of Sectors, business areas, or large subsidiaries and the CEOs of smaller companies. Decisions about target groups and guidelines for variable salary are made annually by the Annual General Meeting in the case of the Group Management and by the Board of Lantmännen in other cases. For 2011 the program consists of quantitative and qualitative targets. The quantitative targets represent 75 percent of maximum variable salary and are linked to the economic value added that operating units bring to Lantmännen. This value is calculated by charging the estimated cost of operating capital, currently 8 percent of average operating capital during the year, to operating income. The maximum variable salary that could be paid to Lantmännen's Group Management in 2011 was 30 percent of fixed salary with full achievement of targets. The President and Executive Vice President did not achieve the variable salary targets. This was also the case for the other members of Group Management, apart from one. Consequently, the outcome does not correspond to 100 percent of the maximum outcome. The maximum variable salary that could be paid for all employees entitled to variable salary in 2011 was approx. MSEK 38, excluding social security costs. A provision of MSEK 4.0, excluding social security costs, was recognized for variable salaries in 2011.

Pensions

Lantmännen offers its employees occupational pensions unless otherwise regulated by local agreements or in other regulations. In Sweden the majority of employees are included in defined benefit pension plans (ITP) through PRI Pensionstjänst AB. Defined benefit schemes also exist in Norway, Germany and other countries. There are currently two different pension guidelines for Lantmännen's Group Management: Earning of occupational pension according to the ITP agreement with pensionable salary maximized at 30 income base amounts where sickness benefits are paid according to the ITP agreement and a premium-based pension where the premium is equal to 25-35 percent of the pensionable salary. Within the premium framework, the employee personally selects the subdivision between old-age, survivor and sickness benefits. The President & CEO receives a defined contribution pension with a premium of 30 percent of pensionable salary, with a retirement age of 65 years. A more uniform executive pension plan for Group Management, excluding the CEO, was introduced in 2011. The new executive pension plan represents a premium provision corresponding to 30 percent of salary over 30 income base amounts.

Terms for pensions before the age of 65

One senior executive is accruing entitlement to a pension from 63 to 65 years that is a defined benefit pension equal to 60 percent of a previously stipulated pensionable salary. All pension entitlements are accrued on a straight-line basis and guaranteed through insurance. Other senior executives have no entitlement to a pension before the age of 65.

Terms for pensions after the age of 65

Three senior executives are accruing in principle an occupational pension in accordance with ITP, with pensionable salary maximized to 30 income base amounts. Seven senior executives are accruing a defined contribution pension with an allocation for insurance corresponding to 25-35 percent of pensionable salary, which is the fixed salary with or without a ceiling. Within the premium framework, the employee personally selects the subdivision between old-age, survivor and sickness benefits. All pension entitlements are accrued on a straight-line basis and guaranteed through insurance. Four individuals have the new executive pension plan which represents a premium provision corresponding to 30 percent of salary over 30 income base amounts. Sickness benefits are payable in accordance with ITP, in which one senior executive has supplemental health insurance.

Note 5 continued

Other benefits and severance pay

Other benefits

In addition to fixed salary, pension and long-term sickness benefits, Lantmännen offers occupational injury insurance as well as occupational group life insurance in accordance with local agreements and rules. In addition, senior executives are entitled to private health insurance.

Severance pay/termination

Between Lantmännen and the President & CEO a notice period of six months

applies on the company's part and six months on the employee's part. If Lantmännen terminates employment, he will receive severance pay corresponding to his fixed salary and other benefits (including occupational pension and insurance during the notice period), in addition to a termination benefit of 18 months' fixed salary with full deduction of any salary from a new employer. Other senior executives have a notice period of 6 months for both voluntary and involuntary termination of employment. In the case of involuntary termination, termination benefits corresponding to 12 months are paid. Income from other employment during the termination benefit period is deducted.

Salaries and remuneration of senior executives 2011 TSEK	Directors' fees	Fixed salary ⁶⁾	Variable salary ⁷⁾	Other Pension ⁶⁾	Total benefits ⁸⁾	2011
Elected board members of Lantmännen ek för, according to specification below ¹⁾	4,201					4,201
President & CEO						
Per Strömberg ²⁾		7,426	0	2,250	127	9,803
Per Olof Nyman ³⁾		693	0	370	24	1,087
Executive Vice President						
Per Olof Nyman ³⁾		3,150	0	974	98	4,222
Group Management, other ⁵⁾		16,149	365	4,230	796	21,540
	4,201	27,418	365	7,824	1,045	40,853

Salaries and remuneration of senior executives 2010 TSEK	Directors' fees	Fixed salary ⁶⁾	Variable salary ⁷⁾	Other Pension ⁶⁾	Total benefits ⁸⁾	2011
Elected board members of Lantmännen ek för, according to specification below ¹⁾	4,327					4,327
President & CEO						
Per Strömberg ²⁾		5,200	1,560	1,560	108	8,428
Executive Vice President						
Claes Eriksson ⁴⁾		3,240	972	0	107	4,319
Group Management, other ⁵⁾		13,039	3,599	3,649	528	20,815
	4,327	21,479	6,131	5,209	743	37,889

¹⁾ Includes remuneration from both Lantmännen ek för and other Group companies.

²⁾ Under a voluntary salary reduction arrangement, the President was entitled to waiver-of-premium insurance that covered monthly premium payments for occupational pension in the event of illness lasting longer than 90 days. The benefit was limited to a maximum amount equal to his fixed salary for 2009 (SEK 5,200,000). The waiver-of-premium insurance entitlement ceased on October 14, 2011 when Per Strömberg resigned from his position. The cost of the insurance is included in Other benefits. Per Strömberg's term of employment was until the middle of March 2012, but he was released from his contract. Compensation for the portion of the notice period that falls in 2012 was recognized as a cost in 2011 and included in the carrying amount of SEK 1,426,000 in fixed salaries, 450,000 in retirement benefits and SEK 21,000 in other benefits.

³⁾ Acting President & CEO from October 19, 2011, Executive Vice President from January 1, 2011 until October 18, 2011 (inclusive).

⁴⁾ Executive Vice President until December 31, 2010 (inclusive).

⁵⁾ Other Group Management consisted of 8 (7) individuals at year-end. Disclosures regarding the Group Management only apply to individuals who make up the management of the Lantmännen Group.

⁶⁾ Certain members of Group Management are entitled to alternate between fixed pay and pension within the framework of current tax legislation.

⁷⁾ Estimated variable salary for 2011 (2010), payable in 2012 (2011).

⁸⁾ Mainly company cars; other benefits include accommodation and subsistence.

Fees to the Board of Directors	2011	2010
Thomas Bodén, Chairman of the Board	843	837
Bengt-Olov Gunnarson, Vice Chairman	561	513
Anitra Steen	383	391
Helle Kruse Nielsen ⁹⁾	389	268
Per Lindahl ¹⁰⁾	275	-
Nils Lundberg	432	403
Thomas Magnusson	390	383
Hans Wallemyr	370	446
Björn Wallin	370	378
Birgitta Carlander ¹¹⁾	188	582
Paul Bergqvist ¹²⁾	-	126
Total	4,201	4,327

⁹⁾ From May 5, 2010

¹⁰⁾ From May 4, 2011

¹¹⁾ Until May 4, 2011

¹²⁾ Until May 5, 2010

NOTE 6 DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

MSEK	2011	2010
Depreciation and amortization		
Land and buildings	150	185
Plant and machinery	755	877
Equipment, tools, fixtures and fittings	136	127
Investment properties	3	1
Intangible assets	101	113
Total	1,145	1,303
Impairment losses		
Land and buildings	96	68
Plant and machinery	44	186
Equipment, tools, fixtures and fittings	8	1
Goodwill	73	-
Other intangible assets	-	7
Total	221	262
Total		
Land and buildings	246	253
Plant and machinery	799	1,063
Equipment, tools, fixtures and fittings	144	128
Investment property	3	1
Goodwill	73	-
Other intangible assets	101	120
Total	1,366	1,565

Impairment by Sector

MSEK	2011	2010
Agriculture Sector		
- as an effect of restructuring decision	-	30
Energy Sector		
- from annual impairment testing	73	-
Food Sector		
- from annual impairment testing	-	192
- as an effect of restructuring decision	148	8
Other operations		
- as an effect of restructuring decision	-	32
Total	221	262

For further details see also Notes 12, 13 and 14.

Impairment

Lantmännen conducts impairment testing of assets in predefined cash-generating units when there are indications of an essentially negative value trend in the units concerned and this situation is not expected to be temporary.

Even in the absence of such indications, Lantmännen always conducts impairment testing, usually during the fourth quarter, of assets in the cash-generating units that include goodwill and other intangible assets with an indefinite useful life.

The recoverable value of the cash-generating units is determined by estimating the value in use. Value in use is considered to be the present value of the estimated future cash flows that are expected from use of the asset and the calculated residual value at the end of its useful life. The estimates are based on adopted budgets for 2012 and adopted strategic plans for 2013 and 2014. The calculation of value in use is also based on what management believes are reasonable market assumptions, and includes projected cash flows for the

existing operations over these three years and over the estimated remaining useful life, with annual growth after 2014 assumed to be 1 percent.

The discount factor used in the present value calculation of anticipated future cash flows corresponds to the long-term return requirements, before tax, 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. Another factor is proximity of the operation to the farmer, which results in a lower risk premium and consequently a lower discount rate.

The cash-generating units as defined in 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.

This year's impairment testing of goodwill and intangible assets with indefinite useful lives resulted in goodwill impairment of MSEK 73 (0) in Lantmännen Agroenergi. This corresponds to the entire goodwill reported for this cash-generating unit. A discount rate of 11 (11) percent before taxes was applied during impairment testing.

Lantmännen Unibake accounted for 88 percent of the Group's total value of goodwill and other assets with an indefinite useful life. A discount rate of 9 (9) percent before taxes was applied during impairment testing of this cash-generating unit and no impairment was identified. An increase in the discount rate by 1 percentage point reduces the estimated value in use by MSEK 1,000. In the case of an increase in the discount rate by more than 3 percentage points, an impairment loss would occur, all other assumptions unchanged.

Other units with goodwill and intangible assets with an indefinite useful life were well within the estimated value in use limit during impairment testing for the year.

Other write-downs of non-current assets implemented during the year are an effect of decisions on restructuring and not a result of impairment testing of assets in cash-generating units.

Impairment testing in 2010 resulted in the Food Sector's Danish mill operations being written down by MSEK 192. In addition, impairment losses on non-current assets were recognized as a result of restructuring decisions.

NOTE 7 FEES AND REIMBURSEMENT OF EXPENSES TO AUDITORS

MSEK	2011	2010
Ernst & Young		
Annual audit	15	14
Other auditing services	0	1
Tax consultancy services	5	2
Other services	10	8
Total	30	25
Other auditors		
Annual audit	1	1
Other services	1	1
Elected representatives		
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. It also includes other duties incumbent on the company's auditors, as well as advice or other assistance arising from observations made while performing the audit or carrying out such other duties.

NOTE 8 FINANCE INCOME AND COSTS

MSEK	Income	2011 Expense	Total	Income	2010 Expense	Total
Financial assets at fair value through profit or loss						
Dividend	3	-	3	20	-	20
Capital gain ¹⁾	19	-	19	45	-	45
Impairment, reversal of impairment	-	-	-	-	-1	-1
Other income	-	-1	-1	6	-	6
			21			70
Loans and receivables						
Interest income, receivables from members	72	-	72	44	-	44
Other interest income	46	-	46	57	-	57
			118			101
Available-for-sale financial assets						
Dividend	2	-	2	-	-	-
Impairment, reversal of impairment ²⁾	-	-115	-115	-	-	-
			-113			-
Derivatives used in hedge accounting						
Currency forward contracts, interest rate and currency swaps	85	-51	34	22	-25	-3
Ineffective portion of hedges	3	-1	2	1	-1	0
			36			-3
Other financial liabilities						
Interest cost, pension plan	-	-76	-76	-	-71	-71
Interest expense, liabilities to members	-	-77	-77	-	-42	-42
Interest expense, liabilities to the public	-	-22	-22	-	-10	-10
Interest expense, borrowing	-	-160	-160	-	-194	-194
Other expenses, borrowing	-	-31	-31	-	-31	-31
Other interest expenses	-	-42	-42	-	-46	-46
Currency effects	9	-	9	-	-11	-11
			-399			-405
Total	239	-576	-337	195	-432	-237

¹⁾ The majority of the figures for 2011 was attributable to the liquidation of Malmö Port AB, which generated both a cash dividend and a valuation gain relating to the distribution of shares in Copenhagen Malmö Port AB.

²⁾ Refers to write-down of shareholdings in VK Mühlen AG to estimated fair value.

NOTE 9 COMPARABILITY ITEMS THAT AFFECT INCOME AFTER FINANCIAL ITEMS

The Group's earnings are affected by certain items affecting comparability. An overview of these items is presented in the table below. See also the Board of Directors' Report on page 90. An item affecting comparability is a one-time item that is not directly related to the planned future operations and which is outside the range of amounts MSEK +/- 30. The range was MSEK +/-10 million until the end of 2010.

MSEK	2011	2010
Capital gains on sale of properties	455	208
Capital gains on sale of operations	-	5
Items affecting comparability in Other operating income	455	213
Impairment of non-current assets	-148	-249
Impairment of goodwill	-73	-
Restructuring costs	-93	-128
Total Items affecting comparability in Operating income	141	-164
Items affecting comparability in Finance income and costs		
Capital gains	-	40
Impairment of financial assets	-115	-
Total	-115	40
Total items affecting comparability in Income after financial items	26	-124
Tax impact of items affecting comparability	59	45
Total items affecting comparability in Net income for the year	85	-79

Items affecting comparability by Segment/Sector in 2011

MSEK	Impairment of non-current assets	Restructuring cost	Other	Total
Energy Sector	-73	-	-	-73
Food Sector	-148	-93	-	-241
Other operations	-	-	455	455
Total	-221	-93	455	141

Impairment of non-current assets in the Energy sector related to impairment of goodwill in the operations of Agroenergi and was an effect of the annual goodwill impairment testing. The Food Sector's impairment and restructuring costs were associated with the efficiency program initiated during the year in the Unibake business area. The positive result for Other activities was attributable to capital gains from the sale of real estate and property companies to Lantmännen's newly established pension fund "Lantmännen's Gemensamma Pensionsstiftelse Grodden".

Items affecting comparability by Segment/Sector in 2010

MSEK	Impairment of non-current assets	Restructuring cost	Other	Total
Agriculture Sector	-10	-75	-	-85
Machinery Sector	-	-30	-	-30
Energy Sector	-6	-6	-	-12
Food Sector	-233	-17	-	-250
Other operations	-	-	213	213
Total	-249	-128	213	-164

Restructuring costs in the Agriculture sector were primarily associated with the ONE Lantmännen Lantbruk action program. In the Machinery Sector, the provision related to the costs of integrating the acquired company Körnicke Baumaschinen into Swecon Germany's operations. MSEK -192 of the Food Sector's impairment related to the mill in Vejle.

NOTE 10 EXCHANGE DIFFERENCES THAT AFFECTED INCOME

MSEK	2011	2010
Exchange differences that affected operating income	16	23
Exchange differences, financial items	9	-11
Total	25	12

Exchange differences in the operating Income for 2011 are included in:	2011
Net sales	2
Cost of materials	16
Other operating income/expense	-2
Total	16

NOTE 11 TAXES

Tax on net income for the year	2011	2010
MSEK		
Current tax expense (-)/tax income(+)		
Tax expense/income for the period	-101	-27
Adjustment of tax attributable to prior years	-15	30
Total current tax	-116	3
Deferred tax expense (-)/tax income (+)		
Deferred tax from changes in temporary differences	1	28
Deferred taxes arising from changes in tax rates	-2	-
Deferred tax income in capitalized loss carryforwards	37	78
Utilization of previously capitalized loss carryforwards	-67	-206
Total deferred tax	-31	-100
Total recognized tax expense	-147	-97

Reconciliation of effective tax	2011 Percent MSEK	2010 Percent MSEK
Income before tax	867	822
Anticipated tax according to applicable Swedish tax rate	26.3% -228	26.3% -216
Impairment of shares	4% -31	- -
Impairment of consolidated goodwill	2% -19	- -
Non-deductible expenses	3% -23	4% -29
Tax-exempt capital gains	-14% 119	-3% 24
Other non-taxable income	-2% 15	-4% 33
Tax loss carryforward arising during the year, not capitalized as a deferred tax asset	2% -18	1% -7
Capitalization of previously uncapitalized loss carryforward	-1% 5	-3% 25
Utilization of previously uncapitalized loss carryforward	-2% 18	-2% 15
Effect of special tax rules for economic associations *	-6% 51	-5% 43
Tax attributable to prior years	2% -15	1% -6
Effect of changed tax rates and tax rules	0% -2	- -
Reversal of income of associates	-3% 27	-3% 24
Other	6% -46	0% -3
Recognized effective tax	17% -147	12% -97

* According to the tax rules applicable to economic associations the dividend proposed by the Board that will be paid in the subsequent year is tax-deductible in the current year and was taken into account in calculating the current tax.

Note 11 continued

Effective tax expense for the year decreased as a result of tax-exempt capital gains on the sale of property companies to Lantmännen's newly established pension fund.

Effective tax expense for the year increased as a result of the impairment of shares in VK Mühlen and impairment of consolidated goodwill in Lantmännen Agroenergi AB.

Contribution dividends, refunds and final price adjustments are not recognized in the income statement in accordance with IFRS, although they are tax deductible under special tax rules for economic associations and reduce the effective tax expense.

Tax items recognized through other comprehensive income in equity

MSEK	2011	2010
Deferred tax recognized in other comprehensive income		
Actuarial gains and losses in defined benefit pension plans	40	-44
Cash flow hedges	-10	-17
Available-for-sale financial assets	-3	-6
Total	27	-67
Current tax expense recognized in net income for the year		
Current tax in hedges of net investments	-1	-104
Total tax effects in other comprehensive income	26	-171

Deferred tax asset/tax liability

MSEK	2011			2010		
	Deferred tax asset	Deferred tax liability	Net	Deferred tax asset	Deferred tax liability	Net
Land and buildings	65	109	-44	72	126	-54
Machinery and equipment	96	319	-223	94	341	-247
Intangible assets	-	164	-164	-	104	-104
Trade receivables	7	-	7	10	-	10
Pension provisions	96	-	96	92	-	92
Other provisions	50	-	50	71	-	71
Loss carryforwards	300	-	300	329	-	329
Other	128	65	63	110	76	34
Total	742	657	85	778	647	131
Offsetting of assets/liabilities	-510	-510	0	-547	-547	0
Total, net deferred tax asset	232	147	85	231	100	131

Deferred tax assets and deferred tax liabilities referring to the same tax authority have been offset against each other.

Change in deferred tax in temporary differences and loss carryforwards 2011

MSEK	Amount at beginning of year	Recognized in income statement	Recognized in other comprehensive income	Changes in acquisition/divestment of companies	Reclassifications	Translation differences	Amount at end of year 2011
Land and buildings	-54	13	-	2	-8	3	-44
Machinery and equipment	-247	-15	-	-	39	-	-223
Intangible assets	-104	-9	-	-	-51	-	-164
Trade receivables	10	-5	-	-	3	-1	7
Pension provisions	92	-35	40	-	-	-1	96
Other provisions	71	-4	-	-	-21	4	50
Loss carryforwards	329	-30	-	-	-	1	300
Other	34	54	-13	-	-5	-7	63
Total	131	-31	27	2	-43	-1	85

The majority of the year's reclassifications were attributable to the final acquisition balance sheet for Könicke Baumaschinen.

Loss carryforwards

At the end of the year the Group had loss carryforwards of MSEK 1,381 (1,478), of which MSEK 1,116 (1,254) was included in the computation of deferred tax.

The loss carryforwards not included mainly refer to the loss carryforward in the German operation. These have not been assigned any value since it is currently uncertain whether they will be utilized.

The loss carryforwards not included in the computation of deferred tax amount to MSEK 265 (224) and expire as follows:

MSEK
2013
2014 and later
Indefinite life
Total

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

MSEK	Land and land improvements		Buildings		Plant and machinery		Equipment, tools, fixtures and fittings		Construction in progress		Total property, plant and equipment	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Accumulated cost	681	768	4,801	5,661	14,286	14,089	1,871	1,816	727	588	22,366	22,922
Accumulated depreciation	-82	-104	-2,122	-2,437	-9,089	-8,866	-1,287	-1,329	-4	-3	-12,584	-12,739
Accumulated impairment losses	-1	-12	-245	-208	-447	-435	-32	-13	-	0	-725	-668
Carrying amount	598	652	2,434	3,016	4,750	4,788	552	474	723	585	9,057	9,515
Balance at beginning of year	652	655	3,016	3,201	4,788	5,382	474	474	585	739	9,515	10,451
Investments ¹⁾	4	15	21	31	405	368	149	89	838	997	1,417	1,500
Company acquisitions ²⁾	-	10	-	24	199	176	-	6	-	16	199	232
Company divestments	-8	-3	-	-53	-	-19	-	-29	-	-2	-8	-106
Sales and disposals	-37	-38	-470	-219	-264	-373	-51	-24	-6	-	-828	-654
Regular depreciation for the year	-8	-10	-142	-175	-755	-877	-132	-125	-4	-2	-1,041	-1,189
Impairment losses for the year	-	-	-96	-68	-44	-191	-8	-1	-	-	-148	-260
Reversal of impairment losses during the year	-	-	-	-	-	5	-	-	-	-	0	5
Reclassifications	-4	56	114	503	435	583	123	107	-693	-1,131	-25	118
Translation differences	-1	-33	-9	-228	-14	-266	-3	-23	3	-32	-24	-582
Carrying amount	598	652	2,434	3,016	4,750	4,788	552	474	723	585	9,057	9,515
Leases												
Carrying amount of assets held under finance leases	0	0	63	63	255	187	24	20	-	-	342	270

¹⁾ Investments for the year do not include any capitalized interest.

²⁾ The 2011 company acquisitions relate to adjustments based on the final acquisition balance sheet for the company Königliche Baumaschinen, which was acquired in 2010.

Contractual commitments relating to investments in property, plant and equipment amounted to MSEK 274 at the end of the year.

For further information about depreciation and amortization, see Note 6 on page 116.

For further information about leasing, see Note 26 on page 131 regarding lease commitments and Note 27 on page 131 regarding customer financing.

Government grants reduced the year's investments in equipment by MSEK 0 (3).

NOTE 13 INVESTMENT PROPERTIES

MSEK	land		Buildings		Total investment properties	
	2011	2010	2011	2010	2011	2010
Accumulated cost	61	60	276	292	337	352
Accumulated depreciation	-13	-5	-123	-104	-136	-109
Carrying amount	48	55	153	188	201	243
Balance at beginning of year	55	63	188	284	243	347
New acquisitions	-	21	-	85	0	106
Sales and disposals	-8	-11	-44	-52	-52	-63
Regular depreciation for the year	0	0	-3	-1	-3	-1
Reclassifications	1	-18	12	-128	13	-146
Carrying amount	48	55	153	188	201	243

Properties where less than 10 percent of office space is used for the Lantmännen Group's own activities are classified as investment properties in the Group.

Note 13 continued

Changes in fair value

MSEK	2011	2010
Fair value at beginning of year	713	816
New acquisitions	-	4
Investments in properties	30	26
Divestments	-185	-285
Changes in value	29	38
Reclassifications	34	114
Fair value at end of year	621	713

Fair value has been determined on the basis of internal assessments. Property sales carried out during the year have also been reconciled.

The value has been estimated using the following measurement methods:

- In the majority of cases the market price method has been used, where sales of equivalent properties in the market are used to support the valuation.
- Capitalization of earnings using cash flow calculations, where the properties' future net operating income and estimated residual value have been calculated.
- In certain cases the capitalization of earnings using the net capitalization method has been utilized, where a normalized figure for net operating income is seen in relation to a market-adjusted direct return requirement.

Investment properties' impact on income for the period

MSEK	2011	2010
Rental income	72	72
Direct costs, including repair and maintenance	-34	-36
Net operations	38	36

NOTE 14 | INTANGIBLE ASSETS

MSEK	Other intangible assets											
	Goodwill		Brands		Customer and supplier relationships		Patents, licenses and similar rights		Capitalized expenditure for development work, internally generated		Total other intangible assets	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Accumulated cost	2,713	2,779	516	516	396	304	337	335	224	173	1,473	1,403
Accumulated amortization	-	-	-151	-146	-115	-74	-278	-261	-136	-109	-680	-665
Accumulated impairment losses	-73	-	-	-	-	-	-21	-20	-5	-5	-26	-25
Carrying amount	2,640	2,779	365	370	281	230	38	54	83	59	767	713
Balance at beginning of year	2,779	3,030	370	287	230	286	54	86	59	89	713	748
Investments	-	7	-	81	-	-	-	2	46	10	46	93
Company acquisitions ¹⁾	-	69	-	-	21	-	-	1	-	-	21	1
Company divestments	-	-	-	-	-	-	-	-	-	-3	-	-3
Sales and disposals	-	-	-	-	-	-	-	-2	-	-	-	-2
Regular amortization for the year	-	-	-5	-7	-39	-32	-24	-41	-33	-33	-101	-113
Impairment losses for the year	-73	-	-	-	-	-	-	-2	-	-5	0	-7
Reclassifications ¹⁾	-69	-	-	13	69	-	8	11	11	1	88	25
Translation differences	3	-327	0	-4	0	-24	0	-1	0	0	0	-29
Carrying amount	2,640	2,779	365	370	281	230	38	54	83	59	767	713
Allocation of goodwill, brands and customer relationships per Sector												
Machinery Sector	7	70	-	-	80	-						
Energy Sector	136	208	50 ²⁾	50	-	-						
Food Sector	2,497	2,501	315 ³⁾	320	201	230						
of which Lantmännen Unibake business area	2,457	2,472	196 ³⁾	201	201	230						
Total	2,640	2,779	365	370	281	230						

¹⁾ The final acquisition balance sheet for the acquired company Körnicke Baumaschinen involved a reclassification of previously recognized goodwill as a supplier relationship. Unlike goodwill, supplier relationships are amortized, which means that the value of the asset has increased by the estimated deferred tax liability.

²⁾ Brand with indefinite useful life, Aspen.

³⁾ Of which brands with indefinite useful lives MSEK 304 (302): Sopps and GoGreen in the Cerealia business area and Schulstad in the Unibake business area (MSEK 183).

Contractual commitments relating to investments in intangible assets amounted to MSEK 27 at the end of the year.

Further information about amortization, impairment and annual testing procedures concerning impairment of goodwill and trademarks with indefinite useful lives can be found in Note 6 on page 116.

NOTE 15 INVESTMENTS IN ASSOCIATES

MSEK	Group		Parent Company	
	2011	2010	2011	2010
Accumulated cost	1,278	1,158	863	853
Accumulated impairment losses	-1	-1	-2	-2
Carrying amount	1,277	1,157	861	851
Balance at beginning of year	1,157	1,182	851	820
Acquisitions	10	39	10	38
Disposals	-1	-5	-	-7
Share of income of associates	107	92	-	-
Dividend	-21	-3	-	-
Reclassifications	9	1	-	-
Translation differences	16	-149	-	-
Carrying amount	1,277	1,157	861	851

The year's investments in associates related to Pharmadistribution i Sverige AB, a company which sells veterinary drugs.

MSEK	Share of income of associates		Dividend from associates	
	2011	2010	2011	2010
HaGe Kiel AG	86	79	21	-
Viking Malt Oy	4	7	-	-
Scandinavian Farmers AB	2	-4	-	-
Leibur AS	11	8	-	-
Other	4	2	-	3
Carrying amount	107	92	21	3

Any impairment and reversal of impairment is recognized in the income statement under Share of income of associates.

Parent Company and Group holdings of shares in associates, December 31, 2011

Company name	Corporate Identity No.	Domicile	Number of participations	Share of capital %	Carrying amount, Group, MSEK	Carrying amount, Parent Company, MSEK
<i>Associates owned by Parent Company:</i>						
Kvarnholmens Smörjmedel AB	556060-5445	Stockholm	284	28	0	0
Mackmyra Svensk Whisky AB	556567-4610	Mackmyra	818,408	20	31	31
Piteå Spannmåls AB	556090-8187	Piteå	1,500	30	0	0
Raiffeisen Hauptgenossenschaft Nord AG (HaGe Kiel AG)	DE134852742	Germany	9,417,994	39	769	575
Pharmadistribution Sverige AB	556778-3260	Enköping	641	22	10	10
Rural Patent Svenska AB	556530-9654	Stockholm	50	50	0	0
Scandinavian Farmers AB	556009-3121	Stockholm	85,000	50	70	42
AB Tillväxt för Svensk Animalieproduktion	556155-9831	Stockholm	135,000	50	26	24
Svenska Pig AB	556779-6858	Stockholm	230	23	0	0
European Crop Protection A/S	21538388	Denmark	250	50	0	0
European Fertilizer A/S	20296372	Denmark	250	50	0	0
European Agri Trade A/S	26207177	Denmark	180	36	0	0
Vegolia AB	556020-6574	Stockholm	500	50	0	0
Viking Malt Oy	FI 0802004-9	Finland	1,381,387	38	200	178
Åhus Stuveriintressenter AB	556039-8256	Åhus	5,987	50	1	1
					1,107	861
<i>Other associates in the Group:</i>						
<i>Energy Sector</i>						
Aspen-Produkte Handels GmbH		Germany		50	10	-
<i>Food Sector</i>						
Unibake Japan		Japan		49	2	-
Struer Bröd AS		Denmark		33	6	-
Leibur AS	10224864	Estonia		45	126	-
Farmfood AS		Denmark		33	17	-
<i>Other</i>						
Kajan 18 i Luleå Fastigheter AB	556831-3679	Stockholm		50	9	-
Total					1,277	861

NOTE 16 | NON-CURRENT FINANCIAL ASSETS

MSEK	2011	2010
Receivables from associates	4	5
Other shares and participations	106	156
Bonds	30	9
Available-for-sale financial assets	217	313
Derivative instruments	3	0
Other non-current financial assets	155	172
	515	655
Finance leases (Note 27)	0	7
Total	515	662

Available-for-sale financial assets

MSEK	2011	2010
Balance at beginning of year	313	334
Impairment	-115	-
Fair value remeasurement for the year	20	11
Translation differences	-1	-32
Carrying amount	217	313

Available-for-sale financial assets, fair value

MSEK	2011	2010
VK Mühlen, AG	118	208
Swedbank AB	94	99
Cloetta AB	5	6
Carrying amount	217	313

Available-for-sale financial assets refer to shareholdings in listed companies.

The largest individual holdings in other shares and participations refer to holdings in LRF. The carrying amount of other shares and participations is deemed consistent with fair value.

The fair value remeasurement of Available-for-sale financial assets is recognized in Other comprehensive income in the consolidated statement of comprehensive income. Impairment and reversal of impairment is recognized in the income statement under Finance income and costs.

Note 18 continued

Age analysis of trade receivables

MSEK	2011	2010
Receivables, not yet due	3,230	3,311
Receivables, past due		
< 30 days	371	451
31-60 days	111	62
61-90 days	76	16
< 91 days	136	118
Total	3,924	3,958
Provision for bad debts	-75	-100
Total	3,849	3,858

Provision for bad debts

MSEK	2011
Provisions at beginning of year	-100
New provisions for anticipated losses	-24
Utilization of provision for identified losses	18
Reversals in respect unneeded provisions	18
Other	13
Exchange differences	0
Provisions at end of year	-75

Actual bad debts for the year amounted to MSEK -6 million and were recognized in Other operating expenses. For information about trade receivables' credit quality, see Note 22 on page 127.

Prepaid expenses and accrued income

MSEK	2011	2010
Prepaid rent	33	15
Bonuses and discounts	10	14
Prepaid insurance	26	24
Other prepaid expenses	149	142
Other accrued income	256	195
Total	474	390

NOTE 19 | CURRENT INTEREST-BEARING ASSETS AND CASH AND CASH EQUIVALENTS

Current interest-bearing assets

MSEK	2011	2010
Receivables from associates	5	4
Finance leasing in Lantmännen Finans AB	4	2
Hire purchase receivables in Lantmännen Finans AB	1	4
Time deposits	0	21
Interest-bearing receivables	80	70
Derivative instruments	14	16
Other current financial assets	15	22
Total	119	139

Cash and cash equivalents

MSEK	2011	2010
Cash and bank balances	397	508
Short-term investments < 3 months	342	361
Total	739	869

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.

Short-term investments essentially have a fixed interest rate for less than three months and thus have a very limited interest rate risk.

NOTE 17 | INVENTORIES

MSEK	2011	2010
Raw materials and consumables	2,164	2,136
Products in progress	33	9
Finished goods and merchandise	3,309	3,079
Total	5,506	5,224

MSEK 45 (259) of inventories for the year were measured at net realizable value. The total cost of goods sold during the year amounted to MSEK 30,067 (27,893).

NOTE 18 | TRADE AND OTHER RECEIVABLES

MSEK	2011	2010
Trade receivables	3,849	3,858
Finance service, members	738	576
Operating receivables from associates	14	8
Derivative instruments	67	97
Other current receivables	369	488
Prepaid expenses and accrued income	474	390
Total	5,511	5,417

NOTE 20 | EQUITY

MSEK	Member contributions	Other contributed capital	Hedge reserve	Available for sale assets	Trans-lation reserve	Re-tained earnings	Equity attributable to members of the economic association	Equity attributable to non-controlling interests	Total capital
Equity, January 1, 2010	1,266	1,990	-84	47	-196	7,117	10,140	85	10,225
Net income for the period after tax	-	-	-	-	-	719	719	6	725
Actuarial gains and losses in pension plans ¹⁾	-	-	-	-	-	169	169	-	169
Available-for-sale financial assets	-	-	-	-22	-	-	-22	-	-22
Cash flow hedges	-	-	69	-	-	-	69	-	69
Exchange differences on translation of foreign operations	-	-	-	-	-770	-	-770	-	-770
Net gain on hedge of net investment in foreign operations	-	-	-	-	431	-	431	-	431
Tax relating to components of other comprehensive income	-	-	-17	-6	-103	-45	-171	-	-171
Other comprehensive income for the period, net of tax	-	-	52	-28	-442	124	-294	0	-294
Total comprehensive income	-	-	52	-28	-442	843	425	6	431
Dividend paid ²⁾	-	-	-	-	-	-64	-64	-8	-72
Refund and final price adjustment	-	-	-	-	-	-95	-95	-	-95
Contributed capital paid in by members	37	-	-	-	-	-	37	-	37
Contributed capital paid out to members	-53	-	-	-	-	-	-53	-	-53
Appropriation of profit	100	100	-	-	-	-200	0	-	0
Other changes relating to non-controlling interests ³⁾	-	-	-	-	-	0	0	-51	-51
Total equity, December 31, 2010	1,350	2,090	-32	19	-638	7,601	10,390	32	10,422
Net income for the period after tax	-	-	-	-	-	720	720	0	720
Actuarial gains and losses in pension plans ¹⁾	-	-	-	-	-	-156	-156	-	-156
Available-for-sale financial assets	-	-	-	38	-	-	38	-	38
Cash flow hedges	-	-	91	-	-	-	91	-	91
- remeasurement during the year	-	-	-54	-	-	-	-54	-	-54
- transfers to income statement	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	-17	-	-17	-	-17
Net gain on hedge of net investment in foreign operations	-	-	-	-	5	-	5	-	5
Tax relating to components of other comprehensive income	-	-	-10	-3	-1	40	26	-	26
Other comprehensive income for the period, net of tax	0	0	27	35	-13	-116	-67	0	-67
Total comprehensive income	0	0	27	35	-13	604	653	0	653
Dividend paid ²⁾	-	-	-	-	-	-68	-68	-1	-69
Refund and final price adjustment	-	-	-	-	-	-110	-110	-	-110
Contributed capital paid in by members	90	-	-	-	-	-	90	-	90
Contributed capital paid out to members	-49	-	-	-	-	-	-49	-	-49
Appropriation of profit	177	210	-	-	-	-387	0	-	0
Other changes relating to non-controlling interests	-	-	-	-	-	-	-	5	5
Total equity, December 31, 2011	1,568	2,300	-5	54	-651	7,640	10,906	36	10,942

¹⁾ Including payroll tax. ²⁾ Refers to contribution dividend concerning parent association members.

³⁾ Relates mainly to the buyout of the minority interest in Bakehouse in 2010.

Capital reserves are reported under Other contributed capital in the Parent Company.

For cash flow hedges where the hedged transaction has not yet occurred, the hedging reserve comprises the accumulated effective portion of gains or losses arising from remeasuring the hedging instruments at fair value. The accumulated gain or loss recognized in the hedging reserve will be recycled to profit or loss when the hedged transaction affects profit or loss.

The translation reserve comprises all exchange differences arising on translation of financial statements of foreign operations to the Group's reporting currency, Swedish kronor. Gains and losses on hedging instruments that qualify as hedges of a net investment in a foreign operation are also included in the translation reserve and recognized there after deduction of tax.

The reserve for available-for-sale assets includes the accumulated net change in fair value of financial assets classified as "available-for-sale financial assets" until the asset is sold or is written down in the income statement before then.

Management of the Group's capital

Lantmännen has two overall financial objectives:

- A return on equity of at least 10 percent
- An equity ratio of at least 40 percent over a business cycle

To achieve these objectives, Lantmännen is working on financial instruments for operations and specific profitability targets for each business. These profitability targets are expressed as a percentage of operating capital that varies depending on the type of business and profitability levels for comparable companies outside Lantmännen. It is Lantmännen's aim that each business will achieve a return on operating capital at least level with comparable companies outside the Group.

Future investments are allocated in line with the portfolio strategy, particularly to areas that meet both the profitability requirement and provide opportunities for profitable growth.

The aim of Lantmännen's dividend policy is to generate regular and stable dividends to members over time. The goal is to annually distribute approximately 40 percent of Lantmännen's income after tax, excluding items affecting comparability. Further information about benchmarking and management of the Group's capital can be found on pages 20-21.

NOTE 21 | INTEREST BEARING-LIABILITIES

Non-current interest-bearing liabilities		Note	2011	2010
MSEK				
Non-current liabilities to credit institutions	22	4,233	4,895	
Debentures		56	56	
Financial liabilities relating to leases	26	231	103	
Other non-current interest-bearing liabilities		21	30	
Derivative instruments		29	12	
Total		4,570	5,096	

Current interest-bearing liabilities		Note	2011	2010
MSEK				
Current liabilities to credit institutions	22	1,161	298	
Liabilities to members relating to savings		757	768	
Liabilities to members relating to capital accounts		654	539	
Deposits from the public in Lantmännen Finans AB		919	630	
Financial liabilities relating to leases	26	104	21	
Other current interest-bearing liabilities		46	43	
Derivative instruments		1	0	
Total		3,642	2,299	

Deposits from the public in Lantmännen Finans AB come from companies, members, employees and other individuals. Accounts offer free withdrawal, interest from the first krona and are covered by the state deposit guarantee of TEUR 100.

NOTE 22 | FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

RISK MANAGEMENT

Lantmännen is exposed to various types of financial risks through its international operations. By financial risk is meant fluctuations in the Group's earnings and cash flow as a result of changes in prices in commodities markets, exchange rates, interest rates and refinancing as well as credit and counterparty risks.

Lantmännen conducts internal banking activities within its corporate finance function, Group Treasury, through Lantmännen ek för and via its subsidiary Lantmännen Finance Ireland. The main task is to provide cost-effective financing, identify and efficiently minimize financial risks to which the Group is exposed in its daily business operations and optimize the Group's net financial items and tied-up capital.

A special 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 handling the Group's liquidity via cash pools in banks. Only banks and credit institutions that have a high credit rating and participate in the Group's long-term financing are accepted as counterparties to Lantmännen in financial transactions.

CAPITAL STRUCTURE AND FINANCIAL COVENANTS

Lantmännen is actively working on its capital structure to ensure long-term financial stability, meet the organization's need for capital at the lowest cost and ensure opportunities for future acquisitions. Lantmännen uses multiple financial ratios to measure its capital structure and has a long-term objective that its equity ratio shall surpass 40 percent.

To fund its activities, Lantmännen has loans from several banks and credit institutions. The credit conditions for the loans depend on the financial performance of Lantmännen and are described in the covenants contained in the agreements. For further information on Lantmännen's covenants, see the section entitled "Refinancing risk" below.

Lantmännen also has loans where collateral is pledged as security, mainly in real estate mortgages. For further information, see Note 31.

Note 22 continued

CURRENCY RISK

Through its business activities, Lantmännen is exposed to currency risk through fluctuations in exchange rates and how they affect the Group's income statement and statement of financial position.

The Group's currency exposure includes both transaction exposure and translation exposure. The goal of the Group's currency exchange risk management is to minimize the short-term effect of fluctuations in exchange rates and their effect on the Group's earnings and financial position.

Transaction exposure

Under the Group's financial policy, the Sectors' foreign currency sales and purchases are currency-hedged by the corporate finance function either by order or through up to 12-month rolling forecast hedges. Currency risks are managed by Group Treasury and the goal is to minimize the effects of currency fluctuations by primarily using incoming foreign currency for payments in the same currency. In addition, the anticipated currency flows are hedged with financial instruments in accordance with the guidelines laid down in Lantmännen's financial policy.

Approximately 80 percent of the anticipated EUR currency flow in the first quarter of 2012 was hedged, most of it on a rolling forecast basis.

Distribution of trade receivables by currency 2011

MSEK	Group	Parent Company
SEK	1,746	955
EUR	769	59
DKK	375	0
GBP	357	0
Other currencies	602	5
Total	3,849	1,019

Distribution of trade payables by currency 2011

MSEK	Group	Parent Company
SEK	1,553	531
EUR	679	76
DKK	198	3
GBP	106	0
Other currencies	203	3
Total	2,740	613

Translation exposure

Translation exposure is the effect of changes in exchange rates when foreign subsidiaries' income statements and statements of financial position are translated into the Group's reporting currency (SEK). Currency hedging of investments in foreign subsidiaries (net assets including goodwill) is managed by means of foreign currency loans and currency swaps, referred to as the Equity hedge. These are recognized at the closing rate at the end of the period. In the Parent Company, recognized exchange differences attributable to these loans (after taking account of tax) are reported on a consolidated basis together with the translation differences from net assets of subsidiaries through other comprehensive income in consolidated equity. Only net investments with significant exposure to a currency are hedged. At present, this is the case for net investments in EUR, DKK and GBP.

A 10 percent weakening of the Swedish krona against other currencies would increase equity by MSEK 620, without taking into account the equity hedge. If the equity hedge was taken into account, equity would increase by MSEK 50 million, all else being equal.

Exchange rate fluctuations also affect the translation of foreign subsidiaries' income statements to SEK. This translation is not hedged, and the translation difference is therefore exposed to currency risk and included in the sensitivity analysis presented below.

Foreign-exchange sensitivity in transaction and translation exposure

Lantmännen is primarily exposed to the currencies 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 currency-hedged. Consequently, the transaction-related earnings impact of an exchange rate change will be minimal.

Note 22 continued

When translating operating income, a 10 percent strengthening of the Swedish krona against subsidiaries' currencies would have a negative impact of MSEK -34 (-43) on operating income. The calculation holds all other variables constant and ignores any changes in prices and customer behavior in the exchange rate movements.

Sensitivity analysis for major currencies		Impact on operating income, MSEK	
Risk	Change	2011	2010
EUR/SEK	-10%	-26	-25
GBP/SEK	-10%	-5	-5
DKK/SEK	-10%	11	11
NOK/SEK	-10%	-12	-12
USD/SEK	-10%	-3	-3
Other	-10%	1	-8
Total		-34	-43

The currency derivatives used are forward exchange contracts. The average remaining maturity of the forward contracts is 4 (5) months. At year-end, the currency breakdown for the Group's outstanding forward contracts was as follows:

Currency composition and payment structure, operating forward contracts			
MSEK	2012	2013	2014
EUR	-848	17	-
DKK	276	-	-
NOK	-209	-	-
GBP	-204	-	-
USD	-200	-	-
CHF	-8	-	-
PLN	-2	-	-
Total	-1,194	17	-

The nominal net amount per currency is shown in the table above. Negative amounts represent sales of corresponding currency and positive amount purchases. Because most of the contracts mature in 2012 the market value of forward contracts maturing in 2013 and beyond is considered negligible.

PRICE RISK

Lantmännen uses the financial markets to manage price risk in commodity purchases, sales of ethanol and the purchase of energy, such as gas and electricity. The purpose of the price hedges that are entered into is to increase predictability and even out rapid fluctuations in the price situation, which also facilitates right prices to customers.

Commodity price risk

Lantmännen is subject to price risk primarily for the commodities wheat, oilseed rape, malting barley, oats and soybeans. The pricing of commodities varies over time owing to international supply and demand. Commodity risks are primarily attributable to Lantmännen Lantbruk's activities and to Lantmännen Cerealia's milling operations along with Lantmännen Agroetanol's ethanol production. In addition to hedging prices via delivery agreements it is possible to hedge prices via commodity exchanges and banks. Many commodities are priced either in USD or EUR. The basis for Lantmännen's financial policy is that the currency is part of the transaction's pricing and shall therefore be hedged no later than at the inception of the transaction.

A +/-10 percent movement in the commodity price would affect the valuation of the underlying derivatives outstanding on the closing date, thereby impacting earnings by MSEK -/+2 and equity by MSEK -/+67.

Energy price risk

Through its energy-intensive operations Lantmännen is subject to risks associated with price changes for energy, primarily electricity and gas. If the energy price risk is not hedged, the price changes in the energy market will have a direct impact on the Group's operating income. Consequently, most of the Group's electricity consumption, i.e., Sweden, Denmark and Norway, is hedged through Nord Pool.

Risk management of electricity prices is aimed at creating predictability in power purchasing costs. Electricity derivatives are priced in EUR. Currency risk

in electricity contracts is to be normally at least 70 percent hedged in connection with the setting of the budget price for the next year's electricity consumption.

Maturity year	2012	2013	2014	2015
Hedged share of forecast annual need	72%	25%	10%	8%

In 2011 the Group's total electricity consumption for Lantmännen's operations amounted to approx. 550 GWh (570). The total hedged volume for 2012 is 379 GWh. Electricity certificates have been price hedged at approx. 80 percent of the need for 2012. The Group's 2012 gas need for Denmark and Sweden has been price hedged through delivery agreements at approx. 50 percent.

A +/-10 percent change in the price of electricity would affect the valuation of the underlying derivative outstanding on the closing date, thereby impacting earnings by MSEK +/-1 and equity by MSEK +/-15.

Ethanol price hedging

Ethanol derivatives were entered into in 2011 for the purpose of reducing earnings volatility caused by variations in the price of ethanol and were attributable to Lantmännen Agroetanol AB in the Energy Sector. Ethanol is priced mainly in EUR.

Although a +/-10 percent change in the price of ethanol would not affect earnings, the effect on equity would be MSEK -/+1.

INTEREST RATE RISKS

Interest-bearing borrowing means that the Group is exposed to interest rate risks. Interest rate risk means that there is a risk of a negative impact on the Group's earnings and cash flows as a result of changes in the market rate. 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 short but may be extended to limit the effect of a rise in interest rates. Interest rate swaps are some of the tools used to manage liabilities' fixed-rate periods without changing the underlying loans.

At December 31, 2011, the Group's outstanding liabilities to credit institutions, including outstanding interest rate swaps, had a weighted average fixed-rate period of just over 4 months (13).

A +/-1 percentage point change in interest rates would affect the valuation of interest rate swaps outstanding at the closing date, thereby impacting earnings by MSEK +/-0 and increasing/decreasing equity by MSEK +/-19.

REFINANCING RISK, LIQUIDITY RISK AND PAYMENT CAPACITY

Refinancing risk refers to the risk that costs will be higher and opportunities for financing limited when loans and credit are renewed. Liquidity risk is the risk that payment obligations cannot be met. Lantmännen limits its refinancing risk by having a well-diversified group of counterparties and maturities for its loans. The weighted average maturity of loans with credit institutions at year-end was 6.4 (8.2) years.

By constantly maintaining cash assets or unused credit facilities, the Group ensures it has sound payment capacity, thereby reducing the liquidity risk. Payment capacity is laid down in Lantmännen's financial policy and must not be less than MSEK 1,500. The Group's total payment capacity at year-end was MSEK 1,615 (3,600).

Maturity structure of liabilities to credit institutions ¹⁾

MSEK	Group		Parent Company	
	2011	2010	2011	2010
2011	-	408	-	308
2012	1,521	218	1,348	200
2013	1,093	1,164	1,075	1,145
2014	91	111	72	92
2015	1,590	2,232	1,571	2,097
2016-	2,098	2,423	1,997	2,317
Total	6,393	6,556	6,063	6,159

¹⁾ Including future interest payments.

Note 22 continued

The table above includes future undiscounted interest payments and the loans' maturity structure is recognized on the earliest date on which payment may be requested. Foreign currency loans have been converted to SEK. The table below shows liabilities to credit institutions by currency.

Currency breakdown and payment structure, liabilities to credit institutions

MSEK	Total	2012	2013-2014	2015-2016	> 2016
EUR	946	182	18	323	423
DKK	3,255	561	125	1,239	1,329
SEK	2,127	713	1,041	370	4
USD	17	17	-	-	-
LVL	48	48	-	-	-
Total	6,393	1,521	1,184	1,932	1,756
Of which interest	999	363	157	104	375
Total excluding interest	5,394	1,158	1,027	1,828	1,381

Currency swaps attributable to liabilities to credit institutions

MSEK	Group		Parent Company	
	2011	2010	2011	2010
EUR	773	729	773	729
DKK	987	1,183	987	1,183
SEK	-3,167	-3,118	-3,167	-3,118
NOK	214	173	214	173
GBP	893	756	893	756
USD	247	213	247	213
LVL	32	32	32	32
Total	-21	-32	-21	-32

Other interest-bearing liabilities, savings and capital accounts

Other current liabilities include members' savings of MSEK 757 (768). Deposits via deposit accounts amounted to MSEK 1,573 (1,168), of which MSEK 919 (630) was via Lantmännen Finans AB. These liabilities are formally short-term and may be charged with one day's notice. However, experience shows little movement in these liabilities. See Note 21.

Other non-current interest-bearing liabilities consist mainly of subordinated loans, subordinated debentures and long lease liabilities, totaling MSEK 421 (201).

In credit agreements with banks, Lantmännen has made binding financial covenants under which Lantmännen's equity ratio shall always be more than 25 percent, net debt/EBITDA at year-end shall be less than 5 and the Group's interest coverage ratio (defined as EBITDA/net financial items) shall be at least 3.5 times. Should Lantmännen default, the bank is entitled to terminate the credit agreements prematurely. At December 31, 2011 the equity ratio was 41.1 (38.6) percent, net debt/EBITDA 3.5 (3.4) and the interest coverage ratio was 3.3 (3.2) times, calculated for the full year.

Maturity structure of derivative instruments, nominal amounts December 31, 2011

MSEK	2012	2013	2014	2015-	Fair value
Currency derivatives	-3,694	17	-	-	19
Interest rate derivatives	241	241	541	225	-25
Energy derivatives	119	33	3	-	-24
Commodity derivatives	-763	8	-	-	36
Ethanol derivatives	-11	-	-	-	1
Total	-4,107	299	544	225	6

Maturity structure of derivative instruments, nominal amounts December 31, 2010

MSEK	2011	2012	2013	2014-	Fair value
Currency derivatives	-4,054	-17	1	-	21
Interest rate derivatives	274	-	-	529	-12
Energy derivatives	261	118	-	-	102
Commodity derivatives	-752	-3	-	-	-154
Ethanol derivatives	-75	-	-	-	-1
Total	-4,346	98	1	529	-44

CREDIT AND COUNTERPARTY RISK

Credit and counterparty risk refers to the risk that the counterparty in a transaction is unable to fulfill its obligations and thereby imposes a loss on Lantmännen. Counterparty risk is limited by only accepting counterparties with high creditworthiness 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 Standard & Poor's rating for long-term borrowing and taking into account the spread of counterparty risk and other mutual business interaction. Lantmännen has signed ISDA agreements with the majority of its counterparties.

Customer credit risk

The credit risk associated with trade receivables is managed through special credit rating reviews. Lantmännen checks the credit risk of its customers by collecting information about the financial position of customers from various credit-rating agencies. Lantmännen has a good spread of the customer base because the Group has different business areas and operates in several countries and in different markets. Lantmännen also conducts active monitoring of trade receivables across company boundaries in the Group to minimize bad debts and to ensure payment precision.

Parts of the trade receivables of Lantmännen Kronfågel AB, Lantmännen Cerealia AB and Lantmännen Unibake Sweden AB are resold to Nordea Finans Sverige AB without recourse. At year-end sold receivables amounted to MSEK 224.

On June 30, 2010 Lantmännen Finans AB transferred its leasing and hire purchase contracts to ML Rental AB, a subsidiary of Swedbank Finans. ML Rental has limited recourse. At December 31, 2011, recourse amounted to MSEK 43 (59). The amount is reported under current receivables and under accrued expenses.

See Note 18 for information about past due trade receivables and provisions.

Financial assets and liabilities measured at fair value in the statement of financial position at December 31, 2011

Since the interest-bearing assets and liabilities of the Parent Company are consistent in all material respects with those of the Group, no special disclosures are provided for the Parent Company.

Assets, MSEK	Level 1	Level 2	Level 3	Total
Derivatives with positive fair value	67	17	-	84
Other financial assets measured at fair value	247	-	106	353
Total assets	314	17	106	437

Liabilities

Derivatives with negative fair value	56	30	-	86
Other financial liabilities measured at fair value	-	-	-	0
Total liabilities	56	30	0	86

Fair value hierarchy with information on basic data for measurement at fair value
Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Other observable data for the asset or liability than quoted prices included in level 1, i.e., quotations or data derived from prices.

Level 3: Data for the measurement of the asset or liability is not based on observable market data.

Note 22 continued

Financial assets and liabilities by measurement category

2011-12-31	Financial assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Derivatives used in hedge accounting	Other financial liabilities	Total carrying amount	Fair value
ASSETS							
Non-current financial assets							
Other shares and participations	106	-	217	-	-	323	323
Financial investments	30	159	-	3	-	192	192
Current assets							
<i>Current receivables</i>							
Trade and other receivables	-	4,587	-	67	-	4,654	4,654
Interest-bearing receivables	-	105	-	14	-	119	119
<i>Cash and cash equivalents</i>							
Cash and bank balances	-	739	-	-	-	739	739
Total financial assets	136	5,590	217	84	-	6,027	6,027
EQUITY AND LIABILITIES							
<i>Non-current liabilities</i>							
Interest-bearing liabilities	-	-	-	29	4,541	4,570	4,553
Other non-current liabilities	-	-	-	4	-	4	4
<i>Current liabilities</i>							
Interest-bearing liabilities	-	-	-	1	3,641	3,642	3,642
Trade and other payables	-	-	-	52	3,834	3,886	3,886
Total financial liabilities	-	-	-	86	12,016	12,102	12,085

Financial assets and liabilities by measurement category

2010-12-31	Financial assets at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Derivatives used in hedge accounting	Other financial liabilities	Total carrying amount	Fair value
Assets							
Non-current financial assets							
Other shares and participations	156	-	313	-	-	469	469
Financial investments	9	184	-	-	-	193	193
Other non-current assets	-	-	-	18	-	18	18
Current assets							
<i>Current receivables</i>							
Trade and other receivables	-	4,434	-	97	-	4,531	4,531
Interest-bearing receivables	-	123	-	16	-	139	139
<i>Cash and cash equivalents</i>							
Cash and bank balances	-	869	-	-	-	869	869
Total financial assets	165	5,610	313	131	-	6,219	6,219
EQUITY AND LIABILITIES							
<i>Non-current liabilities</i>							
Interest-bearing liabilities	-	-	-	12	5,084	5,096	5,098
Other non-current liabilities	-	-	-	30	-	30	30
<i>Current liabilities</i>							
Interest-bearing liabilities	-	-	-	0	2,299	2,299	2,299
Trade and other payables	-	-	-	166	3,816	3,982	3,982
Total financial liabilities	-	-	-	208	11,199	11,407	11,409

NOTE 23 PENSIONS

Lantmännen has both defined contribution and defined benefit pension plans. The defined benefit plans, which are reported in Lantmännen's statement of financial position, are funded and unfunded. The largest defined benefit plans are PRI pensions in Sweden. These plans were unfunded, but were insured through the Swedish PRI Pensionsgaranti system until the middle of December 2011, when Lantmännen transferred assets to a pension fund to safeguard these obligations. The assets transferred to the fund corresponded to the value of obligations at the end of November 2011. As previously, the obligations are insured through PRI Pensionsgaranti, but at a lower cost than before. PRI Pensionsgaranti is a mutual insurance company that guarantees employees' future pensions. Now that the assets are in a separate fund, the obligations may be reduced by the market value of the fund's assets when reporting in the statement of financial position.

Defined benefit obligations and value of plan assets in the Group:

Defined benefit plans

MSEK	2011	2010
<i>Unfunded plans</i>		
Obligations under Swedish PRI Pensionsgaranti plans	-	1,691
Other unfunded obligations	37	51
Total, unfunded plans	37	1,742
<i>Funded plans</i>		
Defined benefit obligations under		
Swedish PRI Pensionsgaranti plans	1,862	-
Other defined benefit obligations	128	133
Fair value of plan assets	-1,680	-99
Total net value of funded plans	310	34
Provisions for pensions, net value	347	1,776

Pension cost	2011	2010
MSEK		
<i>Defined benefit plans</i>		
Cost of pensions accrued during the year	41	44
Interest expense	81	76
Expected return on plan assets	-5	-5
Curtailments and settlements	-4	-20
Cost of defined benefit plans	113	95
<i>Cost of defined contribution plans</i>		
	254	301
Total cost relating to pensions	367	396
<i>The cost is recognized on the following lines in the income statement</i>		
Employee benefits expense	291	325
Finance costs	76	71
Total cost relating to pensions	367	396

Pension plans by country

	2011			2010		
	Obligations	Plan assets	Pension liability	Obligations	Plan assets	Pension liability
Sweden ¹⁾	1,870	-1,578	292	1,713	-	1,713
Norway	131	-102	29	136	-99	37
Germany	25	-	25	25	-	25
Netherlands, Poland	1	-	1	1	-	1
Total	2,027	-1,680	347	1,875	-99	1,776

¹⁾ MSEK 1,578 was transferred to the newly established pension fund in 2011.

The following summary explains how obligations, assets and the net amount changed during the year:

MSEK	2011			2010		
	Defined benefit obligations	Plan assets	Net	Defined benefit obligations	Plan assets	Net
Opening balance	1,875	-99	1,776	2,005	-95	1,910
Cost of defined benefit plans during the year	122	-	122	120	-	120
Payment of benefits	-85	5	-80	-81	5	-76
Payment of contributions by employer ²⁾	-	-1,585	-1,585	-	-3	-3
Effects of acquired/divested operations	-	-	0	-4	-	-4
Curtailments and settlements	-4	0	-4	-20	0	-20
Expected return on plan assets	-	-5	-5	-	-5	-5
Actuarial gains and losses ³⁾	118	4	122	-131	-7	-138
Other	1	-	1	0	0	0
Translation difference	0	0	0	-14	6	-8
Closing balance, pension liability	2,027	-1,680	347	1,875	-99	1,776
Of which unfunded plans			37			1,742
Of which funded plans			310			34

²⁾ MSEK 1,578 of payments in 2011 were payments into the Swedish pension fund established during the year.

³⁾ In 2011, actuarial gains and losses based on experience amounted to MSEK 1 for obligations, and MSEK 4 for assets.

Note 23 continued

Fair value of plan asset categories and percentage of total plan assets

	2011 MSEK	2010 MSEK	2011 %	2010 %
Property	1,073	16	64%	16%
Financial investments, long-term	174	29	10%	29%
Financial investments, short-term	225	24	13%	24%
Equities	18	14	1%	14%
Cash and cash equivalents	190	16	11%	16%
Total	1,680	99	100%	100%

Return on plan assets

MSEK	2011	2010
Actual return on plan assets	1	12
Expected return on plan assets	5	5
Actuarial result for plan assets during the year	-4	7

Actuarial assumptions⁴⁾

MSEK	2011	2010	2009
Discount rate	4.0%	4.5%	4.0%
Future wage increases	3.0%	3.0%	3.2%
Inflation	2.0%	2.0%	2.0%
Expected return on plan assets	5.0%	5.1%	6.0%

⁴⁾ Weighted average, corresponding to the Swedish assumptions, as Swedish plans dominate.

Three-year summary of certain items⁵⁾

MSEK	2011	2010	2009
Defined benefit obligations	2,027	1,875	2,005
Fair value of plan assets	-1,680	-99	-95
Deficit, recognized pension liability	347	1,776	1,910
Changes recognized in Other comprehensive income			
MSEK	2011	2010	
Outcome-based adjustment of the obligation	-1	26	
Outcome-based adjustment of the value of plan assets	-4	7	
Effects of changes in actuarial assumptions	-117	105	
Total actuarial gains (+) and losses (-)	-122	138	
Payroll tax on actuarial gains and losses	-34	31	
Total	-156	169	
Tax on above items	40	-45	
Total recognized in OCI	-116	124	

⁵⁾ Presented from the transition to IFRS at January 1, 2009.

Expected payments of pensions under defined benefit pension plans in 2012 are MSEK 90.

For certain employees in Sweden, insurance premiums are paid to Alecta with regard to commitments under the traditional ITP (individual supplementary pension) plan. The ITP plan is a multi-employer defined benefit plan. As previously, Alecta is unable to disclose the information that is required to recognize these benefits as defined benefit plans. Consequently, the pension plan according to ITP, which is insured through Alecta, is recognized as a defined contribution plan. Of the above cost for defined contribution plans, MSEK 254 (301), MSEK 49 (54) refers to Alecta premiums for traditional ITP plan. Alecta's surplus may be distributed to the policyholders and/or the insured. At year-end Alecta's surplus in the form of its collective funding ratio amounted to 113 percent (146). 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 does not comply with IAS 19.

NOTE 24 | OTHER PROVISIONS

MSEK, 2011	Guarantee commitments	Actuarial provisions	Structural measures	Other	Total
Carrying amount at beginning of period	91	53	305	120	569
Provisions during the period	85	6	117	50	258
Amounts utilized during the period	-56	-	-80	-35	-171
Reclassifications	-	-	-	0	0
Reversed during the period	-	-14	-36	-24	-74
Translation differences	0	-	-	0	0
Carrying amount at end of period	120	45	306	111	582
Of which non-current provisions					273
Of which current provisions					309

Of non-current provisions, MSEK 224 is expected to be used in 2014 and beyond.

Increases in previously existing provisions are included in the period's provisions.

The majority of the year's restructuring provisions are attributable to the efficiency program which was initiated in the Food Sector's Unibake business area in fall 2011.

The provisions for structural measures include a reserve for closing grain elevators (Blåljus).

In corporate groups the size of Lantmännen, there are normally a number of ongoing disputes. Lantmännen has assessed the most likely outcome of disputes that are currently at issue and, in the cases where a payment is deemed likely, has recognized a corresponding amount as a provision.

NOTE 25 TRADE AND OTHER PAYABLES

MSEK	2011	2010
Trade payables	3,834	3,816
Operating liabilities to associates	16	9
Other current liabilities	915	997
Derivative instruments	52	166
Accrued expenses and deferred income	1,461	1,597
Total	6,278	6,585

Accrued expenses and deferred income

MSEK	2011	2010
Accrued personnel-related costs	501	490
Bonuses and discounts	112	48
Other accrued expenses	820	873
Deferred income	28	186
Total	1,461	1,597

NOTE 26 LEASE COMMITMENTS

The Group is both a lessor and a lessee. The Group as lessor is reported in Note 27, Customer financing. The Group's lease commitments are reported in this Note. The Group has both operating and finance lease commitments.

Operating leases

Recognized cost of operating leases

MSEK	2011	2010
Minimum lease payments	197	118
Contingent rents	4	2
Total	201	120

Future commitments under non-cancelable operating leases are reported below.

Minimum lease payments fall due for payment

MSEK	2011	2010
Within one year	104	17
Between one and five years	359	28
After five years	593	11
Total	1,056	56

Companies in the Lantmännen Group are tenants in properties owned by Lantmännen's pension fund. The annual rent for these properties is MSEK 76 during 2012. 30 percent of the leases run until in 2020/2021 and 69 percent until 2025 and these are included in the above table.

Finance leases

Liabilities under finance leases are recognized as interest-bearing liabilities in the consolidated statement of financial position. Amortization that matures within one year is recognized as a current financial liability, while amortization that matures after one year is a non-current financial liability.

Future minimum lease payments by period, amortization and interest:

Period	2011			2010		
	Amor-	Interest	Total	Amor-	Interest	Total
Within one year	104	3	107	21	3	24
Between one and five years	204	8	212	78	8	86
After five years	27	3	30	25	5	30
Total	335	14	349	124	16	140

Note 26 continued

During the year a total of MSEK 13 (15) was paid in minimum lease payments and MSEK 0 (0) in contingent rents related to finance leasing. Of the minimum lease payments, MSEK 3 (3) is recognized as interest and the remaining portion as amortization of debt. The increase during the year is largely attributable to the German company Körnicke Baumaschinen acquired in 2010 and the final acquisition balance sheet for the company. The carrying amount of the value of the leased assets on the reporting date is stated in Note 12, Property, plant and equipment.

NOTE 27 CUSTOMER FINANCING

Customer financing chiefly refers to financing of Lantmännen's sales of farm and construction machinery to end customers.

Lantmännen Finans AB's outstanding receivables under hire purchase contracts amounted to MSEK 1 (4) at the end of the year. MSEK 1 (4) of this figure falls due for payment during the next calendar year.

Minimum lease payments in the Machinery Sector totaled MSEK 47 and related to the leasing of construction machinery under non-cancelable operating leases. MSEK 10 of the payments falls due after 2012.

Finance leases

For assets that are rented out on finance leases, the following future lease payments and periods apply:

MSEK	2011		2010	
	Present value of future minimum lease payments	Gross investment	Present value of future minimum lease payments	Gross investment
Within one year	4	4	2	2
Between one and five years	-	-	7	3
After five years	-	-	-	-
	4	4	9	5
Unearned finance income	-	-	-	4
Total	4	4	9	9

NOTE 28 RELATED PARTY TRANSACTIONS

The association's Board members have significant influence over the Parent Company and are therefore considered to be related parties. An economic association's purpose is to promote its members' economic interests through trade with them. To this end, purchases and sales of goods and services are made with individual Board members, who are also members of the association. In the same manner, individual Board members participate in the financing of the association. All these transactions have occurred in accordance with the association's purpose and under the conditions applicable to other members. Information about amounts is therefore not disclosed regarding these transactions.

Salaries and similar remuneration of senior executives are reported in Note 5. Dividends from subsidiaries and associates are shown in Note 36.

Receivables from and liabilities to associates are shown in Notes 16, 18, 19 and 25.

	2011	2010
Intra-group purchases, share of total purchases, %	13	12
Intra-group sales, share of total sales, %	9	8
Purchases of goods and services from associates, MSEK	365	418
Sales of goods and services to associates, MSEK	17	35
Transfer of capital to "Lantmännens Gemensamma Pensionsstiftelse Grodden"	1,578	-
Sale of properties to pension fund	1,057	-

NOTE 29 GOVERNMENT GRANTS

MSEK	2011	2010
Grants received recognized as revenue	3	7
Grants received that reduced expenses	14	12
Total	17	19
Grants received during the year that reduced the value of non-current assets	0	3
Grants received recognized as deferred income at the closing date	6	0

NOTE 30 ACQUISITIONS AND DIVESTMENTS

Acquisitions

No acquisitions of subsidiaries were made in 2011.

Acquisitions 2010	Activity	Acquisition date	Aquisition-price MSEK	Acquisition-related costs, MSEK	Goodwill, MSEK	Other intangible assets, MSEK	Annual revenues, MSEK	Number of employees	Acquired share	Holding after acquisition
Bakehouse Ltd	Food	Jun-10	36	-	- ¹⁾	- ¹⁾	157	51	37%	100%
Könische Baumaschinen GmbH & Co. KG	Construction machinery	Oct-10	134 ²⁾	17	- ³⁾	90 ³⁾	1,500 ⁴⁾	200	100%	100%

¹⁾ When shares in the company were acquired in 2009, the minority interest was measured at fair value and full goodwill was recognized. For this reason, no additional goodwill was recognized when the minority interest was acquired in 2010. Remeasurement of the minority interest to fair value in 2009 gave a positive revaluation result of MSEK 63.

²⁾ In order to make the acquisition, Lantmännen repaid the seller's loan.

³⁾ The acquisition balance sheet was established in 2011 and the provisional goodwill of MSEK 69 was re-allocated to supplier relationships, valued at MSEK 90, and a deferred tax liability of MSEK 21 was recognized.

⁴⁾ Sales amounted to MSEK 439 and income after tax was MSEK -13 in 2010. In 2011, as planned, the operations were integrated into the German company Swecon Baumaschinen, which Lantmännen has owned for some time. Consequently, it is not feasible to make disclosures about the estimated full-year results.

The companies are consolidated as subsidiaries according to the purchase method. No parts of the acquired companies have been divested, and there are no plans to make any divestments.

For information on the fair value of net assets of acquired operations, see Note 32:2 to the statement of cash flows on page 133.

Disposals

The following divestments of subsidiaries were made during the year:

Divestments 2011 ¹⁾	Sale date	Consolidated revenue 2011, MSEK	Average no. of employees 2011	Divested share	Holding after divestment
Kajan 18 i Luleå Fastigheter AB	Jun-11	0	0	50%	50%
Lantmännen Alfa AB	Dec-11	21	0	100%	0
Fastighetsaktiebolaget Kungsholmsgatan 160	Dec-11	31	0	100%	0
Lantmännen Fastigheter i Jönköping AB	Dec-11	4	0	100%	0

¹⁾ All operations divested in 2011 relate to property companies and Lantmännen recognizes these under sale of property, plant and equipment. This is also shown in the consolidated cash flow statement. All the companies apart from Kajan 18 have been sold to "Lantmännen's Gemensamma Pensionsstiftelse Grodden".

Divestments 2010	Sale date	Consolidated, revenue 2011, MSEK	Average no. of employees 2011	Divested share	Holding after divestment
Lantmännen Ecobränsle	Energy	May-10	11	1	100%
Conagri	IS/IT	Jun-10	92	87	100%
SeedGard	Plant breeding	Jun-10	4	5	51%
Lantmännen SweChick	Food	Sep-10	64	24	100%
Renewable Fuels Ltd	Energy	Nov-10	5	2	100%
Fastighets AB Tre Skåne	Real estate	Dec-10	16	2	79%

The divestments made in 2010 and 2011 do not relate to operations of significant value and are consequently not classified or reported as discontinued operations.

For information on the fair value of net assets of divested operations, see Note 32:3 to the statement of cash flows on page 133.

NOTE 31 PLEDGED ASSETS AND CONTINGENT LIABILITIES

MSEK	Pledged assets			Total pledged assets	
	For own liabilities				
	Financial liabilities	Other liabilities	Other commitments	2011	2010
Real estate mortgages	838	-	-	838	1,122
Chattel mortgages	10	-	-	10	10
Bank accounts	-	-	61	61	28
Other	2	-	-	2	5
Total	850	0	61	911	1,165

Real estate mortgages have been furnished for the liabilities of the Parent Company in the amount of MSEK 668 (966), of which MSEK 315 (689) refers to properties owned by subsidiaries. Real estate mortgages corresponding to MSEK 294 have been temporarily replaced with bank guarantees in connection with transfers to "Lantmännen Gemensamma Pensionsstiftelse Grodden".

Contingent liabilities

MSEK	2011	2010
Guarantees for		
- associates	173	178
- other	418	594
Other contingent liabilities	341	88
Total	932	860

The Swedish fresh bread business divested in 2009 conducts part of its operations in a leased property in Umeå. Together with the sold company, Lantmännen ek för is a party to this lease. The aim of the buyer is to continue operations in the property. All lease payments are paid directly by the sold company. Lantmännen subsidizes the lease payment as part of the sales agreement. A reserve for this subsidy has been recognized in the consolidated statement of financial position and Lantmännen ek för's statement of financial position. In Lantmännen's opinion there is no longer any risk that Lantmännen will be required to make lease payments for the property. Consequently, no further reserves or contingent liabilities have been recognized.

NOTE 32 NOTES TO THE STATEMENT OF CASH FLOWS

MSEK	2011	2010
1) Interest paid and dividends received		
Dividend received	5	20
Interest received	194	119
Interest paid	-249	-240
Total	-50	-101
2) Acquisition of operations ¹⁾		
<i>Acquired assets and liabilities</i>		
Property, plant and equipment	-	191
Intangible assets	-	69
Financial assets	-	21
Inventories	-	114
Operating receivables	-	135
Cash and cash equivalents	-	0
	-	530
Provisions	-	80
Financial liabilities	-	315
Operating liabilities	-	215
	-	530
Assumption of loans of acquired companies	-	134
Purchased participations in associates	-	30
Buy-out of non-controlling interest	-	39
Settlement of liability for purchase price of earlier acquisitions	-	22
Purchase price paid	-	225
Cash and cash equivalents in acquired operations	-	0
Effect on cash and cash equivalents	-	225
3) Divestment of operations ²⁾		
<i>Disposed of assets and liabilities</i>		
Property, plant and equipment	-	130
Intangible assets	-	3
Financial assets	-	2
Inventories	-	30
Operating receivables	-	60
Cash and cash equivalents	-	0
	-	225
Non-controlling interests	-	9
Loans	-	20
Operating liabilities	-	89
Capital gains/losses	-	-13
	-	105
Purchase price received	-	120
Cash and cash equivalents in divested operations	-	0
Effect on cash and cash equivalents	-	120
4) Investments		
The Group's investments in property, plant and equipment held under finance leases during the year amounted to MSEK 33 (112).		
5) Cash and cash equivalents		
Cash and bank balances	397	508
Short-term investments with a maturity less than 3 months	342	361
Total	739	869

¹⁾ No acquisitions in 2011.

²⁾ Divested operations in 2011 relate only to real estate activities which are accounted for as sale of property.

The Group's total payment capacity at the end of the year was MSEK 1,615 (3,600).

Notes to the Parent Company

NOTE 33 | BREAKDOWN OF REVENUE

MSEK	2011	2010
Net sales		
Sales of goods	8,634	8,636
Service contracts	326	321
Other	2,097	1,590
Total	11,057	10,547
Other operating income		
Capital gains	34	167
Rental activities	40	87
Other	224	252
Total	298	506

Of the Parent Company's total net sales, approximately 15 percent (13) were to customers outside Sweden.

The Parent Company's capital gains include MSEK 34 (167) in gains from the sale of properties.

NOTE 35 | OPERATING INCOME

Related party transactions

Related party transactions are included as follows in the Parent Company's operating income.

In this context, transactions with members in accordance with the association's objectives are not considered related party transactions. Salaries and similar remuneration of senior executives are reported in Note 5. Dividends from subsidiaries and associates are shown in Note 36.

MSEK

	2011	2010
Intra-group purchases, share of total purchases, %	9	11
Intra-group sales, share of total sales, %	19	15
Purchases of goods and services from associates, MSEK	361	408
Sales of goods and services to associates, MSEK	14	26

Lease commitments

Operating expenses include MSEK 9 (6) in operating lease costs. Future commitments relating to non-cancelable operating leases are recognized below.

Minimum lease payments fall due for payment

MSEK

	2011	2010
Within one year	9	8
Between one and five years	15	15
After five years	6	6
Total	30	29

NOTE 36 | INCOME FROM INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

Income from investments in Group companies

MSEK

	2011	2010
Dividends	714	469
Capital gain on disposal of shares	0	25
Capital loss on disposal of shares	0	-7
Impairment losses	-183	-
Total	531	487

Dividends received in 2011 included Lantmännen Cerealia AS, MSEK 166, Lantmännen Unibake Norge AS, MSEK 48, Lantmännen Invest AB, MSEK 211, and SW Seed AB, MSEK 250.

Impairment figures can be found in Note 43 on page 137.

Income from investments in associates

MSEK

	2011	2010
Dividends	21	0
Capital gain on disposal of shares	0	-
Capital loss on disposal of shares	-	-4
Impairment losses	-	-1
Total	21	-5

A dividend of MSEK 21 was received from Reiffelsen Hauptgenossenschaft Nord AG (HaGe Kiel).

**NOTE 37 INCOME FROM OTHER SECURITIES AND RECEIVABLES
CLASSIFIED AS NON-CURRENT ASSETS**

MSEK	2011	2010
Dividends	4	16
Capital gains/losses on disposal of shares	19	40
Other	-1	7
Total	22	63

The majority of the figure for dividends was attributable to shares in Swedbank AB and Copenhagen Malmö Port AB. The majority of the capital gain was attributable to the liquidation of Malmö Port AB, which generated both a cash dividend and a valuation gain relating to the distribution of shares in Copenhagen Malmö Port AB. Income from participations in Accent Equity 2003 KB is reported under Other.

NOTE 38 EXCHANGE DIFFERENCES THAT Affected INCOME

MSEK	2011	2010
Exchange differences that affected income	-38	16
Exchange differences, financial items ¹⁾	-	404
Total	-38	420

¹⁾ Reported in Interest and similar expense in the income statement.

NOTE 39 TAXES

MSEK	2011	2010
Current tax expense (-)/tax income(+)	-	-
Tax expense/income for the period	-	-
Total current tax	0	0
 Deferred tax expense (-)/tax income (+)		
Deferred tax arising from changes in temporary differences	-11	19
Deferred tax income from loss carryforwards capitalized during the year	33	-
Deferred tax expense from use of previously capitalized loss carryforwards	-13	-183
Total deferred tax	9	-164
 Total recognized tax expense	9	-164

Note 39 continued

Reconciliation of effective tax	2011 Percent	MSEK	2010 Percent	MSEK
Income before tax		519		1 168
Anticipated tax according to enacted Swedish tax rate	26.3%	-136	26.3%	-307
Non-deductible expenses	4%	-19	1%	-7
Impairment of shares	9%	-48	-	-
Tax-exempt capital gains/losses	-1%	5	-1%	10
Tax-exempt dividend	-37%	194	-10%	120
Other non-taxable income	-1%	3	0%	0
Contribution dividend deductible for tax purposes	-4%	22	-2%	18
Other	2%	-12	0%	2
Recognized effective tax	-2%	9	5%	-164

Deferred tax asset/tax liability

MSEK	2011	2010
Land and buildings	-5	8
Other provisions	30	28
Loss carryforwards	117	97
Total, net deferred tax asset	142	133

Change in deferred tax in temporary differences and loss carryforwards 2011

MSEK	Amount at beginning of year	Recognized in income statement	Amount at end of year
Land and buildings	8	-13	-5
Other provisions	28	2	30
Loss carryforwards	97	20	117
Total	133	9	142

Loss carryforwards

At the end of the year there were loss carryforwards of MSEK 444 (369), all of which were included in the computation of deferred tax assets, and are not accruals.

NOTE 40 INTANGIBLE ASSETS

MSEK	Patents, licenses and trademarks		Capitalized development expenses	
	2011	2010	2011	2010
Accumulated cost	262	262	105	51
Accumulated amortization	-127	-114	-46	-33
Carrying amount	135	148	59	18
Balance at beginning of year	147	160	18	28
Investments	-	-	42	-
Regular amortization for the year	-12	-13	-12	-10
Reclassifications	-	-	11	-
Carrying amount	135	147	59	18

NOTE 41 PROPERTY, PLANT AND EQUIPMENT

MSEK	Land ¹⁾		Buildings		Plant and machinery		Equipment, tools, fixtures & fittings		Construction in progress	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Accumulated cost	95	108	783	812	3,089	3,098	530	572	43	32
Accumulated depreciation	-48	-50	-586	-592	-2,352	-2,278	-466	-493	-	-
Accumulated impairment losses	-	-	-25	-44	-174	-197	-19	-2	-	-
Carrying amount	47	58	172	176	563	623	45	77	43	32
Balance at beginning of year	58	63	176	173	623	575	77	88	32	178
Investments	-	-	-	-	-	-	-	-	96	123
Sales and disposals	-7	-3	-45	-5	-8	-2	0	-10	-	-7
Depreciation for the year according to plan	-1	-1	-8	-11	-105	-120	-15	-17	-	-
Impairment losses for the year	-	-	-	-9	0	-53	-	-	-	-
Reclassifications	-3	-1	49	28	53	223	-17	16	-85	-262
Carrying amount	47	58	172	176	563	623	45	77	43	32

¹⁾ Including land improvements.

NOTE 42 INVESTMENT PROPERTIES

MSEK	Land ¹⁾		Buildings		Total investment-properties	
	2011	2010	2011	2010	2011	2010
Accumulated cost	25	23	152	213	177	236
Accumulated depreciation	-13	-10	-112	-136	-125	-146
Carrying amount	12	13	40	77	52	90
Balance at beginning of year	13	61	77	382	90	443
Investments	-	-	-	21	-	21
Sales and disposals	-3	-47	-12	-299	-15	-346
Depreciation for the year according to plan	-	-1	-1	-4	-1	-5
Intra-group transfers ²⁾	-1	-	-13	-23	-14	-23
Reclassifications	3	-	-11	-	-8	-
Carrying amount	12	13	40	77	52	90

¹⁾ Including land improvements.

²⁾ During the year, properties were transferred from Lantmännen ek för to the real estate group in Lantmännen Group.

Properties where less than 10 percent of office space is used for the Parent Company's own activities are classified as investment properties.

Fair value and changes

MSEK	2011	2010
Fair value beginning of year	258	1,086
Investments in properties	-	12
Divestments	-72	-362
Intra-group purchases and sales	16	-516
Changes in value	9	18
Reclassifications	40	20
Fair value at end of year	251	258

Fair value has been determined on the basis of internal assessments. Property sales carried out during the year have also been reconciled.

The value has been estimated using the following measurement methods:

- In the majority of cases the market price method has been used, where sales of equivalent properties in the market are used to support the valuation.
- Capitalization of earnings using cash flow calculations, where the properties' future net operating income and estimated residual value have been calculated.
- In certain cases the capitalization of earnings using the net capitalization method has been utilized, where a normalized figure for net operating income is seen in relation to a market-adjusted direct return requirement.

Investment properties' impact on income for the period

MSEK	2011	2010
Rental income	23	27
Direct costs, including cost of repair and maintenance	-11	-9
Net operations	12	18

NOTE 43 | INVESTMENTS IN GROUP COMPANIES

MSEK	2011	2010
Accumulated cost	7,407	7,045
Accumulated write-ups	200	200
Accumulated impairment losses	-672	-488
Carrying amount	6,935	6,757
Balance at beginning of period	6,757	5,621
Acquisitions	461	1,191
Impairment	-183	-
Sales	-	-55
Repayments	-100	-
Carrying amount	6,935	6,757

Repayments for the year relate to refunded share capital from Lantmännen Finans AB.

Acquisitions for the year relate to capital contributions of MSEK 217 to Aspen Clean Fuels Ltd and MSEK 14 to Lantmännen Fastigheter AB. Other acquisitions were mainly intra-group acquisitions.

Impairment losses for the year related to write-downs of shares as follows: SW Seed AB, MSEK 78, Lantmännen Agroenergi AB, MSEK 73, and Lantmännen Invest AB, MSEK 32. The impairment losses are reported in the income statement under Income from investments in Group companies and are mainly an effect of dividends received.

Parent Company and Group holdings of participations in Group companies December 31, 2011

This summary comprises directly-owned subsidiaries as well as indirectly-owned subsidiaries with revenues exceeding MSEK 200.

Company name

Shares and participations in Swedish subsidiaries

	Corporate Identity No.
AB Skånefågel	556056-1457
Arips AB	556413-4293
Doofmas & Co AB	556547-7394
Fastighets AB Slätpricken AB	556831-3794
Gyllebo Gödning AB	556179-2911
Lantmännen Agrobränsl AB	556335-8372
Lantmännen Agroenergi AB	556215-0606
Lantmännen Agroetanol AB	556028-0611
Lantmännen Agrovärme AB	556229-5666
Lantmännen AS-Faktor AB	556530-9720
Lantmännen BioAgri AB	556056-1283
Lantmännen Byggplant AB	556301-2771
Lantmännen Cerealia AB	556017-2222
Lantmännen Schulstad A/S	10 245 613
Lantmännen Cerealia A/S	69 120 717
Rigas Dzirnavieks, JSC	LV400030266
Lantmännen Doggy AB	556055-5129
Lantmännen Energi AB	556118-3954
LM Aspen AB	556329-9519
Lantmännen Finans AB	556664-8118
Lantmännen Fastigheter AB	556017-8443
Lantmännen Invest AB	556003-3192
Lantmännen Kraft AB	556156-4039
Lantmännen Kronfågel Holding AB	556529-6372
Lantmännen Kronfågel AB	556145-4223
Lantmännen Dampo A/S	31 241 316
Lantmännen Maskin AB	556005-7639
Lantmännen Maskin AS	914 109 981
Akerhus Traktor AS	947340204
LM Maskin Midt Norge AS	948130661
LMB Danmark A/S	75 297 319
Lantmännen Reppe AB	556000-1538
Lantmännen Solarum AB	556066-1687
Lantmännen SW Seed AB	556001-5272
Swecon Baumaschinen GmbH	HR B1403
Lantmännen SweHatch AB	556033-3386
Lantmännen Unibake Sweden AB	556186-7796
Maselaboratorierna AB	556009-7353
Nötcenter Viken AB	556559-4503
Sjömarket i Västerås AB	556831-3695
Swecor Anläggningmaskiner AB	556575-1137
Åhus Foder HB	969723-3394

Domicile	Number of shares	Share in %	Carrying amount, MSEK
Sölvesborg	1,000	100.0	1
Stockholm	6,111,289	100.0	6
Stockholm	3,400,000	100.0	238
Stockholm	500	100.0	0
Lidköping	2,000	66.7	0
Örebro	2,500	100.0	0
Huskvarna	30,000	100.0	159
Norrköping	50,000	100.0	266
Enköping	10,000	100.0	2
Enköping	100	100.0	0
Enköping	20,000	100.0	3
Örebro	47,500	95.0	21
Malmö	200,000	100.0	512
Copenhagen		100.0	
Vejle		100.0	
Riga		95.4	
Värgårda	103,625	100.0	156
Stockholm	400	100.0	54
Gothenburg		100.0	
Stockholm	2,000,000	100.0	200
Stockholm	3,000	100.0	18
Stockholm	440,000	100.0	63
Falkenberg	5,000	100.0	1
Stockholm	15,000,000	100.0	305
Stockholm		100.0	
Farre		100.0	
Malmö	10,000	100.0	10
Asker		100.0	
Jessheim		100.0	
Stjördal		100.0	
Bröndby		100.0	
Växjö	25,000	100.0	28
Kävlinge	330,000	100.0	21
Salöv	298,667	100.0	160
Düsseldorf		100.0	
Flyinge	30,000	100.0	0
Örebro	100,000	100.0	27
Uppsala	5,000	100.0	0
Falköping	6,000	66.7	3
Stockholm	500	100.0	0
Eskilstuna	488,150	97.6	372
Åhus	70,000	100.0	0

Shares and participations in foreign subsidiaries

Aspen Clean Fuels Ltd	05356409	U.K.	100,001	100.0	218
Cerealia Bakeries Holding A/S	26 864 097	Denmark	5,000	100.0	1
Lantmännen Finance Ireland	6562531V	Dublin		100.0	1,104
Dirual AG	CH-0203002	Baar	199,997	100.0	22
Lantmännen Cerealia AS	910629085	Oslo	17,968,129	100.0	222
Lantmännen Unibake Holding A/S	37 249 211	Horsens	3,000,000	100.0	2,708
Lantmännen Unibake Denmark A/S	29 219 354	Horsens		100.0	
Lantmännen Unibake GmbH & Co KG	HRA 121351	Verden		100.0	
Lantmännen Unibake USA, Inc	36-4034179	U.S.		100.0	
Lantmännen Unibake UK Ltd	3315763	U.K.		100.0	
Lantmännen Unibake Benelux NV	0461025063	Londerzeel		100.0	
Lantmännen Unibake Norge AS	989 135 082	Oslo	3,405,694	100.0	34
Total Parent Company					6,935

**NOTES TO
PARENT COMPANY
LANTMÄNNEN EK FÖR**

NOTE 44 INVENTORIES

MSEK	2011	2010
Raw materials and consumables	1,212	1,371
Finished goods and merchandise	741	459
Prepayments to suppliers	0	0
Total	1,953	1,830

MSEK 0 (257) of the total value of inventories relates to goods measured at net realizable value.

NOTE 45 PREPAID EXPENSES AND ACCRUED INCOME

MSEK	2011	2010
Prepaid expenses	100	103
Accrued income	195	104
Total	295	207

NOTE 46 YEAR-END APPROPRIATIONS, UNTAXED RESERVES

MSEK	2011	2010
Untaxed reserves, MSEK		
Accelerated accumulated depreciation		
- Intangible assets	111	111
- Machinery and equipment	200	200
Total	311	311

NOTE 47 PENSIONS

All of the Parent Company's defined benefit pension obligations are governed by the Pension Obligations Vesting Act (Tryggandelagen).

During fall Lantmännen formed a pension fund. Lantmännen ek för's pension obligations, which were previously reported under "Pension plan according to PRI Pensionsgaranti" are covered by the fund. In December, Lantmännen transferred cash to the pension fund. This corresponded to the obligation at November 30, namely MSEK 791. Now that 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, which was MSEK 791 at December 31, 2011. The fair value measurement of the fund's assets is conducted by external valuers. For further information about the Group's pension fund, see the Board of Directors' report on page 84.

The pension liability recognized in the statement of financial position is as follows:

MSEK	2011	2010
Value of pension obligations under funded pension plans	791	-
Fair value of Lantmännen ek för's share of pension fund	-791	-
Net obligation	0	0
Pension plan according to PRI Pensionsgaranti, unfunded	-	732
Other unfunded pension plans	3	4
Total	3	736

Specification of changes in recognized pension liability during the year:

MSEK	2011	2010
Liability at beginning of year	736	731
Pension expenses recognized for the year	101	45
Pension payments	-43	-40
Transfer to pension fund	-791	-
Liability at end of year	3	736

The calculation of pension obligations under funded pension plans and the reported Pension plan according to PRI Pensionsgaranti for 2010 was carried out by PRI Pensionsgaranti, using their own adopted actuarial assumptions.

Specification of pension-related costs for the period:

MSEK	2011	2010
<i>Own pension</i>		
Current service cost ¹⁾	69	9
Interest cost	32	37
Cost of own pension plan	101	46
<i>Pension through insurance</i>		
Insurance premiums	54	62
Net pension cost for the year, excluding taxes	155	108

¹⁾ 2011 including the effect of PRI Pensionsgaranti's changed life expectancy assumptions, which was MSEK 54.

MSEK	2011
Pensions costs recognized as employee benefits expense in operating income	123
Pensions costs recognized as interest expense in net financial items	32
Total	155

Fair value of Lantmännen ek för's share of the fund's assets:

MSEK	2011
Real estate	530
Interest-bearing assets	174
Cash and cash equivalents	87
Total	791

Next year's projected payments for defined benefit pension plans amount to MSEK 45.

NOTE 48 OTHER PROVISIONS

MSEK	Restructuring
Carrying amount at beginning of period	247
Provisions made during the period	25
Amounts utilized during the period	-47
Reversed during the period	-13
Carrying amount at end of period	212

Increases in previously existing provisions are included in the period's provisions.

Most of the year's provisions refer to the efficiency programs in the Agriculture Sector. MSEK 135 (148) of the provisions at the end of the year were associated with the estimated costs of closing of grain elevators. No new provisions for grain elevators were made in 2011. Of the total provisions, approx. one-third are expected to be utilized in 2012 while the remainder will not be utilized until after three years.

NOTE 49 OTHER CURRENT LIABILITIES

Other current liabilities include liabilities to members relating to savings and capital accounts amounting to MSEK 1,411 (1,306).

NOTE 50 ACCRUED EXPENSES AND DEFERRED INCOME		
MSEK	2011	2010
Accrued personnel-related costs	120	141
Accrued interest	26	23
Other accrued expenses	232	248
Deferred income	11	8
Total	389	420

NOTE 52 PLEDGED ASSETS AND CONTINGENT LIABILITIES					
Pledged assets	For own liabilities		Total pledged assets		
MSEK	Financial liabilities	Other liabilities	Other commitments	2011	2010
Real estate mortgages	353	-	-	353	425
Bank accounts	-	-	61	61	28
Total	353	0	61	414	453

NOTE 51 FINANCIAL INSTRUMENTS		
MSEK	2011	2010
Shares and participations	143	131
Loans and receivables		
Non-current interest-bearing receivables from subsidiaries	125	125
Non-current interest-bearing receivables from associates	2	2
Other non-current interest-bearing receivables	114	154
Trade receivables	2,085	2,101
Current interest-bearing receivables from subsidiaries	7,829	7,766
Other current interest-bearing receivables	94	53
Short-term investments	208	175
Cash and bank balances	148	211
Total	10,605	10,587
Financial liabilities measured at amortized cost		
Non-current interest-bearing liabilities	4,121	4,771
Trade payables	1,746	1,652
Current interest-bearing liabilities to subsidiaries	2,964	3,217
Other current interest-bearing liabilities	2,437	1,349
Total	11,268	10,989

The Parent Company does not measure or account for derivative instruments. All of the Group's derivative financial instruments, apart from those that relate to ethanol, are held by the Parent Company. The maturity structure and fair value of these is shown in Note 22 on page 125. Note 22 also contains other information about the Parent Company's financial instruments.

Real estate mortgages are used as collateral for loans from Realkredit Denmark. During the year mortgages were partially replaced by mortgages pledged by Group companies and bank guarantees.

Contingent liabilities	2011	2010
MSEK		
Guarantees for		
- Group companies	1,168	707
- associates	173	178
Other contingent liabilities	341	88
Total	1,682	973

The change in the guarantees pledged for Group companies mainly refers to increased pension liability commitments. The increase in other contingent liabilities mainly relates to contingent liabilities to third parties for Swecon Anläggingsmaskiner AB and Swecon Baumaschinen GmbH.

The Board of Directors and the President & CEO hereby certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and give a true and fair view of the Group's financial position and results of operations. The annual financial statements have been prepared in accordance with Generally Accepted Accounting Principles, and thereby give a true and fair view of the Parent Company's financial position and results.

The Board of Directors' Report for the Group and Parent Company gives a true and fair overview of the development, financial position and results of operations for 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 23, 2012

Thomas Bodén
Chairman

Bengt-Olov Gunnarson
Vice Chairman

Helle Kruse Nielsen

Per Lindahl

Nils Lundberg

Thomas Magnusson

Anitra Steen

Hans Wallemyr

Björn Wallin

Tommy Brunsärn

Gert Gustavsson

Tomas Welander

Per Olof Nyman
President & CEO

Our audit report was submitted on February 23, 2012

Ernst & Young AB

Lars Träff
Authorized Public Accountant

Torvald Carlsson

Lars Falck

Anders Åbyhammar

The Group's and Parent Company's annual financial statements will be presented for adoption at
the Annual General Meeting on the 2nd of May 2012.

Auditor's report

To the annual general meeting of Lantmännen Economic Association

Corporate identity number 769605-2856

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Lantmännen Economic Association for the year 2011. The annual accounts and consolidated accounts of the society are included in the printed version of this document on pages 83–140.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Sweden. This implies that we plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

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 opinion.

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 2011 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and 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 2011 and of the financial performance and cash flows 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 examined the proposed appropriations of the society's profit or loss and the administration of the Board of Directors and the Managing Director of Lantmännen Economic Association for the year 2011.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the society's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Co-operative Societies' Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the society's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the society's profit or loss, we examined whether the proposal is in accordance with the Co-operative Societies' Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Co-operative Societies' Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 as of February 23, 2012

Lars Träff
Authorized Public Accountant

Torvald Carlsson
Member representative Auditor

Lars Falck
Member representative Auditor

Anders Åbyhammar
Member representative Auditor



2011

Corporate Governance Report



Corporate Governance Report

The Corporate Governance Report has not been reviewed by the Association's auditors.

Lantmännen ek för is a Swedish co-operative economic association headquartered in Stockholm, Sweden. The Group's governance is primarily based on the Association's Articles of Association, the Swedish Economic Associations Act, the code of governance for agricultural co-operatives and association enterprises (hereinafter referred to as the Association Code) and other applicable laws and rules. According to the Association Code, a corporate governance report shall be prepared.

Lantmännen's Board of Directors and executive management endeavor to ensure the enterprise is able to meet the demands placed on it by owners, employees and other stakeholders in the best possible way.

Association Code

The Association Code is modeled on the 2004 Swedish Corporate Governance Code. The Association Code was developed in collaboration between the Federation of Swedish Farmers (LRF) and the larger agricultural co-operative enterprises. Like the Swedish Code of Corporate Governance, the Association Code is intended to establish the proper conditions for an active and accountable ownership role, ensure there is a proper balance between owners, Board and executive management, contribute to a clear division of responsibility between the Association's management and control bodies and create the greatest possible transparency vis-à-vis owners, the market and society in general. The Association Code is also intended to help ensure that the principles of the Economic Associations Act regarding member participation in the management of the Association are applied in practice. The Code is applied today by Lantmännen and applicable parts of other agricultural co-operatives.

Under the Association Code, the Board is required to submit a report about how well the internal control over financial reporting has functioned during the past financial year. Lantmännen's Board of Directors has chosen to confine its report to a description of the organization of the internal control. This is consistent with the simplifications applicable since 2008 under the Swedish Corporate Governance Code.



Owners

The Group's Parent Company is Lantmännen ek för, a co-operative enterprise owned by 34,738 farmers in Sweden. Pursuant to the Association's Articles of Association, the owners, i.e., the members of the Association, shall be engaged in farming or food production in the Association's area of operation. The owners have the opportunity at various owner and district meetings to express their views to the Board of Directors and management through motions and other means. See also the description in Farmer owned and run on ▶ page 14.

Contributed capital and voting rights

Each member of the Association has one vote, regardless of the size of his or her investment. The members' obligation to invest (contribution liability) is based on the turnover value of purchases from and deliveries to the Association. The Board of Directors decides the product areas that will constitute the basis of the obligation to invest. The individual member's obligation to invest is 15 percent of the average value of the turnover with the Association over the last five years. However, the obligation to invest ranges from a low of SEK 10,000 to a maximum of SEK 450,000. Of the total contributed capital of MSEK 1,568, MSEK 680 has been paid in and MSEK 888 issued from distributable capital in the Association. At the end of 2011, the obligation of members to invest totaled MSEK 1,407.

Annual General Meeting

The Annual General Meeting is Lantmännen's supreme decision-making body. The Meeting consists of representatives

of members, delegates, who are elected at the district meetings. The districts are the basis of the members' role as owners of the Association. Delegate seats are distributed on the basis of a divisor in proportion to the number of persons entitled to vote in the district and the organization member. The chairmen of district boards and chairman of the board of the organization member are to be delegates. The number of delegates shall not be less than 100. Each delegate has one vote at the Meeting. The General Meeting has a quorum when more than half of the full number of delegates is in attendance. Each member is entitled to have business considered by the General Meeting.

The Annual General Meeting shall be held within six months of the end of the financial year. The Association's Board of Directors, Nomination Committee and auditors are elected at the Annual General Meeting. Other obligatory business to be considered by the Meeting includes adoption of the income statement and statement of financial position, allocation of the Association's profit or coverage of its loss, discharging the Board of Directors and President from liability and determination of Directors' and auditor fees.

The 2011 Annual General Meeting

The Annual General Meeting was held on the 4th of May in Stockholm. Board members of Lantmännen ek för are elected for two-year terms. The terms for Birgitta Carlander, Bengt-Olov Gunnarson, Nils Lundberg, Anitra Steen and Hans Wallemyr expired. The Meeting resolved that the Board of Directors of Lantmännen ek för would consist of nine members elected by the General Meeting and the President of the Association. Bengt-Olov Gunnarson, Nils Lundberg, Anitra Steen and Hans Wallemyr were reelected to the Board at the Meeting. Per Lindahl was elected a new member. The Meeting resolved that the number of auditors would be four – one authorized public accountant and three elected auditors. The auditors are elected for one year at a time. The accounting firm Ernst & Young AB, with the authorized public accountant Lars Träff as principal auditor, was elected the authorized auditor of the Association. Torvald Carlsson, Lars Falck and Anders Åbyhammar were reelected as auditors. The Meeting also passed a resolution on remuneration for the Board of Directors 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 time up to and including the 2012 General Meeting.

The Meeting approved a contribution dividend totaling MSEK 68 to be distributed on paid-in and issued contributed capital and a contribution issue totaling MSEK 177 to be distributed as follows: 25 percent on contribution-based turnover and 75 percent on paid-in and issued member contributions. In addition to the dividend and issue, the Board decided to pay MSEK 95 in refunds and final price adjustments.

The total number of delegates was 101, all of whom were present at the Meeting. All Board members and elected auditors apart from one were present at the Meeting.

Council of Trustees

The Association has a Council of Trustees. The district board chairmen and organization member shall serve on the Council of Trustees. In addition to this, the Board of Directors may appoint additional members. The role of the Council of Trustees is to advise the Group Board on development issues of a more long-term nature as well as communicate information between the Board of Directors and the districts. The Council of Trustees is also charged with taking part in matters of principle and nominating members to the Association's Nomination Committee.

Council of Trustees in 2011

In addition to the obligatory members as stated above, the Board of Directors appointed two representatives of the local associations to the Council of Trustees. Also in attendance at Council of Trustees meetings are the Group Board, the Association's elected auditors and the chairman of the Nomination Committee, unless he or she is already part of the above-mentioned group. The Council of Trustees had three minuted meetings during the year.

Nomination Committee

The Nomination Committee is tasked with preparing and presenting nominations for members of the Group Board and auditors, as well as their fees and remuneration, and making recommendations for fees and remuneration for other elected representatives. The Nomination Committee shall have 7-13 members and is elected by the Annual General Meeting. The Nomination Committee elects a chairman from among its members.

Based on the Association's current situation and future direction, the Nomination Committee's task is to assess whether the Board of Directors is appropriately composed with regard to expertise. This assessment is based in part on an evaluation of the Board's work methods and decision processes performed by an independent party at the behest of the Chairman of the Board and in consultation with the Nomination Committee. Any new recruitment to the Board is then done according to a requirements specification prepared by the Nomination Committee.

Nomination Committee 2011

In 2011, the Nomination Committee consisted of nine members: Per-Olof Malm (chairman), Kjell Eriksson (vice chairman), Håkan Christensson, Anders Hansson, Viktoria Josefsson, Sören Lundström, Karola Reuterström, Magnus Aaby-Eriksson and Christer Samuelsson. The terms of Anders Hansson, Magnus Aaby-Eriksson and Christer Samuelsson expired at the end of the Annual General Meeting on May 4. Krister Andersson, Ann-Margret Assarsson and Anders Rickardsson were elected new members. At the statutory meeting after the Annual General meeting, Per-Olof Malm was elected chairman and Kjell Eriksson vice chairman. The member manager is secretary of the Nomination Committee.

Owner relations

During the year the Owner Relations Department had seven staff members: five member services staff, the editor of the newsletter *The Sprout* and the member manager. The cost of the department and its entire activities in 2011 amounted to approx. MSEK 35. District costs accounted for MSEK 14.7 of this figure, and comprised fixed fees of MSEK 4.5 adopted by the General Meeting (30 percent) and variable fees of MSEK 5.2 (35 percent). The other MSEK 5 (34 percent) related to costs of the districts' various activities.

Regional training costs amounted to MSEK 1.6. The cost of the Annual General Meeting, which also comes under the Department's area of responsibility, was approx. MSEK 2.2. Other activities handled by the department include the Delegates' Meeting, Council of Trustees, District Board Conference, General Meeting Nomination Committee and the owners' newsletter *The Sprout*.

Group Board

On behalf of the Association's members, the overarching task of the Board of Directors' is to manage the Association's affairs so that the economic interests of the members are served in the best possible manner. The Board is responsible for the Association's organization and management of the Association's affairs as well as for the satisfactory control of the Association's accounting, the management of its funds and its financial affairs. The Board decides the Group's overall goals, strategic plans and significant policies and monitors whether they are being adhered to and are updated. The Board also decides on acquisitions, divestments and major investments and approves the annual accounts and interim reports. The Board is also tasked with overseeing the President and assessing the performance of the Group Management on an

ongoing basis. The Board shall ensure that there is an effective system for follow-up and control of the Association's operations and financial position, that external information is characterized by transparency and objectivity, that there is adequate monitoring of compliance with laws and regulations and that the necessary ethical guidelines are laid down.

The work of the Board is directed by a work plan that governs the division of work and responsibility among the Board of Directors, the Chairman and the President. The work plan is updated and adopted at least once a year, normally at the statutory meeting of the Board.

The Board of Directors of Lantmännen shall consist of no fewer than 7 and no more than 13 members along with the President. The Board elects a chairman from among its members. The Board has an Audit Committee, a Remuneration Committee and an Owner Committee. The purpose of the committees is to develop and streamline the Board's work as well as prepare business within the respective areas. The committees have no decision-making powers. Members of the committees are appointed by the Board at the statutory Board meeting. Instructions for the committees are included in the Board's work plan.

The work of the Board of Directors in 2011

Since the Annual General Meeting on May 4, 2011, the Board has consisted of nine members elected by the Meeting, three employee representatives and the President. The Head of the corporate function Legal Affairs serves as the Board's secretary. None of the Board members elected at the General Meeting has an employment-like relationship with Lantmännen. Thomas Bodén was elected Chairman of the Board. The composition of the Board is shown in the presentation, see ▶ page 149.

Attendance at 2011 Group Board meetings

	Jan 17	Feb 8	Feb 17	Mar 11	Apr 7	May 2	May 4	May 26	Jun 8	Jun 15-16	Jun 20-21	Jul 22	Sep 31-1	Oct 16	Oct 27	Oct 31	Dec 8	Dec 12	Dec 16
	Per Capsulam	Tele- mtg.						Statutory board mtg.	Tele- mtg.				Tele- mtg.		Tele- mtg.		Per Capsulam	Per Capsulam	
Thomas Bodén	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Tommy Brunsås	●	●	●	●	●	●	●	●	●	●	●	—	●	●	●	●	●	●	
Birgitta Carlander	●	●	●	●	●	●	●	—	—	—	—	—	—	—	—	—	—	—	
Bengt-Olov Gunnarson	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Gert Gustavsson	●	—	—	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Görgen Kier	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	—	—	
Helle Kruse Nielsen	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Per Lindahl	—	—	—	—	—	—	—	●	●	●	●	●	●	●	●	●	●	●	
Nils Lundberg	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Thomas Magnusson	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Anitra Steen	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Hans Wallemyr	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Björn Wallin	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Tomas Welander	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	●	
Per Strömberg	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
Per Olof Nyman	—	—	—	—	—	—	—	—	—	—	—	—	—	●	●	●	●	●	

● Present — Not present

Birgitta Carlander left the Board on May 4, 2011.

Per Lindahl was elected on May 4, 2011.

Görgen Kier stepped down as Employee representative on October 27, 2011.

Tomas Welander joined the Board as Employee representative on December 16, 2011.

Per Strömberg resigned from his position as President and CEO on October 19, 2011.

Per Olof Nyman took over as Acting President and CEO on October 19, 2011.



During the year the Board held 19 meetings, five of which were by telephone and two per capsulam. The table below shows the attendance of the board members at the meetings.

The Board's decisions during the year included the restructuring of Lantmännen's central R&D functions and the establishment of a pension fund to safeguard the pension obligations to Swedish salaried employees.

The Association's auditors attended three of the meetings.

Audit Committee

The Audit Committee is tasked with preparing 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 shall work to ensure that risks are managed in the correct manner, that established principles for financial reporting and internal control are being complied with and that proper relations are maintained with external auditors. The committee shall ensure that the independence of external auditors is maintained, evaluate the audit and inform the Nomination Committee of the results. The Group's Internal Audit unit reports directly to the Audit Committee.

Before the Annual General Meeting, the committee consisted of Birgitta Carlander (chairman), Nils Lundberg and Hans Wallemyr. After the Meeting on May 4, the committee consisted of Nils Lundberg (chairman), Anita Steen and Hans Wallemyr. The Head of the Internal Audit unit is 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 had four minuted meetings during the year. The table below shows the attendance of the members at the meetings.

Audit Committee, attendance and number of meetings 2011

	Feb 7	Apr 29	Jul 21	Oct 26	Tele-mtg.
Birgitta Carlander	●	●	—	—	
Nils Lundberg	●	●	●	●	
Hans Wallemyr	●	—	●	●	
Anitra Steen	—	—	●	●	

● Present — Not present

Birgitta Carlander left the Audit Committee on May 4, 2011.

Anitra Steen was elected on June 20, 2011.

Remuneration Committee

The Remuneration Committee is tasked with preparing matters and drafting principles related to pay and other terms of employment for the Group Management. These principles must be approved by the General Meeting. The committee prepares and submits its decision-support material to the Board of Directors concerning terms of employment for the President and to the President regarding the other members of Group Management.

Before the Annual General Meeting, the committee consisted of Thomas Bodén (chairman), Helle Kruse Nielsen and Anita Steen, with President Per Strömberg as a co-opted member. After the Meeting, Bengt-Olov Gunnarson replaced Anita Steen, who was elected to the Audit Committee. The Head of CF 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 had four minuted meetings during the year. The table below shows the attendance of the members at the meetings.

Remuneration Committee, attendance and number of meetings in 2011

	Jan 12	Feb 17	Oct 19	Dec 16
Thomas Bodén	●	●	●	●
Helle Kruse Nielsen	●	●	●	●
Anitra Steen	●	●	—	—
Bengt-Olov Gunnarson	—	—	●	●

● Present — Not present

Anitra Steen left the Remuneration Committee on June 20, 2011.
Bengt-Olov Gunnarson was elected on June 20, 2011.

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 Articles of Association. Its further aim is for the development of Articles of Association, organization and the relationship to elected representatives and owners to take place in a manner that, over time, adapts to changes in society and business.

Owners Committee, attendance and number of meetings 2011

	Feb 14	Apr 19	Aug 31	Nov 28
Bengt-Olov Gunnarson	●	●	—	—
Björn Wallin	●	●	●	●
Per Lindahl	—	—	●	●
Thomas Magnusson	●	●	●	●

● Present — Not present

Bengt-Olov Gunnarson left the Owner Committee on June 20, 2011.
Per Lindahl was elected on June 20, 2011.

Before the Annual General Meeting, the committee consisted of Bengt-Olov Gunnarson (chairman), Thomas Magnusson and Björn Wallin. After the Meeting on May 4, the committee consisted of Björn Wallin (chairman), Thomas Magnusson and Per Lindahl. The General Counsel attends the committee's meetings. Tove Cederborg succeeded Lena Weman as Legal Counsel on September 1. The Group's member manager is the secretary. Members are appointed for one year at a time.

In addition to distributing the minutes of Owner Committee meetings to the Board, the committee chairman gives an oral report on all important issues at the subsequent Board meeting. The committee had four minuted meetings during the year. The table below shows the attendance of the members at the meetings.

President and Group Management

The President & CEO is appointed by the Board and is responsible for the day-to-day management of the Association. The division of tasks between the Board and the President is regulated in the Board's work plan. Group Management currently consists of nine members, following Per Strömberg's

decision to resign from his position as President of Lantmännen. Management normally consists of the President & CEO, Heads of Sectors and all Heads of Corporate Functions. The composition of Group Management is shown in the presentation, see ► page 152.

Group Management generally meets every six weeks. Group Management has the overarching responsibility for coordinating the Group.

Internal Audit

With regard to the rest of the Group, the Internal Audit is an independent activity, engaged in objective safeguarding and advisory efforts. The Internal Audit unit shall make assessments in a systematic and structured manner, thereby helping to streamline the Group's risk management, governance and control, as well as its management processes.

The Internal Audit unit reports material observations and suggestions for improvements to the Group Board via the Audit Committee and also to the business operations. It also audits the entire Group and is the independent review function for Lantmännen Finans AB as required by the Swedish Financial Supervisory Authority. In addition to performing reviews and audits in accordance with the internal audit plan, the function supports the Group Board and Management by providing analyses and advice.

In 2011, the Internal Audit unit identified cross-cutting risks in the Group, performed audits of the Sectors and corporate functions and prepared an internal audit plan for 2012. The unit also participates in various steering groups and committees to obtain essential information and serve as a consultation body on issues concerning risk management and internal governance and control.

External audit

The auditors are tasked with auditing the annual report, consolidated financial statements, accounting records and administration of the Board and President. There are four regular auditors. One is authorized and the other three are elected representatives. All auditors are elected by the General Meeting for one year at a time. The authorized auditors are the accounting firm Ernst & Young and the auditors' work is led by authorized public accountant Lars Träff. The elected representative auditors are Torvald Carlsson, Lars Falck and Anders Åbyhammar.

In addition to the statutory audit performed by all auditors, the elected auditors conduct a special review of efficiency and target achievement from a member point of view.

The Board of Directors' report on internal control over financial reporting

The responsibility of the Board and President in the area of internal control is governed by the Swedish Economic Associations Act. The Board's responsibilities are also governed by the Swedish governance code for agricultural co-operatives and association enterprises (Association Code). Under the Association Code, the Board is required to submit a report on how well the internal control over financial reporting has functioned during the past financial year. As stated in the section in the Corporate Governance Report on ► page 143 Lantmännen's Board has chosen to confine its report to a description of how the internal control is organized.

Below is a description of the most important elements of the Association's system for internal control and management of risks associated with financial reporting.

Internal control over financial reporting is a process involving the Group Board, the Audit Committee, President, management and other employees and is designed to provide assurance of the reliability of financial reporting. The overall aim of internal control is to protect the investments of the owners and the Association's assets.

The control environment constitutes the basis of internal control and includes the values and ethics the Lantmännen Group communicates and applies, along with the Group's organizational structure, management, decision-making channels, responsibility and authority, and the expertise possessed by employees. Other important areas in Lantmännen's internal control are communication, information and follow-up.

The Lantmännen Group's values represent a long-term

commitment linked to its mission, business concept, goals and strategies that guide employees in their daily work. It is the Group's ambition for its slogan, "responsibility from field to fork," to permeate all internal and external actions. In 2008, the Board prepared, adopted and communicated a Code of Conduct for the Group. Its implementation continued in 2011 with extensive training efforts to ensure that all employees and other stakeholders covered by the Code of Conduct, such as suppliers, participate in it and understand it.

The Board has the overarching 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 tasks between the Board and its committees. An Audit Committee regularly reports to the Board.

Lantmännen works continuously to ensure the appropriate expertise is present in key positions for both the corporate functions and Sectors. In addition, there are policies in place for important areas, which define responsibility and authority and procedural guidelines. The policies are available on Lantmännen's intranet. A financial manual has also been prepared for the Group's financial reporting.

Regular monitoring is conducted, in order to ensure the efficiency of internal control over financial reporting. The monitoring process includes analysis of regular financial reports compared with historical figures, budgets and forecasts as well as monitoring of reporting activities. Monitoring takes place at company, business area, Sector and Group level.

Board of Directors

The Board consists of ten members and three employee representatives. Board members of Lantmännen ek för are elected for two-year terms. The Annual General Meeting will be held on May 2, 2012.

Holdings of subordinated debentures and contribution issues at December 31, 2011.

Thomas Bodén Chairman

Norström
Born: 1947
Member since 2000
Other functions at Lantmännen: Scandinavian Farmers, Viking Malt Oy, Remuneration Committee
Education: Business administration, education, sociology, Air Force officer training
Main occupation: Farmer
Production: Beef and lamb, course fodder, forestry
Contribution issues: SEK 1,032,701
Contribution issues related parties: SEK 20,741
Subordinated debentures: SEK 100,000

Bengt-Olov Gunnarson Vice Chairman

Borensberg
Born: 1951
Member since 2005
Other functions at Lantmännen: Scandinavian Farmers, Viking Malt Oy, Remuneration Committee, Lantmännen Research Foundation
Education: Agricultural technologist
Main occupation: Farmer
Production: Crop production, forestry and wind power
Other directorships: Foundation for Agricultural Research
Contribution issues: SEK 248,475*
Subordinated debentures: SEK 100,000
Subordinated debentures related parties: SEK 50,000

Per Lindahl

Kristianstad
Born: 1964
Member since 2011
Other functions at Lantmännen: Owner Committee
Education: Agriculture
Main occupation: Farmer
Production: Crop production, potatoes and grain.
Breeder breeding
Other directorships: Chairman Swedish Poultry Meat Association, Chairman Hushållningssällskapet Kristianstad
Contribution issues: SEK 877,323

Helle Kruse Nielsen

Denmark
Born: 1953
Member since 2010
Other functions at Lantmännen: Remuneration Committee
Education: Master of Business Administration
Main occupation: Directorships
Other directorships: Board member of AkerBioMarine ASA, GumiLink A/S, Swedbank AB, Niels Adlers Stipendiefond, NewWaveGroup AB, Oriflame SA
Contribution issues: 0

Nils Lundberg

Skivarps
Born: 1958
Member since 2007
Other functions at Lantmännen: Audit Committee, Scandinavian Farmers
Education: Agricultural economist
Main occupation: Farmer
Production: Crop production, wind power
Other directorships: Ljusterö Golf AB, Halmstadgården Vindpark AB
Contribution issues: SEK 2,002,620*
Subordinated debentures: SEK 100,000*
Subordinated debentures related parties: SEK 90,000

Thomas Magnusson

Tävelsås
Born: 1950
Member since 2005
Other functions at Lantmännen: Owner Committee
Education: Agriculture and economics
Main occupation: Farmer
Production: Milk, beef
Other directorships: Vice Chairman of Federation of Swedish Farmers Board, Cogeca Presidency
Contribution issues: SEK 136,885
Subordinated debentures: SEK 20,000

Per Olof Nyman

Acting President and CEO
CFO
Responsible for: Strategy and business development
Born: 1956
Hired: 2008
Education: M.Sc. Industrial and Management Engineering
Outside directorships: LRF Konsult, board member of associates: Viking Malt Oy, VK Mühlen AG
Subordinated debentures: SEK 220,000

Anitra Steen

Stjärnhov
Born: 1949
Member since 2009
Other functions at Lantmännen: Audit Committee
Education: B.A. in behavioral and social sciences
Main occupation: Consultant/Directorships
Other directorships: Chairman of Telge Inköp AB and AB Svenska Spel. Board member of Drivhuset Sverige
Contribution issues: SEK 95

Hans Wallemyr

Falköping
Born: 1956
Member since 2007
Other functions at Lantmännen: HaGe Kiel, Audit Committee, Lantmännen Research Foundation
Education: Agriculture and economics
Main occupation: Farmer
Production: Wind power, potato cultivation, forestry, breeding and training jumping and dressage horses
Other directorships: Åsle Vind AB, Källeberg Vind AB
Contribution issues: SEK 207,190*

Björn Wallin

Vattholma
Born: 1964
Member since 2008
Other functions at Lantmännen: Owner Committee
Education: Agricultural economist
Main occupation: Farmer
Production: Crop production
Other directorships: HaGe Kiel
Contribution issues: SEK 942,166*

Tommy Brunsärn

Söderläje
Born: 1959
Member since 2007
Unionens representative
Main occupation: Head of purchasing, Lantmännen Cerealia, Järna

Gert Gustavsson

Falkenberg
Born: 1951
Member since 2002
LO representative
Main occupation: Operator, feed plant

Tomas Welander

Gothenburg
Born: 1961
Member since 2011
IF Metall representative
Main occupation: Servicing technician Swecon

Board Secretary

Tove Cederborg
General Counsel
Born: 1964
Hired: 2011
Education: Law degree, Lund 1992
Subordinated debentures: 0

Auditors

Elected representatives
Torvald Carlsson
Gambleby
Born: 1951
Auditor since 2000
Education: Agricultural economist
Main occupation: Farmer
Production: Crop production, forestry, integrated hog production
Contribution issues: SEK 188,558*

Lars Falck

Kristianstad
Born: 1962
Auditor since 2007
Education: Agricultural technologist
Main occupation: Farmer
Production: Crop production
Contribution issues: SEK 260,410
Subordinated debentures: SEK 20,000*

Anders Åbyhammar

Fellingsbro
Born: 1956
Auditor since 2005
Education: Agricultural technologist
Main occupation: Farmer, Accounting consultant, LRF Konsult
Production: Crop production, forestry, lambs, electricity/
hydropower
Contribution issues: SEK 142,121

Authorized Public Accountant

Lars Träff
Ernst & Young, Stockholm

* Through company

Board of Directors

For information about the Board of Directors see page 149.





Gert Gustavsson

Hans Wallemyr

Anitra Steen

Björn Wallin

Bengt-Olov Gunnarson

Tommy Brunsårn

Tomas Welander

Group Management

Management consists of the President & CEO, Heads of Sectors and Heads of Corporate Functions.



Per Olof Nyman

Acting President & CEO, CFO
Responsible for: Strategy and business development
Born: 1956
Hired: 2008
Education: M.Sc. Industrial and Management Engineering
Outside directorships: LRF Konsult, board member of associates: Viking Malt Oy, VK Mühlen AG
Subordinated debentures: SEK 220,000

Per Arfvidsson

Senior Vice President & Head of Supply Chain CF
Born: 1962
Hired: March 2011
Education: M.Sc. Mechanical Engineering, Industrial org. & Logistics

Johan Karlström

Senior Vice President & Head of Food Sector
Born: 1965
Hired: 2010
Education: Master of Business Administration
Outside directorships: DLF (Grocery Manufacturers of Sweden), GS1 Sweden

Monika Lekander

Senior Vice President & Head of Agriculture Sector
Born: 1953
Hired: 2005
Education: M.Sc. Chemical Engineering, business and marketing
Subordinated debentures: SEK 100,000

Håkan Pettersson

Senior Vice President & Head of Machinery Sector
Born: 1956
Hired: 2002
Education: M.Sc. Industrial and Management Engineering
Subordinated debentures: SEK 10,000

Anette Rosengren

Senior Vice President, Communication CF
Responsible for: Communications, Sustainable Development and R&D
Born: 1966
Hired: 2008
Education: Master of Business Administration
Subordinated debentures: SEK 50,000

Carl von Schantz

Senior Vice President & Head of Energy Sector
Born: 1973
Hired: January 2011
Education: Master of Business Administration, Kellogg School of Management (USA)
Subordinated debentures: SEK 100,000

Elisabeth Wallin Mononen

Senior Vice President, Human Resources CF
Born: 1959
Hired: 2005
Education: Law degree and Master of Business and Administration, Chicago
Outside directorships: Arbetslivsresurs AR AB
Subordinated debentures: SEK 20,000

Tove Cederborg

General Counsel
Born: 1964
Hired: 2011
Education: Law degree

Stefan Åström

Acting CFO
(not pictured)
Born: 1954
Hired: 2005
Education: Master of Business Administration
Subordinated debentures: SEK 10,000

Glossary and definitions

Agrodrank • Protein-rich animal feed produced at Agroetanol in Norrköping.

Average capital • Average capital is computed on the closing balance of each month included in the accounting period, i.e. twelve periods for the full year. All average capital ratios are computed in this manner.

B2B • Business to business sales.

B2C • Business to consumer sales.

Bioenergy • Energy made from continuously forming biomass. Biomass is biological material that is not transformed chemically or biologically to any extent. Bioenergy is a renewable resource whose share of total energy use has increased in recent decades.

Biofuels • Renewable fuels produced from living organisms (biomass), which means they do not cause a net contribution of carbon to the atmosphere during combustion. Logs, wood pellets, biogas and ethanol produced from grain are examples of biofuels.

Biological diversity • A term describing the diversity of forms of life and species in an ecosystem. An ecosystem is a living biological community in a specific physical environment.

Cadmium • Heavy metal occurring naturally in soil but also found in arable land through use of fertilizers. Cadmium and its compounds have toxic properties and can have serious effects on health and the environment.

Capital turnover rate • Net sales in relation to average operating capital.

Carbon dioxide equivalents • Unit that makes it possible to compare the impact of various greenhouse gases on the climate.

Cash Race • Project to improve Lantmännen's working capital.

Climate declaration • Reports a product's carbon footprint throughout its lifecycle. It is based on scientific methods in accordance with international standards and is expressed in carbon dioxide equivalents.

Code of Conduct • Guidelines on ethical and responsible business operations for companies and organizations.

Customers and consumers • Customers are food service providers, wholesalers and other B2B business, while consumers are the end-users.

Ecosystem • An ecosystem is a distinct part of nature. An ecosystem consists of all the living components (plants, animals and microorganisms) in an area functioning together with all of the non-living physical factors of the environment (water, wind, minerals).

Ecosystem services • The services that ecosystems provide "free of charge" and benefit mankind in various ways. Examples include water purification, pollination, natural pest control and formation of fertile soil.

EGR • Exhaust Gas Recirculation.

Equity ratio • Total of equity and minority interests as a percentage of total assets.

FAME • Fatty Acid Methyl Ester, also known as biodiesel.

Financial assets • Financial receivables, short-term investments and cash and bank balances.

Fossil fuels • Non-renewable sources of energy such as coal, natural gas and oil. The burning of fossil fuels forms carbon dioxide, which builds up in the atmosphere. The net surplus formed is contributing to an enhanced greenhouse effect.

GI • Glycemic index; it indicates how quickly carbohydrates are metabolized in the body.

Global Compact • UN corporate social responsibility initiative. An international framework of universally accepted principles in the areas of human rights, labor, environment and anti-corruption.

GMO • Genetically modified organisms, plants or animals with characteristics added using gene technology.

GRI • Global Reporting Initiative. Provides guidelines for sustainability reporting that can be used on a voluntary basis by organizations to report environmental, social and economic aspects of their business, products and services.

IFRS • International Financial Reporting Standards.

Interest coverage ratio • Interest coverage is calculated as operating income plus interest income divided by interest expense.

ISDA agreement • A standardized contract for financial trading.

LCHF • Low Carb High Fat. This involves a reduced intake of carbohydrates and an increased intake of fat. LCHF means that all carbohydrate-rich foods such as pasta, potatoes and bread are excluded from the daily diet.

LDL cholesterol • (Low Density Lipoprotein) otherwise known as the bad cholesterol. Too much LDL is a risk factor in cardiovascular disease.

LEAD • (Learn, Engage, Analyze, Do). Lantmännen's method for systematic and long-term change management.

MSC • Marine Stewardship Council. A global organization providing third-party fishery certification and seafood ecolabeling.

Net debt • Net debt comprises interest-bearing liabilities, including pension liabilities and accrued net interest, less financial assets.

Net debt/equity ratio • Net debt in relation to total equity and minority interests.

ONE Lantmännen Lantbruk • ONE Lantmännen Lantbruk is an action program aimed at increasing profitability by strengthening competitiveness and reducing costs.

Operating capital • Operating capital equals non-interest-bearing assets minus non-interest-bearing liabilities. Tax assets and tax liabilities are not included in operating capital's assets and liabilities.

Operating margin • Operating margin equals operating income divided by net sales for the year.

Organic farming • In organic farming, the use of mineral fertilizer or chemical pesticides is not permitted. Instead, natural processes are used in cultivation to preserve the fertility of the soil and resist attacks on plants. A well-planned system of crop rotation is important and often requires livestock on the farm.

Payment capacity • Cash, bank deposits and lines of credit that can be used in accordance with current borrowing agreements.

Performance Management • The process of setting expectations and evaluating performance in order to ensure that every unit and every employee contributes to the organization's overall goals.

Profit margin • Profit margin equals net income for the year divided by net sales for the year.

R&D • Research and development.

Renewable energy sources • Examples of these continuously renewed sources are sun, wind, water and biofuels.

Return on equity • Return on equity equals net income for the period, with opening refunds and final price adjustments reversed, divided by average equity.

Return on operating capital • Return on operating capital equals operating income for the period divided by average operating capital.

REVAQ • Certification system for quality assurance of sewage sludge.

RME • Rapeseed methyl ester, also referred to as biodiesel.

RSPO • Roundtable on Sustainable Palm Oil. International round table process to develop criteria for sustainable palm oil.

RTRS • Roundtable on Responsible Soy. International round table process to develop criteria for sustainable soy.

SCR • Selective Catalytic Reduction. Emission control by injecting a urea solution (AdBlue) into the exhaust system.

Shape • Project to increase the efficiency of how Lantmännen works.

Sludge • Waste product from a waste treatment plant that can be used as fertilizer, primarily as a source of phosphorus, on farmland. The sludge, which contains biologically degradable materials and plant nutrients, can also contain undesirable substances such as heavy metals. Assuring its quality before spreading it on fields is therefore important.

Stem shortening agents • Chemical agents used primarily in grain cultivation, in order to shorten the straw length, thereby inhibiting the incidence of lodging.

Tetra Recart • Cardboard-based, environmentally friendly packaging with properties that correspond to a traditional tin. The packaging is easy to open and re-close.

Trans fats • Trans fats are formed when vegetable oils are "hydrogenated." Hydrogenation is a technique used in the food industry to harden fat to give products the desired spreadability, firmness and melting point.

Financial overview

Lantmännen made the transition to IFRS (International Financial Reporting Standards) in 2010. Comparative figures for the years 2001-2008 have not been restated under IFRS rules. 2009 is presented partly according to IFRS and partly according to the policies applied to the financial statements for 2009. A more detailed description of the effects of the transition to IFRS on the 2009 income statement and balance sheet can be found in Lantmännen's 2010 Annual Report.

Condensed income statements, MSEK	2011	2010	IFRS 2009	Swedish Financial Reporting Board							
				2009	2008	2007	2006	2005	2004	2003	2002
Net sales, excluding excise duties	37,896	35,988	34,978	34,950	42,592	35,769	32,055	29,610	27,982	27,807	24,297
Income before depreciation and amortization	2,570	2,624	1,884	1,855	3,046	2,172	1,815	1,633	2,042	1,743	1,453
Depreciation, amortization and impairment	-1,366	-1,565	-1,407	-1,550	-1,910	-1,302	-1,632	-1,513	-1,264	-1,100	-807
Operating income	1,204	1,059	477	305	1,136	870	183	120	778	643	646
Finance income and costs	-337	-237	-373	-370	-434	-48	61	406	-58	-67	-76
Income after financial items	867	822	104	-65	702	822	244	526	720	576	570
Refund, final price adjustment ¹⁾				-1	-122	-83	-64	-139	-199	-154	-161
Tax, minority	-147	-97	78	-7	-22	-151	152	124	-138	-89	-66
Net income for the year	720	725	182	-73	558	588	332	511	383	333	343

¹⁾ Under IFRS, refunds and final price adjustments are recognized in the same manner as dividends. Includes local refunds/final price adjustments from 2001 to 2005. Reported amounts may include restatements for previous years.

Condensed statements of financial position, MSEK	2011	2010	IFRS 2009	Swedish Financial Reporting Board							
				2009	2008	2007	2006	2005	2004	2003	2002
Goodwill	2,640	2,779	3,030	3,078	3,386	2,510	2,512	1,785	1,872	2,008	445
Other intangible assets	767	713	748	391	459	444	416	327	325	268	50
Property, plant and equipment	9,258	9,758	10,798	10,667	10,974	8,915	7,661	7,348	6,596	6,666	5,662
Other non-current assets	2,069	2,094	3,581	3,313	3,140	2,324	2,433	2,190	2,033	2,023	1,830
Total non-current assets	14,734	15,344	18,157	17,449	17,959	14,193	13,022	11,650	10,826	10,965	7,987
Inventories	5,506	5,224	5,646	5,646	7,059	6,303	4,804	4,622	4,495	4,633	4,752
Other current assets	5,642	5,572	5,436	5,411	7,266	7,797	6,695	7,256	6,762	6,336	5,618
Cash and bank balances, cash and cash equivalents	739	869	391	385	269	450	822	1,040	573	513	469
Total current assets	11,887	11,665	11,473	11,442	14,594	14,550	12,321	12,918	11,830	11,482	10,839
TOTAL ASSETS	26,621	27,009	29,630	28,891	32,553	28,743	25,343	24,568	22,656	22,447	18,826
Equity, Parent Company members	10,906	10,390	10,140	10,148	10,528	9,483	9,038	8,872	8,337	7,998	7,805
Equity, NCI	36	32	85	69	56	289	328	388	341	321	306
Total equity	10,942	10,422	10,225								
Provisions				2,206	2,371	2,952	2,978	3,021	2,577	2,743	2,678
Non-current liabilities	5,360	7,320	9,523	6,951	8,220	5,379	5,454	3,045	4,268	4,098	1,577
Current liabilities	10,319	9,267	9,882	9,517	11,378	10,640	7,545	9,242	7,133	7,287	6,460
Total equity and liabilities	26,621	27,009	29,630	28,891	32,553	28,743	25,343	24,568	22,656	22,447	18,826
Net debt	7,186	7,501	9,739	9,289	11,654	8,413	6,581				
Contribution dividend, contribution issue ¹⁾	230	245	163	163	167	201	155	150	88	38	38
Refund and final price adjustment ²⁾	110	95	1								

¹⁾ According to Board of Directors' proposal for 2011.

²⁾ Under IFRS, refunds and final price adjustments are recognized in the same manner as dividends.

Key figures	2011	2010	IFRS 2009	Swedish Financial Reporting Board							
				2009	2008	2007	2006	2005	2004	2003	2002
Operating margin, %	3.2	2.9	1.4	0.9	2.6	2.4	1	0	3	2	3
Profit margin, %	1.9	2.0	0.5	-0.2	1.3	1.6	1	2	1	1	1
Capital turnover rate, times	2.1	1.9	1.6	1.7	2.1	2.0	-	-	-	-	-
Return on equity, %	6.7	7.0	1.8	-0.7	6.8	7.3	4	8	7	6	6
Return on operating capital, %	6.5	5.7	2.2	1.4	5.6	5.3	-	-	-	-	-
Equity ratio, %	41.1	38.6	34.5	35.4	32.5	34.0	37	38	38	37	43
Net debt/equity ratio, times	0.7	0.7	0.9	0.9	1.1	0.9	-	-	-	-	-
Average number of employees	10,296	10,350	10,552	10,552	12,671	12,830	12,833	12,230	11,387	12,178	10,268

Only whole number data are posted for 2001-2006.

Condensed statements of cash flows, MSEK	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Cash flow from operating activities before changes in working capital	1,655	2,131	1,138	1,153	1,454	1,317	1,223	1,425	1,216	1,161
Cash flow from changes in working capital	-735	26	2,417	-730	-1,235	-764	1,053	418	-296	527
Cash flow from investment in intangible assets and property, plant and equipment	-160	-684	-1,328	-2,284	-2,112	-1,427	-1,007	-680	-589	-641
Cash flow from operations	760	1,473	2,227	-1,861	-1,893	-874	1,269	1,163	331	1,047
Cash flow from acquisitions and divestments of operations ¹⁾	0	-105	9	-1,060	423	-1,108	-77	-62	-2,715	-
Total cash flow for the year	-128	512	131	-233	-400	-640	552	519	49	92
Cash and cash equivalents at year-end	739	869	391	269	484	875	1,539	1,086	513	469

¹⁾ 2010 includes acquisition of 37% of Bakehouse and sale of SweChick, Ecobränsle and Conagri.

2009 includes acquisition of 38% of Bakehouse and sale of Fresh bread Sweden.

2008 includes acquisition of Euro-Bake, Eurobuns and Baco plus the sale of Weibull Trädgård and Granngården.

2007 includes acquisition of the minority in Kronfjägel and sale of Analycen.

2006 includes the acquisition of the Belpan Group and Aspen.

2003 includes acquisition of Schulstad.

Addresses



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Agro Oil

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Lantmännen Agroetanol

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Printing: Printed by TMG Sthlm. Paper: Scandia 2000 – produced in Lessebo Mill in Sweden. The paper has one of the very lowest carbon footprints in Europe. This includes every single stage of the production chain – from a tree being felled to a finished product leaving the factory gate (www.vida.se). All carbon emissions involved in the production of this paper have been climate-compensated by tree planting in Mozambique. The entire production is environmentally certified in accordance with Eco Mark (www.tmgsthlm.se/ecomark).

Total CO₂: 796 kg. Total energy consumption: 2,051 kWh.

Good food from Lantmännen

The green sprout emblem on our packaging guarantees responsibly produced food. Food that we make an effort to provide in a sustainable manner, from field to fork.

