

Lantmännen Annual Report including Sustainability Report



**“ Together we take
responsibility from
field to fork**





Welcome to Lantmännen's 2013 Annual Report including Sustainability Report!

About Lantmännen

- 2 Lantmännen in numbers
- 4 Our business
- 6 Events during the year
- 8 Chairman's comments
- 10 President's overview
- 12 The Lantmännen brand
- 13 Developing governance
- 14 Lantmännen creates long-term economic value
- 16 A commodity-driven world
- 18 Strategic direction 2020
- 20 Targets and outcomes
- 22 Lantmännen's value chain
- 24 Sustainable business development and innovation
- 26 Risks and risk management
- 31 Resource-efficient supply chain
- 34 Lantmännen as a workplace

Our Sectors and business

- 36 Agriculture Sector
- 42 Machinery Sector
- 48 Energy Sector
- 52 Food Sector
- 60 Lantmännen Real Estate
- 62 International ownership

Annual Report

- 64 Table of contents
- 65 Board of Directors' Report
- 73 Consolidated income statement
- 74 Performance by business
- 78 Other consolidated financial statements
- 82 Parent Company financial statements
- 87 Notes
- 128 Audit report

Corporate Governance Report

- 129 Corporate Governance Report
- 134 Organizational structure
- 135 Board of Directors' report on internal control
- 136 Board of Directors and Auditors
- 138 Group Management

Financial overview and facts

- 140 GRI sustainability reporting
- 142 Financial overview and key figures
- 144 How to read the financial statements
- 147 Glossary and definitions
- 148 Addresses



Lantmännen is one of the largest agriculture, machinery, energy and food groups in the Nordic region. Examples of our brands are AXA, Kungsörnen, GoGreen, Hatting, Schulstad and Gooh. Owned by 32,000 Swedish farmers, we have 8,500 employees, a presence in some 20 countries and revenues of SEK 33 billion. Our company is founded on knowledge and values built up through generations of owners. With research, development and operations throughout the chain, together we can take responsibility from field to fork.



Lantmännen 2013

Net sales for the Group totaled MSEK 33,802 (36,526), a decline of 7 percent compared with the previous year. Adjusted for divested operations, net sales showed a decline of 2 percent.

Operating income amounted to MSEK 89 (685). Adjusted for items affecting comparability, operating income was MSEK 805 (747). Impairment of non-current assets in the ethanol business totaling MSEK -800 and a capital gain of MSEK +425 on the sale of Kronfågel Group were the largest items affecting comparability. Others included restructuring costs of MSEK -279 and capital losses of MSEK -62.

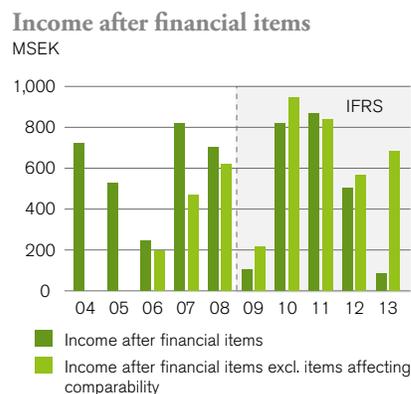
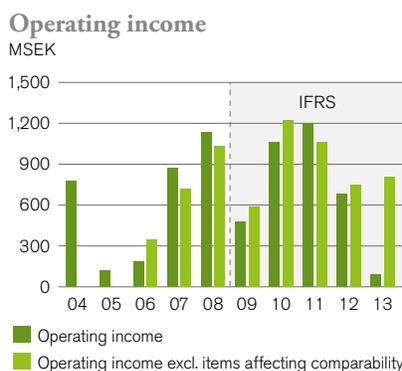
Income after financial items was MSEK 85 (503). Net financial income was affected by a one-time capital gain of MSEK 118 on the sale of investment shares. Income after financial items, adjusted for items affecting comparability was MSEK 683 (565).

Net income after tax amounted to MSEK 100 (412).

Investments during the year amounted to MSEK 1,043 (1,292).

Cash flow before financing activities was MSEK 2,450 (-222).

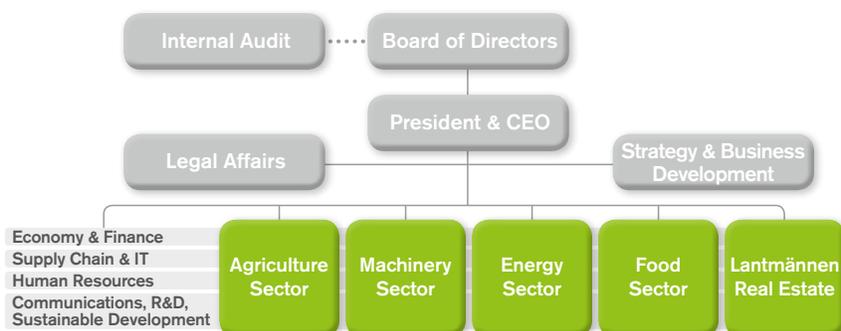
Dividend. The Board has decided to pay a dividend in the form of a 1.5 (1.25) percent refund on members' purchases from Lantmännen Lantbruk Sweden and 0.5 (0.5) percent on purchases from the Machinery Sector's Swedish operations. The Board has also decided that a final price adjustment of 1.5 (1.25) percent will be paid for delivered grain, oilseed and grass seed. The total refund and final price adjustment is estimated at MSEK 127 (120). The Board proposes that the Annual General Meeting adopt a 9 (5) percent dividend on contributed capital, totaling MSEK 171 (88). The Board proposes a contribution issue of MSEK 0 (80). In total, the proposed contribution dividend and contribution issue amount to 9 (9) percent of the association's contributed capital, despite the lack of a contribution issue in 2013. The proposed dividend on subordinated debentures is 3.0 (3.75) percent, a total of MSEK 2 (2).



Transition to IFRS

Lantmännen began reporting under IFRS (International Financial Reporting Standards) in 2010. Comparative figures for the years 2004-2008 have not been restated under IFRS rules. A more detailed description of the effects of the transition to IFRS on the 2009 income statement and balance sheet can be found in Lantmännen's 2010 Annual Report. Lantmännen's annual reports can be downloaded from ► www.lantmannen.se/arsredovisning

Lantmännen's organization





Key figures

	2013	2012
Net sales, MSEK	33,802	36,526
Operating income, MSEK	89	685
Operating margin, %	0.3	1.9
Income after financial items, MSEK	85	503
Net income for the year, MSEK	100	412
Cash flow before financing activities, MSEK	2,450	-222
Return on equity, %	0.9	3.8
Return on operating capital, %	0.5	3.8
Total assets, MSEK	26,001	26,367
Equity ratio, %	42.5	41.5
Investments in non-current assets, MSEK	1,043	1,292
Net debt, MSEK	4,963	7,506
Interest cover ratio, times	1.3	2.2
Number of members	32,082	33,589
Average number of employees	9,133	10,249
female, %	29	30
Total CO ₂ emissions, thousand tonnes	300.1	400.0
CO ₂ emissions, tonnes per MSEK value added	42.9	55.6
CO ₂ emissions, tonnes per MSEK net sales	8.9	11.0
Total sick leave, %	3.7	3.8

Key figures excl. items affecting comparability

	2013	2012
Operating income, MSEK	805	747
Operating margin, %	2.4	2.0
Income after financial items, MSEK	683	565
Return on equity, %	4.4	4.2
Return on operating capital, %	4.7	4.1

Sales by market, MSEK

	2013	2012	Change
Sweden	16,592	18,287	-9 %
Denmark	4,526	5,104	-11 %
Norway	3,776	3,480	9 %
Germany	3,068	3,124	-2 %
United Kingdom	1,493	1,581	-6 %
Belgium	463	567	-18 %
Netherlands	801	758	6 %
Poland	422	392	8 %
Baltics	244	437	-44 %
Finland	313	484	-35 %
Russia	360	330	9 %
Rest of Europe	898	1,062	-15 %
United States	716	634	13 %
Rest of world	130	286	-55 %
Total	33,802	36,526	-7 %

Notice of Annual General Meeting

The Annual General Meeting will be held at the Hilton Stockholm Slussen Hotel, Guldgränd 8, Stockholm, on Thursday May 15, 2014.

Financial Reporting

Interim Report Jan–Apr June 4, 2014
Interim Report May–Aug Oct 1, 2014

Distribution & Ordering

The Annual Review, Annual Report including Sustainability Report, Appendix: Sustainability-Related Indicators, interim reports and other reports are available in Swedish and English and can be downloaded from ► www.lantmannen.se/ekonomi

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

Global Reporting Initiative

Lantmännen reports according to the GRI sustainability reporting guidelines. See our GRI content index at ► www.lantmannen.se/gri

Global Compact

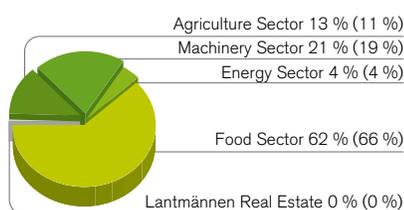
Lantmännen signed the Global Compact, the UN initiative for responsible business, in 2009, thereby committing itself to implement the GC's ten principles. The Global Compact also requires annual disclosure of progress and performance in the form of a Communication on Progress (COP). Lantmännen's Annual Report including Sustainability Report, together with information on our website, is structured in such a way as to meet these requirements. Learn more about Global Compact and COP at ► www.globalcompact.org



Our business 2013

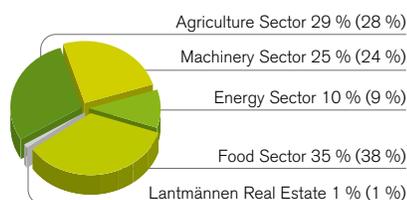
Our business is divided into four Sectors and one Real Estate segment. One of the Group's goals is to create a cohesive organization that makes best use of the strength throughout the value chain and capitalizes on synergies and economies of scale.

Distribution of Group's employees



Distribution of Group's sales

Including intra-Group sales



Agriculture Sector page 36



Johan Andersson
Senior Vice President &
Head of Agriculture Sector

The Agriculture Sector consists of Lantmännen Lantbruk, Lantmännen Krafft and Lantmännen Bygglant. Lantmännen Lantbruk offers a wide range of products for livestock and crop production. The products are marketed under well-known names such as Nötfor, Piggfor, Pullfor and Protect, and the SW brand.

The Sector is based in Sweden, and has ownership interests in two European agricultural companies. The Sector operates in Germany, Poland, the Netherlands, the Baltic region and Denmark.

Market outlook

The market is dominated by strong competition and price focus, and it is important to continue to adapt to a changing market and create customer value.

Machinery Sector page 42



Håkan Pettersson
Senior Vice President &
Head of Machinery Sector

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

The Sector has operations in Sweden, Norway, Denmark, the Baltic region and Germany.

Market outlook

The total market for farm and construction machinery is expected to remain cautious, with reduced sales as a result. The assessment is that willingness to invest will not quite reach previous levels in the short term, although some improvement is expected in 2014. Servicing and parts sales are expected to remain stable.

Key figures Agriculture Sector

	2013	2012
Net sales, MSEK	10,294	10,870
Operating income, MSEK	67	165
Operating margin, %	0.7	1.5
Return on operating capital, %	1.7	4.3
Investments in non-current assets, MSEK	141	126
Average number of employees	1,118	1,133
Female, %	31	31
Women in executive management, %	44	42
Total CO ₂ emissions, thousand tonnes	60.3	69.5
CO ₂ emissions, tonnes per MSEK value added	71	70
CO ₂ emissions, tonnes per MSEK net sales	5.9	6.4
Total sick leave, %	3.1	2.3

Key figures Machinery Sector

	2013	2012
Net sales, MSEK	8,934	9,146
Operating income, MSEK	255	300
Operating margin, %	2.9	3.3
Return on operating capital, %	11.5	12.9
Investments in non-current assets, MSEK	415	378
Average number of employees	1,813	1,830
Female, %	10	9
Women in executive management, %	13	33
Total CO ₂ emissions, thousand tonnes	-	-
CO ₂ emissions, tonnes per MSEK value added	-	-
CO ₂ emissions, tonnes per MSEK net sales	-	-
Total sick leave, %	3.2	3.1

Key figures excl. items affecting comparability

	2013	2012
Operating income, MSEK	105	165
Operating margin, %	1.0	1.5
Return on operating capital, %	2.6	4.3

	2013	2012
Operating income, MSEK	255	300
Operating margin, %	2.9	3.3
Return on operating capital, %	11.5	12.9

Energy Sector page 48



Carl von Schantz
Senior Vice President &
Head of Energy Sector

The Energy Sector operates in a global market, with the focus on Europe. The Sector offers responsibly produced bio-based energy and food products and related services. The Energy Sector's business areas are Lantmännen Agroetanol, Lantmännen Agroenergi, Lantmännen Aspen and Lantmännen Reppe. The Sector has operations in Sweden, Norway, Finland, Denmark, Latvia, France and Germany.

Market outlook

The European ethanol market's profitability has been under intense pressure in recent years due to an unfavorable ethanol-grain price relationship. There are many indications that this situation will persist over the next few years. The future looks bright for the Swedish pellet market, with increasing demand for sustainable industrial solutions.

Food Sector page 52



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

The Sector's business areas are Lantmännen Cerealialia, Lantmännen Unibake and Lantmännen Doggy. The Sector develops, processes and markets products that include flour, breakfast foods, pasta, frozen and fresh bread, ready-to-eat meals and pet food. The Sector is represented in about 20 countries and has its base in the Nordic countries. The Latvian milling operations were divested to JSC Malsena Plius in March. In June, Lantmännen Kronfågel Group was divested to Scandinavian Standard, a company owned jointly with the UK investment company CapVest.

Market outlook

Strong competition from both private labels and other suppliers is expected to continue in 2014. We are seeing increased interest in values other than price. Healthy foods are becoming more and more important, driven by consumer demand.

Lantmännen Real Estate page 60



Mikael Nicander
Senior Vice President &
Head of Lantmännen Real Estate

Lantmännen Real Estate operates on a commercial basis, and develops properties in order to create optimal value for the Group's activities and to optimize external revenue. Lantmännen Real Estate's vision is to use entrepreneurship and top expertise to become a profitable and successful property company, thereby creating increased revenue for Lantmännen.

Lantmännen Real Estate operates in Sweden.

Market outlook

Market rents in Sweden showed a slightly upward trend in 2013. This is expected to slow down in 2014 in the face of reduced demand for premises. Land prices are still high in attractive locations with strong housing demand. Land that has a local development plan is most in demand, as this type of project has short lead times and lower risk.

Key figures Energy Sector

2013	2012
3,723	3,615
-846	-21
-22.7	-0.6
-40.5	-0.9
83	67
345	344
23	23
20	18
40.4	74.4
108	192.0
10.8	20.6
2.5	2.3

2013	2012
-46	-21
-1.2	-0.6
-2.2	-0.9

Key figures Food Sector ¹⁾

2013	2012
12,593	14,655
350	252
2.8	1.7
4.3	2.8
307	606
5,524	6,608
34	35
24	27
194.7	251.2
54	65
15.5	17.1
4.5	4.6

2013	2012
480	314
3.8	2.1
5.9	3.4

Key figures Lantmännen Real Estate ²⁾

2013	2012
364	344
149	140
n.a.	n.a.
13.9	14.5
75	83
26	22
39	35
0	0
-	-
-	-
-	-
0.4	0.3

2013	2012
149	140
n.a.	n.a.
13.9	14.5

¹⁾ 2013 was affected by the sale of Kronfågel in early June.

²⁾ Operating income excluding property sales, see also page 60.

Events during 2013



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

Lantmännen BioAgri was named Eco-Company of the Year. The citation read as follows: *To a company that has been of real benefit to agriculture in the true spirit of innovation and that can play an increasingly crucial role in future development.*

Lantmännen Cerealia decided to focus on the Scandinavian market and divested the mill in Riga in Latvia to the Lithuanian company Malsena.

Lantmännen Reppe opened a biomass boiler in Växjö. The conversion from fuel oil to bio-oil reduces fossil carbon dioxide emissions by 95 percent.



Lantmännen Lantbruk and Dutch company Agrifirm expanded their research through a new partnership venture with Felleskjøpet Føretvikling of Norway. Dairy cattle research will be conducted at Lantmännen's experiment station farm NötCenter Viken near Falköping.

At Lantmännen's Annual General Meeting, Lena Philipson was elected as a new Board member.

Lantmännen retained its position as Sweden's most sustainable brand in the consumer goods/food category in Scandinavia's biggest brand sustainability survey. Lantmännen was also named the fourth most sustainable company in Sweden.

January

February

March

April

May

June



GoGreen launched four products in resealable, eco-friendly and healthy paper packaging.

Lantmännen and the UK investment company CapVest made an agreement to form a new company in the chicken market. The new company, Scandinavian Standard, acquired Kronfågel Group in Sweden and Denmark from Lantmännen and Cardinal Foods AS in Norway from CapMan of Finland. The transaction was completed in June 2013. Lantmännen owns 46 percent of the new company and controls 48 percent of the voting rights.

Lantmännen divested its shareholding in the German milling company VK Mühlen to Good Mills.

Lantmännen Research Foundation and the Formas and Mistra research foundations together issued MSEK 68 in funding for research into more efficient and environmentally sustainable cultivation and livestock rearing.





A crisp flake made from Nordic oats. Contains vitamins, minerals and protein. The product is keyhole-labeled.

Drought affected the Swedish harvest

The harvest in Sweden was generally good, but in many places it was affected by drought. The absence of precipitation puts grain at risk of premature ripening, which then affects the harvest. Lantmännen's 2013 harvest forecast for grain, oilseeds and legumes is estimated at 5.08 million tonnes.

HRH Crown Princess Victoria and Chairman Bengt-Olov Gunnarson on a study trip to BioAgri in Uppsala.



Johan Andersson was appointed Head of the **Agriculture Sector** and took up his position on January 1, 2014. He was previously CEO of the slaughterhouse business KLS Ugglarps, part of Danish Crown.

Lantmännen and Danish DLG signed an agreement to acquire HaGe Polska from HaGe Kiel AG and are awaiting EU clearance to complete the acquisition. Lantmännen intends to strengthen its presence in the inputs and grain trade in the Baltic region through this acquisition.

Lantmännen was given the green light in WWF's global review of 130 companies on the use of responsibly produced palm oil.

Lantmännen Lantbruk launched its new range of piglet feed. The feeds have been produced as part of Lantbruk's development activities and adapted for a new generation of pig rearing.

Lantmännen initiated a collaboration with the STING business incubator for the development of Lantmännen's innovation projects. The collaboration will enable Lantmännen to focus even more on sharper business development in strategically important innovation projects.

July

Lantmännen opened new grain receiving facilities in Grästorps, Falköping (Viken) and Fjärdhundra in time for the year's harvest. With this investment, Lantmännen has further expanded its local presence in several important and agriculturally-dense areas.

August

September

Royal visit to Lantmännen BioAgri. HRH Crown Princess Victoria made a visit to Lantmännen BioAgri, looking especially at sustainability and environmental issues in agriculture.

Lantmännen acquired the Danish Agricultural company Agro Bizz A/S. The transaction strengthens Lantmännen's grain trade position and represents a first step into the Danish agricultural market.

October

November

HRH Crown Princess Victoria visited the Händelö energy combine in Norrköping. The visit was on the Princess's own initiative, with a view to learning more about biofuels and bioenergy. The visit began with a seminar followed by a tour of the facilities.

December

After year-end

Lantmännen's Board has decided to give association members and Group management the opportunity to become shareholders of Lantmännen Kycklinginvest AB, which owns Lantmännen's holding in Scandinavian Standard.

Lantmännen and Neova AB have signed an agreement on merging their wood pellet activities. The combined company consists of Lantmännen's pellet business in Sweden and Latvia and Neova's corresponding business in Sweden. The company will have an annual turnover of approx. SEK 1 billion and about 160 employees. Lantmännen will have a 50 percent ownership share in the company. The transaction is expected to be completed in the first half of 2014 after clearance from the relevant competition authorities.



Chairman's comments

2013 was an intensive year for Lantmännen, with the Kronfågel transaction and the acquisition of Agro Bizz in Denmark. At Lantmännen Lantbruk, an important program aimed at making the company an even better business partner is in progress, and the same applies to the extensive action program being conducted within Lantmännen Maskin. Lantmännen has a clear focus on our role as a business partner of Swedish agricultural enterprises.

During the year, the Board and management began the process of reviewing Lantmännen's long-term strategy. What kind of company will we be in 2020? We also asked ourselves the question: what are the main external factors that affect Lantmännen? A growing middle class in Asia is increasing demand for agricultural products, while we are encountering low growth in Lantmännen's main markets. Grain prices are likely to remain volatile and, last but not least, it

A year of change, confidence in the future and all systems go!

can be observed that health and sustainability are increasingly important factors in consumers' product choices. Our main conclusions are that Lantmännen's value chain from field to fork is a stable platform for continuing long-term development, while global demand for agricultural commodities presents opportunities to develop our agriculture-related operations.

One of the top priorities that the Board and I have shared has been to continue developing Lantmännen Lantbruk into a cost-effective and competent business partner. Lantmännen Lantbruk has worked systematically and in a piecemeal fashion towards "orderliness". Competition is fierce – if you want your market position, you need to deliver. It is my view that feed development initiatives and the opening of new grain facilities are

clear evidence of an increasingly proactive Lantmännen Lantbruk.

We are now entering a phase of growing the business and improving our response to the increasing demands of our customers and owners. From January 2014, Johan Andersson heads the Agriculture Sector. We believe that Johan's experience from companies dealing with farmers, together with his strong desire to develop relationships, makes him the right person to lift the Agriculture Sector to the next level.

The economic uncertainty has given rise to restraint in machinery investments. However, at Lantmännen Maskin, we have seen strong brands helping us retain our positions. We on the Board have confidence in the action program that is in progress at Lantmännen Maskin. The program has generated a great deal of commitment from employees and customers around the country. And I have plenty of evidence of this!

Stabilizing the ethanol business was one of my main goals when I took over as Chairman. A situation of sharply falling ethanol prices makes conditions very tough. Proposed political decisions, combined with falling ethanol demand from consumers, present a major challenge. Despite, or perhaps because of, the tough situation, much good work has been done to increase both cost and resource efficiency at Lantmännen Agroetanol. I made myself clear at the Annual General Meeting – I get deeply frustrated when I see the careless way that politicians manage our investment in the future at Lantmännen Agroetanol. If we are to balance the desire for more jobs and a strong

economy with responsibility for the environment, then politics and the business sector must act in a long-term framework and in cooperation based on trust. The Board's decision to recognize a substantial impairment loss for Lantmännen Agroetanol is therefore a natural consequence. With the uncertainty in future cash flows, we were not able to justify the previous carrying amount. At the same time, I want to make it clear that the impairment does not affect the year's cash flow or liquidity. It just leaves a large hole of costly experience.

With the Kronfågel transaction, Lantmännen realized the value that has been built up during our ownership, while also having a share in future value growth. The jointly-owned company, Scandinavian Standard, is a concrete example of how Lantmännen looks at both internationalization and alliances, and is testimony to our strategic direction. During the year, we also gave members the opportunity to join Lantmännen as shareholders of a holding company that owns Scandinavian Standard. The magazine Land calls it "Innovation in the cooperative corporate sphere" and I second that!

In other parts of the Food Sector, Lantmännen Cerealia has conducted a vigorous action program and they have done a good job of turning around the negative earnings trend, which is very pleasing. Many important measures have also been implemented at Lantmännen Unibake, particularly as evidenced by a new, more effective organization – an important foundation for growth capacity in the future. I would like to point out that the Food Sector is a vital cog in our



“Developing our ownership model and motivating young entrepreneurs to eventually take responsibility for our company is one of the main missions for those of us in leading positions.”

chain from field to fork. Finding the right mix of markets and offerings leaves us well-equipped to obtain leverage in many different ways!

In proposing this year’s dividend, the Board wishes to highlight two points – Lantmännen has a strong financial position and we want to consolidate developments in the Agriculture Sector. Consequently, the Board has adopted a 1.5 percent refund and final price adjustment for Lantmännen Lantbruk Sweden and 0.5 percent for the Machinery Sector’s Swedish operations. The Board also proposes a contribution dividend of 9 percent. However, the Board does not propose a contribution issue. Anyone acquainted with the policy, which requires a regular and stable dividend, might ask “Why not?”. With a “dividend yield” of 9 percent, we mark the strength that Lantmännen has today. Although the level is stable compared with previous years, we propose an alternative distribution.

Arable land is a vital resource in society’s progressive move to an economy based more on renewable resources and

this presents a major opportunity for Lantmännen and us as owners of our own business. Our investments in areas such as development of eco-friendly products at Lantmännen BioAgri are tangible proof of our commitment to creating more sustainable agricultural production. Together with Lantmännen’s completed and ongoing initiatives on the industrial side, we have a unique and winning business model in the chain from field to fork.

I sometimes encounter ignorance of our business model and certain doubt about the benefits of co-owning a billionaire company. With this in mind, the Board made it a priority to meet younger farmers during the year. These meetings have given us a lot of energy and I know that many have gone from our talks with a completely different view of what Lantmännen as a cooperative enterprise can give us! Developing our ownership model and motivating young entrepreneurs to eventually take responsibility for our company is one of the main missions for those of us in leading positions.

In closing, I would like to express my warm gratitude to all our employees for their outstanding dedication in these times of challenge and change. I see widespread evidence that our President & CEO Per Olof Nyman is a valued leader. Clear leadership, demonstrating the opportunities in developing day-to-day work and presenting a positive vision of the future, is a major asset for employees and us owners alike.

The 2013 agricultural year ended with a long fine fall after a partly difficult and dry summer. It’s like that for Lantmännen – the various operations evolve differently over time, but the main thing is to have a clear picture of what you want and where you want to go. This is the picture we should work together to present clearly in in 2014 in our journey to 2020!

Klockrike, February 2014

Bengt-Olov Gunnarson
Chairman, Lantmännen

President's overview

Lantmännen's income after net financial items for 2013, adjusted for items affecting comparability, amounts to MSEK 683 (565). We continued our improvement program in all parts of the Company during the year and significantly strengthened our financial position. We are a stronger Lantmännen than we were a year ago and stand well equipped for the future.



2013 has been both a productive and challenging year for Lantmännen. We have made significant improvements in essentially all our business areas in the form of better cost efficiency, synergies in the organization, increased investments in innovation and similar measures. We are a stronger, more efficiently functioning Lantmännen today than we were a year ago.

Despite relatively weak market conditions, our earnings for 2013, adjusted for items affecting comparability, are clearly better than the previous year. The improvement is due to higher earnings from current operations, particularly in the food sector, and a significantly better net financial income. Overall, Lantmännen's financial position has strengthened considerably during the year, which gives us a very solid foundation to stand on – and build on for the future.

How our Sectors performed

Work under the “ONE approach” change program continued in the Agriculture Sector's Swedish operations. We have now created the right conditions to further streamline operations, improve service levels and increase proximity to our customers. We aim to be an even more customer-focused and competitive Lantmännen Lantbruk in 2014. In the lead-up to the 2013 harvest, three new grain receiving facilities were opened, which met with a positive response.

There were further investments in international markets during the year through the acquisition of Agro Bizz in Denmark and a direct partnership (50 percent) in HaGe Polska in Poland.

A radical improvement program is also in progress in the Machinery Sector. Lantmännen Maskin's comprehensive action program has brought significant improvements during the year. Specific examples include clearer local responsibility for the business and improved communication with our customers. This is a lengthy process that requires time before it has a full impact, but we are very pleased with the positive effects noted in 2013. Some of what is currently being learned in the Swedish operations will also be used in our other geographic markets. During the year, we increased our share in the continuously declining Swedish tractor market. Although market growth for construction machinery is still weak, Swecon has increased its market share during the year and delivered good results in the current conditions.

Several of the business areas in the Energy sector have reported improved results during the year, which is encouraging. Lantmännen Agroenergi has shown a marked improvement in earnings, while Aspen's earnings are higher than the good level of 2012. However, the situation in the Sector's largest business area, Lantmännen Agroetanol, remains very uncertain. The price of ethanol fell dramatically during the last four months of the year, largely due to increased production capacity in Europe and imports of subsidized U.S. ethanol coming into Europe via Norway to avoid anti-dumping duties imposed by the EU. The unfavorable ethanol price situation has hit profitability hard and today's margins in the European ethanol industry are not

“Overall, Lantmännen’s financial position has strengthened considerably during the year, which gives us a very solid foundation to stand on – and build on for the future.”

sustainable. In response, Agroetanol has been forced to make production adjustments by indefinitely closing its smaller production line at the end of the year. Parliament’s decision to introduce new policy instruments for biofuels in Sweden in May 2014, together with the general uncertainty about long-term energy and climate policies in Sweden and the EU, could dramatically worsen the long-term prospects for the business area. In view of these factors, Lantmännen’s Board decided to recognize an impairment loss of MSEK 800 on the Norrköping plant. The amount has been fully charged to earnings for 2013 and does not affect cash flow.

All the Food Sector’s business areas improved their results during the year, and all reported a better operating income than in the previous year. The Sector’s earnings for 2013 are significantly higher than in the previous year, despite a food market that remain challenging, with strong price competition.

The improvements have been largely achieved in the context of planned action and efficiency programs, together with new market initiatives and innovative product development. The improvement work will continue in all parts of the Sector during the next year. During the year, Lantmännen and CapVest jointly formed the largest chicken company in the Nordic region, Scandinavian Standard, which in turn acquired the Norwegian company Cardinal Foods and Kronfågel Group from Lantmännen. The transaction has significantly helped to strengthen Lantmännen’s financial position, and our 46 percent stake in the new company gives us a share of its future value growth.

Lantmännen Real Estate continued to perform well in 2013 and earnings are about the same as the previous year. Efforts to optimize the Group’s own property use and increase the proportion of external tenants continue as planned.

We are building Lantmännen for the future

In 2013, Lantmännen’s Board and management started the process of creating a new, long-term strategy. In short, this involves creating for the entire Group a long-term plan that builds on Lantmännen’s more than a century-old history and our unique position as a company. The goal involves clarifying the Group’s future direction, facilitating the coordination of our activities and prioritizing Lantmännen’s future investments.

The results of these efforts will be presented regularly during 2014, including at our Annual General Meeting in May. However, I would emphasize here and now that our fundamental aim for the long term and the more immediate future is to build a strong, responsible and competitive company – a Lantmännen rooted in prosperous Swedish farming, which can stand up to future challenges and measures up to the demands of owners, customers and consumers, and a company where all our employees bring their commitment and expertise.

Our progress in 2013 represented further steps in this direction, and I look forward to continuing to develop the Company together with all of our stakeholders – employees, partners, suppliers, customers and owners. I look forward to seeing you in 2014!

Stockholm, February 2014

Per Olof Nyman
President & CEO, Lantmännen

Lantmännen – Strategy 2020

In 2013, the Board and management started the process of creating a new, long-term strategy for Lantmännen. The process is based on the main environmental factors and macroeconomic trends that affect our business. The starting-point is the question: what kind of company will Lantmännen be in 2020?

The work on “Strategy 2020” affects the entire Group and sets the overall direction for:

- ▶ Lantmännen’s portfolio strategy
- ▶ Potential for business development from field to fork

The goal involves creating a stable platform for profitable growth and prioritizing future investments.

The Lantmännen brand

The strong Lantmännen brand was strengthened further during 2013. We continue our efforts to create even more synergies in our communication and brand building so that every krona we invest gives us a really good return – in both market positions and sales.



- ▶ A high, stable figure that we also maintain when we focus on linking Lantmännen to food.
- ▶ The link to Swedish farmers is the basis of the value and credibility of everything we offer.



- ▶ “Together we take responsibility from field to fork” – is our brand promise, and we must deliver it in everything we sell.
- ▶ It is a unique promise that no other company can pledge more convincingly, but it also places heavy demands on us.



- ▶ “Good food from Lantmännen” transfers to our product brands the positive values that Lantmännen represents.
- ▶ It gives a peace of mind that can be crucial in people’s decision to choose our products on the store shelf.



- ▶ Also, 40 percent say that AXA is their first choice for breakfast; the highest in the entire category.
- ▶ Bestsellers like muesli and new oat success Axa Havre Flakes consolidate the current position and drive the brand into the future.



- ▶ Greater Stockholm accounts for almost 50 percent of Sweden’s total consumption of chilled ready meals.
- ▶ Gooh is expanding its market and is now available in many of Sweden’s food stores and at large companies through vending machine sales.



- ▶ Lantmännen Lantbruk’s sales force is highly rated by all market participants.
- ▶ Products and services are also highly rated, largely because our R & D is in Sweden and is geared to Swedish requirements.



For the second year running we came top of the “Sustainable Brand Index” consumer ranking in the food category, and were named fourth sustainable brand of all the surveyed companies. Our product brands are retaining their brand positions in a highly competitive food market, and we can clearly see the positive effects of the Lantmännen guarantee. Investments in our brands will remain crucial for Lantmännen in the future.

Developing governance

Lantmännen is an agricultural cooperative rooted in Swedish farming and owned by about 32,000 farmers around the country. Lantmännen's mission is to contribute to the profitability of its owners' farms and maximize the return on their capital in the association.

Lantmännen's corporate governance takes place via the districts, the General Meeting, the Board and a number of other forums, including elected members in several of Lantmännen's subsidiaries. During the year, a small survey, the Owner Satisfaction Index, was conducted to measure members' satisfaction with Lantmännen. The results showed a clear desire from members for a vigorous focus on increasing profitability in their contacts with Lantmännen. In order to build up the resource that the 28 district boards represent, a process to develop the districts' role and mission was started

Ways you can influence development as a member:

- ▶ co-owning an industrial business
- ▶ sharing in association profit
- ▶ active association participation and a vote at district meetings
- ▶ chance of election to various offices at Lantmännen
- ▶ taking part in your district's activities
- ▶ communication and articles in the Grodden magazine.



Lantmännen's corporate governance



during the year. While waiting for a new Associations Act, work began on reviewing Lantmännen's articles of association. During the year, Group Board representatives took part in discussions and meetings with young farmers, including LRF's Youth Board, to talk about Lantmännen and the strength of farmer-owned enterprises.

District activities

The districts are the basis of the members' role as owners of Lantmännen. Each district has a board that works both locally and on cross-cutting issues for Lantmännen. The Future seminar for district scholarship holders was held in June, with information at Lantmännen's offices in Stockholm and a visit to Cerealia's facility in Järna.

Discussions in summer and fall included the organization and tasks of the districts as part of the further development of their activities and contributions to the Group. In November, a cooperative seminar was held in Sundsvall for over 80 young farmers from the northernmost districts.

Elected members attended the Borgeby Fältdagar and Elmia agricultural fairs and spoke on topics such as the opportunities presented by trading in contribution issues.

Annual General Meeting

Lantmännen's 2013 Annual General Meeting was held on May 6 in Stockholm. The Meeting dealt with six motions on areas such as the effects of Lantmännen's ethanol initiatives, meat imports and protein crops. Anitra Steen, who had declined re-election, was thanked for her services and the Meeting elected Lena Philipson to replace her on Lantmännen's Group Board. At the Statutory Board meeting, Bengt-Olov Gunnarson was elected as Chairman and Nils Lundberg as Vice Chairman.

District Board Conference

The District Conference, held on November 14, had two future-oriented themes. The external analysis that forms the basis for Lantmännen's strategy work was presented during one session. The second part of the conference dealt with the goals and tasks for Lantmännen's membership organization and the districts' mission. Day two was arranged as a training day for district members. The theme was "From field to fork" and the day was made up of short talks about the different stages from plant breeding to finished consumer products. The conference also included a training day for conveners on district nomination committees.

Lantmännen creates long-term economic value

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

Lantmännen has distributed more than SEK 3.2 billion to its members since 2001. Lantmännen is committed to generating regular and stable dividends for its owners over time. A total dividend of MSEK 298 is proposed for 2013.

Owner value

Where are earnings created?

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

Most of the earnings are generated in the industrial activities. Here you can clearly see the advantages for Lantmännen members in integration along the value chain and having profitable industrial activities. As owners, they receive a higher margin higher up the value chain, rather than just being sub-suppliers. The value created is then shared with the members.

Dividend policy

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



How are earnings distributed?

As a main rule, refunds and final price adjustments are based on earnings from contribution-based agriculture operations. Contribution dividends and contribution issues are primarily based on the earnings of activities that are not contribution-based, such as food, energy and parts of machinery.

Refunds and final price adjustments are paid in proportion to the members' business with the Association. They are calculated as a percentage of contribution-based purchases and sales with Lantmännen Lantbruk (1.5 percent for 2013) and the Machinery Sector's Swedish operations (0.5 percent for 2013).



Contribution dividends on contributed capital are paid in proportion to the members' paid-in and issued contributions. A strong financial position has led the Board to propose a contribution dividend of 9 percent for 2013. The Annual General Meeting decides on the contribution dividend.

Contribution issues mean that part of the collectively-owned unrestricted capital is transferred to members' individual contributed capital. The Board proposes no contribution issue for 2013.

The proposed dividend on subordinated debentures for 2013 is 3.0 percent, equivalent to MSEK 2.

Contributed capital – paid-in and issued
Lantmännen's members contribute capital through their contributions in the Association. At the end of 2013, contributed capital amounted to MSEK 1,903, corresponding to 17 percent of Lantmännen's total equity, and consisted of paid-in contributions of MSEK 829 and issued contributions of MSEK 1,074.

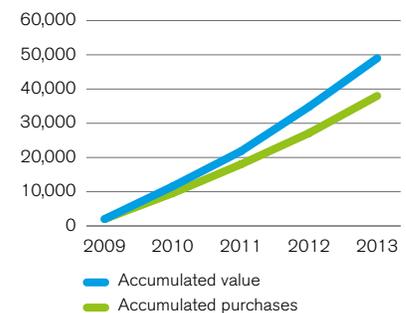
Trading in contribution issues

With effect from 2009, members of Lantmännen can buy and sell contribution issues. This trading provides opportunities for more active ownership. Buyers can increase their holdings and receive a larger share of future dividends, while sellers have the option of converting contribution issues into cash.

Contribution issues carry the same entitlement to contribution dividends and new contribution issues as paid-in contributions. Twelve trading sessions were completed in 2013. The total turnover was MSEK 22.3 and the transaction price varied between 95 and 105 percent of the nominal value.

See ► www.lantmannen.se/emissionsinsatser

Volume growth, contribution issue trading SEK



The diagram shows an example of the growth in investment and accumulated value for a member participating in every trading period (38 sessions) from the base year 2009 until the 2013 Annual General Meeting and purchasing a contribution issue for SEK 1,000 on each occasion.

Dividend

MSEK	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Refund, final price adjustment ¹	127	120	110	95	1	122	83	64	139	199
Contribution dividend ²	171	88	78	68	63	57	50	56	50	49
Contribution issue ²	-	80	152	177	100	110	151	99	100	39
Total	298	288	340	340	164	289	284	219	289	287
Contribution dividend and contribution issue as % of contributed capital	9 %	9 %	15 %	18 %	13 %	14 %	20 %	13 %	14 %	9 %

¹ Reported amount may include restatements of previous years

² Pursuant of the Board of Directors' proposal for 2013.

Member contributions

MSEK	2013	2012	2011
<i>Member contributions:</i>			
Paid-in	829	753	680
Issued	1,074	1,016	888
Total	1,903	1,769	1,568

A commodity-driven world

In the commodity-driven world that we now live in, the market will be particularly affected by the growing middle class in Asia. This is driving up commodity prices for grain industries, which are simultaneously encountering weak demand from the European market. This presents great opportunities for us, but is also the essence of our challenges in the period ahead.

Well positioned

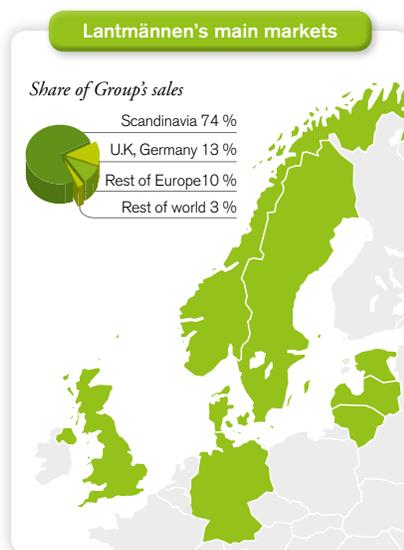
Lantmännen is well positioned in our main Scandinavian markets, Germany and the UK. These are the markets in which Lantmännen has its largest sales, although we are also active in Finland, Poland, Russia, the Baltic region, Hungary, Belgium, France, the Netherlands, Spain, Canada, the United States, South Africa and Australia.

Lantmännen is represented in every part of the value chain through wholly and partly owned companies and partnerships. Lantmännen's value chain is based on soil resources with a focus on grain and its journey from field to fork.



Growth perspective

When global GDP growth is analyzed in a longer perspective, significant variations can be seen. Particularly in Asia, parts of Africa and in South America, growth is expected to remain good. Growth in Lantmännen's established markets is expected to be considerably lower. In Scandinavia, where we have our largest sales, conditions for growth are relatively good compared with the rest of Europe. At the starting point, Lantmännen has low exposure to markets that are expected to show high growth in the next few years.



Large population growth

The world population is currently estimated at around 7 billion. Increased prosperity and growth mean that the earth's population is expected to reach 9 billion by 2050, with a constantly growing middle class, particularly in Asia. This is expected to result in a strong increase in demand for raw materials and resources, presenting tough challenges for the global economy.

Growing middle class

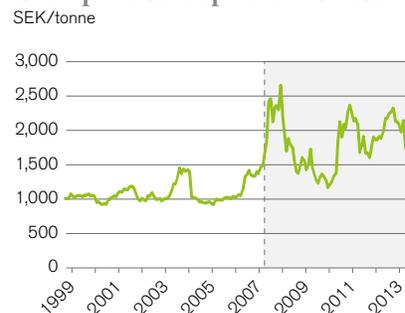
Strong GDP growth, particularly in the Asian emerging economies, is expected to lead to a sharp increase in the number of people in the middle class in future. This growth is not evenly distributed geographically. The large growth will

be in Asia, where a sixfold increase in the middle class is predicted between now and 2030. This is mainly driven by China and India, but we shall also see large middle class growth in a number of countries in Africa and South America.

Strong demand affecting grain prices

Strong growth in the new markets, resulting in increased consumption of animal-based products, will be a key factor in grain price trends. It is Lantmännen's assessment that grain prices will continue to vary significantly. It is difficult to predict the future, but many factors point to grain prices remaining volatile. This situation, together with limited availability of cultivable land and uncertain crop yields due to unpredictable weather conditions, is leading to more resource-efficient use of raw materials and a shift from fossil fuels to renewable resources. Global agricultural productivity needs to be doubled in order to ensure long-term sufficiency of food and biofuel for a larger and wealthier population. While there is a

Grain price development in Sweden



Demand for grain is high and growing, while, supply is limited and stock levels are low in relation to consumption, resulting in volatile prices.

Largest proportion of grain goes to feed!

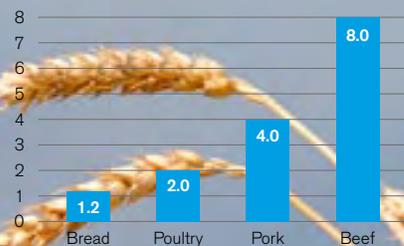
New world – new opportunities!

The major global changes will also affect Lantmännen's main markets. The Baltic region has an optimal climate for grain production and its total raw material potential is 60 million tonnes. This presents new opportunities for Lantmännen to strengthen its grain market position in the Baltic region. Lantmännen sees scope for expanding its market share through collaborations, acquisitions and part ownership.

A very large proportion of the world's grain currently goes to feed production. The growing population and an increasing middle class, particularly in Asia, are consuming more and more animal-based protein per capita. This is driving demand for grain for feed production. It takes 6.7 times more grain to produce a kilo of beef than to produce a kilo of bread.

Grain raw material for production

Kg/kg



Source: FAO, USDA and Macquarie Research.

need for us to significantly reduce our carbon footprint, there are also other challenges to resolve such as water quality and biodiversity.

Health trend in the West

Safe and wholesome food is a requirement that is becoming increasingly important and is driven by consumer demand. Consumers are demanding health benefits and foods that are high in fiber. The European market for dietary fiber is expected to

grow by 75 percent between 2010 and 2017, and grain fiber will account for half of this increase. At the same time, there is a clear trend for consumers to want safer food and the ability to trace the origin of the raw materials.

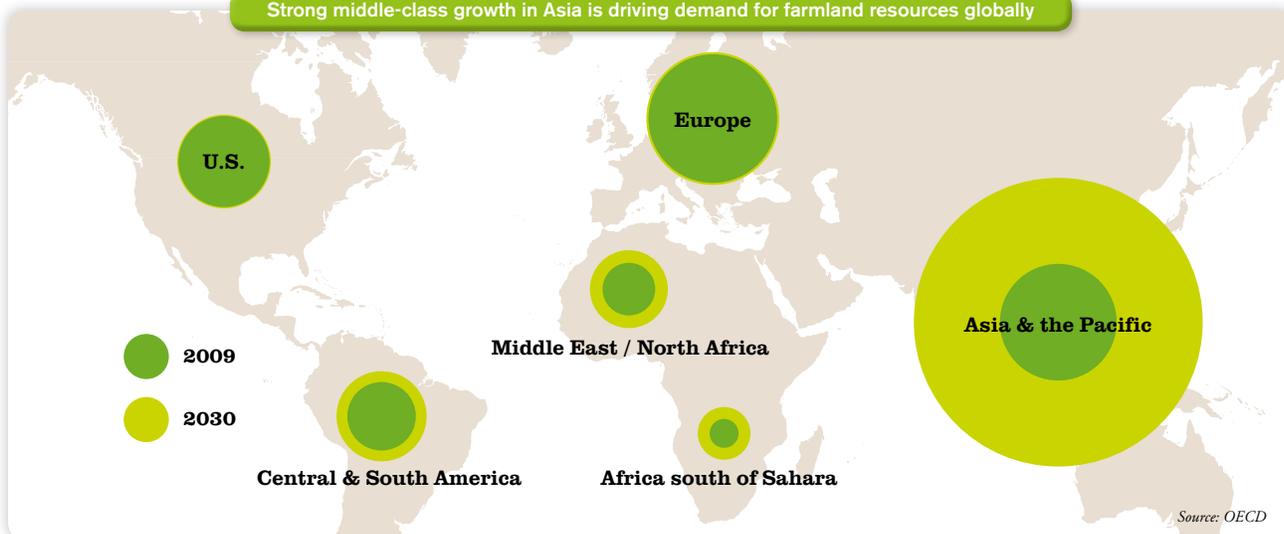
The cholesterol lowering effects of oats are under the spotlight and the market for oats is growing. Lantmännen's long-term strategic focus on oats has been very successful.

Learn more [page 41](#)

Positioning Lantmännen for 2020

The major global trends will present good opportunities but also challenges for Lantmännen's operations. To clarify Lantmännen's direction in the changing market, intensive work is in progress to position Lantmännen for the future. This work is expected to continue during spring of 2014, but some of the strategic direction can be read now in "Strategic Direction 2020", See [pages 18-19](#)

Strong middle-class growth in Asia is driving demand for farmland resources globally



Demand for grain is being driven by the growing number of persons classified as middle class. By 2030, the global middle class will have more than doubled to 5 billion people, according to the OECD. Almost all of the increase will be attributable to Asia and the Pacific and they are expected to represent two-thirds of the global middle class.

Strategic direction 2020

Based on our analysis of external conditions, we are working intensively to update Lantmännen's strategic direction 'Strategy 2020' with how Lantmännen will respond to new challenges and capitalize on the business opportunities of a commodity-driven world. The vision and strategy will be the basis for all business planning of operations. Work on Strategy 2020 continues in spring 2014.

Changing long-term strategy

The global imbalance in supply and demand for grain has created a highly volatile price scenario, which can also be observed in Europe and Sweden. Weak economic growth in our domestic market, as well as changed consumer trends in food, are also affecting our business. Overall, these trends mean a fundamental change for several of Lantmännen's businesses, which presents major potential but also challenges. Against this backdrop, intensive work on the long term strategy is in progress.

The strategy process

The strategy process involves our owners and all parts of the organization, and the aim is for the new strategies to be finished in spring. An important part of the process has been a review of our portfolio strategy to clarify the starting position and the challenges faced by the Group as a whole and our individual holdings.

Lantmännen's adaptation to global grain trade, with Asia in focus

Growth in Asia, particularly in China, is resulting in higher commodity prices, particularly for grain for feed production. With higher prices, it is increasingly important to guarantee supply of grain of the right quality.

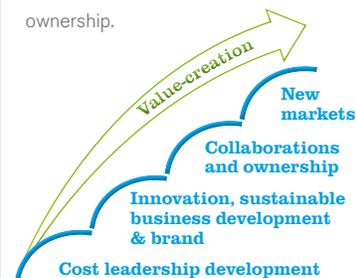
Meanwhile, competition is intensifying in Lantmännen's main markets in northern Europe, where we are encountering weak demand. This is why efficiency and cost leadership within Lantmännen are more important than ever.

Clear focus on value creation

Lantmännen has a unique position as a company – we have committed, knowledgeable owners, competent employees and a clear focus on how to develop Lantmännen so that we create value for owners, customers and other stakeholders.

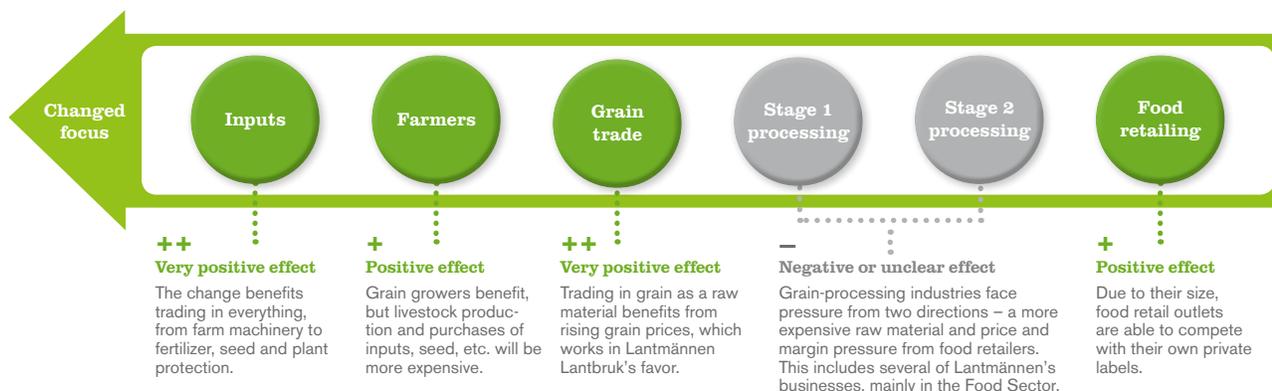
En route to 2020

The key driver of our strategic development is to increase value creation. Lantmännen's base is an efficient production platform with economies of scale and cost leadership, which we work on continuously. This enables us to be innovative and clear with our brands and to conduct sustainable business development. Lantmännen will position itself in new markets, in some cases through collaborations and ownership.

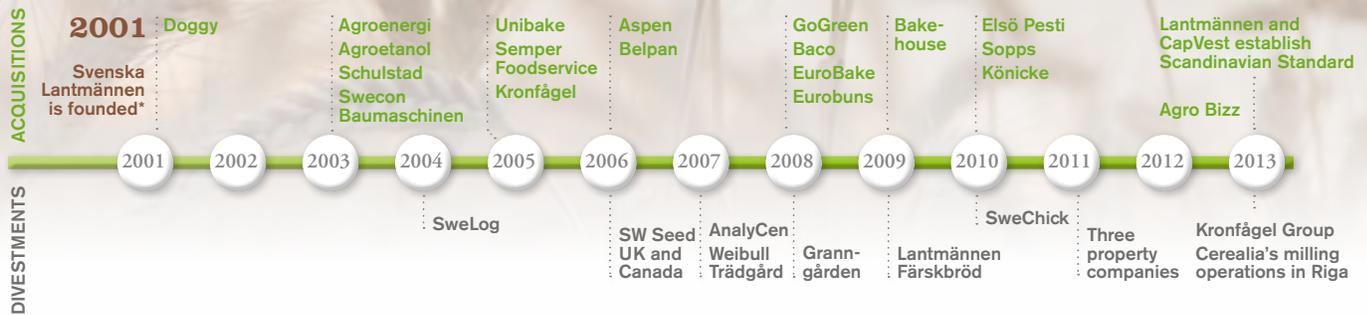


Value chain shift for grain – an opportunity for Lantmännen

The changing situation has resulted in a power shift in the value chain. At the end of the chain, grocery stores have an advantage due to their size. The low growth in Europe has made consumers more discount-focused and at the same time competition from private labels is growing.



The Group's major acquisitions, divestments and ownership interests



It is crucial for Lantmännen Group to work continuously on business structure, and over the last 10 years we have streamlined the organization through acquisitions and divestments in order to concentrate on the core business. Above all, Lantmännen has positioned itself strongly towards grain processing. The establishment of Scandinavian Standard with CapVest is an example of an innovative partnership. Scandinavian Standard is now the owner of Kronfågel Group and Cardinal Foods of Norway.

* Svenska Lantmännen was formed in 2001 through the merger of nine associations and SLR.

New value chain positioning

The major external changes that are expected will affect the competitive situation and how Lantmännen should position itself in the value chain. Increased market volatility will lead to a shift of power in the value chain, and the major focus will be on grain and inputs.

Increased grain price volatility will benefit grain farmers, while its effects on livestock production, purchases of inputs and seeds, etc., are less clear. Trading in grain as a raw material benefits from rising grain prices, which works in Lantmännen Lantbruk's favor. Retailers who sell to consumers will also gain from major price pressure. There is also

an increased focus on what the brand stands for.

The brand

– a competitive strength

Lantmännen's brand promise – *Together, we take responsibility from field to fork* – permeates our business. It is important for us to be clear about origin, traceability and environmental aspects, and this must be characterized in our brand work. The Lantmännen brand and our strong product brands are currently well positioned in our markets. We shall continue to work to strengthen our brands even further. Learn more on [page 12](#)

Sustainable business development

Lantmännen is a responsible player in all our businesses. We ensure responsibility and develop the business areas in a sustainable direction to contribute towards profitability in the short and long term. See [page 24](#)

We continuously develop our organization and employees' skills. The participation and performance of each employee is crucial to our success. See [page 34](#)

Lantmännen's portfolio structure is based on the mission

Our mission is to contribute to the profitability of members – *our business partners* – farms and maximize the return on their capital in the association.

CREATE RETURN ON CAPITAL



Agriculture-related

Based on the agricultural company as a business partner and helps to create profitability for the owners' farms.



Grain value chain

Lantmännen fulfills an important role in creating grain value and in channeling and driving customer and market demands.



Other holdings

Primarily create return on capital.

Brand promise

Together we take responsibility from field to fork.

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.

Vision

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

Objective

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

Mission

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

Values

Openness, a Holistic View and Drive.

Targets and outcomes



Lantmännen defines the overall profitability target as return on equity. Return on equity, adjusted for items affecting comparability, was 4.4 percent in 2013. Lantmännen has a strong financial position and its financial strength was further improved in 2013. Lantmännen's equity target is 40 percent or more. The equity ratio was 42.5 percent in 2013.

Financial targets

Return target

The return target for the Group is dependent on the composition of the portfolio. The current business portfolio has a total return potential of 8 percent on equity over a business cycle.

Return on equity, adjusted for items affecting comparability, in 2013 was 4.4 (4.2) percent. The trend reflects weak growth for Lantmännen Agroetanol and in the Agriculture Sector, which was offset by positive growth in the Food Sector and for Lantmännen Agroenergi. Cost reductions and efficiency measures also had a positive effect on the return on equity. Return on equity was 0.9 (3.8) percent in 2013.

Return on operating capital is one of the key figures for the Sectors and business areas, and the return targets are monitored continuously.

Financial strength

An important part of Lantmännen's strategic platform is to maintain a stable financial base, which provides better scope for strategic choices in response to external changes. Lantmännen uses two different performance indicators to

measure its financial strength: *the equity target and net debt.*

Equity target

Lantmännen's equity target is 40 percent, which reflects Lantmännen's desired financial risk profile and the Board's view of long-term financial stability. The equity ratio was 42.5 (41.5) percent at December 31, 2013. The Kronfågel transaction had a positive effect on the equity ratio and is an example of Lantmännen's way of building and subsequently realizing value. The equity ratio has improved from 32.5 percent in 2008 to 42.5 percent, which is partly a result of extensive capital efficiency work.

Cash flow

Cash flow before financing activities improved by MSEK 2,672, with operating activities and investing activities contributing half each. The positive effect of investing activities on cash flow came from the sale of Kronfågel Group. The cash operating surplus contributed MSEK 212 to cash flow from operating activities, while reduced tied-up capital had a positive effect of MSEK 1,099.

Efficiency measures in the area of working capital – a large component of operating capital – are conducted in the *Cash Race* program, the purpose of which is to free tied-up capital (mainly in trade receivable and inventories). This has yielded particularly good results in the Food Sector, especially for Lantmännen Cerealia. Lantmännen Unibake is also showing a positive trend, and has been able to realize synergies.

Cash flow



Net debt

Lantmännen's net debt consists of the Group's net interest-bearing assets and liabilities. Net debt exceeded SEK 11 billion in 2008, but this has been gradually reduced and was below SEK 5 billion in 2013.

Return on equity

before items affecting comparability, %



Equity ratio

%



Net debt

MSEK



Efficiency Innovation Leadership Responsibility

High efficiency, high capacity utilization and a high capital turnover rate at our production facilities are crucial to our profitability, especially for operations with low margins, which are consequently dependent on large production and sales volumes.

Innovation is necessary in all areas of our operations in order to strengthen our brands, stimulate and respond to new customer and consumer needs, and increase the proportion of profitable products. Innovation is also important in our internal efficiency work and is achieved with a fresh approach at all levels.

Good leadership is important in creating motivation and attracting and retaining the right skills, and is crucial to Lantmännen's future development.

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

Customer target

Customer Satisfaction Index

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

Market shares

Lantmännen has a strong position in

its home markets. See [pages 16, 18](#). The objective is to maintain a strong position in all markets where Lantmännen has a presence. However, market share is not a specified target and the main focus is on continuing profitable growth.

Price and mix

Achieving the right balance between price and mix is a very important control

parameter for profitable growth. Lantmännen's business control should not focus on volume alone and this is why we are working decisively to launch products with added values for which customers are willing to pay. The aim is to continuously increase the proportion of high profitability products and reduce the range through ongoing rationalization of products with a low volume or poor profitability.

Climate target

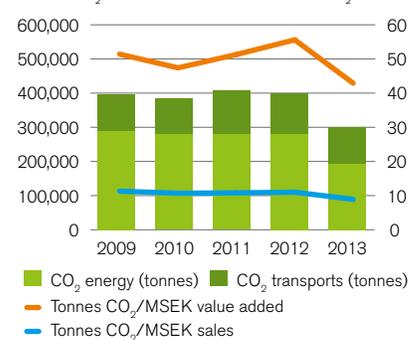
There was a significant reduction in Lantmännen's carbon emissions from energy use and purchased transportation during the year in both absolute and relative figures. The climate target for 2013, a 15 percent reduction in carbon emissions per value added, was achieved. The long term target for 2020 is a reduction of 40 percent.

Several fossil-fired plants have been converted to biofuel and many projects to improve energy efficiency have been

implemented. Other reasons for the reduced emissions are the sale of operations using fossil-based energy and an increased focus on climate performance in energy procurement.

The chart shows the results of Lantmännen's climate efforts. The bars show carbon emissions from energy use and transportation in absolute figures (scale on the left). The lines show the key figures for carbon dioxide emissions per value added and per sales.

CO₂ emissions – outcome and target levels
Tonnes CO₂ Tonnes CO₂/MSEK



Employee targets

Job satisfaction, employee happiness and motivation, affects Lantmännen's success. Lantmännen's target for job satisfaction is 70. The overall result for 2013 is 68, although this is a good level of good job satisfaction compared with other companies, which average 66 in the EEI (European Employee Index) benchmark system. Lantmännen must have good management, and the management index target is 70. The overall result for 2013 was 71, a very strong performance compared to 66 in the EEI). Lantmännen made

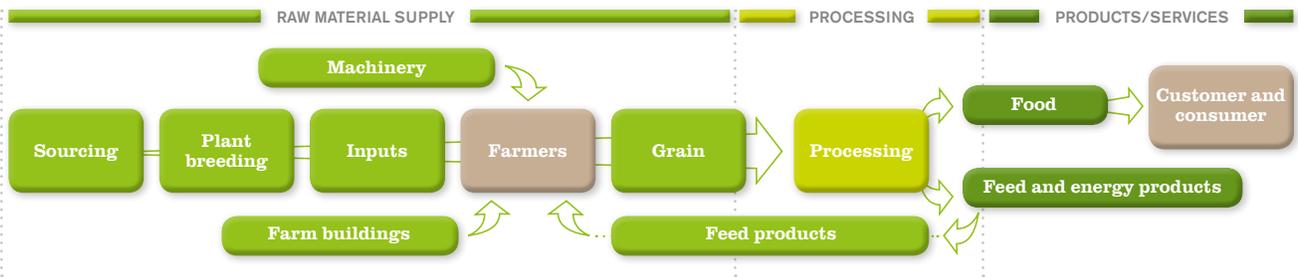
major strides in the right direction in the area of work environment in 2013, with incident reporting in particular increasing from 1,555 (2012) to 2,488. The target is at least 10 reported incidents per accident and the result currently stands at 9.5. Lantmännen has a clear work environment policy, goals and Group requirements to be followed in its operations, as well as internal reporting procedures: an effective support in establishing preventive measures. Learn more at www.lantmannen.se/responsibility and on [pages 34-35](#)

Accidents & incidents	2013	2012
Number of fatalities due to work-related injuries	0	0
Number of accidents ¹	262	327
Injury rate ²	15.2	20.2
Number of reported incidents ³	2,488	1,555
Number of incidents per accident (lost-time)	9.5	4.8

¹ Work-related accident resulting in at least one day's absence after the accident occurred.
² Injury rate is defined as the number of accidents per million working hours (actual hours worked).
³ Incidents are defined as unintended events that could have resulted in ill health or an accident.

Lantmännen's value chain

These pages provide an overview of the value created in Lantmännen's value chain and also describe impacts of our operations on people and the environment and how we work to reduce these impacts. Most of the value chain's environmental impacts are in the cultivation stage. Our responsibility encompasses our raw material and supplier requirements, processing procedures and the products and services we supply to the market.



Lantmännen is active throughout the value chain for grain – from grain sourcing and seed production to processing into food, animal feed and energy products. Our products and services are sold to consumers through supermarkets and food services, and to corporate customers in the energy and food industries. The overview on the next page describes how we create value and how we take responsibility for the impact of our operations on people and the environment.

With innovative business development and responsibility from field to fork, we create profitability and value in the short and long term. Lantmännen's return is reinvested in the owners' business and in long-term investments in research and development.

Cultivation – the key stage

Long-term sustainability and profitability in the food sector is largely determined in the raw material stage. Much of the

processing and increased value occurs in farming, during crop cultivation, and this is where the biggest climate and environment impacts are found. The nature and extent of these impacts depends on the type of raw material and where and how it is produced. Typical issues are impacts on soil fertility and biodiversity, water consumption, plant nutrients and crop protection. From a social perspective, the work environment, working conditions and human

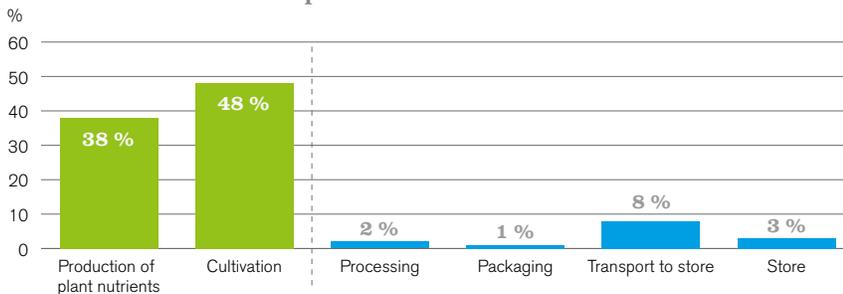
rights are important to those working on or living near plantations. As a large employer, Lantmännen also has major responsibility for its own employees. As an important player in the food market, we are also able to contribute to human health and well-being through our products and knowledge about good food.

Three key areas

A sustainable food supply requires success in three key areas.

Climate and environmental impacts, mainly in the cultivation stage but also during processing and transport, must be reduced. *Increased efficiency*, better resource management and reduced waste all the way from field to fork are needed. *Trends and developments* in consumption and eating habits, which are important to health and the environment, need to be considered. Lantmännen's work focuses on these three areas.

Distribution of carbon footprint from cultivation of wheat to retail store



From a life cycle perspective, the carbon footprint of many of our products is greatest in the cultivation stage. The main contributors are biological conversion of nitrogen in the soil, diesel consumption and drying of grain. Production of plant nutrients (commercial fertilizers) also accounts for a significant proportion. Climate declarations for several of Lantmännen's products are available at ► www.lantmannen.se/climate



How do we create value?

Lantmännen's main raw material is grain. We also purchase other cultivated raw materials and inputs, fertilizer, crop protection and machinery from a large number of suppliers worldwide.

By exploiting synergies and setting clear requirements for our suppliers, we ensure cost-effective and responsible sourcing. We also work with our suppliers to push development forward. One example is research and innovation in plant breeding to ensure varieties that are adapted to Swedish growing conditions.

Purchased goods and services from suppliers totaled MSEK 27,392 in 2013.

Lantmännen processes grain and other raw materials into food, animal feed and bioenergy. We also develop technical solutions and business concepts for optimized cultivation.

Value is created through an efficient and innovative organization and operations. This involves knowledge about grain and how to utilize its specific qualities and properties for different purposes, and is also about innovation and product development. Other factors are resource efficiency for capital, raw materials and organization, and attracting, developing and retaining talented employees.

Salaries and pension provisions (employee benefits expense) for 9,133 employees in 18 countries amounted to MSEK 4,938 in 2013.

Lantmännen's products and services are sold to farmers, consumers through supermarkets and food services and corporate customers in the energy and food industries. We also sell machinery and services to agricultural and construction customers.

By offering a competitive range of products and services for agriculture, we contribute to the profitability of the farms. With innovative, responsibly produced products, we satisfy the needs of business customers and consumers. We contribute to increased knowledge about food, health and the environment through marketing communication, product information and inspiration.

Net sales (products and services sold) amounted to MSEK 33,802 in 2013. Tax revenue to the community amounted to MSEK 104. Profit goes back to the owners (dividend* and issue) and is used for investments to create demand and added value for grain.

Impacts on people and the environment

Lantmännen's main purchases are cultivated raw materials. The environmental impacts of our suppliers' cultivation and their working conditions and legislative compliance are important areas.

Grain, our most important raw material, has mainly environmental impacts: carbon footprint, soil fertility and yields over time, use of plant nutrients and crop protection, and the effects on biodiversity.

Soy, palm oil and certain other imported commodities also carry social risks: working conditions, labor practices and human rights, and business ethics.

Lantmännen has approx. 8,500 employees in 18 countries. Work environment, health and safety are important issues, particularly as most employees work in a production environment.

Large volumes of raw and other materials, energy, water and chemicals are handled and used at our production facilities. Operations also involve a large amount of transport. The resulting environmental impacts involve resource utilization and waste, carbon footprint and waste production.

Hygiene and food safety are high-priority issues in food production.

Product safety, quality, nutrition and health aspects are important issues for our food products. Taste and price are also key criteria. Food supply, food waste and eating habits are areas that present major challenges from a global environmental and health perspective.

Issues associated with our energy products are carbon footprint and the environmental and sustainability performance of our renewable energy products.

The greatest impacts from our machinery operations are in the using stage. For other agricultural inputs, such as chemicals, safety and proper handling are important issues.

Lantmännen's work to reduce impacts

Our Supplier Code of Conduct sets clear requirements for all suppliers with regard to environmental and social responsibility.

We work systematically with risk assessment, evaluation and monitoring through audits. For specific risk commodities, such as soy, we participate actively in stakeholder dialogue, and support international standards for sustainable production.

In partnership with other stakeholders, we are investing in long-term research that may develop and move the grain sector in a more sustainable direction. Lantmännen's research foundation invests significant resources in research at universities and institutes, in areas such as plant breeding and biological crop protection.

Learn more about sustainable business development on ► pages 24-25, risks on ► pages 26-30, supply chain on ► pages 31-33 and at ► www.lantmannen.se/responsibility

A safe work environment is a high priority within Lantmännen and the target is zero injuries. Mandatory work environment training and preventive efforts in the area of incident reporting are important measures. Health, management and skills development are other priority areas in the establishment of an attractive workplace.

With the support of the LEAD (Learn, Engage, Analyze, Do) approach, we endeavor to make optimal use of all kind of resources – energy, raw materials, water, chemicals, etc.

We have an proactive climate target for our own activities, and collaborate with suppliers and customers to reduce the carbon footprint in other parts of the value chain.

Learn more about targets on ► pages 20-21, supply chain/processing on ► pages 31-33, employees on ► pages 34-35 and at ► www.lantmannen.se/responsibility

We invest in research and product development and offer products and services that contribute to sustainable development, with good performance from an environmental and health perspective.

In the Food Sector, the green sprout is our guarantee of good, responsibly produced food. We develop innovative and functional food products with added health and environment values. We also work on consumer information about waste, health and eating habits to promote informed choices.

In the Energy Sector, we offer renewable fuels from sustainability-certified raw materials and work for optimized resource utilization in ethanol production.

For farmers, we offer services for optimized cultivation, locally grown and climate declared feedstuffs, etc. Effective driving for our machines and safe handling of chemicals are two other important areas.

Learn more about sustainable business development on ► pages 24-25, Lantmännen's Sectors on ► pages 36-62 and at ► www.lantmannen.se/omlantmannen

* The dividend to our owners in 2013 is estimated at MSEK 298. MSEK 127 of this amount relates to refunds and final price adjustments. See [page 15](#)

Sustainable business development and innovation

Global demand for commodities is increasing, which also means a stronger focus on sustainability issues. Lantmännen has an opportunity and responsibility to contribute to more sustainable grain production in every part of the value chain. The vision is to work with customers and suppliers to halve the impacts on the environment and natural resources.

Globalization, with a rapidly growing middle class in Asia and increased population growth, and a consumer trend towards sustainable, healthy products with clear traceability throughout the value chain present a dual challenge in both an ecological and social dimension. Learn more about Lantmännen's strategic direction for 2020 on [page 18](#)

The globally increasing population must be supplied within the framework of the resources the planet is able to produce. In simple terms, this means ensuring good conditions for a high standard of living and good health, while limiting impacts on the environment and natural resources to what is within the limits of the earth's productive capacity. This is the basis for Lantmännen's focus on sustainable business development that reduces impacts on the environment and natural resources. This means that Lantmännen will develop and offer products and services that contribute to sustainable development and have a good performance from a sustainability perspective. The concept of what is a good performance and what gives added values changes over time. Consequently, sustainable business development involves moving positions and gradually improving the average performance for a category. Resource efficiency is also an important part of sustainable business development. Learn more about our climate strategy and LEAD and energy efficiency work on [pages 31-32](#)

To successfully increase the sustainability of food production and energy

requires *consensus, dialogue* and *increased cooperation* throughout the value chain. Lantmännen's contribution to the development of sustainable products and services is based on our knowledge of grain as a raw material and our presence all the way from field to fork. Increased growth from sustainable business is based on long-term development and innovation work with researchers, universities and suppliers, and also on constructive dialogue and cooperation with customers and other stakeholders to clarify the sustainable added values we can offer. Learn more about Lantmännen's stakeholder dialogue at [▶ www.lantmannen.se/dialog](http://www.lantmannen.se/dialog)

The important cultivation stage

In the chain from field to fork, the greatest potential and the greatest challenge lie in the cultivation stage. Lantmännen's grain know-how and our proximity to grain cultivation means that we are

Halving environmental impacts

During the year, Lantmännen formulated the following vision and measurable goals for sustainable business development:

Our vision is to work with customers and suppliers to halve the impacts on the environment and natural resources in the grain value chain.

Our goal is to generate 10 percent growth from new sustainable business by 2020.

uniquely placed to lead the quest for sustainable grain production. Based on a rough analysis, the carbon footprint of grain production could be reduced by about 30 percent by 2020 by implementing best available techniques and knowledge. Key areas include needs-based fertilization that provides efficient nutrient utilization, reduced tillage and a transition to renewable fuels. Learn more at [▶ www.lantmannen.se/responsibility](http://www.lantmannen.se/responsibility)

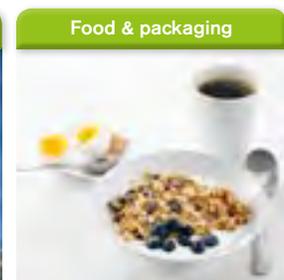
Lantmännen Research Foundation – three priority strategic areas



- ▶ Development of primary production
- ▶ Agriculture-related industry



- ▶ Biorefinery and added value from its by-products
- ▶ Green materials
- ▶ Use and handling of energy and crops on/off the farm



- ▶ Health and well-being
- ▶ Processes, raw materials, ingredients, quality and durability



Sustainable business development means increased responsibility in business operations, improvements to resource efficiency and cost reductions, but it also generates revenue from the development of new products and services.

From research and innovation to business

Lantmännen has a long tradition of research and innovation, and invests about MSEK 300 in R&D each year. Further business development based on this research is currently being implemented and Lantmännen will increasingly turn its priority research projects into companies or concrete business within the Group.

A major focus is on the entire value chain for grain: *from plant breeding and cultivation to processing, product development and consumption.* See [page 22](#). Several strategic research areas are being concentrated on more efficient and sustainable farming, and knowledge and product development in areas such as health and food.

Through our Research Foundation, we invest approx. MSEK 15 annually in our own and external research projects, which are supported by other funding agencies and government initiatives.

We have made an agreement with the STING business incubator, involving the development of selected innovation projects. STING aims to help start-up businesses create growth and profitability, and since its establishment in 2002 has been involved in developing over 100 companies. The first project from Lantmännen is Cgrain, which develops and produces instruments for optical quality control of grain. Individual grains are analyzed using advanced imaging, with the instrument able to identify the seed variety and assess damage. The market consists of grain traders, mills, malt houses, grain producers and plant breeders.

Innovation originating from rapeseed oil

Lantmännen's research covers many areas and parts of the value chain and can often bring positive and unexpected results with spin-off effects.

A new metal roof cladding paint has become an export success. The paint is based on a renewable raw material in the form of RME (rape methylester) and is better for the environment than traditional roof

paint, as well as being more durable and more cost effective. The innovation is the result of research into vegetable oils as a raw material, which has involved the entire product chain, with Lantmännen and Akzo Nobel as raw material suppliers. The rapeseed oil-based roof paint is used primarily in industry, and another of its advantages is the lack of solvent emissions.

Research on increasing winter wheat harvests

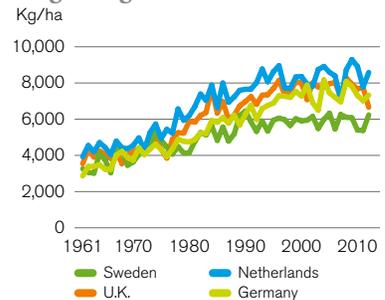
Winter wheat harvests have stagnated in several European countries in recent years, and this has been particularly evident in Sweden. Winter wheat is Lantmännen's largest crop and it is important to the profitability of owners' farms to identify the causes.

To understand the causes, we launched the wheat project *Höstvete mot nya höjder*, which will use a broad approach to examine the issue from an overall sector perspective. The results of extensive interview studies show that yield levels are affected by key factors such as sowing date, drainage and company management.

An interesting finding was that farms with high yields had better nitrogen utilization than normal farms. This means that, with increased awareness and knowledge, it is possible to increase harvests, while also reducing the risk of nitrogen leaching into the surrounding environment. ► www.odlingibalans.com



Stagnating winter wheat harvests



Source: www.fao.org/statistics



"Ready in 5" makes green cooking easier

In fall, GoGreen launched a product line of pre-cooked and air-dried lentils and peas. They are sold dry but are ready to eat after just a few minutes' boiling, whereas ordinary dried peas need to be soaked for 8-12

hours and then boiled for about an hour. The Ready in 5 products have the same taste, nutritional value and quality as conventional dried pulses. The new products meet the increasing demand for healthy everyday food which is also tasty and quick to prepare.

Risks and risk management

Risk is inherent in any business activity and is an event, the occurrence of which may have an adverse effect on Lantmännen's operations. Risks can arise from mismanagement or events and decisions outside our control. Effective risk management is fundamental to Lantmännen's ability to conduct business

Lantmännen's owners, customers, employees, consumers and suppliers have high expectations with regard to transparent risk management. Our corporate culture is built on established values, our Code of Conduct and practices, and our responsibility from field to fork, and is the basis for the Company's risk management work.

Identifying and managing risks is an integral part of strategic planning and operational management and control. Continuous business intelligence and internal and external dialogue with stakeholders are crucial to risk identification.

Governance

Strategic risks associated with business development and long-term planning are largely dealt with by the Group Board and as part of the annual strategy work.

Operational risk management is based on a proactive risk management process, a number of key risk policies and our Code of Conduct. Our management of *financial and commodity-related risks* is based on the Group's financial policy and the risk policies specific to each business area. Risk policies include policies for commodity trading. Financial and risk policies are evaluated and ratified by the Group Board.

Integrated risk management

Lantmännen's risk management is established as an *ERM (Enterprise Risk Management)* process, where risks are identified, assessed and reported annually as part of the strategy and business planning process. Risks are eliminated or minimized where possible by measure such as insurance contracts and agreements. Certain risks are an active part of the business operations and cannot be transferred or eliminated.



Lantmännen's risk analysis at company level is an important part of the budget process. The companies document their risk management, which reduces the risk of overlooking threats or making wrong decisions. The documentation is used in overall reviews of each Sector, partly to ensure the quality of the underlying analyses, but also to reconcile the individual companies' risks. Risk inventories at Sector level gather together the risks that represent the most significant threats to the Group.

Control and management of operational risks

Lantmännen's Board is responsible to the owners for the Company's risk management. Group management regularly reports on risk issues to the Board and the Board's Audit Committee. Learn more in the Corporate Governance Report on [page 130](#). Risk identification and continuity planning are an important part of every manager's responsibility.

Lantmännen's Risk Committee is charged with ensuring compliance with the risk mandates adopted by the Group Board, and reports to the Board's Audit Committee on a monthly basis. Control and management of Lantmännen's financing, energy and currency trading

is dealt with by Group Treasury, based on Lantmännen's financial policy. Where financial risk is not centralized, such as commodity trading, Group Treasury has responsibility for control and monitoring to ensure that the issued risk mandate is not contravened. The development of Lantmännen's financial risks and commodity risks is regularly reported to the Group Board in the financial report.

A systematic safety and work environment process

Lantmännen works constantly on identifying, analyzing and managing insurable risks, both at Group and local level. Damage prevention measures have high priority and all plants are regularly inspected in accordance with the Group's policy. Constant improvements to the safety approach at the plants have resulted in a much higher safety level, which has reduced the risk of production disruption. Insurance companies have a favorable view of our systematic safety work during claim settlements and premium negotiations.

Safety level at Lantmännen's facilities



The curve shows how Lantmännen's loss prevention leads to continuous improvement. After a certain level is reached, significant investments are needed to go higher. We are also constantly tightening requirements for index attainment.

Active preventive work to achieve a better and safer work environment has resulted in an increase in reported incidents – from 915 in 2011 to 1,555 in 2012 and 2,488 in 2013. Increased knowledge about past incidents provides greater scope for preventing accidents. Environmental and supply chain risks are gradually being introduced into the inspections, which gives an effective overall assessment.

Lantmännen Risk Management is responsible for Lantmännen's global insurance portfolio, which includes property, product liability, general liability and transport. Lantmännen and the insurance companies work together to analyze damage and propose preventive measures. Lantmännen has its own insurance company Dirual AG, based in Switzerland, through which it insures certain risks that are not insurable on the open market.

Screening of

Code of Conduct-related risks

Lantmännen has a risk screening tool for managing risks associated with the Code of Conduct. Learn more on [pages 31-33](#). Screening is conducted by type of risk, such as commodity, country and industry. This is then compared with available risk indexes from established organizations, such as the corruption index or the World Business Council for Sustainable Development's water resources survey.

Risk overview

The risk management process has allowed identification of a number of main risk areas for Lantmännen. Financial risk management is described in more detail in note 22 on [page 108](#). The Corporate Governance Report on pages [page 130](#) contains a description of internal control and risk assessment aimed at preventing errors in financial reporting.

Fire Incident at Cerealia Laholm

In October 2013, there was a serious fire incident at Lantmännen Cerealia's production facility in Laholm. Pancakes are among the products made at Laholm and oil is used during the baking process. On this occasion, the oil caught fire and the fire spread up into the vent.

In the course of Lantmännen Risk Management's regular risk inspections we had identified the risk of fire in this part of production and had recommended an automatic sprinkler. The recommendation also included calculations of the expected damage scenario with and without sprinklers, which clearly justified the cost of installation. When the oil caught fire, the sprinkler activated immediately and extinguished the fire. The staff had been trained and were able to take the right action. When the rescue services arrived, the fire had been extinguished and the situation was under control. There was no damage to equipment and production resumed after a few hours of restoration and cleaning work. The incident is a good example of Lantmännen's work in the areas of work environment and loss and damage prevention.

The government's policy instruments for biofuels must reward greenhouse gas performance

New policy instruments for low-level biofuel blends are being introduced on May 1, 2014. The unambitious targets and absence of a greenhouse-gas-based quota obligation leads Lantmännen to believe that the adopted instruments should be developed and improved if the government's target of a fossil-free vehicle fleet by 2030 is to be achieved.

The government is also abolishing the current requirements for clean (non-denatured) ethanol, which means that ethanol with a significantly lower greenhouse gas performance can be used in Sweden. This could scupper parliament's target of reducing CO₂ emissions by 600,000 tonnes and will also distort competition for world-leading Swedish ethanol production. To prevent any deterioration of the greenhouse gas performance of the ethanol used in Sweden, instruments that reward high efficiency should be introduced. Such proposals were contained in the investigation on a fossil-free vehicle fleet, which was presented in late 2013.

Ethanol from Agroetanol currently reduces greenhouse gases by 70 percent, and this will be raised even more as a result of adopted investments.

"The government must take responsibility for industrial investments to achieve world-leading Swedish ethanol production. For existing and future investments in biofuel production, it is crucial that truly carbon-effective policy instruments are introduced. This is the most cost-effective way of reducing greenhouse gas emissions from the Swedish transport sector. We propose high targets for renewable energy use, combined with a greenhouse-gas-based, rather than volume-based, quota obligation."

Carl von Schantz, Senior Vice President & Head of Energy Sector



Strategic risks

Strategic risks are associated with business development and long-term planning, and Lantmännen's brand. The most significant strategic risks are concerned with the ability to adapt the business to economic changes, conduct effective business development and deliver our brand promises.

Lantmännen's Group management establishes the strategic risk levels and presents them to the Board. Strategic risks are evaluated as part of the annual strategic planning process and in connection with critical business decisions. Maneuverability is reinforced by flexibility and cost and capital efficiency at all levels. Fast dissemination of appropriate information is ensured through the Company's management structures and processes.

External risks

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

Confidence

Lantmännen's good reputation is one of our strengths and the basis of market leadership and recruitment. Activities aimed at maintaining and strengthening Lantmännen's brand are of strategic importance. The Code of Conduct sets out our ambitions for social responsibility, business ethics and the environment.

Business development

There are risks of overlooking threats and opportunities associated with business development, sub-optimizing operations and making wrong decisions. Lantmännen's strategy and business development is managed systematically, and R & D projects are an important part of our strategic business development, which we regularly review.

Description of risk	Risk management
<p>Regulation and supervision. New laws and regulations may restrict operations or bring new, stricter requirements. Lantmännen's operations are partly subject to permit, regulation and supervision and are affected by regulatory changes in Sweden and the EU.</p> <p>Risk level* ● Moderate probability ● Moderate impact</p>	<p>Each Sector and business area constantly monitors changes and adapts its operations.</p> <p>2013 outcome: During the year, Lantmännen continued discussions on safety requirements for ethanol transportation.</p>
<p>The economy and price competition. The risk of business operations being affected by general changes in economic conditions, changes in demand in specific areas and Lantmännen's relative market competitiveness. Price competition is strong in most of Lantmännen's markets. A continuing economic downturn increases the risk of further price pressure.</p> <p>Risk level* ● High probability ● High impact</p>	<p>We aim for flexibility and adapt the cost situation to economic fluctuations. Action plans have been prepared for major changes in demand. We minimize and counteract price competition for our products by price and mix work, innovation and ongoing brand strengthening.</p> <p>2013 outcome: Major uncertainty about the economy and external factors affected margins and volumes, particularly in the Food Sector, but were offset by continuing savings programs.</p>
<p>Customer and consumer trends. There are both opportunities and risks in the changing behavior of customers and consumers.</p> <p>Risk level* ● Moderate probability ● Moderate impact</p>	<p>Lantmännen continuously develops innovative services and products in response to customer and consumer demands.</p> <p>2013 outcome: The low-carb trend is a disadvantage to us. We are taking an active part in the debate.</p>
<p>Business ethics risks. Lantmännen operates in countries and industries with varied business ethics risks, such as corruption.</p> <p>Risk level* ● Moderate probability ● High impact</p>	<p>The emphasis of Lantmännen's operations is in countries and industries with relatively low risks. Prevention measures in the form of Code of Conduct training, targeted information and competition law training have been implemented. Systematic monitoring of compliance with the anti-corruption policy and Code of Conduct.</p> <p>2013 outcome: 100 percent responding companies. 80 percent of employees have completed Code of Conduct training.</p>
<p>Trademark risks. The risk of damage to Lantmännen's brand if Lantmännen's activities are conducted in a manner that, from an economic, environmental and social perspective, is unsustainable in the long term.</p> <p>Risk level* ● Low probability ● High impact</p>	<p>Lantmännen works actively to take responsibility for our raw materials and supplier requirements, our processing procedures and the products and services we supply to the market. We work to reduce impacts on humans and the environment by means of resource-efficient processing, investment in research and sustainable business development and systematic monitoring of our sourcing and our suppliers.</p>
<p>Shortage of leadership and skills. Lack of availability of the right skills and leadership needed to achieve Lantmännen's long and short-term goals is a potential risk.</p> <p>Risk level* ● Moderate probability ● High impact</p>	<p>Systematic, strategic work on succession planning and skills supply is in constant progress. We also continue our focus on being an attractive employer to current and potential employees.</p> <p>2013 outcome: Our employer brand performed strongly during the year and tools for skills audits and analyses have been implemented. Management training has been conducted.</p>
<p>Climate risks. Climate change may have a long-term impact on soil fertility, access to good-quality water and resistance to pests.</p> <p>Risk level* ● High probability ● Moderate impact</p>	<p>A long-term risk that requires development of cultivation techniques, plant breeding and geographical adaptation.</p> <p>2013 outcome: Work to address changing cultivation conditions is in progress within ongoing research and development.</p>

* 2013/2014 risk assessment was conducted by the area manager using internal expertise.

Operational risks

Operational risks are an element of the Sectors' day-to-day operations, and include commodity price risks and handling errors that compromise quality and safety. Many operational risks can be controlled, and are often regulated by policies, guidelines and instructions in order to provide consistent and effective safety in the Group. A large number of operational risks are also insurable. Risks associated with compliance with laws and regulations, financial reporting and internal control also come under the category of operational risks.

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. Long-term hedging of prices increases predictability and evens out price volatility. Price risks are managed within the financial policy.

Production disruption risk

The importance of a systematic and preventive approach to operational risks increases as capacity utilization of our plants grows and integrated operating processes are introduced. As handling errors can also occur at our suppliers' premises, it is important to conduct audits with follow-up and measurement of our suppliers' performance and the goods we purchase.

Sustainability risks in the supply chain

To ensure our suppliers share our values in the areas of ethics, environment and work environment, we require them to sign our Supplier Code of Conduct. All suppliers are risk-assessed against the Code. See [page 31](#)

Description of risk	Risk management
<p>Energy prices. Sharply fluctuating electricity and gas prices in the energy market and Lantmännen's annual consumption of approx. 700 GWh present a considerable risk. Risk level* ● Low probability ● Low impact</p>	<p>Lantmännen hedges electricity prices through financial futures of up to 36 months, depending on the business areas' situation. 2013 outcome: Electricity price hedges were entered into in accordance with the financial policy.</p>
<p>Commodity prices. Commodities such as grain and soy represent a large part of Lantmännen's total costs. Price volatility may increase with strong demand, limited global scope for land expansion and rising uncertainty about climate effects on crop yields. Risk level* ● Moderate probability ● Moderate impact</p>	<p>Lantmännen works actively to hedge commodity prices through supplier agreements and in the financial commodity markets. Commodities trading is regulated in policy documents. 2013 outcome: Commodity prices were hedged.</p>
<p>Price relationship in Swedish ethanol production. The ethanol plant in Norrköping is greatly affected by grain prices and ethanol price trends and by political decisions such as the EU's tariff rules on fuel ethanol. Risk level* ● High probability ● High impact</p>	<p>Lantmännen continuously hedges grain prices but there is limited scope for ethanol hedging. 2013 outcome: Ethanol production margins were low – prices were hit by U.S. ethanol coming into Europe and increased European ethanol production after summer.</p>
<p>Work environment and safety. Some of our facilities have hazardous work environments and activities that could pose a danger or risk to health. Risk level* ● Moderate probability ● High impact</p>	<p>Systemization, reporting and monitoring are a priority. There have been 50-60 annual workplace follow-ups since 2009. All managers undergo H & S training. 2013 outcome: Accidents fell to 262 in 2013 (2012: 327).</p>
<p>Product safety risks. If Lantmännen's products have defects, this represents risks to customers and consumers. Risk level* ● Low probability ● High impact</p>	<p>Products are regularly assessed from a safety perspective and provided with clear product information. 2013 outcome: Lantmännen is working on third-party certification systems in areas such as food safety.</p>
<p>Animal welfare risks. Risk of the spread of animal diseases, e.g. salmonella, through feed. There is also a risk of deficiencies in animal welfare in the supply chain for the animal raw materials used in parts of our food range. Risk level* ● Low probability ● Moderate impact</p>	<p>Lantmännen works systematically on feed safety and raw material controls. The feed operations are third-party certified under various quality standards. Animal welfare in our food products supply chain is ensured by means of supplier requirements and monitoring. 2013 outcome: The DON mold toxin problem presented challenges in the area of feed safety early in the year, but the situation improved from the 2013 harvest when DON was less of a problem.</p>
<p>Sustainability risks in the supply chain. Lantmännen has suppliers in high-risk countries and industries with regard to work environment, social conditions and corruption. Lantmännen also handles a number of raw materials and products with a risk of major impacts on the ecosystem. These include plant nutrients, crop protection, soy, palm oil, animal raw materials and cocoa. For grain, our largest raw material, there are a number of issues to deal with, such as sludge fertilizing, stem shortening, cadmium, and DON. Risk level* ● Moderate probability ● Low impact</p>	<p>There are systematic processes for assessing and monitoring suppliers based on our Supplier Code of Conduct. Work on managing and monitoring high-risk raw material categories is in progress, as well as development of clear and transparent requirements for grain as a raw material. For soy and palm oil, there are special strategies to safeguard our responsibility. 2013 outcome: We followed up 99 percent of suppliers with a purchase volume over MSEK 1 and conducted 28 supplier audits. 50 percent RTRS certified soy, 100 percent RSPO certification for palm oil.</p>
<p>Insurable risks. Assets such as property and production equipment can suffer serious damage in the event of fire or power failure. 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. Risk level* ● Low probability ● Low impact</p>	<p>Lantmännen has an insurance program for property and liability risk and works systematically to limit the risk of incidents. Most of the insurance programs are channeled via the Group's own insurance company, which reduces insurance costs. 2013 outcome: Food product recalls resulted in costs, which were mostly covered by insurance. Some minor fires occurred.</p>

* 2013/2014 risk assessment was conducted by the area manager using internal expertise.

Financial risks and commitments

Lantmännen is exposed to financial risks that could cause fluctuations in earnings, cash flow and financial position. The management of these risks is described in the financial policy, which is Lantmännen's overall governing document for financial risks. Financial status reporting and compliance with the financial policy are regularly reported to Group Management and the Group Board.

Lantmännen's financing

Agreements with binding financial commitments have been signed with a number of banks in order to safeguard our long-term financing. Loans from credit institutions amounted to MSEK 4,710 at the end of 2013. MSEK 4,183 of these were long-term loans. The loans have an average maturity of 5.7 years. Loans totaling MSEK 3,690 are due for payment in the period 2014-2016. The financial policy regulates liquidity risk by stipulating that guaranteed unused credit facilities and cash must exceed MSEK 1,500.

Lantmännen Group Treasury is responsible for financing, financial and commodity risk controls, liquidity planning and payment solutions, and capital efficiency projects. Risk consolidation and control minimizes the actual risk and the costs of measures such as hedging currency flows.

Counterparty risks

Financial transactions with a financial or commercial counterparty are subject to credit risk, which is minimized by credit control of customers and a good spread of customers across multiple segments and markets. Counterparty risk in financial transactions is minimized by using several different players with good credit ratings.

LARMA risk management system

Each year, Lantmännen handles large volumes of locally or internationally sourced grain. The grain is then sold to

Description of risk	Risk management
<p>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 of inability to discharge payment obligations due to insufficient liquidity.</p> <p>Risk level* ● Low probability ● Low impact</p>	<p>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 shall exceed MSEK 1,500. 2013 outcome: Liquidity forecasts were made daily. Lantmännen's liquidity is good.</p>
<p>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.</p> <p>Risk level* ● Low probability ● Low impact</p>	<p>Lantmännen's strategy is to take out loans with short fixed-interest periods but long maturities. Lantmännen has entered into a number of interest rate swaps and has extended the fixed-interest period for existing loans. 2013 outcome: The strategy on fixed-interest periods and tied-up capital minimized the interest rate risk. The average fixed-interest duration was reduced to 14 (19) months.</p>
<p>Currency risk. Changes in exchange rates affect Lantmännen's earnings, equity and competitive situation in different ways. Payment flows and agreements in different currencies create currency risk.</p> <p>Risk level* ● Moderate probability ● Moderate impact</p>	<p>Lantmännen's currency risk is managed centrally and the aim is to minimize currency effects by using currency inflows for payments in the same currency. In addition, financial instruments are used to hedge expected payment flows, using the guidelines contained in Lantmännen's financial policy. 2013 outcome: Currency flows were hedged in accordance with the policy, and precision was improved by means of the LARMA risk management system.</p>
<p>Credit and counterparty risk. Lantmännen's financial transactions give rise to credit risks associated with financial and commercial counterparties.</p> <p>Risk level* ● Low probability ● Moderate impact</p>	<p>Lantmännen only works with banks that have a high credit rating and in particular those that participate in the Group's long-term financing. In order to minimize the credit risk associated with outstanding trade receivables, Lantmännen has a policy of conducting special credit checks. 2013 outcome: Lantmännen had low credit losses in 2013 as a result of its work on credit risk.</p>

* 2013/2014 risk assessment was conducted by the area manager using internal expertise.

external customers or internally to our industries. A constantly changing market price exposes us to risk when buying and selling. Commodity risk can be minimized by matching purchases and sales or hedging the price in the financial markets.

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

Commitments

Lantmännen has pledged assets and other financial commitments. Many of these relate to assets pledged for credit institution loans, such as liens on property. On December 31, 2013 pledged assets amounted to MSEK 1,087.

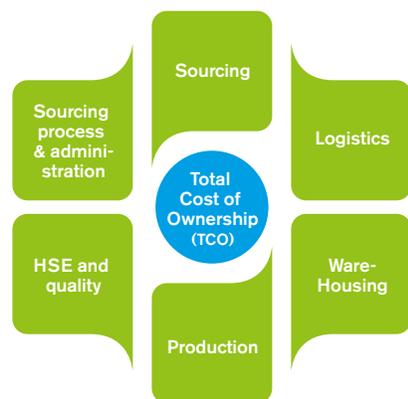
Lantmännen has pension obligations, primarily to Swedish salaried employees. The Grodden pension fund has managed and safeguarded Lantmännen's defined benefit pension obligations for the majority of its salaried employees since 2011. In the final analysis, the pension obligation to beneficiaries remains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

Resource-efficient supply chain

Lantmännen endeavors to achieve resource conservation and optimum efficiency throughout the supply chain, from sourcing to processing. We apply a cross-functional approach and use established processes and models for continuous improvements to operations. Risk management and monitoring of the environmental and social responsibility of our suppliers are an important part of the sourcing process.

Integrated approach to sourcing, environment and supply management

Lantmännen aims for optimum resource and cost efficiency in sourcing and supply management. A new framework for sourcing was developed during 2013, with a clear focus on the total cost perspective. This means that greater consideration is given to all important cost aspects when purchasing goods and services – not just price.



The TCO (Total Cost of Ownership) framework: Each element contains several different cost items to consider. Costs of transportation, warehousing and supplier assessment/monitoring are some examples.

Supply Management Excellence

To successfully see the big picture and broaden the perspective from price alone to the concept of total cost requires a cross-functional approach that involves all of the central competencies and functions.

In 2012, Lantmännen began working on SME (Supply Management Excellence), a Group-wide improvement and change program aimed at increasing the efficiency of sourcing and supply by

Innovation reduces packaging costs

Every year, Lantmännen Cerealia uses large volumes of cardboard boxes and bags for packing products. In 2012, a project was initiated under the Supply Management Excellence concept aimed at providing a more cost-effective packaging solution. A cross-functional workshop with employees from various parts of Cerealia resulted in a number of new ideas on

areas ranging from packaging materials and design to packing methods. Two suppliers were then invited to give their suggestions for improvement. Ideas from employees and suppliers now lay the foundation for more cost-effective packaging and less expensive purchasing. Potential overall savings of several million kronor were identified.

stimulating and developing cross-functional collaboration.

At the end of 2013, SME had helped achieve an annual cost reduction of MSEK 150, which is needed to at least cover market price pressure and strengthen competitiveness.

Risk assessment and responsibility in the supply chain

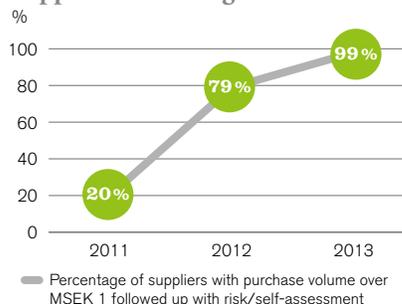
Lantmännen endeavors to establish long-term, productive supplier relationships in which responsibility and profitability go hand in hand. Risk management and monitoring of the environmental and social responsibility of our suppliers is an important part of the sourcing process and also affects the total cost of our purchases.

Our Supplier Code of Conduct applies to all suppliers and sets out clear expectations with regard to the environment, social responsibility and business ethics. For several years, we have been working systematically to implement the Code and to identify and minimize supplier risks.

The supplier code of conduct is part of the sourcing process

From 2013, implementation and monitoring of the supplier code of conduct is a fully integrated part of Lantmännen's sourcing process. In 2013, we also crossed the finishing line in the risk assessment of our existing major suppliers (annual purchase volume over MSEK 1). Based on the supplier code of conduct, an initial risk screening was implemented, with subsequent self-assessment for suppliers in the "medium" or "high" risk category. Five percent of suppliers are classified as high risk.

Supplier monitoring





Change of supplier after breach of code of conduct

Lantmännen Unibake purchases its pumpkin seeds through a trading house. In 2013, it was decided to carry out an audit of the plantation in China that supplies the pumpkin seeds. When the inspectors arrived at the plantation on the agreed date they were told that they were not at the right plantation. A new

date and location were agreed, but this time the inspectors were denied access to the plantation. Lantmännen Unibake decided to terminate all deliveries from the supplier with immediate effect. The trading house was asked to find a new supplier, which had to undergo to a qualifying inspection prior to approval.

Lantmännen works on the premise that we should be able to purchase from any supplier, provided they comply with the requirements of the Code. Suppliers' work and performance in the areas of environment and social responsibility affect the level of risk for Lantmännen, and therefore also the costs of monitoring. Certain requirements in the Supplier Code of Conduct are mandatory and must be met in order to even be considered as a supplier to Lantmännen. These include the acceptance of human rights, an active distancing from corruption and consent to checks/audits. Learn more about risks and risk assessment on [page 26](#) and at www.lantmannen.se/omlantmannen

Supplier audits in 2013

When supplier monitoring is necessary, this is done through independent third-party audits. Our strategy is to focus efforts where they do the most good.

Priority supplier and purchasing categories are those for which we have identified high risk and significant improvement potential, where we are a major player and have a good opportunity to exert an influence or those that are business critical for some other reason. All identified non-conformances are followed up.

Processing with minimum waste

In Lantmännen's breeding activities, we endeavor to utilize all resources in the best way possible, and minimize waste in every part of our operations. Of course, resources are not just raw materials, materials and machines, but also energy, time and knowledge.

Systematic approach to continuous improvement

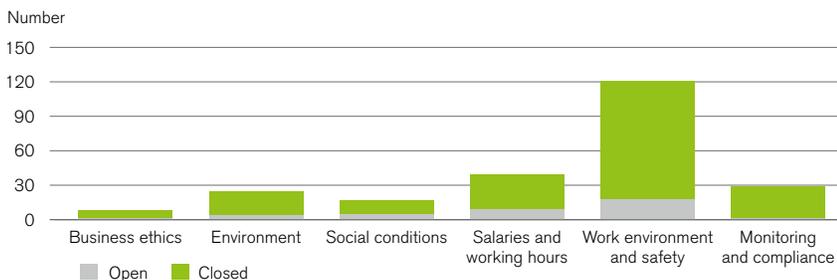
Lantmännen pursues a systematic approach to continuous improvement with a focus on increased resource efficiency.

We use the LEAD (Learn, Engage, Analyze, Do) approach, based on the knowledge, engagement and participation of all employees. The method involves putting together a cross-functional team who use their collective expertise to resolve or reduce an identified problem. The continuous improvement work is managed and monitored against specific efficiency and cost targets. The overall vision is that every day, things will be done better than the day before.

Focus on operational adaptation and energy efficiency

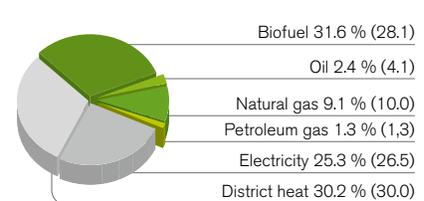
Reduced waste, shorter lead times and more efficient use of materials remain key focus areas. In 2013, we also integrated energy efficiency efforts more clearly into the improvement program. This process included the provision of energy analysis training for the LEAD and Improvement Coordinator at Lantmännen Lantbruk.

Non-conformances in conducted audits



Lantmännen has conducted 28 supplier audits in Europe, Asia and North and South America since 2010. It is our goal for all non-conformances found during audits to be corrected/closed by the supplier within one year. The chart shows total non-conformances in our audits and the number that were corrected/closed and open at year-end. Most non-conformances were in the area of work environment and safety.

Energy consumption, by energy source



The proportion of fossil energy has been reduced by converting to biofuel and selling operations using fossil-based energy.

In 2013, the focus has been on further consolidation and operational adaptation of the LEAD approach in our different business areas. The basic structure is uniform and the goal is to make the approach an actual part of the daily work and culture. Initiatives have included several training sessions aimed at increasing knowledge about the purpose and benefits of a structured improvement program.

Challenging climate target

Climate change is a key issue for Lantmännen. One factor is that a large proportion of the world's greenhouse emissions come from food production, which gives rise to a specific industry responsibility. Another issue is the material impact of climate change on our future costs, in the form of expected price increases and high taxes on energy and carbon emissions. In 2010, Lantmännen defined a pro-active target aimed at reducing the carbon footprint: to reduce its own CO₂ emissions by 40 percent between 2009 and 2020. The interim target for 2013 was 15 percent, which was achieved. The measurable target is

limited to energy use in own production and purchased transportation. In addition, we are working to reduce our carbon footprint at other areas, in collaboration with suppliers and customers.

Overall, it should be said that, even with the many measures and significant progress so far, there are still challenges in the climate issue. To drive our efforts forward, we are working to define measurable operation-specific goals and action plans more clearly.

For outcomes and comments on Lantmännen's climate target, see [page 21](#)

Conversion to biofuel at Lantmännen Reppe

Lantmännen Reppe's biomass boiler in Växjö was opened in March 2013. The conversion from fuel oil to bio-oil reduces the plant's fossil carbon dioxide emissions by 95 percent – from 7,000 tonnes to 350 tonnes per year.

Lantmännen Reppe processes wheat into glucose syrup and other products. Prior to the conversion,

the boiler contributed to Lantmännen's largest oil consumption figures, at approx. 2,000 cubic meters of oil per year. Switching fuel also reduces the cost of carbon taxation. The bio-oil, which is produced in Europe from residues of different vegetable oils, meets the EU's sustainability criteria for liquid biofuels.

Three priority areas

► Phasing-out of fuel oil

To date we have reduced the use of fuel oil by approx. 65 percent compared with Lantmännen's climate target base year 2009. This has been achieved by converting to biofuels and divesting or closing down certain plants over the years. There now remain about twenty plants, most of which are small facilities in Sweden. We are now working to develop a plan on replacing fuel oil at these facilities too.

► Energy efficiency

Work on energy efficiency is in progress, but we need to increase the pace. Integration of the LEAD approach has given these efforts a clearer cost focus and priority. Broken-down goals and monthly monitoring at plant level also represent important steps forward during 2013.

► Environmentally-friendly transport

We work constantly to optimize our transport and switch to clean fuels and environmentally-friendly transport modes. However, the positive environmental impact of this is offset by the ongoing restructuring of our operations. The trend towards centralization with fewer plants means increased transport. Cooperation with our transport providers to develop new solutions is a key part of our future work.

With biodiesel in the tanks

Lantmännen Cerealia has worked with haulage company HNT in Ängelholm to develop more environmentally friendly truck transport. Three new trucks, uniquely designed for transport to Lantmännen, were taken into use in spring 2013. The trucks run on biodiesel (RME) and replace the previous rail transport between the mills in Malmö and Uppsala. As rail

transport is no longer possible on this line, it has become necessary to find an environmentally acceptable alternative. The environmental commitment of major bakery customers has also been a driving force in the process of making the transition to renewable fuels. RME is made from rapeseed oil and has reduced carbon dioxide emissions compared with conventional diesel.



Lantmännen as a workplace

Lantmännen aims to be an attractive workplace where every employee can contribute to achieving our operational goals. We work actively to attract, retain and develop our employees.

Values and involvement

Lantmännen's values of openness, drive and a holistic view must permeate and characterize behavior and decision-making in our day-to-day operations. Everyone at Lantmännen must have a performance appraisal with their immediate supervisor at least once a year. The appraisal focuses on individual performance in relation to Lantmännen's defined targets. Assessment of personal targets, employee participation and leadership are key elements. Aligning attitudes and behavior with Lantmännen's values also plays a part in the achievement of the defined targets.

An internal mentoring program was initiated in 2013 aimed at further developing our employees by utilizing and

sharing expertise and experience between people in different roles.

The Code of Conduct – guidance in ethics and responsibility

Lantmännen's Code of Conduct contains general guidelines for responsible environmental and social behavior and serves as guidance for all employees. All employees receive Code of Conduct training (80 percent in 2013). Learn more at

► www.lantmannen.se/corp

In response to new stricter laws and an increased focus on morality and ethics in business, Lantmännen's Board adopted an anti-corruption policy in 2012. The management teams of all our Sectors have been provided with anti-corruption training. Monitoring of compliance is conducted annually at company level.

Whistleblower

Lantmännen aims to be an open and transparent company, with an ethical approach in all its decisions and actions. Employees should be able to speak up in safety when they notice irregularities. With effect from 2012, there is a whistleblower function in the Swedish and Danish operations. Anyone who wants to can report their observations or experiences anonymously. Implementation of a similar whistleblower function is in progress in Norway, Finland and the United Kingdom.

Safety first

Many of our employees work in a production environment where work-environment risks occur. A safe work environment is a high priority at Lantmännen and we work systematically to continuously identify and act on risks. Since 2009, the work environment of

all our operations has been monitored regularly, mainly by means of statistics on risks, accidents and incidents, with an annual review of the results by Group management. We also carry out about 50 loss prevention inspections each year on site at Lantmännen's production facilities. Work environment training for managers and safety representatives was completed in many parts of the Group during the year. Lantmännen's Board has ratified an updated work environment policy, which places more focus on cooperation, maintaining a higher standard than the law, local goals and guidelines and a new objective for a psychosocial work environment. A number of corporate instructions linked to the policy have also been drawn up. For outcomes and comments on Lantmännen's employee targets, see [page 21](#)

Continuing investment in better health

We consider a proactive health program as essential to sustainable performance. There is still room for improvement, as the health status varies in Lantmännen's organization. Health screening was carried out in much of the organization in 2013, and provides a basis for continuing action at individual and Group level. Starting this year, samples were taken in addition to the questionnaire and health assessment with fitness test. The results are processed in workshops at management level where goals and action plans are defined.

Protection of labor law and human rights

Lantmännen's presence in many different countries means there is an increasing need to keep updated about social risks and ensure we are a responsible employer at all locations where we operate.



Employee survey

One way of monitoring the efficiency of employee participation and management at Lantmännen is the Group-wide employee survey that is conducted every two years. Lantmännen's result for job satisfaction in 2013 is 68, which indicates that we are well placed against the benchmark system, the European Employee Index (average 66). Lantmännen's result in the management index in 2013 is 71, which is also compares favorably with the index (EEI 68).



This responsibility is based on existing legislation in each country, in addition to the requirements of our own Code of Conduct. During 2013, we conducted comprehensive risk screening of all operations in all countries with regard to the Code of Conduct and human rights. Risk categories and levels vary according to geography and type of business.

Important issues include ensuring our own compliance with labor law and protecting human rights. Regulated working conditions and freedom of association are fundamental rights, and we have regular interaction with trade union representatives and employee representatives. Lantmännen has a European Works Council and in the various countries in which we operate there is structured and regular cooperation at different levels of our companies.

Another important area is equal treatment. Lantmännen takes an active stand against all forms of victimization and discrimination. We see equality

and diversity as a basis for new ideas, a broader perspective and development.

Attracting, recruiting and developing

It is important for us to maintain and develop the skills and talent we have recruited, and at the same time attract new employees. Several parts of Lantmännen are facing major generational shifts, with the associated challenge of ensuring skills supply in the future. Meanwhile, competition for future expertise will not diminish. Having a professional recruitment process and ensuring increased internal mobility play a central role in responding to this challenge. In 2013, 38 percent (2012: 44 percent) of management positions were filled with internal candidates.

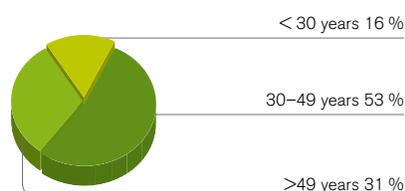
Employee development is crucial to Lantmännen's development as a company and we work actively on internal skills and management development programs. Introduction of new managers, management training and management group/

team development are ongoing activities. More than 100 managers in several countries have participated in Lantmännen's management training. A session of our one-year international management development programs for both younger and more experienced managers was started and completed during the year. The process of strengthening Lantmännen's employer brand and promoting it to students and young professionals continued in 2013. Lantmännen has run an attractive trainee program for several years, and visits many universities each year. A good position in several rankings, including 4Potentials and Universum, confirms that Lantmännen is perceived as an attractive employer. See ► www.4potentials.se

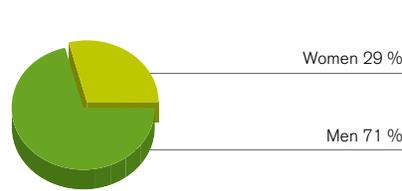
For further information about results and more key figures linked to work environment, social conditions and human rights, see

► www.lantmannen.se/gri

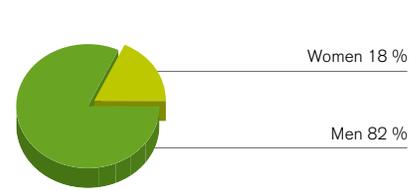
Age breakdown



Gender breakdown, employees



Gender breakdown, managers





Agriculture Sector

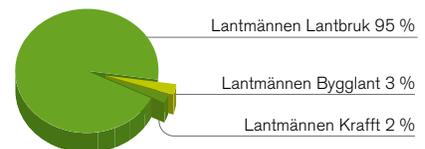
Key figures, Agriculture Sector

	2013	2012	Change
Net sales, MSEK	10,294	10,870	-5 %
Operating income, MSEK	67	165	-59 %
Operating margin, %	0.7	1.5	-0.8 p.p.
Return on operating capital, %	1.7	4.3	-2.6 p.p.
Investments in non-current assets, MSEK	141	126	12 %
Average number of employees	1,118	1,133	-1 %
female, %	31	31	0 p.p.
Women in executive management, %	44	42	2 p.p.
CO ₂ emissions, thousand tonnes	60.3	69.5	-13 %
CO ₂ emissions, tonnes per MSEK value added	71	70	1 %
CO ₂ emissions, tonnes per sales MSEK	5.9	6.4	-8 %
Total sick leave, %	3.1	2.3	0.8 p.p.

Key figures excl. items affecting comparability

	2013	2012	Change
Operating income, MSEK	105	165	-36 %
Operating margin, %	1.0	1.5	-0.5 p.p.
Return on operating capital, %	2.6	4.3	-1.7 p.p.

Share of Agriculture Sector's net sales



Agriculture Sector's brands



KRAFFT

**Nötfor
Piggfor
Pullfor
Protect**



The Agriculture Sector, which constitutes Lantmännen's core business, develops and offers products and services to enable a strong and competitive farm economy. The Agriculture Sector consists of Lantmännen Lantbruk, Lantmännen Krafft and Lantmännen Bygglant, which together offer a comprehensive range for farmers. The Sector accounts for 29 percent of Lantmännen's sales.

Responsible business • Agriculture Sector

The Agriculture Sector works to:

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



Operations

Lantmännen Lantbruk offers a wide range of products for livestock and crop production. The products are marketed under well-known names such as Nötfor, Piggfor, Pullfor and Protect, and the SW brand. Lantmännen Lantbruk is also a major participant in the grain market and purchases grain, oilseed and forages, which are sold on to Swedish and international industrial customers.

Lantmännen Krafft is the market leader in horse feed.

Lantmännen Bygglant constructs buildings and heating plants for Swedish agriculture.

The Agriculture Sector is based in Sweden, but also operates in an international market and has an ownership interest in two European companies. The Sector operates in Germany, Poland, the Netherlands, the Baltic region and Denmark. See also International ownership on [page 62](#)

Record global harvests drove down prices

The year was dominated by falling prices of both grain and oilseeds. Prices fell after favorable weather conditions brought record global harvests. Logistics problems in Brazil pushed up soybean prices during the year. The problems meant

that there was an actual physical shortage of soybeans in the market at periods during the year.

The Swedish grain harvest was good, and is estimated at 5 million tonnes according to the Board of Agriculture's preliminary figures for 2013. This is in line with the 2012 grain harvest and marginally higher than the average for the last five years. The total oilseed harvest is estimated at 330,300 tonnes, which is 3 percent more than the previous year and the highest total harvest in 23 years. This is a result of increased acreages for both winter and spring rape.

Some areas of Swedish livestock production continued to face increasing competition from imported meat during the year. Producers in the egg sector experienced lower profitability, partly due to overproduction.

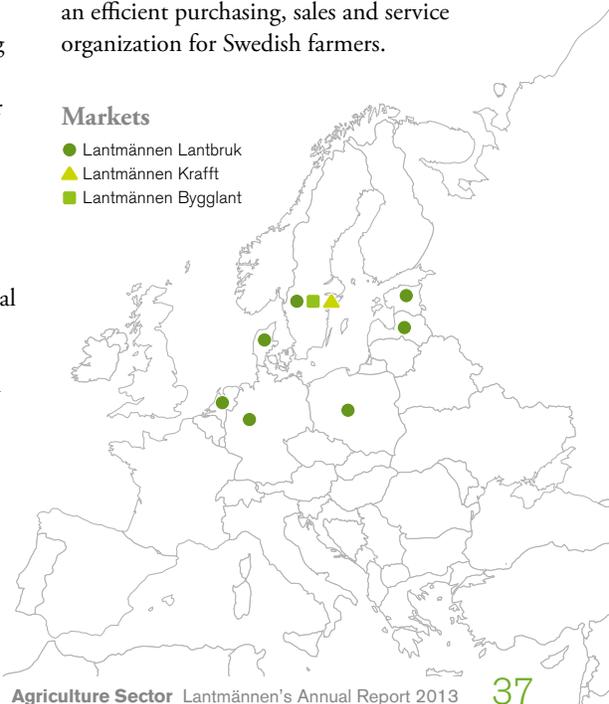
At the end of 2013, LRF Dairy Sweden reported stable growth for the international dairy market during summer and fall. Good demand in the global market resulted in high global market prices for dairy products. In Sweden, the milk settlement price rose gradually during the year.

Outlook for 2014

Johan Andersson took as Head of the Agriculture Sector on January 1, 2014. The Sector will continue to work on efficiency measures to strengthen competitiveness. The market is expected to be characterized by intense competition and price focus. It is important for the Sector to continue adapting to a changing market and to create customer value. Our goal is to be an attractive business partner – in particular to agricultural and industrial customers. We are creating relationships in the industry and developing the Agriculture Sector into an efficient purchasing, sales and service organization for Swedish farmers.

Markets

- Lantmännen Lantbruk
- ▲ Lantmännen Krafft
- Lantmännen Bygglant



Lantmännen Lantbruk

Lantmännen Lantbruk invests significant resources in research and development each year. A new development and research partnership was entered into with Dutch company Agrifirm and Felleskjøpet Fôrutvikling of Norway during the year. The aim of the partnership is to jointly develop new products and feed concepts for cattle, pigs and poultry.



Operations in 2013

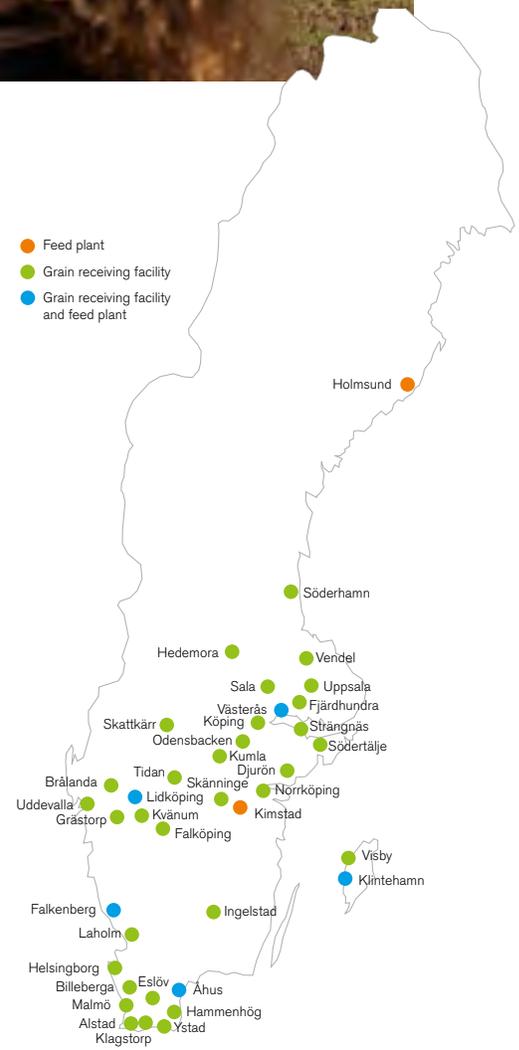
The year's spring planting and harvest ran efficiently, partly due to new transport arrangements which resulted in an improved delivery performance.

Lantmännen and DLG of Denmark signed an agreement to acquire HaGe Polska from HaGe Kiel AG and are awaiting EU clearance to complete the acquisition.

The acquisition of the Danish company Agro Bizz A/S was announced in October. The operations were incor-

porated into Lantmännen Lantbruk's department for purchasing and grain sales. These acquisitions strengthen our position in the Baltic region while also creating new scope for expansion.

The process of streamlining operations continued during the year, which meant there was a major focus on the ONE approach action program within the organization. The measures are aimed at streamlining internal procedures while simplifying and improving processes for our customers and grain suppliers.



Key figures, Lantmännen Lantbruk Sweden

	2013	2012	Change
Net sales, MSEK	9,817	10,240	-4 %
Operating income, MSEK	12	102	-88 %
Operating margin, %	0.1	1.0	-0.9 p.p.
Return on operating capital, %	0.4	3.6	-3.2 p.p.
Investments in non-current assets, MSEK	135	114	18 %
Average number of employees	965	964	0 %
female, %	31	31	0 p.p.

Key figures excl. items affecting comparability

	2013	2012	Change
Operating income, MSEK	49	102	-52 %
Operating margin, %	0.5	1.0	-0.5 p.p.
Return on operating capital, %	1.7	3.6	-1.9 p.p.

The internal work also focused on adapting operations to the ever-changing agricultural market. An organizational change was implemented within the sales department, which resulted in a new structure adapted to accommodate the farmers' different conditions.

LEAD is another important part of the internal work. At many of Lantmännen Lantbruk's facilities, work on continuous improvement under the LEAD program has contributed to efficiency in terms of lower energy consumption, increased capacity utilization and fewer rejections. An internal task force, the Core team, has been formed to support the facilities with training, methods and loss analyzes for energy efficiency

The process of developing a systematic work environment and safety program continued. An important part of this work was to increase the focus on reporting and monitoring. Efforts to create a clear and well implemented approach towards achieving sustainable chemical management intensified.

One of the feed efficiency measures involved phasing out feed production in Helsingborg, and moving it to Lantmännen Lantbruk's other feed plants.

Seed & Forages

Under the SW brand, Lantmännen Lantbruk breeds and markets varieties of seed in the areas of seed grain, oilseeds and grass seed. Lantmännen Lantbruk

works actively to develop new varieties of a high quality and currently offers a wide range of seeds.

Several new varieties were developed and introduced during the year, further strengthening the product range. These included Galant (food oat), SW Magnifik (feed wheat) and Mascara (winter rape).

There was good demand for seed before the spring planting season due to the rainy fall and poor overwintering of winter crops. However, sales of grass seed declined as a result of profitability problems in milk production in the early part of the year. In international operations, the year began with significant export sales of spring seed and much higher sales of grass seed than in previous years. Exports of fall seed to central Europe were good, while volumes of winter rape continued to decline due to weak experimental results and the continuing transition to hybrid varieties.

Lantmännen BioAgri continued its successful focus on biologically treated seed and the eco-friendly ThermoSeed method. Interest in the company's biological products is growing and Lantmännen BioAgri was named "Eco Company of the Year" at the Ekogalan fair.

Goods for resale

Lantmännen Lantbruk markets a wide range of products for crop production and feed conservation. The range includes fertilizer, lime, crop protection,

silage agents and specialty products such as stretch film, plastic, net and yarn.

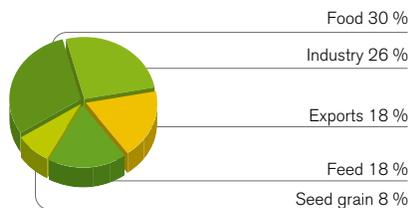
The fertilizer market started positively in early summer, but grew more cautious after the summer due to declining world prices for fertilizer and grain. A cold and late spring, fewer treatments in sugar beet cultivation and lower volumes of insecticides due to a lack of attacks affected volumes in the plant protection market. However, Lantmännen Lantbruk retained its market position. Demand for silage agents and specialty products fell, partly because of the dry summer.

Animal feed

Lantmännen Lantbruk develops and supplies a comprehensive range of feeds for livestock production. Animal feed is marketed under brands that include Nötfor, Piggfor, Pullfor and Protect. The majority of feed sales are to livestock producers in Sweden.

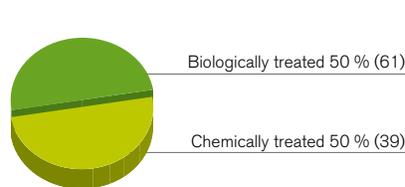
Sales of cattle feed were positively affected by rising milk settlement prices and this helped Nötfor to retain a strong market position. Demand for organic eggs remained high, while production of conventional eggs decreased as demand fell. The reduction in production was also reflected in sales of Pullfor Värp. The situation and profitability of the country's pork producers remained under pressure. Piggfor decreased in volume as customers turned to more concentrated products.

Use of purchased grain



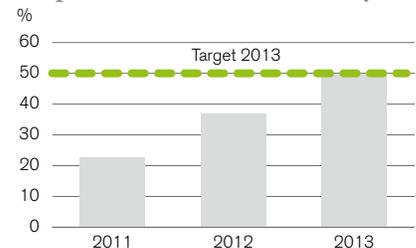
Lantmännen Lantbruk purchases approx. 2 million tonnes of grain and oilseeds from Swedish farmers every year. The grain and oilseeds are then sold on to different producers.

Share of biologically treated seed



Germinating capacity tests for spring barley were introduced before the 2013 spring season to ensure an optimum treatment method for each batch. This resulted in reduced Cedomon treatment. The volume of ThermoSeed treated seed was unchanged between the years.

Proportion of RTRS-certified soy



The 2013 objective of 50 percent RTRS certification for total soy volumes was achieved. For more key figures and results, see www.lantmannen.se/responsibility

Lantmännen's grain and oilseed purchases and sales



Lantmännen Lantbruk buys and sells grain and oilseeds. In a normal harvest year, the volume is approx. 2 million tonnes. About 82 percent of this is then sold to Swedish industry – mainly to mills, distilleries and feed, ethanol and malting plants.

A new updated mineral feed range and new feed products for piglets were launched in fall. The feed ranges, which are produced as part of our own development operations, will help promote good animal health and high production.

Grain

Lantmännen Lantbruk buys and sells grain and oilseeds. In a normal harvest year, the volume is approx. 2 million tonnes. About 75 percent of this is then sold to Swedish industry – mainly to mills, distilleries and feed, ethanol and malting plants. The export market is also important for the grain business. The majority of grain exports during the year went to Germany, the Netherlands, Belgium, Denmark, Norway, the U.S., the U.K., Spain, Switzerland and North Africa. Exports consisted of both conventional and organic grain, pulses and oilseeds.

The Swedish grain and oilseed harvest for the year was good in most parts of the country. Favorable harvest weather resulted in good quality and a generally low water content for the harvested grain. The DON mold toxin was not as problematic as in previous years. Lantmännen opened new grain receiving facilities in Grästorp, Falköping and Fjärdhundra in time for the harvest period. There were also investments in additional facilities in order to increase access for grain farmers in western Sweden and Mälardalen.

Lantmännen Krafft

Lantmännen Krafft develops and markets a wide range of horse feeds and feed supplements. Krafft is the market leader in Sweden and has sales in over 15 countries.

Lantmännen Krafft reported sales of MSEK 174 in 2013. The company has 18 employees and is headquartered in Falkenberg. Lantmännen Krafft experienced positive growth during the year. The Swedish feed market was stable, and exports, especially to the focus markets, continued to grow. In 2013, Lantmännen Krafft was principal sponsor of events such as Pony Elite Week, Young Riders Academy and Young Rider Krafft Cup as part of the focus on talented young people in equestrian sport.

The new, proprietary feed Maxbalance SPC, with specially processed oats, was launched during the year. SPC is based on a patent developed by Lantmännen in collaboration with scientists and leading equestrian participants.

Learn more at
▶ www.krafft.nu



Lantmännen Effekt and Mixa

Lantmännen Lantbruk's new mineral feed range is designed to suit the needs and circumstances of different herds, and promotes good animal health and high production.



Lantmännen Byggglant

Lantmännen Byggglant designs and constructs buildings and heating plants for Swedish agriculture.

The company offers everything from small deliveries of materials to turnkey construction and heating contracts. Lantmännen Byggglant reported sales of MSEK 280 in 2013. The company has 46 employees and is headquartered in Falkenberg.

Lantmännen Byggglant was adversely affected during the year by developments in some areas of livestock and milk production and by the general economic situation. The reduced level of investment by farmers resulted in a weak order intake.

Oats on the way up

Advances in research on the health benefits of oats are reflected by rising demand for oats and oat products all over the world. Two years ago, the EU Commission permitted three health claims to be made for oats: that they contribute to the maintenance of normal blood glucose levels, they lower cholesterol and may therefore protect against cardiovascular disease and they help to keep the stomach in shape.

It is mainly the high content of soluble fiber, beta-glucans, in oats that gives the special health properties. They also contain high-quality protein and healthy oil. The global market is there for the taking for Swedish oats. With our climate, soil and growing tradition, we can offer oats of a uniquely high quality.

Taste and high quality

The unique taste properties of oats suit the breakfast table. Porridge has had a renaissance both in Sweden and internationally. Convenience and new flavors are what consumers want. Oats in bread make it moist and last longer and provide variation, both in home baking and on the bakery shelf.

Lantmännen has placed a strategic and long-term focus on oats for various food purposes in research, development and food processing. One example is the world innovation Havre Flakes, which



Oats

Oats are Sweden's third-largest cereal after barley and wheat. About 15 percent (100,000 tonnes) are for food, e.g., rolled oats, flour, steel-cut oats, drinks and fiber concentrates. The rest are for animal feed. Exports, mostly for food, are almost 200,000 tonnes.

AXA launched in 2012. Our quality systems, with control and traceability, are well developed and most of the oats grown in Sweden meet the high requirements for food raw materials.

Oats for gluten intolerance

Clinical studies have shown that child and adult celiacs can also eat specially produced oats. Hand-picked Swedish farms are contracted to grow the pure oats for Lantmännen. Contamination is avoided by cleaning every single implement, combine, trailer and silo. Careful analyses ensure high quality and the absence of other grains.

Research and development

Lantmännen's research foundations support many oat-related projects. One of these is the Fibflo project at Karolinska Institutet, which studies how beta-glucan intake affects the microorganisms in the gut and therefore our health.

A study at the Nordic Food Research Institute Nofina is looking at why oats give a greater feeling of fullness than other cereals. Is it due to the fiber, properties of the starch, fat content or antioxidants in the form of phenolic acids?

The same institute is examining whether different industrial processes can increase the bioaccessibility of phenolic acids in the body.

Developing new properties

Lantmännen's plant breeding unit SW Seed is developing new oat varieties suitable for the Nordic climate and even more resistant to disease and attack. Galant, a new high-yield oat variety suitable for

food was launched for the spring season. Several new oat varieties are also under development

Lantmännen Research Foundation is also involved in and financing a Chair in Applied Biochemistry at LTH Faculty of Engineering, with the focus on mutation breeding to produce oats with a higher fiber content or a modified fat composition. By treating individual oat kernels of the Belinda oat variety, just under 3,000 mutagenized lines were obtained and these will now be evaluated. Lantmännen Research Foundation supports several projects with the aim of reducing the problems of various plant diseases such as Fusarium Head Blight.

AS-Faktor SPC-Flakes

Scientific studies show the beneficial effects of SPC-Flakes on patients with stomach disease, diabetes, engorgement and Ménière's disease. The main raw material is high-quality oats, which have undergone hydrothermal treatment patented by Lantmännen, drying and microbiological analyses. No additives are used.





Machinery Sector

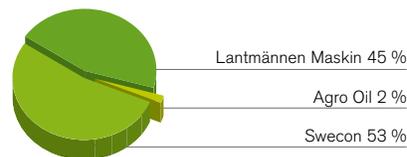
Key figures, Machinery Sector

	2013	2012	Change
Net sales, MSEK	8,934	9,146	-2 %
Operating income, MSEK	255	300	-15 %
Operating margin, %	2.9	3.3	-0.4 p.p.
Return on operating capital, %	11.5	12.9	1.4 p.p.
Investments in non-current assets, MSEK	415	378	10 %
Average number of employees	1,813	1,830	-1 %
female, %	10	9	1 p.p.
Women in executive management, %	13	33	-20 p.p.
CO ₂ emissions, thousand tonnes	-	-	-
CO ₂ emissions, tonnes per MSEK value added	-	-	-
CO ₂ emissions, tonnes per MSEK net sales	-	-	-
Total sick leave, %	3.2	3.1	0.1 p.p.

Key figures excl. items affecting comparability

	2013	2012	Change
Operating income, MSEK	255	300	-15 %
Operating margin, %	2.9	3.3	-0.4 p.p.
Return on operating capital, %	11.5	12.9	-1.4 p.p.

Share of Machinery Sector's net sales



Machinery Sector's brands



The Machinery Sector comprises Lantmännen's construction and farm machinery operations. The Sector consists of the business areas Lantmännen Maskin, Swecon and Agro Oil. The machine companies have unique service networks with modern workshops. The Sector accounts for 25 percent of Lantmännen's sales.

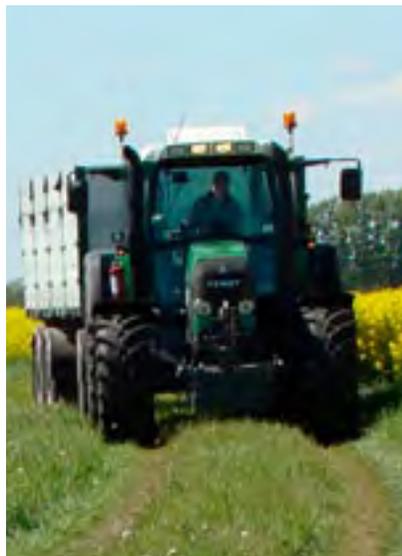
Operations

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

Lantmännen Maskin imports, markets and sells farm machinery such as Valtra and Claas in Scandinavia and Fendt in Sweden.

Swecon markets and sells Volvo Construction Equipment in Sweden, the Baltic countries and Germany.

Agro Oil markets and sells lubricants and chemical maintenance products in Scandinavia under the Agrol brand.



Responsible business • Machinery Sector

The Machinery Sector works to increase responsibility, which means:

- continuing work on the standardization of chemicals
- continuing development and improvement of work environment reporting and monitoring
- in response to statutory requirements from the EU and NAFTA for lower emissions, Volvo CE has developed stage 4 engines and AGCO is following suit. The engines minimize emissions of particles and nitrogen oxides. The requirements apply to both farm machinery and construction machinery
- continuing focus on being an attractive employer, including using our employees' ideas and suggestions for improvement.



Business environment & market

The markets are clouded by uncertainty, which is largely reflected in the reduced number of machines sold. Agricultural debt in Sweden and Denmark increased during 2013. A slowdown in the mining sector and weakened economic activity in parts of the construction sector resulted in a total market reduction for construction machinery.

The Swedish tractor market fell by 11 percent compared with the previous year, while the Danish market, which has recovered, grew by 38 percent in 2013. The Norwegian tractor market was stable. The order intake was relatively unchanged. Market shares were maintained and in Sweden even improved slightly.

The construction machinery market declined by 5 percent in Sweden and 15 percent in Germany, while in the Baltics it was unchanged but at a low level. The order intake was stable, but lower than it should be, although Swecon's market shares showed an upward trend. This is largely due to competitors also increasingly moving to the new engine technology.

The weaker machinery market and a reduced need for servicing had an adverse effect on Agro Oil's volumes. However, this was offset by new external customers and a certain broadening of the range, which meant that the total volume was maintained.

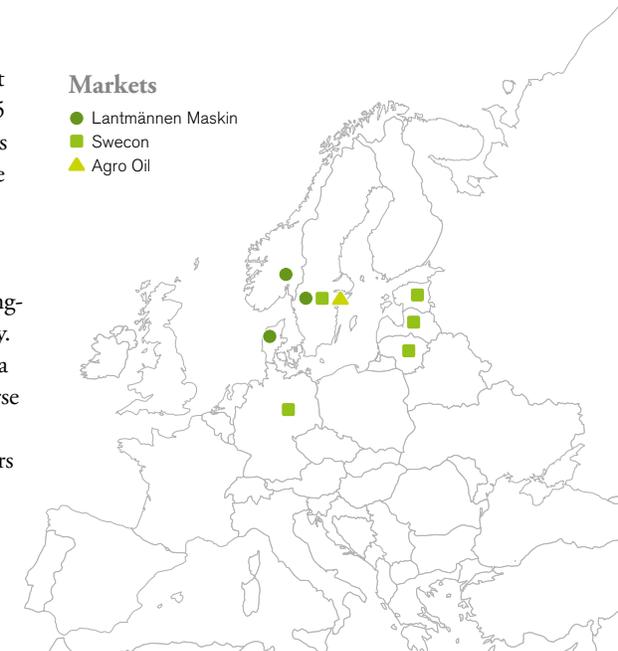
Outlook for 2014

The markets are expected to continue their cautious approach to new investments, but there is some expectation of improvement in the latter part of 2014. However, customers will have high utilization of existing machinery and servicing, and spare part sales are expected to be stable.

Machines with engines that comply with emission limits for the final stage of the EU environmental directive are being introduced in 2014.

Markets

- Lantmännen Maskin
- Swecon
- ▲ Agro Oil



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 market and is the exclusive partner of Valtra and Claas in Scandinavia and Fendt in Sweden. Lantmännen Maskin reported sales of MSEK 4,136 in 2013.



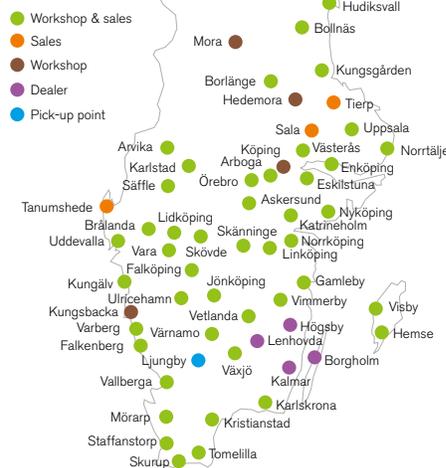
Operations

Sweden

Lantmännen Maskin's change program, which began in 2012, continued in full force in 2013 and is starting to produce effects on a broad front. The program affects employees, customers and suppliers. Early on in the year, management met 1,500 customers in the course of about 50 meetings. The requirements and preferences that emerged from the meetings have contributed to activities and measures under the change program.

A major focus has been placed on supplier negotiations in order to improve quality, terms and conditions for our customers and Lantmännen Maskin. Organizational changes have been implemented to achieve higher customer satisfaction and profitability. Managing Director Jonas Arvidsson visited our 54 facilities to talk to employees about goals and visions.

In the lead-up to the harvest season, a national out-of-hours service was introduced to ensure workshop and parts availability. In our new online store,



Key figures, Lantmännen Maskin Sweden

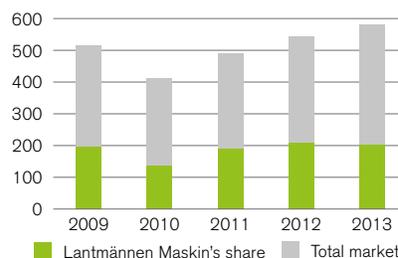
	2013	2012	Change
Net sales, MSEK	2,766	2,916	-5 %
Operating income, MSEK	-13	-36	64 %
Operating margin, %	-0.5	-1.2	0.7 p.p.
Return on operating capital, %	-1.7	-4.6	2.9 p.p.
Investments in non-current assets, MSEK	11	6	83 %
Average number of employees	723	733	-1%
female, %	8	7	1 p.p.

Key figures excl. items affecting comparability

	2013	2012	Change
Operating income, MSEK	-13	-36	64 %
Operating margin, %	-0.5	-1.2	0.7 p.p.
Return on operating capital, %	-1.7	-4.6	2.9 p.p.

Total market, combines

Number in Scandinavia



customers can make purchases and view stock availability.

CSI (Customer Satisfaction Index) surveys of servicing and repair work have been conducted regularly since April 1. They indicate high customer satisfaction and point to where further improvements can be made. Attractive and more customized offerings of machinery and servicing have been launched to increase customer satisfaction.

Norway

Christian Rafn Schmidt took over as Managing Director of Lantmännen Maskin in Norway on January 1, 2014. We have worked on improvement measures to increase customer satisfaction and profitability for our distribution through the companies Akershus and Midt-Norge. The performance of the Norwegian krone against the euro has adversely affected business. In addition, we divided the dealership business in one area, and we now have two dealers each with their own tractor brand. The companies were burdened with large inventories, both new and used, although these had been reduced slightly by the end of the year.

Denmark

LMB Danmark, which imports Claas and Valtra farm machinery, is being divided in 2014 and will only import the Claas range for distribution through independent dealers. In November, Michael Husfeldt took over as Managing Director.

Lantmännen continues to be an importer of Valtra products, but the imports



are transferred to another sales company that will exclusively handle sales and servicing of Valtra products.

Business environment

Swedish agricultural borrowing increased by 6 percent in 2012. Although the borrowing rate slowed in 2013, the perceived profitability of farmers continued to weaken.

The reluctance to invest in machinery continued in 2013 and was mainly reflected in lower tractor sales. The machinery manufacturers' production capacity is higher than demand, resulting in shorter lead times for new tractors and increased price competition.

Tractor sales started the year well, but declined during fall.

Market

Sweden's total order intake for machinery and equipment was stable during the year, despite a declining market. The tractor market in Sweden fell by 16 percent in 2012, and the downward trend continued in 2013 with a decline

of 11 percent. Despite a reduced total market, Valtra maintains its leading position, and the overall market share for our three tractor brands, Valtra, Fendt and Claas, has strengthened.

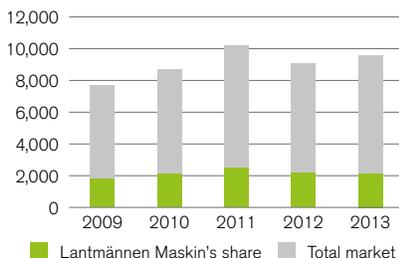
Major efforts were made to create a more competitive customer offering for Fendt during the year. Several innovations from our suppliers were presented at the fall Agritechnica fair in Germany, ensuring a very strong product range next year. With Claas, we hold a strong market position for combines. An efficient approach and consistently high occupancy have had a positive effect on the workshop results. Spare part sales were stable during the year.

In Norway, the market was stable with slight growth for motor mowers. Claas became the combine market leader with 40 percent of the market.

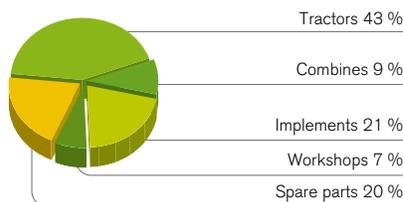
Farm machinery sales in Denmark increased in 2013. One reason for the increase was access to alternative financing for farmers. All of the large machinery suppliers in Denmark offer financing at very low interest rates.

Total market, tractors

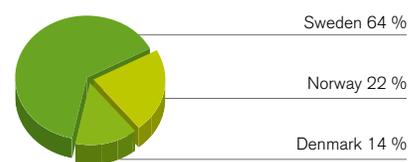
Number registered in Scandinavia



Lantmännen Maskin: Sales by product group



Lantmännen Maskin: Sales by country



Swecon

Swecon is a dealer and partner of Volvo Construction Equipment and engages in marketing, sales and servicing in Sweden, the Baltic countries and Germany. The product line consists of front loaders, dumpers, excavators and road construction equipment. Swecon reported sales of MSEK 4,781 in 2013.



Operations

Sweden

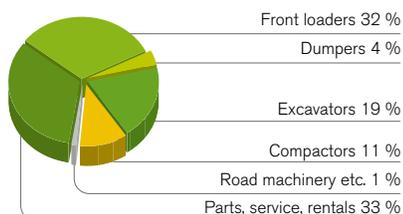
Swecon strengthened its position during the year in a prudent and cautious market. Margins were squeezed as a result of increasing competition and a strong Swedish krona. A targeted sales push in specific product segments brought positive results and increased market shares. Deliveries to the Swedish Defence Materiel Administration (FMV) have been completed and include a total of 77

machines and related equipment. The deliveries spanned a two-year period from May 2011 to June 2013.

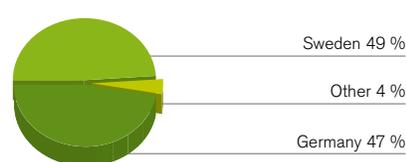
New LEAD improvement projects were initiated during the year with the aim of reducing tied-up capital and improving operational management. CSI surveys of performed servicing and repair work are conducted regularly and show a continuous improvement.



Swecon:
Sales by product group



Swecon:
Sales by market





In November, Swecon moved into new headquarters and a new equipment workshop was completed in the following month. The aim of the workshop is to reduce lead times for new machinery deliveries and also allow a methodical and uniform approach to retrofitting of equipment. It also creates opportunities for cost rationalization, which in turn increases competitiveness.

Baltic Region

Swecon's three Baltic companies are affected by a situation of low volumes. However, with a cost-efficient structure and stable servicing operations, the companies are showing good earnings growth. Lithuania received a large order for seven front loaders in October. An unfavorable price position for these markets, coupled with low sales volumes, was partly offset by the sale of used machines.

Germany

A cold and persistent winter meant that the construction machinery business was slow starting during the year. Although the construction industry showed a market decline in 2013, Swecon was still

able to stabilize its market position. The machinery rental business was also slow off the mark because of the long winter, but eventually got underway and showed positive growth. Development of the servicing market was reinforced by the appointment of new partners, primarily in the compact equipment segment.

Two workshops were opened in 2013, in order to improve geographical coverage and support the rental business.

Bauma, the triennial international trade fair for construction machinery, was held in April 2013. The exhibition was successful and resulted in a strong order intake.

Business environment

Continuing instability, particularly in the Eurozone, is having a bearing on the investment decisions of our customers, although after two years of market decline a cautious recovery is expected in the second half of 2014.

Several large infrastructure projects have been postponed, but at the same time, there are signs that indicate increased activity in the period ahead.

Market

The total market in Sweden declined by approx. 5 percent in 2013 and the weak order intake remained low. The total market was affected most by the slowdown in the mining sector and parts of the construction sector. Nevertheless, existing machinery was still active during the year and generated a large number of servicing hours.

The German market showed a sharp decline in the first half of 2013, but then stabilized at 15 percent. As in Sweden, customers are cautious about new investments and are using their existing machinery instead.

The Baltic markets were still very small in terms of number of units sold. In particular, investments in infrastructure and the construction sector were at a very low level. However, the Baltic market remained unchanged in volume.



Agro Oil

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

Operations

Agro Oil reported sales of MSEK 194 in 2013. The company offers a customized and comprehensive range of products for agricultural, forestry and construction customers. Several of the products are proprietary and offer unique features. In product development, it is important to minimize customers' environment impacts, either directly with eco-friendly products or indirectly with products that extend the service life or reduce fuel consumption of machinery. Most of the products are produced by Petrolia AB, which is jointly owned by Lantmännen, OKQ8 and OK-föreningar. Agrol lubricants are sold in Sweden, Norway, Denmark and Estonia.

For Agro Oil, the shrinking market has led to a tougher sales climate and declining volumes. New external transactions have compensated for the declining sales to existing customers, and Agro Oil's 2013 volume increased slightly compared with 2012.

During the year, Agro Oil launched new products with a focus on reducing operating and maintenance costs and environmental impacts. The launches included Agrol Mendo Eco and Agrol Hydraul Syntet. Interesting collaborations with universities and partners are in progress and are expected to culminate in new products in the coming years. Learn more at ► www.agrol.se

Energy Sector

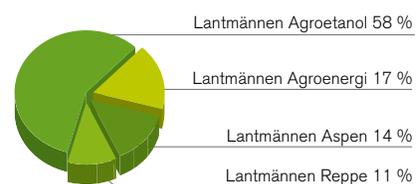
Key figures, Energy Sector

	2013	2012	Change
Net sales, MSEK	3,723	3,615	3 %
Operating income, MSEK	-846	-21	n.a.
Operating margin, %	-22.7	-0.6	-22.1 p.p.
Return on operating capital, %	-40.5	-0.9	-39.6 p.p.
Investments in non-current assets, MSEK	83	67	24 %
Average number of employees	345	344	0 %
female, %	23	23	0 p.p.
Women in executive management, %	20	20	0 p.p.
CO ₂ emissions, thousand tonnes	40.4	74.4	-46 %
CO ₂ emissions, tonnes per MSEK value added	108	192.0	-44 %
CO ₂ emissions, tonnes per MSEK net sales	10.8	20.6	-48 %
Total sick leave, %	2.5	2.3	0.2 p.p.

Key figures excl. items affecting comparability

	2013	2012	Change
Operating income, MSEK	-46	-21	-119 %
Operating margin, %	-1.2	-0.6	-0.6 p.p.
Return on operating capital, %	-2.2	-0.9	-1.3 p.p.

Share of Energy Sector's net sales



Energy Sector's brands



The Energy Sector is Sweden's largest bioenergy company. The Sector encompasses Lantmännen's energy and green chemistry operations. The Energy Sector manufactures and markets sustainable fuel ethanol, solid biofuel (heating pellets and briquettes), district heating, protein feed, starch, alkylate petrol and potable spirits. The Sector accounts for 10 percent of the Group's sales.

Responsible business • Energy Sector

The Energy Sector works to increase responsibility, which means:

- the Sector's operations are geared to the Group's climate and energy targets, and use of fossil fuel oil declined in 2013
- construction of a carbon dioxide facility at Agroetanol began in 2013. The facility's utilization of carbon dioxide improves Agroetanol's resource efficiency and greenhouse gas performance
- the Sector works actively on health, safety and environment to provide safe and secure workplaces. Aspen is a model in terms of safety, having had no lost-time accidents since 2010
- the LEAD methodology provides continuous improvement in the quality and process yield of ethanol and Agrodrank production.



Operations

The Energy Sector operates in a global market, with the main focus on Europe. We offer responsibly produced bio-based energy and food products and related services. Our production is located in Sweden and Latvia. In 2013, the Energy Sector was the largest bioenergy company in Sweden for the fourth consecutive year, and in energy terms Lantmännen Agroenergi is the largest Swedish supplier of solid refined biofuels.

Business environment

Bioenergy is Sweden's most widely used type of energy, accounting for about a third of Swedish energy consumption. The majority of bioenergy is used in the pulp industry and the heating sector, but Sweden also has a leading position in biofuels for the transport sector. Transport is still the sector that is most dependent on fossil energy and the transition to sustainable transport is therefore a major challenge, both globally and in Sweden.

The Energy Sector produces ethanol with high carbon efficiency, and this is one of the renewable alternatives in demand as replacements for fossil petrol and diesel.

Sweden is the first EU country to have achieved the target of ten percent renewable energy in transport by 2020. The next targets are for Sweden to have

a fossil-free vehicle fleet by 2030 and to be a country with no net emissions of greenhouse gases by 2050. The country is moving towards these energy policy targets with measures which include a new law on the quota obligation for biofuels. The aim is to increase the volumes of low-level blends of biofuels in petrol and diesel to reach the target. An increased share of biofuels from present levels is proposed from 2015, which means the introduction of petrol with up to ten percent ethanol from the current five percent. Addition of ethanol to petrol is a cost-effective and important tool to reduce emissions from the transport sector.

The Government inquiry *Fossilfrihet på väg* was presented towards the end of 2013. The proposals for reducing the transport sector's dependence on fossil fuels include increased use of biofuels, major efficiency improvements in the sector and instruments that reward the most carbon-efficient biofuels.

Market

In Sweden, ethanol is used in high-level blends (E85 and ED95) and low-level blends (conventional petrol). Almost all petrol sold today contains five percent ethanol, which will increase to ten percent in a few years' time. The European ethanol market's profitability has been

under intense pressure in recent years due to an unfavorable ethanol-grain price relationship. There are many indications that this situation will persist over the next few years.

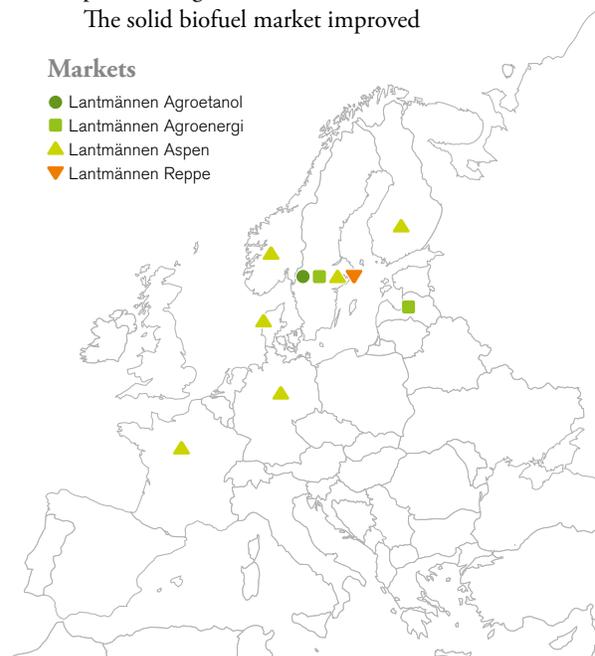
The future looks bright for the Swedish pellet market, with increasing demand for sustainable industrial solutions.

The protein market was strong during the first six months of the year, which partly compensated for the low price of ethanol. The price fell rapidly after summer due to good protein crop harvests in South America and positive forecasts for North America, although the price rose again in the fall.

The solid biofuel market improved

Markets

- Lantmännen Agroetanol
- Lantmännen Agroenergi
- ▲ Lantmännen Aspen
- ▼ Lantmännen Reppe



from a situation of large surpluses and weak demand and is now better balanced, partly as a result of the cold winter. The future looks bright for the Swedish pellet market. We are seeing increased demand for sustainable solutions from industries wanting to phase out use of fossil energy, and solid biofuels are emerging as a cost-effective and sustainable solution.

Development of the Agroetanol biorefinery continued, with a focus on sustainability. The summer of 2013 marked the start of construction of a carbon dioxide facility to utilize and purify the carbon dioxide that is naturally formed during ethanol production. The project is a joint venture with AGA Gas AB through the jointly owned company Norlic AB, and reflects Lantmännen's aim to sustainably create added value from every part of the raw material grain. The venture is part of Lantmännen's strategic efforts for sustainable business development and will also lead to an improved greenhouse gas performance for fuel ethanol produced in Norrköping. The partnership with AGA creates the conditions for large-scale production of food grade liquid CO₂ in Sweden. The plant is scheduled to be operational in summer 2014.

Another sustainable business development initiative is our ongoing project to further improve the quality and diversification of the protein-rich feed product Agrodrank, which is produced in parallel with ethanol. The amount of protein produced at Agroetanol corresponds to one-third of Sweden's protein imports. Increased global demand for sustainable protein products, primarily for livestock production, creates interesting market scope for further refinement of Agrodrank. However, it is important to point out that to continue development investments over and above the carbon dioxide facility currently under construction will require better market conditions and an improved playing field with regard to economic policy.

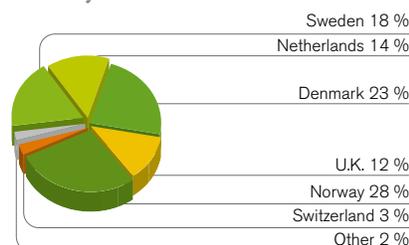
Lantmännen Agroetanol

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

Lantmännen Agroetanol's net sales for 2013 were MSEK 2,172 (2,067). Operating income was MSEK -941 (-82), with MSEK -800 of this amount relating to the impairment of non-current assets, although falling ethanol prices in Europe also had an adverse effect. Production efficiency at the ethanol plant continues to improve, although political decisions and the already unfavorable ethanol price situation are hitting profitability hard. The future market remains very unpredictable. In particular, parliament's decision to introduce new policy instruments for biofuels in Sweden has dramatically changed the playing field. The combination of these factors resulted in the impairment loss of MSEK -800. If these items are not included, operating income was MSEK -141 (-82).

The company processes grain into ethanol for the vehicle fuel market and protein products for the animal feed market. Our vision is to be an attractive climate partner, driven by nature. Our production and sales of fuel ethanol and protein products create greenhouse gas benefits and added value at every stage. Our plant in Händelö, near Norrköping, has an annual production of 225,000 m³ of ethanol and

Lantmännen Agroetanol: Sales by market



200,000 tonnes of the protein-rich animal feed Agrodrank, making Lantmännen Agroetanol the largest producer of sustainable fuel ethanol in the Nordic region. Our customers are mainly Swedish oil companies, although we also have sales in other markets, notably in northern Europe. The ethanol produced by Lantmännen Agroetanol accounts for more than half of Swedish ethanol consumption. The feed product Agrodrank is mainly sold to feed manufacturers in the Nordic region. Our systematic quality improvements and new processes in production brought continuing cost efficiencies during the year.

We also intensified our work on developing new feed products during the year. From protein and fiber we can make high added value products for new areas. The new products will be able to create even greater value for the feed industry, which should help to reduce Swedish protein imports.

In terms of Lantmännen's commitment to sustainability, we fill an important role. Our ethanol reduces emissions by 70 percent compared with petrol. The carbon efficiency will increase to about 90 percent when the carbon dioxide facility is completed. Learn more at ► www.agroetanol.se

Lantmännen Agroenergi

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

Lantmännen Agroenergi's production takes place in Sweden and Latvia, and we also operate about a dozen heating and district heating plants in Sweden. The company reported sales of MSEK 634 during the year. All of Agroenergi's district heating companies are certified under the Swedish District Heating Association's *Reko fjärrvärme* quality label. Our operations are characterized by responsibility for people and the environment in future

generations. Lantmännen Agroenergi's main market is Sweden and northern Europe. Our customers are heating plants, thermal power stations for local heating, premises, the manufacturing industry and property/home owners. Our Latvian subsidiary SBE Latvia Ltd produces pellets, mainly for export to the rest of Europe.

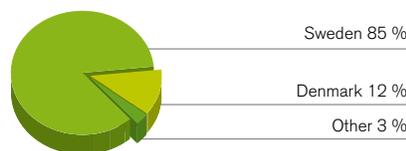
The economy and confidence in the Swedish pellet market have both improved over the past year. From a large surplus and weak demand, we are now seeing a market situation in better balance. The future looks bright for the Swedish and European pellet markets in the face of increased investments from companies switching from fossil fuels to bioenergy solutions.

Heating operations continued to show stable profitability in 2013. In Skurup, the district heating system was expanded and two Lantmännen properties were connected to district heating. In other district heating operations, densification work and identification of new expansion areas are in progress. The reduced rebate on energy and carbon dioxide tax for the manufacturing industry is expected to lead to increased industrial sector demand for district heating and ready heat. The Vilhelmsro and Visby facilities were divested.

After the end of the year, Lantmännen and Neova AB signed an agreement on merging their wood pellet activities. The combined company consists of Lantmännen Agroenergi's pellet business in Sweden and Latvia and Neova's corresponding business in Sweden. Lantmännen will have a 50 percent ownership share in the company.

Read more at ► www.agroenergi.se

Lantmännen Agroenergi: Sales by market



Lantmännen Aspen

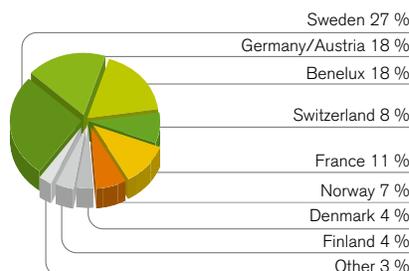
Lantmännen Aspen develops, manufactures and markets Aspen alkylate petrol.

Lantmännen Aspen reported sales of MSEK 503 in 2013, and also celebrated its 25th anniversary. Focusing on people, machinery and the environment, Aspen is market leader in large parts of Europe and Canada, and the vision is to be world leader in specially adapted fuel. Alkylate petrol is an eco-friendly petroleum product, used mainly in small engines such as lawn mowers, chainsaws and boats. Aspen alkylate petrol is virtually free from harmful substances such as benzene and aromatics. The main customers are in park and property management, and the forestry, agriculture, horticulture, marine and motor sports sectors.

The year started more weakly than expected due to decreased forestry activity and a cold spring that held back grass growth, but favorable summer weather brought record sales. A new product, Aspen 2 Full Range Technology, was launched after three years of development. The fuel contains a new generation 2-stroke oil with unique properties for traditional 2-stroke engines and new engine technology. The product introduction in the Netherlands and Switzerland was very well received, and other market launches are due.

Learn more at ► www.aspen.se

Lantmännen Aspen: Sales by market



Lantmännen Reppe

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

Lantmännen Reppe reported sales of MSEK 415 in 2013. The company supplies products mainly to the food and paper industries, and has one of the Nordic region's largest distilleries, which produces fine spirits for the beverage industry. Lantmännen Reppe operates in Lidköping and Växjö.

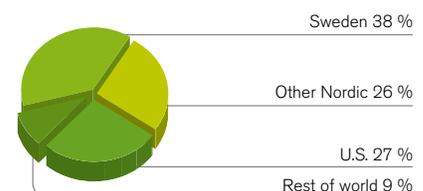
During the year, we completed our project on starch production for use in the growing packing and packaging industry.

With our new feed evaporator, we can offer our feed customers a product with even more added value.

As from the beginning of 2013, only bio-oil is used at the Växjö plant. The conversion from fuel oil to bio-oil reduces fossil carbon dioxide emissions by 95 percent. With the fuel switch, we have achieved two important goals – reduced environmental impacts and significant financial savings through reduced carbon taxation. Lantmännen Reppe's investment for the future is entirely in line with Lantmännen's strategy for sustainable business development and is an important step towards achieving Lantmännen's 2020 climate target.

Learn more at ► www.reppe.se

Lantmännen Reppe: Sales by market





Good food from
Lantmännen

Food Sector

Key figures, Food Sector*

	2013	2012	Change
Net sales, MSEK	12,593	14,655	-14 %
Operating income, MSEK	350	252	39 %
Operating margin, %	2.8	1.7	1.1 p.p.
Return on operating capital, %	4.3	2.8	1.5 p.p.
Investments in non-current assets, MSEK	307	606	-49 %
Average number of employees	5,524	6,608	-16 %
female, %	34	35	-1 p.p.
Women in executive management, %	24	27	-3 p.p.
CO ₂ emissions, thousand tonnes	194.7	251.2	-22 %
CO ₂ emissions, tonnes per MSEK value added	54	65	-17 %
CO ₂ emissions, tonnes per MSEK net sales	15.5	17.1	-9 %
Total sick leave, %	4.5	4.6	-0.1 p.p.

Key figures excl. items affecting comparability

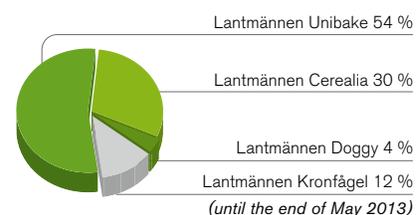
	2013	2012	Change
Operating income, MSEK	480	314	53 %
Operating margin, %	3.8	2.1	1.7 p.p.
Return on operating capital, %	5.9	3.4	2.5 p.p.

* Earnings in 2013 were affected by by the sale of Kronfågel.

Sales by country

	Incl. Kronfågel	Excl. Kronfågel
Sweden	27 %	24 %
Denmark	24 %	23 %
Norway	15 %	18 %
United Kingdom	9 %	10 %
Rest of Europe	20 %	20 %
Rest of world	5 %	5 %

Food Sector Sales by business area



The Food Sector develops, processes and markets products that include flour, breakfast foods, pasta, frozen and fresh bread, ready-to-eat meals and pet food. The Nordic countries represent the base of the business and we operate in a total of 20 countries. The Sector accounts for 35 percent of the Group's sales.

Responsible business • Food Sector



The Sector's responsible business is reported under each business area.

Lantmännen Cerealia, page 54
Lantmännen Unibake, page 56
Lantmännen Doggy, page 59

Operations

The Sector's business areas are Lantmännen Cerealia, Lantmännen Unibake and Lantmännen Doggy. The Latvian milling operations were divested to JSC Malsena Plius in March. In June, Lantmännen and the UK investment company CapVest formed the new company Scandinavian Standard. The company acquired Kronfågel Group from Lantmännen, and the Norwegian company Cardinal Foods.

The Food Sector's production takes place in about 40 plants under many strong brands such as AXA, Kungsörnen, Amo, Regal, GoGreen, Gooh, Hatting, Schulstad, Korvbrödsbagarn, Doggy and Mjau.

Business environment and market

Both the food retail and food services markets in Sweden had a relatively good performance in 2013. The competition situation remains difficult in most markets. Demand for protein-rich foods increased in 2013, while sales of high-carb foods came under pressure. The market was also affected by trends and added values, such as health, quality, and environmental and sustainability issues.

Improving efficiency

Lantmännen Cerealia has implemented vigorous measures to improve cost efficiency throughout its operations. Lantmännen Cerealia strengthened its

marginal income during the year, while market volumes declined slightly in most categories.

The new packaging line in Vejle, launched in 2013, resulted in a more flexible and efficient process. Lantmännen Unibake also made major changes in order to increase efficiency. Positive effects of the new, more efficient organization were noted, and the UK operations improved significantly during the year. It was decided to make staff cutbacks at Lantmännen Unibake's Örebro and Mantorp plants as a result of a new investment to streamline the process flow.

Lantmännen Doggy also increased efficiency, resulting in improved earnings.

Dynamic investments

The efficiency measures that have been implemented enable dynamic investments to be made. Efforts to strengthen our brands continued, new products were launched and new packaging designs were introduced for several of our product lines.

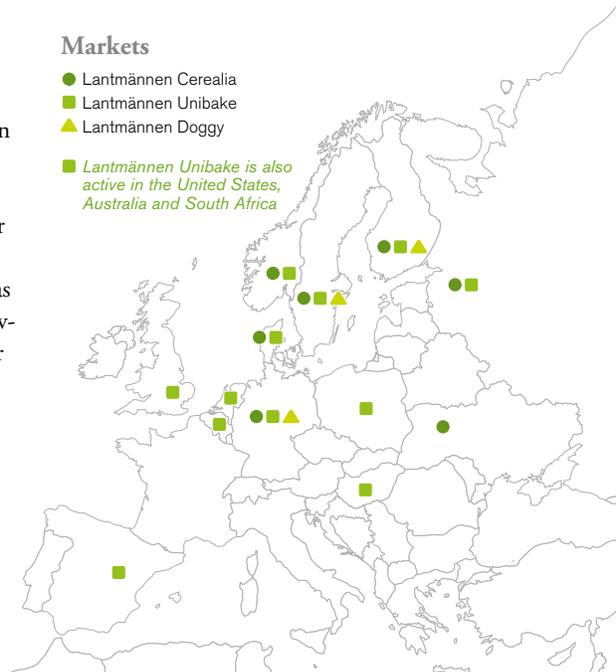
New consumer communication was shown on TV and other media, and several high-profile in-store and consumer activities were well received.

Outlook for 2014

Strong competition from both private labels and other suppliers is expected to continue in 2014. We are seeing more interest in values other than price, while safe, wholesome food is increasingly important and is driven by consumer demand. This means that we need to continue the improvement efforts we have started in order to ensure competitiveness in the market and allow dynamic investments.

Markets

- Lantmännen Cerealia
- Lantmännen Unibake
- ▲ Lantmännen Doggy
- Lantmännen Unibake is also active in the United States, Australia and South Africa



Lantmännen Cerealia

Lantmännen Cerealia develops, produces and sells grain-based products such as flour, flour mixes, hulled grains, muesli, pasta, pancakes, ready-to-eat meals, beans and lentils. The company operates in Sweden, Norway, Denmark, Finland and Ukraine and sells products to supermarkets, restaurants, food services, bakeries, wholesalers and the food industry. Lantmännen Cerealia's sales for 2013 were MSEK 3,898.



Operations

Work aimed at achieving cost savings and efficiencies in the organization continued during the year. Internal work was concentrated on a more efficient and smart approach. The LEAD program continued, bringing increased collaboration between departments, which in turn led to joint solutions to problems. The resulting optimization of production reduced both operational disruptions and complaints from customers.

To increase the earning capacity, we have turned our attention to increasing the focus on creating a better product mix in sales. We have made closer customer collaboration a priority – in particular by implementing measures to achieve greater operational flexibility. The product range has also been reduced and unprofitable products have been phased out. Concentration on core business has been a strong motto for the year. The strategic direction for B2B is a Nordic organization and

cooperation, with differentiated offerings based on customers' needs. In the market segment, we have concentrated on reaching out to the market more quickly with new products, which has required better pre-positioning.

The food service sales force has been reorganized into a commercial and a public section with the goal of achieving better leverage in the commercial market. In the supply chain area, the year was dominated by a number of large

Lantmännen Cerealia's brands



Cerealia's market shares in grocery stores, %



Source: Nielsen Scantrack, MATTY week 52-13, Total G.S. Volume in specified categories.

projects and development work. This was mainly connected with the start-up of the new packaging line in Vejle. A major program was launched to standardize Lantmännen Cerealia's production in the Nordic countries.

Biodiesel transport

For two years, Lantmännen Cerealia has been working with haulage company HNT Schakt & Transport AB, Ängelholm to find a way of improving the environmental performance of road transport. During spring 2013, three uniquely designed biodiesel trucks were allocated for transport to Lantmännen and Lantmännen Cerealia. Clearer environmental requirements from customers were also a driving force in the work with HNT.

Business environment

Private labels continue to grow and are contributing to tough price pressure, partly at the expense of Lantmännen Cerealia's own brands. Food supply is outstripping demand, which is creating pressure for producers. Consumers are more price sensitive and retailers are more focused than ever on launching their own brands.

Price differences for grain were unusually wide between the 2012 and 2013 harvests, which affected sales.



Responsible business • Lantmännen Cerealia

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

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



Our bakers have selected raw materials that make it fun to bake and easy to make really good bread.

Market and market performance *Sweden, Norway and Denmark*

The breakfast category in Sweden and Denmark showed a negative volume trend, although the muesli segment in Norway performed well. The overall hulled grain market increased and Lantmännen influenced growth in Denmark where it out-performed the market.

The pasta segment showed different trends, with the Swedish market losing volume and the Norwegian market increasing.

After the volume growth of 2012, the flour segment showed a decline in all its markets in 2013. Sales of baking mixes also started the year slowly, but some improvement was noted in the second half of the year.

The overall B2B market for flour is still marked by tough competition, with overcapacity in a declining overall market.

During the year, Gooh launched a number of new dishes which were a success with consumers.

Activities during the year

In 2013, AXA launched its new oat breakfast cereal Havre Flakes with apple and cinnamon. Kungsörnen introduced new formats for the macaroni bestsellers Snabb Makaroner and Gammaldags Idealmakaroner, replacing the 500 gram and 1 kilogram packs with 750 gram and 1.3 kilogram packs.

In Sweden, Kungsörnen was nominated in the prestigious category "Advertiser of the Year" at the Stockholm Media Week – a result of the successful cooperation with TV4 Group's program *Hela Sverige Bakar*.

Kungsörnen, Amo and Regal launched several new mix products, including Macarones and Surdegsbröd. These were communicated as part of the Mix, Bake, Taste concept.

GoGreen launched organic vegetables (corn, peas, tomatoes) in environmentally friendly packaging in the Swedish, Norwegian and Finnish markets. GoGreen also introduced an innovative dry concept called Ready-in-5.

A new packing plant was put into production in Vejle in Denmark, and Lantmännen Cerealia in Denmark is expected to show a significant improvement in results with the more efficient packing plant. Five different packing departments are located in a new building. The packing plant has cut down on the many different types of flour and grain sacks, and has fully automatic palletizing and labeling.

The Riga mill was sold to the Baltic company Malsena, which also took over the staff of about 90 individuals.

Lantmännen Unibake

Lantmännen Unibake is a leading international manufacturer of frozen and fresh bread products for both the food service and food retail sectors. Lantmännen Unibake has a wide assortment of bread, fast food, pastries, croissants and rye bread. Lantmännen Unibake reported sales of MSEK 6,956 in 2013.



Operations

Lantmännen Unibake has 3,800 employees at bakeries in Denmark, Sweden, Norway, Finland, Poland, Belgium, Germany, Russia, Hungary, the U.K. and the U.S., and sales offices in Spain, the Netherlands, France, Latvia, Italy, South Africa and Australia.

In 2013, Lantmännen Unibake continued the implementation of ONE Unibake, a strategic process for Lantmännen Unibake's entire international

operations, aimed at establishing Lantmännen Unibake as a cohesive and profitable company and a leader in bakery operations in a global market. The goal of ONE Unibake is to streamline work processes, the organization and production processes in order to improve profitability and competitiveness, with the aim of capitalizing on our global growth opportunities and economies of scale.

Bread operations are facing major challenges in a competitive global market,

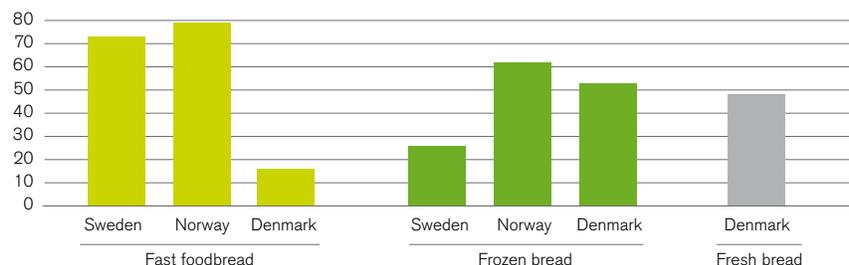
which calls for greater focus and different approaches, both in the organization and among employees. Total demand in the traditional markets is still low and global price pressure presents a constant challenge. Consequently, restructuring bakeries to streamline operations and create synergies remains a priority.

A number of significant organizational changes aimed at enhancing Lantmännen Unibake's ability to implement the strategy were implemented in 2013,

Lantmännen Unibake's brands



Market shares in grocery stores, % (volume)



both at management level and in the company's operational activities. Lantmännen Unibake strengthened its management group with the appointment of a new financial manager and a new marketing manager in August. Learn more at ► www.lantmannen-unibake.com

Business environment & market

The financial crisis is having an impact on the bakery business, one effect being a significant change in consumer habits. As consumers are increasingly choosing discount products, there is a need for a continuing focus and intensive efforts in order to achieve growth in the current market situation.

In contrast with the rest of Europe, growth is positive in the central and eastern European countries, as it also is in the United States. Lantmännen Unibake is showing steady growth, particularly in the traditional fast food market. We also expect strong growth for snacks and on-the-go products.

Higher commodity prices present a major challenge. The prices of flour and other commodities are rising, while competition in the market is intensifying.

New product launches

Every year, Lantmännen Unibake launches exciting new products. In 2013, we introduced *Double Delights*, which is a totally new concept that combines two flavors in a single filling. The new Double Delights pastry, which is a unique twist on the classic pain au chocolat, can be

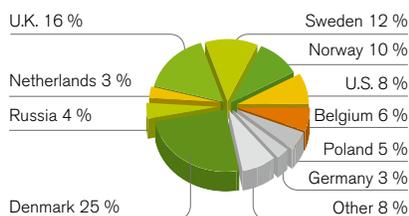
Responsible business • Lantmännen Unibake

Priorities in the area of sustainability are to:

- reduce the climate impact of daily operations by 33 percent between 2009 and 2020
- calculate the carbon footprint of products from our various product categories
- promote responsibly produced palm oil by buying certificates for a corresponding amount of sustainable palm oil
- ensure compliance with and monitoring of our Supplier Code of Conduct.



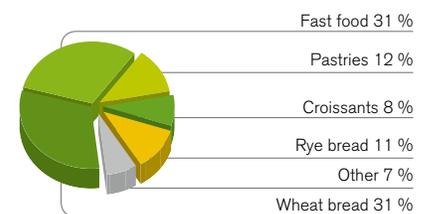
Sales by market



Sales by product group



Sales by product category





Bread from Lantmännen Unibake is based on experience, know-how, innovation and ingredients of the highest quality.

filled with five different flavor combinations, designed to complement each other. Double Delights is ideal for an on-the-go snack. During the year, we also launched two new pastries, *Apple & Custard Lattice* and *Raspberry & Custard Lattice*.



Health is an important driver

We are seeing an increase in demand for healthy bread throughout Europe, even in countries where whole grain has not been part of the tradition. It is the health trend that governs and influences our food choices.

To meet this demand, Lantmännen Unibake has launched a wide assortment of healthy alternatives to traditional wheat bread. We have also launched a rye bread that combines all the healthy qualities of traditional rye bread with the soft and airy quality of white bread.

Bread baked with good ingredients

At our bakeries we manage ingredients carefully, keep the premises clean and tidy, control every single process down to the last detail, pay scrupulous attention to hygiene and maintain the highest level of quality in our operations. With Lantmännen Unibake's wide and exciting assortment of bread, we are able to meet the needs of all customers. Our

Our bread philosophy

With ten basic baking principles, we ensure optimum quality in every product:

- *Every single product has the same consistent quality.*
- *All products and recipes are developed by trained bakers.*
- *Our bakers are specialized in different product categories.*
- *We mix all the ingredients ourselves.*
- *We take pride in using traditional craft methods and combine them with modern technology.*
- *We optimize every step of the production process.*
- *We maintain control of all raw materials.*
- *We regularly monitor our suppliers.*
- *We control food safety throughout the production process and improve the techniques.*
- *Our production is constantly improved.*

promise to customers is to lead the way with high-quality bakery products. To fulfill this promise, we have an innovative approach and are committed to continuous product development and customization of our range.

Our responsibility permeates the entire business

Responsibility is one of the cornerstones of our brand, permeating our business from the supply of ingredients to bakery lines, and shipping to our customers. We also take responsibility for the health and safety of our employees in every part of the business.

We impose clear requirements for our suppliers' operations and all our suppliers have to sign Lantmännen's Supplier Code of Conduct.

Food safety has top priority throughout our business. We have refined and developed our processes and systems so that they meet the most stringent requirements of customers around the world.

Lantmännen Doggy



Lantmännen Doggy manufactures dry and wet cat and dog food. Our brands are Doggy, Doggy Professional, Mjau, Bozita, Bozita Feline and Bozita Robur. Lantmännen Doggy reported sales of MSEK 595 in 2013.

Operations

During the year, we developed a new long-term strategy that encompasses our initiatives and efforts to be a profitable and successful company. Our four goals are: *Reduced costs, Profitable growth driven by innovation, Customer's first choice, Proud and motivated employees.*

Innovative launch

During fall, we launched Doggy Feelgood in the fast-growing dog snacks segment. Doggy Feelgood combines the three clearest trends we are seeing in pet food – *humanization, health and convenience.* We shall continue to launch exciting products in various dog and cat segments as part of our efforts to drive profitable growth through innovation, based on the knowledge we have about dogs and cats and what their owners want.

Markets

Sales and distribution channels for pet food are becoming increasingly fragmented. Our major sales channels are supermarkets, pet food stores and the Internet. Sweden is our home market, although we have sales in other Nordic countries, Germany, the Netherlands, Switzerland, Austria, Russia, Ukraine, Poland and the Czech Republic. New clients during the year included the SuperZoo chain (about 100 stores) in the Czech Republic/Slovakia, the Kakadu chain (about 35 stores) in

Poland and the Buddy chain (about 35 stores) in Norway. We also increased sales in Italy and Greece through new importers. Our concept is Swedish-produced with as many Swedish ingredients as possible in combination with the unique Tetra packaging for wet dog and cat food. With this concept, we continue to find new customers in Europe.

Sustainable marketing efforts

Finding exciting alternative flavors of fish and seafood that are not endangered is a continuous process as the listing is constantly changing, and we change our range to reflect these changes. We continue to use Tetra Recart for multi-portion packaging, which gives consumers an environmentally friendly alternative. The packaging is both transport-efficient and FSC-labeled (Forest Stewardship Council), without compromising on taste or shelf life.

Efficient supply chain

Doggy uses a process-controlled supply chain to allow an efficient response to customer requirements. We have worked hard to secure an on-time delivery performance of 98 percent in order to become *the customer's first choice.* We have amended our production approach to enable consistent quality and increased efficiency. We are reducing costs and environmental impacts in order to reduce our footprint. Doggy's steam consumption per tonne of product decreased by 13 percent in 2013 compared with 2012. The CO₂ effect was 79 tonnes. Where necessary, we have reorganized under the motto *"the right skills with the right conditions."*

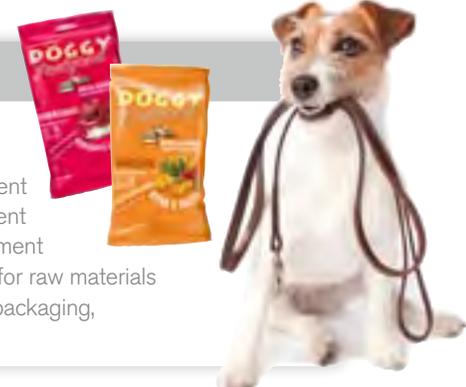
Proud and motivated employees

Employees are our asset for creating long-term sustainable results. We focus on skills development and the ability to work in teams and projects, and our values are *Openness, a Holistic View and Drive.*

Responsible business

We offer innovative dog and cat food which we produce in a responsible manner. This means:

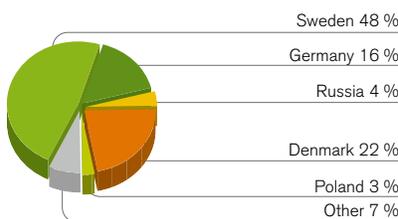
- production is based on renewable energy, efficient use of raw materials for packaging and equipment
- we provide a safe and stimulating work environment
- we always have responsible production criteria for raw materials
- we engage in carbon-efficient cooperation for packaging, storage and transport.



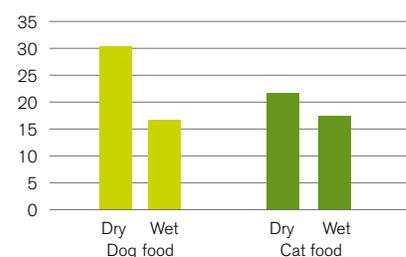
Lantmännen Doggy's brands



Lantmännen Doggy: Sales by market



Market shares in Swedish grocery stores, %



Source: Nielsen Scan Track, MATTY week 52-13, Total G.S. Volume in specified categories.



Lantmännen Real Estate

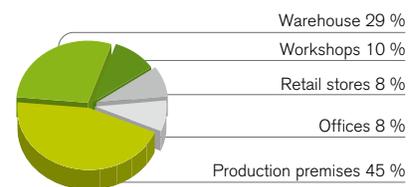
Key figures, Lantmännen Real Estate

	2013	2012	Change
Net sales, MSEK	364	344	6 %
Operating income, MSEK	190	198	-4 %
Operating income excl. sale of properties, MSEK	149	140	6 %
Return on operating capital, %	17.8	20.5	-2.7 p.p.
Return on operating capital, excl. sale of properties, %	13.9	14.5	-0.6 p.p.
Investments in non-current assets, MSEK	75	83	-10 %
Average number of employees	26	22	18 %
female, %	39	35	4 p.p.
Women in executive management, %	0	0	0
Total sick leave, %	0.4	0.3	0.1 p.p.

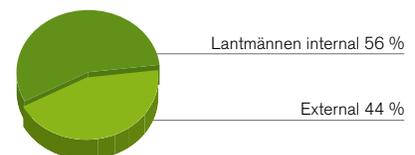
Key figures excl. items affecting comparability

	2013	2012	Change
Operating income, MSEK	190	198	-4 %
Return on operating capital, %	17.8	20.5	-2.7 p.p.

Lantmännen Real Estate: Surface distribution



Lantmännen Real Estate: Rental income



Lantmännen Real Estate is one of Sweden's major property owners with approx. 250 properties in 70 locations. The company manages a total surface area of approx. 1,300,000 m². About 150,000 m² of this is managed on behalf of Lantmännen's Grodden pension fund. Properties consist of commercial premises such as offices, shops, workshops, production facilities and warehouses.

Operations

Lantmännen Real Estate operates on a commercial basis, and develops properties in order to create optimal value for the Group's activities and optimize external revenue. Lantmännen Real Estate's vision is to use entrepreneurship and top expertise to become a profitable and successful property company, thereby creating increased revenue for Lantmännen. Just over half of the rental income is derived from Lantmännen Group, while the rest comes from external tenants.

Long-term strategy

We work actively to concentrate the property portfolio, which means that certain properties that do not "fit into" the company's management strategy are sold or exchanged for more suitable ones. We also sell properties we believe to have limited development potential. We work actively to develop projects that can be sold at different stages of the development process and to acquire properties that are suitably located and right for our portfolio.

Lantmännen Real Estate also works actively to increase the proportion of rental income in order to optimize premises that are currently under-utilized. There is also a clear desire to acquire food retailing premises in commercially attractive locations.

Responsible business • Lantmännen Real Estate

Lantmännen Real Estate works to increase responsibility by:

- reducing energy consumption in our properties by investing in better technology and replacing fossil-based heating with environmentally superior alternatives
- increasing our tenants' awareness in order to encourage them to take action to reduce energy consumption and minimize environmental impacts. This may include separate accounting and separate costs for heating, electricity and rubbish collection
- implementing environmental certification (Green Building) for properties where this is possible
- always evaluating the choice of building materials from a sustainability perspective during renovation and construction work.

Property development

A new district is being planned in the port area of Norrtälje, near the old city center. Lantmännen is a large property owner there, and currently has three silos which are to be converted into about 500 apartments under the plans. A south-facing position, looking onto the water, and proximity to Societetsparken will give qualities that are only found in a few locations in the Stockholm region.

Transactions

In line with the strategy to position Lantmännen more clearly in the value chain, we acquired a newly built food retail property with a long rental contract in Svedala during the year. A number of properties were sold in 2013, including one in Täby outside Stockholm.

Management

Property management currently comprises four administrative offices and is headed by the property manager. The offices are located in Malmö, Norrköping, Stockholm and Örebro.

Lantmännen Maskin's and Swecon's facility in Örebro was opened in May. The facility was renovated during a period of just over a year. The extension and conversion of 7,500 m² in a property in Stadshagen owned by the Grodden pension fund was carried out during the year. The project is Lantmännen Real

Estate's largest to date and will be ready for occupation in July 2014.

Market outlook

In 2013, the property sector experienced a recovery from a very low activity level caused by the financial crisis. Market rents in Sweden showed a slightly upward trend in 2013. This is expected to slow down in 2014 in the face of reduced demand for premises. Land prices showed a general increase in 2013, with the highest growth in attractive locations where housing demand is strong. Land with a local development plan is most in demand, as this type of project has short lead times and lower risk.

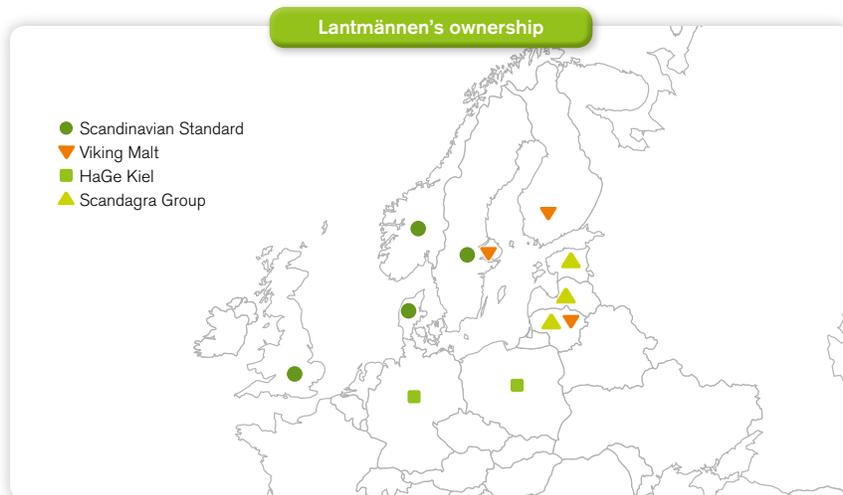
Luleå – TeliaSonera

In May, Lantmännen Real Estate and property development company Vasallen signed an agreement with TeliaSonera, through a jointly owned company, for the leasing of 7,200 m² in the office building due to be built in central Luleå. The agreement runs for 15 years and occupancy is scheduled for the end of 2015.



International ownership

In an increasingly global agricultural market, international business is becoming more important. The Agriculture Sector has ownership interests in two international companies. The operations are primarily located in Germany, Poland and the Baltic countries. Since 2013, Lantmännen Group has also been a joint owner of Scandinavian Standard AB, the Nordic region's leading player in the chicken market.



Scandinavian Standard (46 %)



In June 2013, Lantmännen and the UK company CapVest formed the Swedish company Scandinavian Standard as a new jointly owned enterprise in the Nordic chicken market. Lantmännen controls approx. 46 percent of Scandinavian Standard AB but has approx. 48 percent of the voting rights. Scandinavian Standard AB purchased Kronfågel in Sweden, Danpo in Denmark and Cardinal Foods AS in Norway and became the Nordic region's leading player in the chicken market with

a turnover of SEK 5.4 billion and 1,650 employees. The Group produces, sells and markets chilled, frozen and processed chicken under the Kronfågel, Danpo, Den Stolte Hane, Vestfold Fugl, Ivars and Chicky World brands. In Norway, eggs are also produced and sold under the Den Stolte Hane brand.

In response to Lantmännen members' wishes, a specific offer to invest in Scandinavian Standard through Kycklinginvest was made towards the end of 2013.

Viking Malt (38 %)

Viking Malt produces malt using modern methods in Finland, Sweden and Lithuania. The business has a turnover of approx. MEUR 330 and about 130 employees.

Lantmännen has been one of two joint owners of Viking Malt since 1993, but its experience in the malting sector goes back to 1971. Lantmännen's stake in Viking Malt is 38 percent; the remainder is owned by the Finnish company Polttimo. Viking Malt processes grain and supplies 360,000 tonnes of malt annually to breweries and distilleries,

mainly in northern Europe, and selected companies around the world. Conditions for barley cultivation are very good in northern Europe, and many farmers specialize in growing malting barley.

With our customers' needs in mind, we work on the basis that technology should always be supported by knowledge. By actively developing and sharing knowledge with our customers, we are able to meet customers' individual needs and continuously strengthen our role in malting and brewing.



HaGe Kiel (39 %)

HaGe Kiel is one of Germany's largest agricultural enterprises. Hauptgenossenschaft Nord AG Group (HaGe Kiel) has a turnover of approx. EUR 2.8 billion and about 1,600 employees. Lantmännen has been an owner of HaGe Kiel since 2006. Lantmännen's present holding in HaGe Kiel is 39 percent. DLG (Dansk Landbrugs Grovvarereselskab) owns 54 percent and the remaining shares are owned by different investors.

With Lantmännen and DLG, HaGe Kiel represents a strong network that provides an increased exchange of experience, as well as additional synergies and significant benefits for local agriculture.

HaGe Kiel owns, wholly or partly, a number of subsidiaries with various operations in different parts of Germany that cater for retailers and local farming customers. HaGe Kiel is also a major player in Poland through its subsidiary HaGe Polska. The business includes the



purchase of grain and the sale of farm inputs such as seed, crop protection, fertilizer, specialty items and machinery. HaGe Kiel also owns and runs seven feed plants. The company has a well-developed logistics organization with operations in transport and shipping. HaGe Kiel's own port terminals are

located in Hamburg, Kiel, Rostock and Szczecin.

During fall 2013, an agreement was signed for the sale of HaGe Polska to Lantmännen (50 percent) and DLG (50 percent). The transaction is subject to the approval of the relevant competition authorities, which has not yet been obtained.

Scandagra Group (50 %)

Scandagra Group AB (formerly Scandinavian Farmers) operates in the three Baltic countries. The Group has a turnover of approx. SEK 1.7 billion and about 225 employees. The company is jointly-owned by Lantmännen and DLG (Dansk Landbrugs Grovvarereselskab) and was formed in 2006 to create and exploit synergies in the Baltic region.

Scandagra Group's operations are conducted through three sales companies – Scandagra Eesti, Scandagra Lietuva and Scandagra Latvia. All of the companies engage in the sale of crop production inputs and the purchase and sale of grain. Scandagra Eesti also operates a feed plant with a production capacity of over 100,000 tonnes.

The Group also includes two companies in Latvia: BTC (Baltic Transshipment Center), which specializes in port and warehouse operations, and Rezeknes

Dzirnavnieks, which deals primarily with grain handling.

Scandagra Group, was restructured during the year. This involved the two main owners buying out all the minority shareholders and simplifying the organi-

zational structure. At the same time, the operational organization was strengthened in terms of personnel and expertise. The new structure has provided a stable platform for synergies and profitable growth in the important Baltic market.



Lantmännen's Annual Report 2013

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.

Contents

Board of Directors' Report

Group

Net Sales and Earnings	72
Income Statement, Statement of Comprehensive Income	73
Performance per business	74
Statement of Financial Position	78
Statement of Cash Flows	80
Statement of Changes in Equity	81

Parent Company

Income Statement	82
Statement of Financial Position	83
Statement of Cash Flows	84
Statement of Changes in Equity	85

Notes – Group

Note 1 Accounting policies	87
Note 2 Significant judgments, accounting estimates and assumptions	94
Note 3 Segment reporting	94
Note 4 Breakdown of revenue	96
Note 5 Employees and employee benefits expense	96
Note 6 Depreciation, amortization and impairment of property, plant and equipment and of intangible assets	98
Note 7 Fees and reimbursement of expenses to auditors	99
Note 8 Finance income and costs	100
Note 9 Items affecting comparability	100
Note 10 Exchange differences affecting income	101
Note 11 Taxes	101
Note 12 Property, plant and equipment	103

Note 13 Investment properties	103
Note 14 Intangible assets	104
Note 15 Investments in associates	105
Note 16 Non-current financial assets	106
Note 17 Inventories	106
Note 18 Trade and other receivables	106
Note 19 Current interest-bearing assets and cash and cash equivalents	106
Note 20 Equity	107
Note 21 Interest-bearing liabilities	108
Note 22 Financial instruments and financial risk management	108
Note 23 Pensions	113
Note 24 Other provisions	115
Note 25 Trade and other payables	115
Note 26 Leases	115
Note 27 Customer financing	116
Note 28 Related party transactions	116
Note 29 Government grants	116
Note 30 Acquisitions and divestments	117
Note 31 Pledged assets and contingent liabilities	117
Note 32 Notes to the statement of cash flows	118

Notes – Parent Company

Note 33 Breakdown of revenue	119
Note 34 Fees and reimbursement of expenses to auditors	119
Note 35 Operating income	119
Note 36 Income from investments in Group companies and associates	119
Note 37 Income from other securities and receivables classified as non-current assets	120
Note 38 Exchange differences affecting income	120
Note 39 Taxes	120
Note 40 Intangible assets	121
Note 41 Property, plant and equipment	121
Note 42 Investment properties	122
Note 43 Investments in Group companies	123
Note 44 Inventories	124
Note 45 Prepayments and accrued income	124
Note 46 Year-end appropriations, untaxed reserves	124
Note 47 Pensions	124
Note 48 Other provisions	125
Note 49 Other current liabilities	125
Note 50 Accruals and deferred income	125
Note 51 Financial instruments	125
Note 52 Pledged assets and contingent liabilities	126

Audit Report

128

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 2013 financial year. The earnings and financial position of the Parent Company and Group are presented in the following income statements and statements of financial position, with associated comments and notes.

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. From 2013, Lantmännen Real Estate is reported as a separate segment. Lantmännen's main markets are in northern Europe, with the base of operations in the Nordic countries, and the Company has a presence in about 20 countries. The starting point for Lantmännen's activities is arable land and its associated business opportunities.

Agriculture Sector

- ▶ Net sales MSEK 10,294
- ▶ Operating income MSEK 67

The Agriculture Sector consists of Lantmännen Lantbruk, Lantmännen Bygglant and Lantmännen Krafft. Lantmännen Lantbruk offers a wide range of products for livestock and crop production. The products are marketed under brands such as Nötfor, Piggfor, Pullfor and Protect, and SW. Lantmännen Lantbruk also works actively on plant breeding and developing seed varieties. The Sector has ownership interests in two European agricultural companies. The Sector has operations in Sweden, Germany, Poland, the Netherlands, the Baltic region and Denmark.

Machinery Sector

- ▶ Net sales MSEK 8,934
- ▶ Operating income MSEK 255

The Machinery Sector consists of the business areas Lantmännen Maskin, Swecon and Agro Oil. Lantmännen Maskin imports, markets and sells farm machinery and implements. Swecon is a partner of Volvo Construction Equipment and sells Volvo equipment. Agro Oil is a major supplier of the lubricant Agrol. The Sector has operations in Sweden, Norway, Denmark, the Baltic region and Germany.

Energy Sector

- ▶ Net sales MSEK 3,723
- ▶ Operating income MSEK -846

The Energy Sector operates in a global market, with the focus on Europe. The Sector offers responsibly produced bio-based energy and food products and related services. The Sector's four business areas are Lantmännen Agroetanol, Lantmännen Agroenergi, Lantmännen Reppe and Lantmännen Aspen. The Sector has operations in Sweden, Norway, Finland, Denmark, Poland, Latvia, France and Germany. The weaker earnings were primarily due to an impairment loss of MSEK -800 on non-current assets in Lantmännen Agroetanol.

- ▶ The Group's net sales amounted to MSEK 33,802 (36,526), a decline of 7 percent. Adjusted for divested operations, net sales were 2 percent lower than the previous year.
- ▶ Operating income amounted to MSEK 89 (685). Adjusted for items affecting comparability, it was MSEK 805 (747). The main items affecting comparability were an impairment loss of MSEK -800 on the value of the Agroetanol ethanol plant and a capital gain of MSEK +425 on the sale of Kronfågel.
- ▶ Income after financial items totaled MSEK 85 (503) and adjusted for items affecting comparability it amounted to MSEK 683 (565).
- ▶ Net income after tax was MSEK 100 (412).
- ▶ Investments totaled MSEK 1,043 (1,292).
- ▶ Cash flow before financing activities was MSEK 2,450 (-222).
- ▶ Total refunds and final price adjustments were MSEK 127 (120).
- ▶ The Board proposes a contribution dividend of MSEK 171 (88) and a contribution issue of MSEK 0 (80).

Food Sector

- ▶ Net sales MSEK 12,593
- ▶ Operating income MSEK 350

The Sector's business areas are Lantmännen Cerealia, Lantmännen Unibake and Lantmännen Doggy. The Sector develops, processes and markets products that include flour, breakfast foods, pasta, frozen and fresh bread, ready-to-eat meals and pet food. The Food Sector is represented in about 20 countries and has its base in the Nordic countries. Kronfågel Group was sold to the newly formed associate Scandinavian Standard AB in June. The Latvian milling operations were divested to JSC Malsena Plius in March.

Lantmännen Real Estate

- ▶ Net sales MSEK 364
- ▶ Operating income MSEK 190

Lantmännen Real Estate is one of Sweden's major property companies with approx. 250 properties in 70 locations. The company manages a total surface area of approx. 1,300,000 m². About 150,000 m² of this is managed on behalf of Lantmännen's Grodden pension fund. The properties consist of commercial premises such as offices, stores, workshops, production facilities and warehouses, and the operations are conducted on a commercial basis. Almost half of the rental income is derived from activities outside Lantmännen.

Long-term financial targets and achievement of objectives

The current return target for the Group is an 8 percent return on equity over a business cycle and with the present business portfolio. The outcome for 2013 was a return of 0.9 percent. Adjusted for items affecting comparability, the return was 4.4 percent.

Lantmännen's equity ratio target is 40 percent, which reflects Lantmännen's desired risk profile and the Board's view of long-term financial stability. In 2013, the equity ratio exceeded the target and was 42.5 percent.

Changes in the Group structure

In spring 2013, Lantmännen and the UK investment company CapVest formed a company called Scandinavian Standard AB, which operates in the Scandinavian chicken market. Lantmännen sold Kronfågel Group in Sweden and Denmark to Scandinavian Standard AB in June 2013. At the same time, Scandinavian Standard AB acquired Cardinal Foods in Norway from CapMan of Finland. Lantmännen has a 46 percent ownership share and holds 48 percent of the votes in the new group of companies, which has an annual turnover of over SEK 5 billion.

Lantmännen's divestment of Kronfågel Group resulted in a capital gain of MSEK 425 and a reduction in net debt of approx. SEK 1 billion, also taking into account the acquisition of shares in Scandinavian Standard. The proceeds from the divestment of Kronfågel Group amounted to SEK 1.3 billion. Kronfågel Group's annual turnover has been approx. SEK 3.5 billion, with total assets of SEK 1.7 billion, including liabilities of approx. SEK 0.9 billion. The average annual number of employees was about 1,200.

Scandinavian Standard is accounted for as an associate, which means that Lantmännen's share of that company's income after tax is recognized in operating income. The investment in Scandinavian Standard has had an impact of SEK 0.2 billion on total assets. The change has affected the Food Sector.

In October, the Agriculture Sector acquired the Danish agricultural company Agro Bizz A/S. The company's activities include trading in grain and sales of agricultural products. The company operates in Odense and achieved a turnover of

MDKK 200 in 2012. The acquisition has secured an increased presence for Lantmännen in the Danish market.

The Latvian milling operations were divested to JSC Malsena Plius in March. The divestment had a marginal effect on the Group's net sales and total assets, and a positive impact on the Group's net debt. The sale generated a capital loss of MSEK 62. The change affected the Food Sector.

Other significant events in 2013

Johan Andersson, former CEO of the slaughterhouse business KLS Ugglarps, part of Danish Crown, was appointed new Head of the Agriculture Sector from January 1, 2014. He is also a member of Group Management.

An agreement was signed in September for the acquisition of 50 percent of the shares in the Polish agricultural company HaGe Polska. The company is a merchant of grain and other inputs in the Polish agricultural market and had a turnover corresponding to SEK 1.1 billion in 2012. The transaction is subject to the approval of the relevant competition authorities, which has not yet been obtained.

In the fall, Lantmännen Unibake decided to make staff cutbacks in Örebro and Mantorp as a result of production process streamlining. In total, approx. 60 employees, including 55 union workers, are affected.

During the year, Lantmännen Agroetanol and AGA Gas AB established a jointly-owned company, which is building a facility to utilize and purify carbon dioxide from Lantmännen Agroetanol's Norrköping plant. Lantmännen's ownership share is 9.9 percent. The plant is expected to be taken into operation in the middle of 2014.

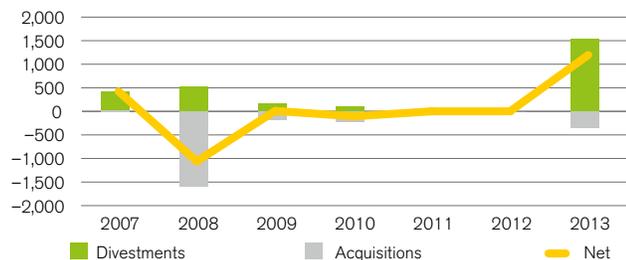
Sustainable development

Lantmännen's business concept is to develop and process farmland resources in a responsible and customer-focused way. In line with this, sustainable development is one of the Company's cornerstones and a basis for the strategic direction.

Efforts in the areas of sustainable development and long-term profitability include both risk management and responsibility, as well as proactive development of sustainable business. It is Lantmännen's view that the sustainability perspective should be

Acquisitions and divestments

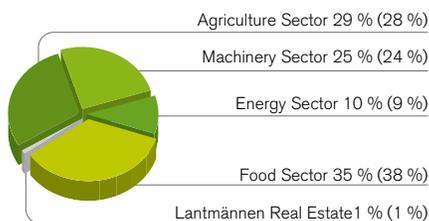
Cash effects, MSEK



The acquisition of the non-controlling interest in Lantmännen Kronfågel gave a positive cash flow in 2007. There were no acquisitions or divestments in 2011 and 2012.

Share of Lantmännen's sales

Including intra-Group sales



well integrated into the organization's governing processes and closely linked to the business operations.

Implementation of Lantmännen's Code of Conduct throughout the organization plays a crucial role in the sustainability program. The Code contains general guidelines to ensure a good work environment and social conditions, good business ethics and environmental responsibility. All employees undergo training in the Code of Conduct. Relevant sections also apply to elected representatives in the owner organization, suppliers and partners.

From 2013, implementation and monitoring of the Supplier Code of Conduct is an integral part of Lantmännen's sourcing process. In 2013, Lantmännen achieved its target for risk assessment of existing major suppliers (annual purchase volume over MSEK 1). Based on the Supplier Code of Conduct, an initial risk screening was implemented, with subsequent self-assessment for suppliers in the "medium" or "high" risk category. Five percent of suppliers are classified as high risk.

Globalization, with a rapidly growing middle class in Asia and increased population growth, and a consumer trend towards sustainable, healthy products with clear traceability throughout the value chain present a dual challenge in both an ecological and social dimension. This has prompted Lantmännen to produce an updated strategic direction. This has involved Lantmännen devising a clearer direction for sustainable business development work, with a focus on creating increased value by contributing to more sustainable grain production. Lantmännen formulated a vision and a measurable goal during the year. The vision is to work with customers and suppliers to halve the impacts on the environment and natural resources in the grain value chain, and the goal is to generate 10 percent growth from new sustainable business by 2020.

Increased focus on resource efficiency

Lantmännen endeavors to achieve resource conservation and optimum efficiency throughout the supply chain, from sourcing to processing. This is a critical success factor which is more important today than ever based on the challenge to conserve the planet's limited resources. Lantmännen continues its efforts to reduce costs and minimize environmental and climate impacts by means of optimization and efficient material use and recycling at every stage.

In 2010, Lantmännen defined a challenging and proactive climate target – to reduce its own carbon emissions (energy used in production and transport) by 40 percent between 2009 and 2020. The interim target for 2013 was 15 percent, which was achieved. The proportion of fossil energy has been reduced by converting to biofuel and selling operations using fossil-based energy. Since 2009, the base year for our climate target, the use of fuel oil has been reduced by about 65 percent.

Lantmännen is also working with suppliers and customers to reduce the carbon footprint in other stages of production. Lantmännen is one of twelve companies in the Haga Initiative, a network of companies that take active responsibility for the

climate and show the business opportunities that arise from sustainable development.

Innovative cooperation

Lantmännen's work on sustainable business development is largely based on long-term development and innovation work with researchers, universities and suppliers, and on constructive dialogue and cooperation with customers and other stakeholders.

Lantmännen maintains a strong focus on raw material purchasing, and buys RSPO certificates for 100 percent of its palm oil volumes, thereby supporting efforts for responsibly produced palm oil. During the year, the target of 50 percent RTRS-certification for Lantmännen's total soy imports was achieved in 2013.

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

In Sweden, Lantmännen engages in operations subject to permit requirements at 20 plants, and operations subject to notification requirements at 103 plants, all of them in accordance with the Environmental Code. These activities include mills, workshops and production facilities for feeds, ethanol, fuel pellets and food. The main direct environmental impacts are noise, emissions into the air and water, and temporary storage of hazardous waste.

Production units in other countries adapt their operations, apply for any required permits and report to the authorities in accordance with local laws.

Reporting under GRI and Global Compact

Lantmännen reports its sustainability performance annually in the framework of the Global Reporting Initiative (GRI) guidelines. This reporting, together with the information on Lantmännen's website, fulfills the requirements of Communication on Progress (COP), which is a disclosure on progress in implementing the Global Compact principles on corporate responsibility

Human resources

The average number of employees during the year was 9,133 (10,249), and the number of full-time employees at December 31, 2013 was 8,456 (9,867). The decrease is mainly due to the sale of Kronfågel Group and the mill operations in Latvia, but is also a result of efficiency measures in the Food Sector. 4,082 (4,522) of the average number of employees were employed in Sweden.

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

Lantmännen's equal opportunity and diversity policy states that the Group shall safeguard and value the skills, qualities and experience of all employees, regardless of gender, age, ethnicity, beliefs, sexual orientation, disability or other individual differences. In addition, it states that the Group will not tolerate any bullying, harassment or discrimination.

Remuneration of senior executives

The guidelines for remuneration of senior executives in 2013 are described in note 5. The Annual General Meeting adopts remuneration guidelines on the basis of Board proposals.

The 2013 annual general meeting decided on the guidelines to be applied in 2014. These are in line with the 2013 guidelines.

Variable salary is only paid for performance beyond what would normally be expected. As in 2013, the variable salary program for 2014 consists of quantitative and qualitative targets. The quantitative targets represent 75 percent of the maximum variable salary and are linked to the EVA (economic value added) that the operating units generate for Lantmännen. This value is calculated by charging the estimated cost of operating capital, currently 8 percent of average operating capital during the year, to operating income. The cooperative operations in the Agriculture Sector are not included in the calculation basis for variable salary. The result does not include non-recurring costs and revenues beyond what is contained in the budget. The remainder, 25 percent of the maximum variable salary, is linked to individual targets that differ according to the position held. These can be based on both economic and operational assessments. The maximum variable salary that can be paid to Lantmännen's Group Management for 2014 is 30 (30) percent of fixed salary. No variable salary is paid if the individual's financial targets are not met. No variable salary is paid to the Head of the Agriculture Sector. For guidelines on other remuneration, see note 5 on [page 94](#)

Research and development

Lantmännen has a long tradition of research and innovation, and invests about MSEK 300 in R & D each year. Further business development based on this research is currently being implemented and Lantmännen will increasingly turn its priority research projects into companies or concrete business within the Group. There is a major focus on the entire value chain for grain: *from plant breeding and cultivation to processing, product development and consumption*. Several strategic research areas are concentrating on more efficient and sustainable farming, and knowledge and product development in areas such as health and food.

Lantmännen contributes MSEK 15 annually to Lantmännen Research Foundation, which works with the SL and VL foundations to allocate funds to external research projects. In 2013, 14 research projects shared MSEK 16. These projects have a turnover of more than MSEK 107 when other funding agencies are taken into account.

During the year, Lantmännen Research Foundation and the Formas and Mistra research foundations issued a joint call for research project proposals in the thematic area "Efficient and sustainable production systems in aqua-, agri- and horticulture". Lantmännen Research Foundation has allocated MSEK 4 to the call, which has a total budget of MSEK 68. Formas and Mistra are each providing MSEK 32.

Applications to the Foundation are considered in three ideas and working groups covering three strategic areas: Agriculture and Machinery, Energy and Green Materials and Food and Packaging. The groups define research areas and are staffed by owner representatives, administrative staff from Lantmännen's Sectors and external researchers.

Lantmännen's total R&D expenses during the year totaled MSEK 293 (275).

Significant risks and uncertainties

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

Lantmännen's risk management is established as an *ERM (Enterprise Risk Management) process*, where risks are identified, assessed and reported annually as part of the strategy and business planning process. Risks are eliminated or minimized where possible by measure such as insurance contracts and agreements. Certain risks are an active part of the business operations and cannot be transferred or eliminated. The risks in Lantmännen's operations encompass strategic risks associated with trademarks and external regulations, operational risks in business activities and financial risks. Financial risk management is described in more detail in note 22 on [page 108](#)

Strategic risks

Strategic risks associated with business development and long-term planning are largely dealt with by the Group Board and as part of the annual strategy work. Strategic risks are associated with business development, long-term planning and brand value and care. This means that the most significant strategic risks concern the ability to adapt in the event of economic changes and to conduct effective business development that reflects the brand promise Lantmännen has made. Other important strategic risks are the risk of new laws and regulations changing the operating situation and the risk of damage to Lantmännen's brand.

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



Operational risks

Operational risk management is based on a proactive risk management process, a number of key risk policies and Lantmännen's Code of Conduct. Our management of *financial and commodity-related risks* is based on the Group's financial policy and the risk policies specific to each business area. Risk policies include policies for commodity trading. Financial and risk policies are evaluated and ratified by the Group Board.

Operational risks arise in the course of the Sectors' day-to-day business and include commodity price risks and risks of handling errors in the area of quality and safety. A large number of operational risks are also insurable. Risks regarding compliance with laws and regulations, financial reporting and internal control are also operational risks.

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

Contagion such as salmonella in feed plants and livestock production is counteracted by an extensive control program at Lantmännen's factories and by conducting regular 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 achieved partly by continuous development of risk prevention and risk-limiting initiatives in the operations and partly by Group-wide insurance solutions. Insurable risks are placed with large Swedish and international direct insurance companies and with a Group-owned captive company that purchases reinsurance in the international reinsurance market.

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

Product safety risks are managed by continuous evaluation of the safety of Lantmännen's products and by the provision of

clear product information. Lantmännen participates in development of cultivation techniques, plant breeding and adaptation to geographical location. Knowledge about operations' dependence and impacts on ecosystem services is constantly expanding.

Financial risks

Lantmännen is exposed to financial risks that could cause fluctuations in earnings, cash flow and financial position. The management of these risks is described in the financial policy, which is Lantmännen's overall governing document for financial risks. Regular reports on financial risks and compliance with the financial policy are presented to Group Management and the Group Board. Lantmännen is also exposed to liquidity and funding risks and to credit and counterparty risks.

The financial policy describes the conditions and rules for the risk policies of the Group and Sectors. These include division of responsibility, risk mandate and limits, procedures for reporting risks and earnings, risk measurement and valuation methods.

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

Refinancing risk is limited by having a spread of counterparties and maturity profiles of loans and debts to credit institutions. Lantmännen's financial policy regulates liquidity risk by stipulating that guaranteed unused credit facilities and cash resources shall never fall below MSEK 1,500. Lantmännen's total liquidity, including cash and bank balances, amounted to MSEK 3,379 (1,287) on December 31, 2013. Lantmännen's interest rate risk is mainly managed by taking out loans with short fixed-rate periods and long maturities. Lantmännen has entered into a number of interest rate swaps in order to extend the fixed-rate periods. The average remaining fixed credit period at the end of the year was 5.7 (6.1) 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, using the guidelines contained in Lantmännen's financial policy.

Financial transactions with a financial or commercial counterparty are subject to credit risk, which is minimized by credit control of customers and a good spread of customers across multiple segments and markets.

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

Election of the Board

Members of the Board of Lantmännen ek för are elected for two-year terms. The Board consists of nine Annual General Meeting-elected members, three employee representatives and the President & CEO. At Lantmännen's Annual General Meeting in May 2013, Lena Philipson was elected to the Board to replace the resigning Anitra Steen, while Bengt-Olov Gunnarson, Per Lindahl, Nils Lundberg and Hans Wallemyr were re-elected to the Board. Ulf Gundemark, Helle Kruse Nielsen, Thomas Magnusson and Björn Wallin continued to serve on the Board in 2013.

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

Significant events after the reporting date

Lantmännen and Neova AB signed an agreement to merge their wood pellet operations. The combined company consists of Lantmännen's pellet business in Sweden and Latvia and Neova's corresponding business in Sweden. The company will have an annual turnover of approx. SEK 1 billion and has about 160 employees. Lantmännen will have a 50 percent ownership share in the company. The transaction is expected to be completed in the first half of 2014 after clearance from the relevant competition authorities.

With effect from January 2014, Lantmännen's holding in Scandinavian Standard is owned by the subsidiary Lantmännen Kycklinginvest AB. In the fall, Lantmännen members and management were offered the chance to become shareholders of Kycklinginvest. Twenty members, six directors and eight management accepted the offer and in January 2014, Lantmännen sold them 1.9 percent of its holding in Kycklinginvest.

Outlook

Lantmännen is well positioned in its main Scandinavian markets, and in Germany and the UK. Rising demand, mainly from the growing middle class in emerging economies like China and India, is of increasing importance. Strong growth in the new markets, which is resulting in increased consumption particularly in animal-based products, will be important to grain price trends. See also *Strategic direction for 2020 on* [page 71](#). The global imbalance in supply and demand for grain has created a highly

volatile price scenario, which can also be observed in Europe and Sweden. Lantmännen is currently updating its strategy to capitalize on the business opportunities of a commodity-driven world, in which supply and demand for raw materials is increasingly important.

Agriculture Sector

The Agriculture Sector's market was affected by declining sales volumes and lower overall grain prices in 2013, with Lantmännen Lantbruk Sweden experiencing the largest decline.

The market is characterized by increasing competition, which places pressure on Lantbruk to further improve its customer orientation. In response, Lantmännen Lantbruk Sweden has stepped up its efforts to complete the ONE approach action program. The on-time delivery performance has improved – both to customers and to farmers during harvest. A new sales organization is in place and efforts to realize the full effects of the rationalizations continue in 2014. At the same time, there is a strong focus on improved service and increased proximity to the customer.

The market is expected to continue to its intense competition and price focus. This is why the Sector is concentrating on adapting operations to a changing market, creating customer value and being an attractive business partner. The Sector will also continue to invest in the future through research, development of new products and growth opportunities.

Machinery Sector

The Machinery Sector's farm and construction equipment markets remained cautious in 2013, with a general fall in demand and sales.

The tractor market in Sweden is particularly weak, while the situation in Norway and Denmark is slightly better. A certain increase in sales was noted at the end of the year, and this is expected to continue in 2014.

During the year, Lantmännen Maskin launched a comprehensive action program to improve its operations, with a particular focus on customer service and satisfaction. The program is continuing in 2014.

Swecon has gained market share in both the Swedish and German construction machinery markets. However, the overall market remains weak. In Sweden, there is much lower activity in the mining sector than previously, while several major infrastructure projects are on hold, pending necessary decisions. The Bauma International Trade Fair in Munich has had a positive effect on new orders in Germany and the German rental equipment business is expected to increase.

The Machinery Sector's markets are expected to remain cautious about new investments, but there may be a slight improvement in 2014.

Energy Sector

Growth in the Energy Sector was weak in 2013. This was mainly due to declining market prices for ethanol in Europe, particularly towards the end of 2013. Profitability is being hit

by the combination of a highly unfavorable ethanol price situation and political decisions. In particular, parliament's decision to introduce new policy instruments for biofuels in Sweden in 2014 has dramatically changed the playing field. These were the factors behind the impairment loss on the ethanol plant in Norrköping, where it was determined that the carrying amount was not recoverable.

Ethanol's future market and profitability are still very unpredictable, which makes the situation at Lantmännen Agroetanol uncertain. The government's targets and report on a fossil-free vehicle fleet by 2030, in which Lantmännen actively participated, will probably create better economic political conditions for ethanol production and other sustainable alternatives aimed at reducing the transport sector's dependence on fossil fuels and high emissions.

Lantmännen Agroenergi performed well during the year and lowered its costs, while also increasing sales.

Lantmännen Aspen continues its positive growth and the market is expected to perform well in 2014.

Lantmännen Reppe experienced squeezed margins in the first half of the year, but had good growth in several product categories.

Food Sector

Sales in 2013 were affected by a relatively weak year and strong competition. The European market is still showing weak growth, particularly in southern Europe, leading to a stronger focus on price. Lantmännen's response is to increase its focus on sustainability issues such as health and traceability in the value chain, in order to strengthen its brands in the fierce competition.

Lantmännen Cerealia has successfully improved cost efficiency and reversed the negative trend from previous years. Cerealia faces a challenging market situation that is persisting, particularly in Sweden. Market volumes have declined slightly in most categories. Market competition is becoming increasingly fierce, both from private labels and between more established brands and products. In Denmark, there are signs of a clear shift towards discount brands and chains, as well as an increasing market share for private labels. Gooch's operations are expected to continue to perform well.

Lantmännen Unibake has implemented several organizational changes to strengthen operations at every level and increase competitiveness, and the initiatives have begun to produce effects. The performance in 2013 was better than in previous years, and a marked improvement was noted in the United Kingdom.

Market growth is expected to remain weak in 2014, with strong competition and price pressure. This means that the process of streamlining the organization will continue in 2014. In Denmark and Germany, efforts to exploit synergies in the organization continue.

Lantmännen Doggy is restructuring the organization, with a view to further improving cost efficiency.

Lantmännen Real Estate

Lantmännen Real Estate has evolved from an internal service function into a commercial business with responsibility for its own results. Lantmännen Real Estate is continuing its work in the areas of optimization of use of premises in the Group's industrial operations, and professional leasing and management for external clients. An important part of the business is property development, which involves buying, refurbishing and selling properties, and the work in this area will continue. The market is relatively predictable, with stable prices and demand.

Strategic direction for 2020

Lantmännen is well positioned in its main Scandinavian markets, and in Germany and the UK. Strong GDP growth, particularly in the Asian emerging economies, is expected to lead to a sharp increase in the number of people in the middle class. Major external changes, including middle class growth in Asia, are driving up grain prices, while demand in the European market is weak. Lantmännen is represented in every part of the value chain through wholly and partly owned companies and partnerships. Lantmännen's value chain is based on soil resources with a focus on grain and its journey from field to fork. Based on an analysis of external conditions, intensive work is in progress to update Lantmännen's strategic direction Strategy 2020. This will clarify how Lantmännen will respond to new challenges and capitalize on the business opportunities of a commodity-driven world.

The major global trends will present good opportunities but also challenges for Lantmännen's operations. Work on the new strategy is expected to continue in spring 2014.

Sustainable business development and innovation are driving forces that must permeate everything Lantmännen does. This means that Lantmännen will develop and offer products and services that contribute to sustainable development and have a good performance from a sustainability perspective.

Group Net Sales and Earnings

- ▶ Lantmännen's net sales amounted to MSEK 33,802 (36,526).
- ▶ Operating income declined to MSEK 89 (685).
- ▶ Adjusted for items affecting comparability, operating income was MSEK 805 (747).
- ▶ An impairment loss of MSEK –800 was recognized on Agroetanol's ethanol plant during the year. The Kronfågel sale generated a gain of MSEK +425.

Net sales

Lantmännen's net sales for the year amounted to MSEK 33,802 (36,526), a decline of 7 percent. Adjusted for divested operations, the decline was 2 percent. Currency effects had an impact of –1 percent on net sales.

Operating income

Lantmännen's operating income for the year was MSEK 89 (685). Items affecting comparability totaled MSEK –716 (–62), which included impairment of the Agroetanol ethanol plant, MSEK –800, and a capital gain from the sale of Kronfågel, MSEK +425. The impairment was based on a valuation of the business by reference to future cash flows, the most important factor being parliament's decision to introduce new policy instruments for biofuels. The decision opens the Swedish market to imports of cheaper and less sustainable ethanol (referred to as T1) from the United States, resulting in increased price pressure. The combination of this situation and sharply falling ethanol prices in the last four-month period, due to increased supply and lower demand, has dramatically changed the conditions for the ethanol business. The impairment of the ethanol plant has not had any effect on current operations or consolidated cash flow for 2013. Adjusted for items affecting comparability, operating income was MSEK 805 (747).

Net financial income

Net financial income amounted to MSEK –4 (–182) and was positively affected by lower borrowing rates, reduced net debt (mainly due to the sale of Kronfågel Group) and capital gains of MSEK 143 on the sale of investment shares, MSEK 118 of which was an item affecting comparability. Adjusted for items affecting comparability, net financial income was MSEK –122 (–182).

Tax and income after tax

Tax for the year was MSEK +15 (–91). Tax was affected by the fact that income from the sale of subsidiaries is non-taxable and that dividends, including refunds and final price adjustments, from Lantmännen ek för are tax deductible.

The Group's income after tax amounted to MSEK 100 (412), with MSEK 100 (413) of this figure attributable to members of the economic association and MSEK 0 (–1) to non-controlling interests (minority ownership) in the Group's subsidiaries.

Items affecting comparability *

MSEK	2013	2012
Recognized operating income	89	685
<i>Items affecting comparability in operating income:</i>		
Capital gains on sale of operations	363	-
Impairment of assets in Agroetanol's operations	–800	-
Restructuring costs, Agriculture Sector	–38	-
Restructuring costs, Food Sector	–130	-
Restructuring costs, other	–111	–62
<i>Total items affecting comparability in operating income</i>	<i>–716</i>	<i>–62</i>
Operating income, adjusted for items affecting comparability	805	747
Recognized income after financial items	85	503
Items affecting comparability in operating income according to above	–716	–62
<i>Items affecting comparability in financial items:</i>		
Capital gain on sale of shares	118	-
<i>Total items affecting comparability in net financial income</i>	<i>118</i>	<i>-</i>
Income after financial items adjusted for items affecting comparability	683	565
Return on equity, excluding items affecting comparability, %	4.4	4.2
Return on operating capital, excluding items affecting comparability, %	4.7	4.1

* See also note 9 on page 100.

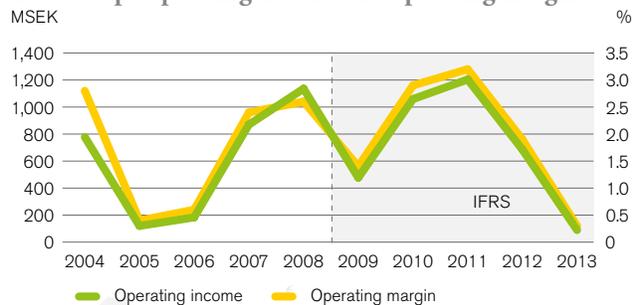
Consolidated Income Statement

MSEK	Note	2013	2012
Net sales	3, 4	33,802	36,526
Other operating income	4	816	423
Changes in inventories of finished goods and work in progress		-241	409
Capitalized work for own account		6	2
Raw materials and consumables		-13,332	-14,961
Goods for resale		-8,121	-9,364
Employee benefits expense	5	-4,938	-5,322
Depreciation, amortization and impairment	6	-2,104	-1,185
Other operating expenses	7	-5,939	-5,940
Share of income of associates	15	140	97
Operating income	9, 10	89	685
Finance income	8	333	247
Finance costs	8	-337	-429
Income after financial items		85	503
Tax	11	15	-91
Net income for the year		100	412
Net income for the year attributable to:			
Members of the economic association		100	413
Non-controlling interests		0	-1

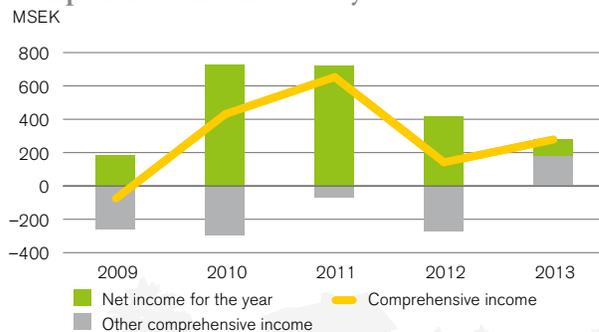
Consolidated Statement of Comprehensive Income

MSEK	Note	2013	2012
Net income for the year		100	412
Other comprehensive income	20		
<i>Items that will not be reclassified to the income statement</i>	23		
Actuarial gains and losses on defined benefit pension plans		307	-172
Tax on actuarial gains and losses		-68	46
Total		239	-126
<i>Items that will be reclassified to the income statement</i>			
Available-for-sale financial assets, net before tax		-119	41
Cash flow hedges, net before tax		8	-71
Exchange differences on translation of foreign operations		92	-246
Net gain on hedge of net investment in foreign operations, net before tax		-86	162
Tax attributable to items that will be reclassified		44	-30
Total		-61	-144
Other comprehensive income, net before tax		178	-270
Total comprehensive income		278	142
Total comprehensive income attributable to:			
Members of the economic association		278	143
Non-controlling interests		0	-1

The Group's operating income and operating margin



Comprehensive income for the year



Performance per business (for full segment information, see note 3 on pages 94-96.)

MSEK	Agriculture Sector		Machinery Sector		Energy Sector		Food Sector		Lantmännen Real Estate		Lantmännen Group	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Net sales	10,294	10,870	8,934	9,146	3,723	3,615	12,593	14,655	364	344	33,802	36,526
Operating income	67	165	255	300	-846	-21	350	252	190	198	89	685
Return on operating capital, %	1.7	4.3	11.5	12.9	-40.5	-0.9	4.3	2.8	17.8	20.5	0.5	3.8
Operating income, adjusted for items affecting comparability	105	165	255	300	-46	-21	480	314	190	198	805	747
Return on operating capital, adjusted for items affecting comparability, %	2.6	4.3	11.5	12.9	-2.2	-0.9	5.9	3.4	17.8	20.5	4.7	4.1

Agriculture Sector

The Agriculture Sector's net sales declined compared with the previous year, largely as a result of lower sales volumes and generally low grain prices. The majority of the decline was found in Lantmännen Lantbruk Sweden.

Operating income adjusted for items affecting comparability was MSEK 105 (165). Earnings were affected by costs associated with the transfer of production from Helsingborg to Falkenberg, and by restructuring costs under the ongoing action program.

Major logistics problems with soy shipments from Brazil put profitability in the feed business under pressure during the year, and the shortage of this raw material has resulted in increased purchase costs and commodity prices. The fertilizer market was cautious towards the end of the year, resulting in lower volumes and price pressure.

Lantmännen Lantbruk Sweden has stepped up its efforts to complete the ONE approach action program. Despite the extra work this caused, obligations to customers were gratifyingly fulfilled. The delivery performance during the year was good, both for harvest deliveries and customer deliveries. The process of introducing a new sales organization in Sweden has been completed. Efforts to realize the full effects of the rationalizations continue in 2014, and at the same time, there is a strong focus on improved service and increased proximity to the customer.

Agriculture-related operations

MSEK	Lantmännen Lantbruk Sweden		Lantmännen Maskin Sweden	
	2013	2012	2013	2012
Net sales	9,817	10,240	2,766	2,916
Operating income	12	102	-13	-36
Return on operating capital, %	0.4	3.6	-1.7	-4.6
Operating income, adjusted for items affecting comparability	49	102	-13	-36
Return on operating capital, adjusted for items affecting comparability, %	1.7	3.6	-1.7	-4.6

Earnings for SW Seed's international operations are in line with the previous year. The same applies to earnings for international interests, which are affected by the same market conditions as the Swedish operations, namely price pressure for feed and fertilizer.

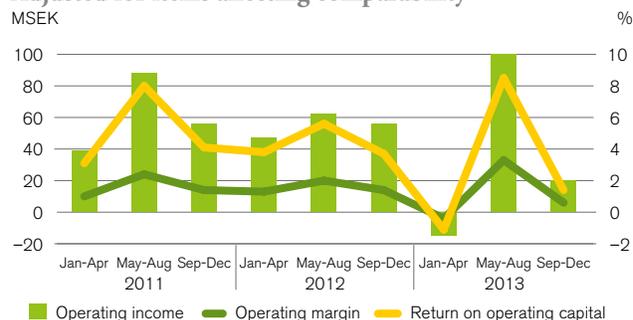
Johan Andersson took over as the new Head of the Agriculture Sector on January 1, 2014.

Machinery Sector

The Machinery Sector's net sales were a little lower than the previous year. This is largely due to continuing caution in the total market for farm and construction machinery, with a general decline in sales. The largest deviations in the Sector's sales are in Sweden.

Agriculture Sector

Adjusted for items affecting comparability



Agriculture Sector, net sales



The Sector's operating income was lower than in the previous year, at MSEK 255 (300). This is primarily the result of the decline in sales. The lower demand during the year was partly offset by initiated and implemented improvement projects, as well as attractive new concepts in the servicing and spare parts segment.

The tractor market in Sweden has declined over a long period. Tractor sales in 2013 were 11 percent lower than in 2012 and almost 24 percent lower than in 2011. Valtra is still the market leader and continued to strengthen its market share during the year, despite the falling market. Milk producers showed improved profitability during the year, although the level of investment in agriculture remains relatively low. However, a certain increase in market activity was noted at the end of the year.

A comprehensive action program is in progress at Lantmännen Maskin aimed at improving the business, with a particular focus on customer service and customer satisfaction. This is a lengthy initiative, but several positive effects have already been seen in 2013. These include improved supplier relationships, clearer communication with customers and online parts sales. The action program improvements are also reflected in operating income for the year, which is better than the previous year despite a smaller overall market.

Operating income for Swecon is at a historically good level, even though the level of activity is low in the building/construction and mining industry in Sweden and Germany. The operations continue to perform well. Swecon continues to gain market share, net sales in the engineering segment have

increased during the year and the rental equipment business continues to increase, notably in Germany.

Energy Sector

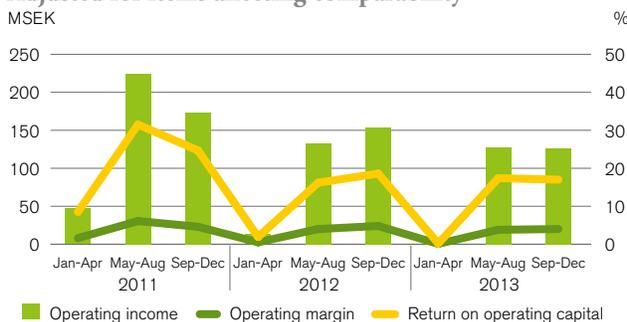
The Energy Sector's net sales were largely in line with the previous year. Operating income adjusted for items affecting comparability was lower than in 2012, at MSEK -46 (-21). This is almost entirely attributable to lower earnings for Lantmännen Agroetanol.

Lantmännen Agroetanol's situation remains very uncertain. Towards the end of the year, ethanol prices fell sharply. Production efficiency at the ethanol plant continues to improve, although political decisions and the already unfavorable ethanol price situation are hitting profitability hard. The future market remains very unpredictable. In particular, parliament's decision to introduce new policy instruments for biofuels in Sweden in May 2014 dramatically changed the playing field. Together, these factors have led to an impairment loss of MSEK -800 on the value of non-current assets. The impairment was based on a valuation of the business by reference to estimated future cash flows.

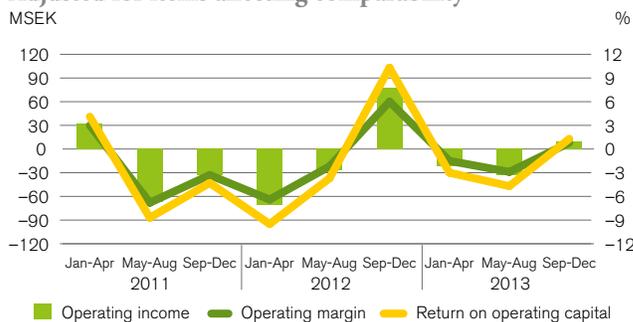
The impairment has not had any effect on current operations or consolidated cash flows for 2013, although it has reduced the Sector's total assets.

Lantmännen Agroenergi performed well during the year, resulting in a marked improvement in earnings. The business has made a comprehensive effort to reduce costs and increase productivity, and sales have increased as a result of a strong focus on attracting new customers.

Machinery Sector Adjusted for items affecting comparability



Energy Sector Adjusted for items affecting comparability



Machinery Sector, net sales



Energy Sector, net sales





Lantmännen Aspen also continues to perform well, and reported slightly better results than in the previous year. After a challenging start to the year due to the late spring, sales improved significantly in the latter part of 2013.

After the end of the year, Lantmännen and Neova AB signed an agreement on merging their wood pellet activities. The combined company consists of Lantmännen's pellet business in Sweden and Latvia and Neova's corresponding business in Sweden. The company will have an annual turnover of approx. SEK 1 billion and has about 160 employees. Lantmännen will have a 50 percent ownership share in the company. The transaction is expected to be implemented during the first half of 2014 after approval from the relevant competition authorities.

Food Sector

All of the Food Sector's business areas improved their operating income during the year. The Sector's operating income, adjusted for items affecting comparability, was higher than in the previous year, at MSEK 480 (314).

However, the key figures for the Food Sector are not fully comparable with the previous year. This is partly due to the sale of Kronfågel Group, which from June 2013 is no longer consolidated in Lantmännen's accounts. In addition, Cerealia's milling operations in Latvia were sold in March 2013.

Lantmännen Cerealia was very successful in improving

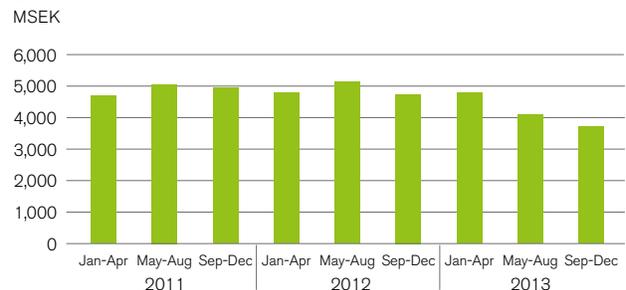
cost efficiency for the entire business in 2013, and continued the positive trend from 2012. The improvements consist of both restructuring and an increased focus on transparency and communication between the different parts of the organization. The new packaging line at the Vejle mill in Denmark has worked very efficiently, resulting in further savings. Several new products were launched during the year, including oat flakes with apple and cinnamon, mix products from Kungörsn and organic vegetables in eco-friendly packaging from GoGreen. GooH's operations continue to develop well. Market volumes have declined a little in most of Cerealia's categories. Sales of high-carb foods remained under pressure during the year, while demand for protein-rich foods increased. Market competition continues to be strong, both from private labels and more established brands and products.

At Lantmännen Unibake the effects of the new, more efficient organization started to be noticed during the year. Operating income is significantly higher than in the previous year, primarily due to a marked improvement in the UK business, where a comprehensive improvement program was implemented during the year, mainly aimed at production efficiency. Unibake's sales in growing markets, particularly Russia, and in the United States continue to show positive growth. In Denmark and Germany, efforts to exploit synergies in the organization and improve production efficiency continue, and are aimed at addressing the strong price competition and reduced market demand. In the

Food Sector
Adjusted for items affecting comparability



Food Sector,
net sales





fall, it was decided to make staff cutbacks in Örebro and Mantorp as a result of production process streamlining. In total, approx. 60 individuals, including 55 union workers, are affected.

Lantmännen Doggy was very successful with production and cost efficiency measures and also produced an improved sales mix. Doggy's operating income was significantly higher than the previous year.

Lantmännen Real Estate

With effect from 2013, Lantmännen's real estate activities are reported as a separate segment. The real estate activities were previously reported under "Other operations".

Over the last few years, Lantmännen Real Estate has evolved from an internal service function into a commercial business with responsibility for its own results. Lantmännen Real Estate's work includes optimizing the use of premises in the Group's own industrial activities, as well as professional leasing and management for external clients. Another important part of the business is property development, which involves purchasing, refurbishing and selling property.

Lantmännen Real Estate's net sales were largely in line with the previous year. Operating income, including the sale of property, was MSEK 190 (198), which was also on a par with the previous year. Capital gains on property sales vary from year to year, and were lower in 2013 than the previous year. Net operating income was slightly better than the previous year,

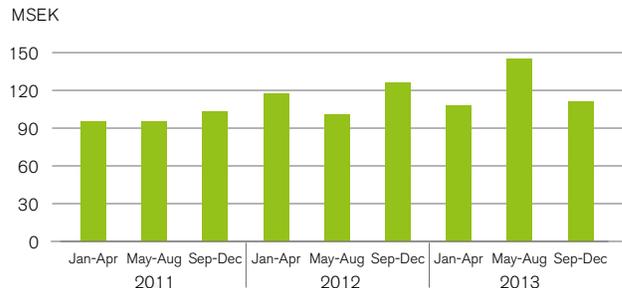
mainly due to lower costs of snow removal in Sweden's mild start to winter.

During the year, Lantmännen Maskin's and Swecon's facility in Örebro was completed and officially opened after renovation and conversion. This was Lantmännen Real Estate's single largest investment in 2013. At the end of the year, Lantmännen Real Estate also acquired a food retail property in Svedala with a long rental contract. The Sector is placing an increased focus on developing properties in the commercial sector.

Lantmännen Real Estate Adjusted for items affecting comparability



Lantmännen Real Estate, net sales



Consolidated Statement of Financial Position

MSEK	Note	2013 Dec 31	2012 Dec 31
ASSETS			
Non-current assets			
Property, plant and equipment	12	7,040	8,662
Investment properties	13	297	266
Goodwill	14	2,594	2,554
Other intangible assets	14	814	875
Investments in associates	15	1,460	1,269
Non-current financial assets	16	782	619
Deferred tax assets	11	223	217
Other non-current assets		77	46
Total non-current assets		13,287	14,508
Current assets			
Inventories	17	5,249	5,946
Trade and other receivables	18	4,866	5,454
Current interest-bearing assets	19	288	96
Current tax assets	11	16	11
Cash and cash equivalents	19	2,295	352
Total current assets		12,714	11,859
TOTAL ASSETS		26,001	26,367

MSEK	Note	2013 Dec 31	2012 Dec 31
EQUITY AND LIABILITIES			
Equity			
Member contributions		1,903	1,769
Other contributed capital		2,602	2,479
Reserves		-340	-279
Retained earnings		6,851	6,930
Total equity attributable to members of the economic association		11,016	10,899
Non-controlling interests		28	33
Total equity	20	11,044	10,932
Non-current liabilities			
Non-current interest-bearing liabilities	21, 22	4,334	5,002
Provisions for pensions	23	168	432
Deferred tax liabilities	11	151	125
Other non-current provisions	24	249	324
Other non-current liabilities		37	36
Total non-current liabilities		4,939	5,919
Current liabilities			
Current interest-bearing liabilities	21, 22	3,546	3,036
Trade and other payables	25	6,212	6,222
Current tax liabilities	11	58	57
Current provisions	24	202	201
Total current liabilities		10,018	9,516
TOTAL EQUITY AND LIABILITIES		26,001	26,367

Pledged assets and contingent liabilities, see note 31 on page 117.

Contributed capital and equity



Equity ratio and net debt/equity ratio



- ▶ The equity ratio was 42.5 (41.5) percent.
- ▶ Return on equity was 0.9 (3.8) percent.
- ▶ The Group's average operating capital declined to MSEK 16,995 (18,105).
- ▶ The capital turnover rate was 2.0 (2.0).

Assets and investments

Total assets were MSEK 26,001 (26,367) at the end of the year, a decline of MSEK 366. The Swedish krona strengthened a little against other currencies during the year, which increased the value of balance-sheet items from non-Swedish subsidiaries.

The value of property, plant and equipment fell by MSEK 1,622, mainly due to divestments, notably Kronfågel Group, and impairment of the ethanol plant (MSEK –800). Investments in property, plant and equipment were MSEK 961 (1,221) and included the investment in a new packaging line at the Vejle mill in Denmark.

Total intangible assets were MSEK 814 (875), which is a decline of MSEK 61. Impairment of intangible assets amounted to MSEK 108 (0) during the year, including goodwill impairment of MSEK 39 relating to the ethanol business. Investments in intangible assets for the year amounted to MSEK 82 (71).

Inventories decreased by approx. 12 percent, mainly due to lower grain stocks after a poorer harvest than in 2012 and the disposal of Kronfågel Group.

Liabilities and equity

Group equity amounted to MSEK 11,044 (10,932) at the end of the year, MSEK 28 (33) of which was attributable to owners other than the members of the economic association, i.e. non-controlling interests in Group companies. Net income for the year increased equity by MSEK 100 (412), while dividends and changes in contributed capital reduced equity by MSEK 162 (151).

Remeasurement effects recognized in OCI increased equity by MSEK 178 (–270).

The Group's net debt amounted to MSEK 4,963 (7,506) at the end of the year. The reduction of MSEK 2,543 was largely an effect of the divestment of Kronfågel Group and lower working capital. The Kronfågel transaction contributed approx. SEK 1 billion.

The Group's liquidity at the end of the year was MSEK 3,379 (1,287). The figure is calculated on the basis of Lantmännen's current loan agreements and their covenants. The increased liquidity is largely due to the reduction of net debt as a result of reduced working capital and the sale of Kronfågel Group in June, as well as a slightly higher EBITDA, which affects the borrowing facility. At the end of 2013, Lantmännen was operating within the framework of the covenants associated with its existing loan agreements.

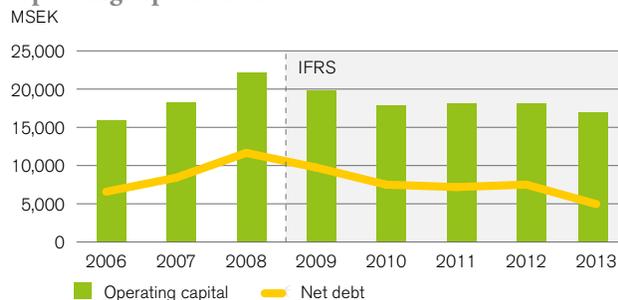
The equity ratio was 42.5 percent (41.5) at the end of the year.

Net debt

MSEK	2013	2012
Liabilities to credit institutions	4,710	4,900
Savings and deposit accounts, members et al.	2,967	2,661
Pension liabilities	168	432
Subordinated debentures	56	56
Other interest-bearing liabilities	148	421
Total interest-bearing liabilities	8,049	8,470
Other interest-bearing assets	791	612
Short-term investments	1,725	83
Cash and bank balances	570	269
Total interest-bearing assets	3,086	964
Group's net debt	4,963	7,506

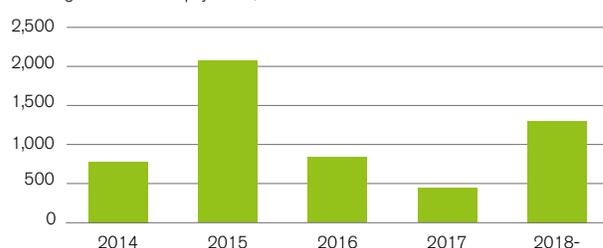
Shares held on an operational basis are reported under financial assets in the statement of financial position, but are not included in net debt; instead, they are reported as part of the Group's operating capital. Their value is MSEK 279 for 2013 and MSEK 103 for 2012.

Operating capital and net debt



Maturity profile of liabilities to credit institutions

Including future interest payments, MSEK

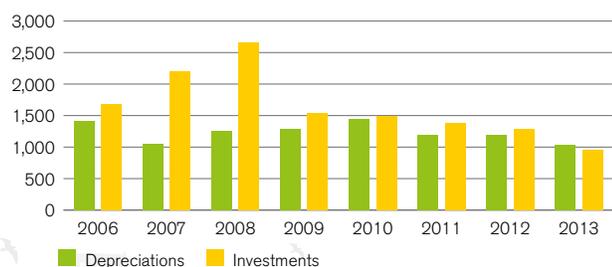


Consolidated Statement of Cash Flows

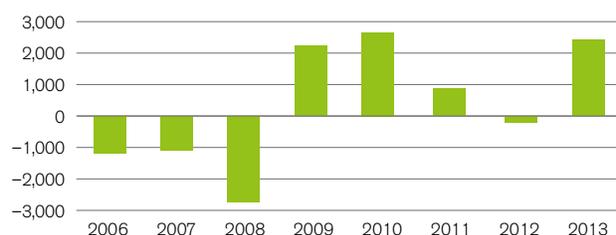
MSEK	Note	2013	2012
OPERATING ACTIVITIES			
Operating income		89	685
Adjustment for non-cash items ¹⁾		1,681	972
		1,770	1,657
Financial items paid, net		-96	-182
Taxes paid		-104	-117
Cash flow from operating activities before change in working capital	32:1	1,570	1,358
<i>Cash flow from changes in working capital</i>			
Change in inventories		208	-479
Change in operating receivables		181	-52
Change in operating liabilities		335	156
		724	-375
Cash flow from operating activities		2,294	983
INVESTING ACTIVITIES			
Acquisition of operations	32:2	-347	0
Divestment of operations	32:3	1,543	0
Investment in property, plant & equipment	32:4	-961	-1,221
Investment in intangible assets		-82	-71
Sale of property, plant & equipment and intangible assets		181	129
Change in financial investments		-178	-42
Cash flow from investing activities		156	-1,205
Cash flow before financing activities		2,450	-222
FINANCING ACTIVITIES			
Change in loans		-353	-16
Paid-in contributed capital		103	99
Refunded capital contribution		-49	-50
Dividend paid		-208	-190
Cash flow from financing activities		-507	-157
Cash flow for the year		1,943	-379
Cash and cash equivalents at beginning of year		352	739
Exchange gains/losses		0	-8
Cash and cash equivalents at end of year	32:5	2,295	352

1) MSEK	2013	2012
Adjustment for non-cash items		
Depreciation, amortization and impairment of non-current assets	2,104	1,185
Share of income of associates	-109	-78
Capital gains on sale of non-current assets and operations	-384	-81
Other items	70	-54
Total	1,681	972

Depreciation/investment in property, plant and equipment
MSEK



Cash flow before financing activities
MSEK



- ▶ Positive cash flow from operating activities amounted to MSEK 1,570 (1,358).
- ▶ The Group's net investments in non-current assets generated a cash flow of MSEK -862 (-1,163).
- ▶ Cash flow before financing activities was MSEK 2,450 (-222).

Cash flow from operating activities

The cash operating surplus, i.e. before changes in working capital, gave a positive cash flow of MSEK 1,570 (1,358), while a lower working capital than the previous year increased the cash flow by MSEK 724 (-375), due to reduced inventories and trade receivables and higher operating liabilities. In total, this generated a positive cash flow of MSEK 2,294 (983) from operating activities.

Cash flow from investing activities

Payments relating to investments in property, plant and equipment and intangible assets were lower than in the previous year,

amounting to MSEK -1,043 (-1,292), while sales of non-current assets generated a cash flow of MSEK 181 (129). Overall, this gave a cash flow from net investments in non-current assets of MSEK -862 (-1,163). Acquisitions and divestments of operations generated a positive net cash flow of MSEK 1,196 (0). Approx. SEK 1 billion of this cash flow is attributable to the formation of the associate Scandinavian Standard AB and Lantmännen's sale of Kronfågel Group to this company.

Total cash flow from investing activities was MSEK 156, compared with MSEK -1,205 the previous year.

Cash flow from financing activities

Financing activities generated a cash flow of MSEK -507 (-157). The dividend of MSEK -208 (-190) is distributed as follows: MSEK -88 (-78) contribution dividends and MSEK -120 (-110) refunds and final price adjustments to members of the association.

Cash flow for the year

The Group's total cash flow for the year was positive at MSEK 1,943 (-379), and cash and cash equivalents were MSEK 2,295 (352) at the end of the year.

Consolidated Statement of Changes in Equity

	Note	Member contributions	Other contributed capital	Reserves	Retained earnings	Total Lantmännen's owners	Non-controlling interests	Total equity
Opening balance, January 1, 2012		1,568	2,300	-135	7,173	10,906	36	10,942
Net income for the year		-	-	-	413	413	-1	412
Other comprehensive income, net before tax		-	-	-144	-126	-270	-	-270
Total comprehensive income		-	-	-144	287	143	-1	142
Distributions to owners		152	179	-	-529	-198	-2	-200
Contributed capital paid in by members		99	-	-	-	99	-	99
Contributed capital paid out to members		-50	-	-	-	-50	-	-50
Purchase of NCI in Nötcenter Viken AB		-	-	-	-1	-1	-	-1
Closing balance, December 31, 2012	20	1,769	2,479	-279	6,930	10,899	33	10,932
Net income for the year		-	-	-	100	100	0	100
Other comprehensive income, net before tax		-	-	-61	239	178	-	178
Total comprehensive income		-	-	-61	339	278	0	278
Distributions to owners		80	123	-	-418	-215	-1	-216
Contributed capital paid in by members		103	-	-	-	103	-	103
Contributed capital paid out to members		-49	-	-	-	-49	-	-49
Purchase of NCI, incl. Byggglant		-	-	-	-	0	-4	-4
Closing balance, December 31, 2013	20	1,903	2,602	-340	6,851	11,016	28	11,044

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

Equity attributable to members of the economic association, MSEK	2013	2012
Contributed capital, paid in	829	753
Contributed capital, issued	1,074	1,016
Other equity	9,113	9,130
Total equity attributable to members of the economic association	11,016	10,899

Parent Company **Lantmännen ek för**

Operations

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

Number of members

The number of members at December 31, 2013 was 32,082 (33,589).

Net sales and operating income

Net sales amounted to MSEK 10,284 MSEK (10,646).

Operating income for the year was MSEK -255 (-95). The decline from the previous year is mainly due to costs associated with the production relocation from Helsingborg to Falkenberg, restructuring costs and impairment of assets.

Income after net financial items

Income after financial items was MSEK 755 (873). Net financial income amounted to MSEK 1,010 (968). The figure includes capital gains of MSEK 962 (-13) on the sale of shares and interests and MSEK 143 (3) on the sale of investment shares, and dividends (mainly from subsidiaries) of MSEK 109 (613). It also includes impairment of shares in subsidiaries amounting to MSEK -222 (-5) and exchange losses of MSEK -97 (251).

The capital gain on the sale of subsidiaries in 2013 relates to the divestment of Kronfågel Group. Impairment of shares in subsidiaries relates to the holdings in Lantmännen Agroetanol AB and NötCenter Viken AB. The exchange gains in 2012 were mainly attributable to a gain on the repayment of share capital from Lantmännen Finance Ireland.

Investments

Investments in non-current assets for the year totaled MSEK 180 (143).

Equity ratio

The equity ratio at the end of the year was 39.7 (42.5) percent.

Human resources

The average number of employees was 1,262 (1,244). The increase is mainly due to the transfer of personnel from SW Seed AB on April 1, 2012.

APPROPRIATION OF PROFIT

Refund and final price adjustment

The Board has decided to pay a 1.5 (1.25) percent refund on members' purchases of supplies from Lantmännen Lantbruk Sweden and 0.5 (0.5) percent on their purchases from the Machinery Sector's Swedish operations. The Board has also decided that a final price adjustment of 1.5 (1.25) percent will be paid for delivered grain, oilseed and grass seed. The total refund and final price adjustment is estimated at MSEK 127 (120). The refund and final price adjustment is recognized as dividend in consolidated accounts.

Contribution dividend

The Board proposes that the Annual General Meeting adopt a contribution dividend of 9 (5) percent, a total of MSEK 171 (88), on paid-in and issued contributions to direct members, organization members and local associations.

Contribution issue

The Board proposes that the Annual General Meeting adopt a contribution issue of MSEK 0 (80).

In total, the proposed contribution dividend and contribution issue amount to 9 (9) percent of the association's contributed capital, despite the lack of a contribution issue in 2013.

Subordinated debentures

The Board proposes that the Annual General Meeting adopt a dividend on subordinated debentures of 3.0 (3.75) percent, which corresponds to MSEK 2 (2).

Proposal for appropriation of profit

The Board of Directors proposes that the Parent Company's unappropriated earnings of TSEK 6,296,501 be allocated as follows:

Contribution dividend	TSEK	171,283
Contribution issue	TSEK	0
Dividend on subordinated debentures	TSEK	1,687
Transferred to statutory reserve	TSEK	23,000
Carried forward	TSEK	6,100,531
Total	TSEK	6,296,501

Because of trading in contribution issues, the Board has decided that the date on which holdings give entitlement to a dividend, in the form of a contribution dividend, will be the date of the Annual General Meeting, May 15, 2014.

The dividend is calculated on the basis of the membership roll as updated on December 31, 2013. The contribution dividend amount may be changed as a result of membership changes up to May 15, 2014.

The 2013 accounts will be presented for adoption at the Annual General Meeting on May 15, 2014.

Parent Company **Income Statement**

MSEK	Note	2013	2012
Net sales, external		8,073	8,573
Net sales, intra-Group		2,211	2,073
Net sales, total	33	10,284	10,646
Excise duties		-6	-8
Changes in inventories of finished goods and work in progress		-17	33
Capitalized work for own account		5	1
Other operating income	33	212	348
		10,478	11,020
Operating expenses			
Raw materials and consumables		-6,351	-6,460
Goods for resale		-1,798	-2,085
Other external costs	34	-1,431	-1,516
Employee benefits expense	5	-950	-904
Depreciation, amortization and impairment of assets		-203	-150
Total operating expenses		-10,733	-11,115
Operating income	35, 38	-255	-95
Income from financial items			
Income from investments in Group companies	36	815	583
Income from investments in associates	36	32	19
Income from other securities and receivables classified as non-current assets	37	145	9
Interest income from Group companies		304	362
Other interest and similar income		172	210
Interest expenses to Group companies		-84	-104
Other interest and similar expenses		-277	-362
Exchange differences, financial items	38	-97	251
Total financial items		1,010	968
Income after financial items		755	873
Refund and final price adjustment		-127	-120
Group contributions received		-	443
Group contributions paid		-339	-315
Income before tax		289	881
Tax on net income for the year	39	163	-35
NET INCOME FOR THE YEAR		452	846

Parent Company **Statement of Financial Position**

MSEK	Note	2013 Dec 31	2012 Dec 31
ASSETS			
Non-current assets			
Intangible assets			
Intangible assets	40	223	210
		223	210
Property, plant and equipment			
Land and buildings	41	226	200
Investment properties	42	41	63
Plant and machinery		473	513
Other tangible assets		78	84
		818	860
Non-current financial assets			
Investments in Group companies	43	6,572	6,185
Investments in associates	15	1,065	832
Receivables from Group companies		1,411	1,165
Receivables from associates		297	3
Other non-current financial assets		387	425
Deferred tax assets	39	270	107
Other non-current assets		40	3
		10,042	8,720
Total non-current assets		11,083	9,790
Current assets			
Inventories	44	2,008	2,242
Trade receivables		1,693	1,964
Receivables from Group companies		10,973	10,799
Receivables from associates		8	7
Other current receivables		294	83
Prepayments and accrued income	45	133	198
		15,109	15,293
Short-term investments		1,654	0
Cash and bank balances		130	0
Total current assets		16,893	15,293
TOTAL ASSETS		27,976	25,083

MSEK	Note	2013 Dec 31	2012 Dec 31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Member contributions		1,903	1,769
Subordinated debentures		56	56
Restricted reserves		2,602	2,479
		4,561	4,304
Non-restricted equity			
Non-restricted reserves, retained earnings		5,845	5,292
Net income for the year		452	846
		6,297	6,138
Total equity		10,858	10,442
Untaxed reserves	46	311	311
Provisions			
Provisions for pensions	47	3	3
Other provisions	48	206	196
Total provisions		209	199
Non-current liabilities			
Non-current liabilities to credit institutions		4,090	4,491
Other non-current liabilities		39	41
Total non-current liabilities		4,129	4,532
Current liabilities			
Current liabilities to credit institutions		500	145
Trade payables		1,732	1,888
Liabilities to Group companies		8,167	5,484
Liabilities to associates		1	10
Other current liabilities	49	1,710	1,759
Accruals and deferred income	50	359	313
Total current liabilities		12,469	9,599
TOTAL EQUITY AND LIABILITIES		27,976	25,083
Pledged assets	52	473	506
Contingent liabilities	52	935	1 152

Parent Company **Statement of Cash Flows**

MSEK	2013	2012
OPERATING ACTIVITIES		
Operating income	-255	-95
Adjustment for non-cash items ¹⁾	193	52
	-62	-43
Financial items received, net	269	831
Taxes paid	0	0
Cash flow from operating activities before change in working capital ²⁾	207	788
<i>Cash flow from changes in working capital</i>		
Change in inventories	234	-289
Change in operating receivables	349	-232
Change in operating liabilities	-160	-149
	423	-670
Cash flow from operating activities	630	118
INVESTING ACTIVITIES		
Acquisition of operations and shareholder contributions	-1,555	-192
Divested operations, share capital repayments	1,677	1,084
Investment in intangible assets	-78	-41
Investment in property, plant and equipment	-102	-102
Sale of property, plant and equipment	15	114
Change in financial assets	-789	-3,033
Cash flow from investing activities	-832	-2,170
FINANCING ACTIVITIES		
Group contributions, net	128	167
Change in loans	1,894	1,562
Paid-in contributed capital	103	99
Refunded capital contribution	-49	-50
Dividend paid	-90	-82
Cash flow from financing activities	1,986	1,696
Cash flow for the year	1,784	-356
Cash and cash equivalents at beginning of year	0	356
Cash and cash equivalents at end of year ³⁾	1,784	0

1) MSEK	2013	2012
<i>Adjustment for non-cash items</i>		
Depreciation, amortization and impairment of non-current assets	203	144
Capital gains on sale of non-current assets and operations	-10	-76
Other items	0	-16
Total	193	52
<i>2) Interest paid and dividends received</i>		
Dividends received	108	595
Interest received	462	209
Interest paid	-328	-338
Total	242	466
<i>3) Cash and cash equivalents</i>		
Cash and bank balances	130	0
Short-term investments, maturity less than 3 months	1,654	0
Total	1,784	0

Parent Company **Statement of Changes in Equity**

MSEK	Contributed capital	Subordinated debentures	Restricted reserves	Non-restricted equity	Total equity
Equity, January 1, 2012	1,568	56	2,300	5,705	9,629
Net income for the year	-	-	-	846	846
Dividend paid ¹⁾	-	-	-	-82	-82
Contributed capital paid in by members	99	-	-	-	99
Contributed capital paid out to members	-50	-	-	-	-50
Appropriation of profit	152	-	179	-331	0
Equity, December 31, 2012	1,769	56	2,479	6,138	10,442
Net income for the year	-	-	-	452	452
Dividend paid ¹⁾	-	-	-	-90	-90
Contributed capital paid in by members	103	-	-	-	103
Contributed capital paid out to members	-49	-	-	-	-49
Appropriation of profit	80	-	123	-203	0
Equity, December 31, 2013	1,903	56	2,602	6,297	10,858

¹⁾ Contribution dividend MSEK -88 (-78), dividend on subordinated debentures MSEK -2 (-4), reported as interest expense in the Group.

MSEK 7 (7) of the contributed capital paid out is attributable to refunds resulting from changed conditions with regard to members' obligation to invest in the association, while MSEK 42 (43) is attributable to refunds to members who have left the association.

In 2014, an estimated MSEK 63 (50) in contributed capital will be refunded to members. MSEK 52 (43) refers to refunds to members who have left the association and MSEK 11 (7) to refunds to members resulting from changed conditions with regard to members' obligation 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 722 (741) at December 31, 2013.

Contributed capital, MSEK	2013	2012
Paid-in contributed capital	829	753
Issued contributed capital	1,074	1,016
Total	1,903	1,769

Outstanding subordinated debentures run until December 30, 2014.

Notes to the annual financial statements

Amounts in MSEK unless otherwise stated

Lantmännen ek för conducts its operations as a co-operative economic association and is headquartered in Stockholm, Sweden.

The address of the main office is S:t Göransgatan 160 A. Lantmännen ek för's corporate identity number is 769605-2856. The operations of Lantmännen Group are described in the Board of Directors' report and in note 3, Segment reporting. The 2013 financial statements for the Group and Parent Company will be presented for adoption by the Annual General Meeting on May 15, 2014.

Notes – Group

Note 1 Accounting policies

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

BASIS OF PREPARATION

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

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

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

Standards, amendments and interpretations that entered into force in 2013, have been adopted by the EU and are applied by the Group

IAS 1 Presentation of Other Comprehensive Income – amendment

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

Lantmännen opted for early application from 2012, which means that the result of actuarial gains and losses is reported separately from 2012.

IFRS 7 Financial Instruments: Disclosures – amendment

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

The amendment has meant that additional disclosures are presented in note 22 Financial instruments and financial risk management.

IFRS 13 Fair Value Measurement

IFRS 13 sets out in a single IFRS a framework for measuring fair value when another IFRS permits fair value measurement. The standard clarifies the definition of fair value and requires additional disclosures about fair value measurement.

The new standard has not resulted in any change to fair value measurement compared with previous measurement. However, additional disclosures are presented in note 22 Financial instruments and financial risk management.

IAS 19 Employee Benefits – amendment

The amendment involves significant changes to accounting for defined benefit pension plans. For example:

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

The amendment has increased the opening value of the pension obligation and reduced other provisions by MSEK 86, as a result of processing the payroll tax. There are now additional sensitivity analyses, and these are presented in note 23 Pensions.

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

IFRS 10 Consolidated Financial Statements

IAS 27 Separate Financial Statements – amendment

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

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

The rules concerning the preparation of consolidated financial statements have not changed. However, IFRS 10 clarifies the procedure for determining whether control exists or not. Shareholdings, i.e. voting rights, are not necessarily required for control to exist.

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

IFRS 11 Joint Arrangements and the amended IAS 28 Investments in Associates and Joint Ventures

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

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

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

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

Joint ventures, where each joint venturer owns an interest in the company's net assets, are accounted for using the equity method. Use of proportional consolidation is prohibited.

Note 1 continued

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

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 is effective from 2014.

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

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

IAS 32 Financial Instruments: Classification – amendment

The amended IAS 32 is effective from 2014.

The amendment clarifies the definition of certain terms regarding offsetting of financial assets and financial liabilities.

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

IAS 36 Impairment – amendment

The amended IAS 36 is effective from 2014.

The amendment means additional disclosures about fair value when the recoverable amount of an impaired asset is based on fair value less costs to sell, and harmonization of disclosure requirements with what applies when the recoverable amount is calculated based on value in use.

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

IAS 39 Financial Instruments: Recognition and Measurement – amendment

The amended IAS 39 is effective from 2014.

The amendment provides relief from discontinuing hedge accounting when an entity is forced to change the immediate counterparty of a hedging instrument to achieve clearing with a central counterparty.

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

Investment Companies

Of no relevance to the Group.

Standards, amendments and interpretations that have not yet been adopted by the EU

IFRS 9, Financial Instruments: Recognition and Measurement

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

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

IFRIC 21 Levies

Of no significance to the Group.

Changes to the Parent Company's accounting policies

The Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities has been amended by the introduction of new guidelines for reporting group contributions. These guidelines are effective from 2013 but early application was possible. Lantmännen chose to apply the alternative rule in the guidelines from 2012, which means that both group contributions received and group contributions paid are reported as an appropriation.

ASSUMPTIONS AND ACCOUNTING ESTIMATES

To ensure preparation of the financial statements in accordance with IFRS, assumptions and estimates must be made which affect reported assets and liabilities and income and expenses, as well as other information disclosed. The

actual outcome may differ from these estimates. The areas in which assumptions and accounting estimates have the greatest impact on carrying amounts are described in more detail in note 2.

JUDGEMENTS IN THE APPLICATION OF ACCOUNTING POLICIES

Contributed capital in an economic association is refunded when the member leaves the association. Based on the rules contained in IAS 32 that are applicable to the contributed capital of 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 from the date on which the Group obtains control, or for associates significant influence, over the enterprise, while divested Group entities are included in the consolidated financial statements up to and including the date on which the Group still has control, or for associates significant influence, over the enterprise.

Subsidiaries

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

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

All intra-Group transactions, including receivables and liabilities, income and expenses as well as unrealized earnings, are eliminated in their entirety.

Associates

Associates are companies over which Lantmännen has a significant, but not controlling, influence. This is normally the case when the Group holds between 20 and 50 percent of the voting rights.

Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. Acquired assets and liabilities are measured in the same way as for subsidiaries and the carrying amount includes any goodwill and other Group adjustments. The Group's share of the associate's income after tax arising after the acquisition, adjusted for any depreciation/reversals of the consolidated value, is reported on one line in the income statement and is included in operating income. The share of income is calculated on the basis of Lantmännen's share of equity in the associate. The equity method means that the consolidated carrying amount of investments in associates corresponds to the Group's share of the equity of associates plus the residual value of fair value adjustments.

Unrealized gains and losses that do not involve an impairment loss are eliminated in proportion to the Group's investment in the associate.

Joint ventures

Joint ventures are companies over which Lantmännen and other parties have contractual joint control and are accounted for according to the equity method in the same way as associates.

Non-controlling interests (minorities)

The minority interest's share of a subsidiary's net assets is recognized as a separate item in consolidated equity. In the consolidated income statement, the minority's share is included in accounting profit and information is disclosed about the amount in connection with the accounting profit. Transactions with minority shareholders are

Note 1 continued

recorded as transactions within equity. Any difference between the minority's share of equity and consideration paid or received is recognized directly as a change in equity attributable to the Parent Company's owners.

With each acquisition, Lantmännen assesses whether the minority's share of equity should be measured at fair value or as a proportion of identifiable net assets.

Translation of foreign Group entities

Statements of financial position and income statements for all Group entities whose functional currency is not the presentation currency are translated into the Group's presentation currency using the following procedures:

- Assets and liabilities are translated at the closing rate on each reporting date reported in the statement of financial position.
- Revenues and expenses are translated at the average rate for each year reported in the income statement and statement of comprehensive income.
- All translation differences that arise are recognized as a separate item under other comprehensive income in the statement of comprehensive income.

In cases where net investments in foreign operations are hedged with financial instruments the foreign exchange differences arising on translation of these instruments are also recognized in the statement of comprehensive income.

When a foreign operation is disposed of, the cumulative translation differences and exchange differences for any financial instruments held for hedging the net investment in the company are recognized as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated according to the same principles as the entity.

Parent company

The Parent Company recognizes all investments in Group entities, associates and joint ventures at cost, adjusted where applicable by accumulated impairment losses.

FOREIGN CURRENCY TRANSACTIONS AND BALANCE SHEET ITEMS

The various entities within the Group present their reports in the currency of the primary economic environment in which they operate (the functional currency). The consolidated financial statements are prepared in Swedish kronor (SEK), which is the Parent Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction date.

Foreign currency receivables and liabilities are remeasured at closing-date rates at the end of each reporting period. Exchange differences arising on such remeasurement, and upon payment of the transaction, are recognized in the income statement. However, exchange differences arising on remeasurement of items that are hedging transactions, and that qualify for hedge accounting, are recognized in other comprehensive income. Gains and losses on operating receivables and liabilities are netted and reported within operating income. Gains and losses on borrowings and financial investments are reported as financial items.

Exchange differences on receivables which represent an extended investment in subsidiaries are recognized in other comprehensive income in the same way as translation differences relating to investments in foreign subsidiaries.

SEGMENT REPORTING

Reported operating segments are consistent with the internal reporting submitted to the chief operating decision maker, who is the person that allocates resources and evaluates the results of the operating segments. At Lantmännen, this role is assumed by the President, who, on behalf of the Board, takes charge of day-to-day management and governance.

The business segments are consistent with the Group's operational structure, in which activities are divided into four Sectors and Lantmännen Real Estate. The segments are organized around different types of products and services. The four Sectors are Agriculture, Machinery, Energy and Food. Activities not reported as a separate segment, mainly corporate functions, are reported as Other operations. A further description of the operating segments is provided in note 3 on pages 94-96.

The segments are responsible for their operating income and the assets and liabilities used in their own operations, namely the operating capital. Financial

items and taxes do not fall within the Sectors' responsibility; these are reported centrally for the Group. The same accounting policies are used for the segments as for the Group, apart from pensions (IAS 19 only at Group level) and financial instruments (IAS 39 only at Group level).

Transactions between Sectors, segments and other operations are carried out on commercial terms.

PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are recognized at cost less accumulated depreciation and any accumulated impairment. Cost includes expenditure that can be directly attributed to the acquisition of the asset, including the effect of cash flow hedges relating to investment purchases in foreign currencies. Start-up and pre-production costs that are necessary for bringing the asset to its pre-determined condition are included in the cost. For major investments, where the total investment value is at least MSEK 300 and the investment period lasts at least 12 months, interest during construction is included in the cost of the asset.

Subsequent expenditure on property, plant and equipment increases the cost only if it is probable that the Group will have future economic benefit from the subsequent expenditure. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

Investment properties

Investment properties are recognized at cost less accumulated depreciation and any accumulated impairment. The fair value of investment properties is provided as an additional disclosure, see ► notes 13 and 42. In the Group, properties where more than 90 percent is rented to parties other than Group entities are classified as investment properties. In the Parent Company, properties are classified as investment properties when more than 90 percent is rented to other entities. The Parent Company's investment properties rented to Group entities are reported as operating properties in the consolidated financial statements.

Depreciation policies for property, plant and equipment

Land is assumed to have an indefinite useful life and is therefore not depreciated. Depreciation of other property, plant and equipment is based on cost less estimated residual value. Depreciation is straight-line over the asset's estimated useful life. Each component of a larger item of property, plant and equipment with a cost that is significant in relation to the asset's total cost and with a useful life significantly different from the rest of the asset is depreciated separately.

The assets' residual values and useful lives are tested at least annually and adjusted as necessary.

The following depreciation schedules are applied:

Buildings	14–100 years
Grain elevators	10–33 years
Property fixtures	10–25 years
Plant and machinery	5–20 years
Equipment, tools	5–15 years
Vehicles	5–10 years
Office equipment	3–10 years

INTANGIBLE ASSETS

An intangible asset is recognized when the asset is identifiable, the Group controls the asset, and it is expected to yield future economic benefits. Intangible assets such as goodwill, trademarks and customer relationships are identified and measured normally in connection with business combinations. Expenditures on internally generated trademarks, customer relationships and internally generated goodwill are recognized as an expense in the income statement when they are incurred.

Goodwill

Goodwill is the amount by which the cost of acquisition exceeds the fair value of the net assets acquired by the Group in a business combination. The value of the goodwill is allocated to the operating segment's cash-generating units which are expected to benefit from the acquisition that gave rise to the goodwill item. Goodwill is carried at cost less accumulated impairment losses and is tested annually for impairment. Goodwill impairment is not reversed.

Goodwill arising on acquisition of associates is included in the carrying amount of the associate and is tested for impairment as part of the value of the total investment in the associate.

Note 1 continued

Net gains or losses on the disposal of Group entities include the remaining carrying amount of the goodwill attributable to the divested entity.

Trademarks

The value of trademarks is carried at cost less any accumulated amortization and impairment losses. Trademarks with an indefinite useful life are not amortized but are tested annually for impairment in the same way as goodwill. Trademarks that Lantmännen intends to continue using for the foreseeable future and that have a cost of at least MSEK 10 are classified as trademarks with an indefinite useful life.

The relief from royalty method is used to measure trademarks identified in a business combination.

Trademarks with a finite useful life are amortized on a straight-line basis over their expected useful life, which varies between 5 to 10 years.

Parent Company

The Parent Company recognizes the value of trademarks at cost less any accumulated amortization and impairment losses.

Customer and supplier relationships

Intangible assets in the form of customer and supplier relationships are identified in connection with business combinations. The value of customer relationships is calculated using the multi-period excess earning method, together with any other relevant information, and is carried at cost less accumulated amortization and impairment losses.

At present, existing customer relationships are considered to have a useful life of 7 years and existing supplier relationships a useful life of 10 years.

Research and development

Expenditure on research is recognized as an expense in the period in which it is incurred. Expenditure on development is recognized as an intangible asset only if it is technically and financially feasible to complete the asset, it is expected to provide future economic benefits and the cost of the asset can be measured reliably. In the case of seed grain development, this means that costs cannot be capitalized until an official variety test has shown potential success for the variety. With regard to the development of fuels, expenditure is capitalized only when the product can demonstrate technical acceptance and commercial potential and political decisions have been made. Currently, this means that all expenditure on the development of commercial products and similar products is expensed as incurred. Expenditure on development of business-related IC/IT systems is capitalized if the general preconditions according to the above are met and the total expenditure is estimated to exceed MSEK 3.

Capitalized expenditure is amortized on a straight-line basis over the estimated useful life of 5 to 10 years.

Other intangible assets

Intangible assets also include patents, licenses and other rights. The assets are carried at cost less accumulated amortization and impairment losses. Amortization is straight-line over the expected useful life of the asset, which is estimated at 5-10 years.

Subsequent expenditure on other intangible assets increases the cost only if it is likely that the Group will have future economic benefit from the subsequent expenditure. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

IMPAIRMENT LOSSES

Intangible assets with an indefinite useful life are not amortized but are tested for impairment annually or more frequently if there is an indication of impairment. The carrying amounts of assets that are amortized are regularly tested. At the end of each reporting period, an assessment is made as to whether there is any indication that the assets are impaired and need to be written down. The recoverable amount is estimated for these assets and for assets with indefinite useful lives.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. An impairment loss is recognized if the recoverable amount is less than the carrying amount. A previously recognized impairment loss is reversed if the reasons for the earlier impairment no longer exist. However, an impairment loss is reversed only to the extent that it does not increase the carrying amount of an asset above the amount that would have been determined had no impairment loss been recognized in prior years. Impairment of goodwill is never reversed.

For an asset that depends on other assets generating cash flows, the value in use of the smallest cash-generating unit to which the asset belongs is estimated. Goodwill is always allocated to the cash-generating units that benefit from the acquisition that generated the goodwill.

An asset's value in use is the present value of the estimated future cash flows that are expected from using the asset and its estimated residual value at the end of its useful life. When calculating the value in use, future cash flows are discounted at an interest rate before tax that takes into account a market assessment of risk-free interest rates and risk involved with the specific asset. At Lantmännen the risk premium is estimated in relation to the proximity of the operation to the farmer. Operations close to the farmer have a lower risk premium level.

INVENTORIES

Inventories are measured at the lower of cost and net realizable value at the reporting date. The cost is estimated by applying the FIFO (first in/first out) method or weighted average prices. The cost of self-produced goods includes raw materials, direct wages, other direct costs and production-related overhead costs, based on normal production capacity. Borrowing costs are not included in the measurement of inventories. Net realizable value is the estimated selling price in operating activities less the estimated costs to complete and sell the product.

For recognition of grain stocks, see also "Revenue recognition – grain" on page 93.

CONSTRUCTION CONTRACTS AND SIMILAR ARRANGEMENTS

In the consolidated financial statements, the percentage of completion method is applied to construction contracts for which the outcome can be calculated in a satisfactory manner. Income and expenses are recognized in the income statement in relation to the contract's stage of completion. The stage of completion is determined on the basis of contract costs expended in relation to the total calculated contract costs for the contract. Expected losses are expensed immediately.

FINANCIAL ASSETS AND LIABILITIES – FINANCIAL INSTRUMENTS

All financial instruments are recognized in the statement of financial position. Financial assets include cash and cash equivalents, trade receivables, shares and other equity instruments, loan receivables, other interest-bearing instruments and derivatives. Financial liabilities include trade payables, loans and derivatives. Derivative instruments include forward contracts, futures and swaps used primarily to cover risks relating to exchange rate and commodity price fluctuations and exposure to interest-rate risks. Derivative instruments are recognized in the statement of financial position when the agreements are made. Trade receivables are recognized in the statement of financial position when the invoice is issued. Trade payables are recognized when an invoice is received. Other financial assets and financial liabilities are recognized in the statement of financial position on the settlement date. A financial asset or part of the asset is derecognized on the settlement date or when it expires. A financial liability or part of a financial liability is derecognized on the settlement date or when it is extinguished in another manner.

Classification of financial instruments

Measurement is based on how a particular financial instrument is classified. Classification takes place at the time the transaction is conducted. Lantmännen classifies its financial instruments in the following categories:

Financial assets measured at fair value through profit or loss

A financial asset is assigned to this category if it is held for trading. Derivative instruments with a positive market value are assigned to this category if they have not been identified as hedging instruments. Unlisted shares and market-listed interest-bearing securities are included in this category. Changes in value in this category are recognized in profit or loss.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets in this category are carried at amortized cost and are subject to impairment testing.

Impairment of a financial asset takes place if events occur that provide evidence that the future cash flows from the asset will be adversely affected. Impairment testing of trade receivables is based on an individual assessment of each past due receivable and the counterparty in question. Recurrent late payment, non-payment or other financial troubles with the counterparty are seen as evidence of impairment. If a receivable is considered uncollectible, a provision is recognized, which is the difference between the carrying amount of the asset and the amount

Note 1 continued

expected to be received. The provision remains in place until payment is received, a reassessment is made or a loss is established.

Available-for-sale financial assets

A financial asset that has not been classified in any of the above categories and is not a derivative instrument is included in this category. Financial assets are carried at fair value, and the change in value is recognized in OCI and accumulated in equity until the asset is sold, unless an impairment loss requires a change in value to be reclassified to profit or loss before then.

Financial liabilities measured at fair value through profit or loss

Derivative instruments with a negative fair value are assigned to this category, unless the instrument has been identified as a hedging transaction. Changes in the values of these instruments are recognized in profit or loss.

Other liabilities

This category includes all liabilities except for derivative instruments. Other liabilities are carried at amortized cost.

Derivatives used in hedge accounting

This category includes derivatives used in hedge accounting in accordance with the description in the section on Derivative instruments and hedge accounting.

Non-current financial assets

Equities and interest-bearing securities acquired for permanent use in operations are reported under non-current financial assets. Listed equities are categorized as "available-for-sale financial assets". Unlisted shares and market-listed securities are categorized as "at fair value through profit or loss". Unlisted interest-bearing securities are categorized as "loans and receivables".

Trade receivables

Trade receivables are included in the "loans and receivables" category and are recognized at the amount expected to be collected based on an individual assessment of doubtful trade receivables.

Short-term investments

Short-term investments are mainly short-term bank deposits with an original maturity of between 3 and 12 months or instruments that are immediately marketable. Short-term investments are included in the "loans and receivables" category.

Cash and cash equivalents

Cash and cash equivalents comprise cash, immediately available bank deposits as well as other money market instruments with an original maturity less than three months and are included in the "loans and receivables" category.

Interest-bearing liabilities

Interest-bearing liabilities are mainly loans from credit institutions and members. They also include deposits from the public with Lantmännen Finans AB and subordinated debentures issued by the Parent Company. Interest-bearing loans are initially recognized at cost corresponding to the fair value of the performance received. The transaction costs are amortized over the term of the loan. These liabilities are included in the "other liabilities" category.

DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

Holdings of financial derivative instruments comprise interest rate and currency swaps, currency forward contracts, commodity derivatives and electricity derivatives.

Derivative instruments are carried at fair value and the result of the remeasurement affects the income statement when the derivative does not qualify for hedge accounting. Hedge accounting may be applied if certain criteria are met with regard to documentation of the hedge relationship and the hedge effectiveness. Most of the derivative contracts used at Lantmännen have been entered into to hedge risks such as currency risk.

The majority of the derivative instruments held by Lantmännen are hedging instruments that qualify for hedge accounting. Financial derivative instruments that are hedging instruments hedge either an asset or a liability, a net investment in foreign operations or are a hedge of an actual or forecast transaction.

IAS 39 defines three different hedging relationships: cash flow hedges, hedging of net investments and fair value hedges. Lantmännen currently only applies 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 other comprehensive income and accumulated in equity. When the hedged position is recognized in profit or loss, the result of the revaluation of the derivative instrument is also transferred to profit or loss.

Cash flow hedging using various types of derivative instruments is applied for currency and commodity price risks in commercial flows, electricity price risks and interest rate risks in the debt portfolio.

Hedging of net investments refers to hedges held to reduce the effect of changes in the value of a net investment in a foreign operation owing to a change in foreign exchange rates. Foreign currency gains or losses arising from remeasurement of the fair value of the instruments used for these hedges are recognized in other comprehensive income and accumulated in equity. The result is reclassified from equity to profit or loss upon disposal of the foreign operation.

Net investments are currently hedged by borrowing and currency swaps in the corresponding foreign currency.

Exchange differences on receivables which represent an extended investment in subsidiaries are recognized in OCI in the same way as translation differences relating to investments in foreign subsidiaries.

Currency risk

Currency derivatives are entered into with the aim of limiting the impact of short-term currency movements on Lantmännen's earnings and financial position. The basis for Lantmännen's financial policy is that the currency is part of the pricing and shall therefore be hedged by no later than when agreements are entered into with customers.

Interest rate risk

Interest rate derivatives are used for the purpose of changing the fixed-rate interest period of underlying financial assets and liabilities. Interest rate swaps are used to hedge against interest rate risks. Amounts that are to be paid or received according to the interest rate swap agreement are recognized on an ongoing basis as interest income or interest expense.

Commodity price risk

Commodity derivatives are used for the purpose of reducing earnings fluctuations caused by variations in the price of commodities, particularly wheat, malting barley, oilseed rape and soybeans. Hedge accounting is applied, which means that the effect of the hedge is recognized in the income statement in the same period as the underlying transaction.

Electricity price risk

Electricity derivatives are entered into to increase the predictability of costs, thereby reducing earnings volatility and the need for changes in prices to customers caused by fluctuations in the price of electricity.

Ethanol price risk

Ethanol derivatives are used for the purpose of reducing earnings volatility caused by variations in the price of ethanol. The capacity to hedge price risk via derivatives in the ethanol market is limited. Ethanol is priced in EUR or USD. The basis for the Group's financial policy is that the currency is part of the transaction's pricing and shall therefore be hedged by no later than when agreements are established. Ethanol price risk only arises in the Energy Sector.

Parent Company

In the Parent Company, financial instruments are accounted for using the cost method. As the interest-bearing assets and liabilities of the Parent Company are consistent in all material respects with those of the Group, no special disclosures are provided for the Parent Company.

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

DETERMINATION OF FAIR VALUE

Most of Lantmännen's financial instruments are listed in official markets and measured at the quoted market prices. This applies, for instance, to commodity futures and energy derivatives.

Note 1 continued

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 measured using estimates of future discounted cash flows. Market rates and current credit margins form the basis for determining the fair value of long-term borrowings. In fair value measurement, mainly regarding OTC derivatives, both Lantmännen's and its counterparty's anticipated credit risk is taken into account, based on official financial instrument marketplaces.

For financial assets and liabilities with short maturities, the fair value is estimated at cost adjusted for any impairment. If the fair value of equity instruments cannot be determined, they are reported at cost adjusted for any impairment.

PROVISIONS

Provisions are recognized when Lantmännen has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation. The amount of the provision is recognized the best estimate of the expenditure required to settle the obligation at the reporting date. For long-term material amounts, provisions are measured at the present value of the expenditure required to settle the obligation, taking into account the time value of money. Provisions for warranty obligations are made and estimated on the basis of previous years' warranty costs and an assessment of the future warranty risk. Provisions are made when the product or service has been sold. Provisions for restructuring measures are made when a detailed, formal plan for measures is in place and well-founded expectations have been created for those who will be affected by the measures. No provisions are made for future operating losses.

EMPLOYEE BENEFITS

Pensions

Lantmännen has both defined contribution and defined benefit pension plans, most of which are funded.

With defined contribution plans, the company pays fixed contributions to a separate legal entity and has no obligation to pay further contributions thereafter. The costs for these plans are charged to consolidated profit as the benefits are earned.

Defined benefit pension plans define an amount of pension benefit that an employee will receive on retirement, based on factors such as salary, years of service and age. The Group's companies bear the risk associated with paying out promised benefits. Plan assets in funded plans can only be used to pay benefits under the pension agreement.

The liability recognized in the statement of financial position consists of the net of the estimated present value of the defined benefit obligation and the fair value of the plan assets associated with the obligation at the reporting date, either in a pension fund or in some other arrangement.

Pension costs and pension obligations for defined benefit plans are calculated according to the projected unit credit method. This method allocates the costs for pensions as the employees carry out services for the company that increase their entitlement to future benefits. The company's obligation is calculated annually by independent actuaries. The obligation comprises the present value of the expected future payments. The discount rate that is used corresponds to the interest rate for high-quality corporate bonds or treasury bonds with a maturity that corresponds to the average term for the obligations and the currency. An interest rate equivalent to the interest rates of high-quality mortgage bonds is used for Swedish plans. These bonds are considered equivalent to corporate bonds as they have a sufficiently deep market to be used as the basis for the discount rate.

Actuarial gains and losses may arise in determining the present value of the defined benefit obligation and fair value of plan assets. These arise either when the actual outcome diverges from the previously calculated assumption or the assumption changes.

Lantmännen recognizes actuarial gains and losses directly in OCI.

A special payroll tax is calculated on the difference between the pension obligation determined according to IAS 19 and the pension obligation determined according to the rules applied in the legal entity. The calculated future payroll tax is reported in the statement of financial position as part of the pension

obligation. The change in the provision is recognized to the extent that it relates to actuarial gains or losses in OCI.

Parent Company

The Parent Company applies the Pension Obligations Vesting Act (Tryggandelagen) and the Swedish Financial Supervisory Authority's rules relating to defined benefit pensions, which is a requirement for tax deductibility. The accounting follows RFR 2 Accounting for Legal Entities and FAR's recommendation No. 4, Accounting of pension liabilities and pension costs. The most significant differences from the rules in IAS 19 relate to the determination of the discount rate and the fact that the obligation is calculated on the basis of present salary level and that actuarial gains and losses are recognized in the income statement as soon as they arise.

Termination benefits

A provision for costs in connection with termination of personnel is recognized only if the company is obligated to end employment before the normal retirement date or when benefits are provided as an incentive to encourage voluntary termination. Estimated termination benefits are recognized as a provision when a detailed plan for the measure is presented.

Variable salary

Provisions for variable salary are expensed on an ongoing basis in accordance with the economic substance of current agreements.

TAXES

The Group's tax expense consists of current tax and deferred tax. Taxes are recognized in the income statement, except when the underlying transaction is recognized directly in equity or OCI, in which case the related tax effect is also recognized in equity or OCI. However, in the case of contribution dividends, refunds and final price adjustments, which are reported as dividends in equity, the tax effect of these tax-deductible items is recognized in the income statement according to the rules applicable to tax effects of dividends. Current tax is the tax payable or receivable for the current year. Current tax also includes adjustments to current tax attributable to prior periods.

Deferred tax is recognized using the balance sheet liability method on all temporary differences arising between the tax base of assets and liabilities and their carrying amount. Deferred tax is measured at the nominal amount and is calculated by applying the tax rates and regulations that have been enacted or substantively enacted by the reporting date. Deferred taxes relating to temporary differences attributable to investments in subsidiaries and associates are not recognized, as, in each case, Lantmännen is able to control the date for their reversal and it is not considered probable that any such reversal will occur in the near future.

Deferred tax assets relating to deductible temporary differences and loss carryforwards are recognized only to the extent that it is considered probable that these will result in lower tax payments in the future.

Deferred tax assets and deferred tax liabilities are offset when they are attributable to the same tax authority and the companies in question have a legally enforceable right to offset current tax assets against current taxation liabilities.

Parent Company

Because of the relationship between tax expense and accounting profit, the Parent Company recognizes deferred tax liabilities in untaxed reserves. However, in the consolidated financial statements, untaxed reserves are divided into deferred tax liabilities and equity.

REVENUE

Revenue is recognized net of value added taxes, excise duties and, where relevant, the value of discounts provided.

Revenue from the sale of goods and services is recognized on delivery to the customer and in accordance with the terms of the sale, i.e., when the significant risks and rewards of ownership have been transferred to the customer. Rental income is recognized in the period to which the rental relates.

The percentage of completion method is used for construction contracts when the outcome can be estimated reliably. Revenue is recognized in the income statement by reference to the contract's stage of completion.

Interest income is recognized on a time-proportion basis using the effective interest method.

Note 1 continued

Royalties and similar revenues are recognized on an accruals basis in accordance with the substance of the relevant agreement.

Dividends are recognized when the right to receive a dividend has been established.

Other revenue includes compensation for sales outside the Group's ordinary activities, such as external rental income, gains or losses on sales of non-current assets and gains or losses on disposals of Group entities.

REVENUE RECOGNITION – GRAIN

Lantmännen's entire contractual purchases of the grain harvest for a single harvest year are considered as one project from a hedging perspective. The project starts on July 1 of the harvest year and ends when the grain for this harvest year has been sold out, or no later than September of the following year. In this way, the result of the entire project is distributed evenly in relation to delivered quantities over the lifetime of the project, regardless of fluctuations in actual sale and purchase prices during the period. Whenever a loss is identified, it is recognized directly in the income statement.

The valuation of current grain stocks is based on the purchase prices that are determined according to the policies described above at the end of each reporting period.

REFUND AND FINAL PRICE ADJUSTMENT

Members of Lantmännen ek för may receive a refund for patronage with the association and the machinery business, plus a final price adjustment on sales to the association. The amount of the refund and final price adjustment is decided by the Board at the end of the year. The refund and final price adjustment represents part of the economic association's dividend to its members and is recognized as a dividend in the consolidated financial statements.

Parent Company

In the Parent Company the refund and final price adjustment is recognized as an expense in the income statement and is reported under income after financial items. It is not recognized on an accruals basis during the year but in its entirety when the Board makes its decision on the refund and final price adjustment amount.

LEASING

The Group acts both as lessor and lessee. The Group acts as a lessor only with regard to goods it normally sells, i.e., in connection with customer financing.

Leases are classified in the consolidated financial statements as finance leases or operating leases. A finance lease is a lease that transfers substantially all the financial risks and rewards incident to ownership. An operating lease is a lease other than a finance lease.

The lessee recognizes a finance lease as a non-current asset and a corresponding interest-bearing liability in the statement of financial position at an amount equal to the value of the leased asset. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned. The lease payments are apportioned between interest and amortization of the initially recognized liability.

The lessee does not recognize an operating lease as asset in the statement of financial position. The total lease payments are recognized as an expense on a straight-line basis over the lease term.

When the Group is lessor, assets leased under operating leases are recognized as non-current assets in the statement of financial position and are depreciated over their estimated useful life. The lease payments are included in operating income and allocated on a straight-line basis over the term of the lease. In the case of finance leases, the transaction is recognized as a sale that gives rise to a receivable, which is recognized as a finance lease receivable. Payments received in connection with finance leases are recognized as interest income and amortization of the finance lease receivable.

Parent Company

All leases in the Parent Company are accounted for according to the rules for operating leases. The Parent Company only acts as a lessee.

GOVERNMENT GRANTS

Government grants are recognized in the statement of financial position and the income statement when there is reasonable assurance that the Group will comply

with any conditions attached to the grant and the grant will be received. Grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. If the government grant or assistance is neither related to the acquisition of assets nor to compensation of costs, it is recognized as other income.

BORROWING COSTS

Borrowing costs attributable to investments in assets that take more than 12 months to complete, and for which the investment amount is at least MSEK 300, are capitalized as part of the investment amount. Other borrowing costs are expensed in the period in which they are incurred.

BIOLOGICAL ASSETS

Biological assets are measured and carried at fair value in accordance with IAS 41. Within Lantmännen there are businesses that own and manage biological assets. These assets normally have a short life, less than one year. For that reason Lantmännen has chosen to view the recognized cost as an estimate of fair value. These operations account for a small fraction of Lantmännen's overall operations.

NON-CURRENT ASSETS HELD FOR SALE AND

DISCONTINUED OPERATIONS

Lantmännen only reclassifies assets as held for sale if their value is substantial. The current threshold is MSEK 50.

GROUP CONTRIBUTIONS AND SHAREHOLDER CONTRIBUTIONS

Parent Company

The Swedish Financial Reporting Board has introduced new rules for reporting group contributions in its recommendation RFR 2 Accounting for Legal Entities. The rules are effective from 2013, but early application was permitted and Lantmännen applied them from 2012. Lantmännen is applying the alternative rule, which means that both group contributions received and group contributions made are reported as an appropriation.

The issuer capitalizes the shareholder contribution in shares and interests to the extent that impairment is not required. The recipient recognizes the shareholder contribution directly in equity.

RELATED PARTIES

By virtue of its control, the Parent Company has a related party relationship with its subsidiaries and sub-subsidiaries. By virtue of their significant influence, the Group and Parent Company have a related party relationship with their associates, which include directly and indirectly owned companies.

"Lantmännens Gemensamma Pensionsstiftelse Grodden" is a post-employment benefit plan for employees of companies in the Lantmännen Group As such, the fund is considered to be a related party.

Intra-Group purchases and sales of goods and services are conducted at market prices.

By virtue of their right to participate in the decisions concerning the Parent Company's strategies, Board members have significant influence over the Parent Company and are therefore considered to be related parties. The purpose of an economic association is to promote the economic interests of its members through the economic activities in which they participate. Accordingly, purchases and sales of goods and services have been conducted during the financial year between the Parent Company and individual Board members who are members of the association. These individual Board members also participate in the financing of the association. Transactions between Board members in their capacity as owners and the economic association have taken place in accordance with the association's objectives. As Board members are subject to the same conditions as other members, the amounts involved in these transactions are not disclosed.

Applied rates for the Group's major currencies:

MSEK	2013		2012	
	Average rate	Closing rate	Average rate	Closing rate
DKK	1.16	1.20	1.17	1.16
EUR	8.65	8.94	8.71	8.62
GBP	10.19	10.73	10.73	10.49
NOK	1.11	1.06	1.16	1.17
USD	6.51	6.51	6.78	6.52

Note 2 Significant judgments, accounting estimates and assumptions

Preparation of annual financial statements in accordance with IFRS in many cases requires management to make judgments and use of accounting estimates and assumptions in determining the carrying amounts of assets and liabilities. These estimates are based on historical experience and assumptions that are considered reasonable and realistic in the current circumstances. The actual outcome may differ from the accounting estimates and assumptions.

The estimates and underlying assumptions are regularly reviewed. The effect of a change in an accounting estimate is recognized in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

A general description of the accounting policies where management's accounting estimates and assumptions are expected to have a material effect on the Lantmännen Group's financial position and financial statements is provided below. The carrying amounts at the reporting date can be found in the statement of financial position and associated notes.

Impairment of goodwill and other assets

Goodwill and other intangible assets with indefinite useful lives are tested for impairment annually or whenever there are indications of possible impairment – in situations such as a changed business environment, a divestment decision or closure of operations. The Group's goodwill and other intangible assets amounted to MSEK 3,408 (3,429) at the end of the year, which corresponds to 31 (31) percent of the Group's equity. Other assets are tested for impairment as soon as there is an indication that an asset's recoverable amount is lower than its carrying amount.

In most cases, an asset's value in use is estimated by reference to the present value of the future cash flows the Group expects to derive from the asset. The cash flow projection is based on assumptions that represent management's best estimate of the economic conditions that will exist over the remaining useful life of the asset. The estimates are based on the Group's latest long-term financial plan.

An impairment loss is recognized if the estimated value in use is lower than the carrying amount.

The discount rates used to calculate the present value of the expected future cash flows are estimated from the current weighted average cost of capital established within the Group for the markets in which the cash-generating units are active.

Other estimates regarding expected future results and the discount rates used can give different values of assets from those applied. Impairment is described in more detail in ► note 6.

Deferred tax assets and tax liabilities

Assessments are made to determine deferred tax assets and tax liabilities.

Deferred tax assets, which arise mainly from unused tax losses or unused tax credits, are recognized as an asset when it is considered likely that the deferred tax assets can be utilized and offset against future taxable profits. Other assumptions regarding the outcome of these future taxable profits, as well as changes in tax rates and rules can result in significant differences in the measurement of deferred taxes. For more information about amounts, see ► note 11.

Pensions

The value of pension obligations for defined benefit pension plans is determined by using actuarial calculations based on assumptions about discount rates, future salary increases, inflation and demographics. The discount rate, which is the most critical assumption, is based on the market return on high-quality corporate bonds, namely mortgage bonds with long maturities. The rate is extrapolated to correspond to the pension plan's obligations. A lower discount rate increases the present value of the pension obligation and pension cost, while a higher discount rate has the reverse effect. A 0.25 percent change in the discount rate would change the pension obligation by just over MSEK 60. For more information about amounts and further sensitivity analyses, see ► note 23.

Note 3 Segment reporting

INFORMATION ABOUT OPERATING SEGMENTS

Financial year 2013 MSEK	Agriculture Sector	Machinery Sector	Energy Sector	Food Sector ¹⁾	Lantmännen Real Estate	Other operations	Group-wide	Total Group
Net sales								
External sales	8,602	8,908	3,601	12,544	121	26	-	33,802
Internal sales	1,692	26	122	49	243	415	-2,547	0
Total net sales	10,294	8,934	3,723	12,593	364	441	-2,547	33,802
Operating income per segment	67	255	-846	350	190	-199	272	89
<i>Of which share of income of associates</i>	<i>69</i>	<i>-</i>	<i>2</i>	<i>46</i>	<i>-1</i>	<i>24</i>	<i>-</i>	<i>140</i>
Finance income								333
Finance costs								-337
Tax expense for the year								15
Net income for the year								100
Other disclosures								
Assets	3,720	3,047	1,711	8,100	1,364	1,335	-523	18,754
Equity share of associates	989	-	12	275	9	175	-	1,460
Unallocated assets	-	-	-	-	-	-	-	5,787
Total assets	4,709	3,047	1,723	8,375	1,373	1,510	-523	26,001
Liabilities	413	925	223	893	110	2,197	-525	4,236
Unallocated liabilities								10,721
Equity								11,044
Total liabilities and equity	413	925	223	893	110	2,197	-525	26,001
Investments	141	415	83	307	75	22	-	1,043
Depreciation, amortization and impairment	-136	-233	-971	-661	-33	-70	-	-2,104

¹⁾ Kronfågel Group was part of the Sector until the end of May 2013.

Note 3 continued

INFORMATION ABOUT OPERATING SEGMENTS

Financial year 2012 MSEK	Agriculture Sector	Machinery Sector	Energy Sector	Food Sector	Lantmännen Real Estate	Other operations	Group-wide	Total Group
Net sales								
External sales	9,285	9,122	3,485	14,604	30	0	-	36,526
Internal sales	1,585	24	130	51	314	356	-2,460	0
Total net sales	10,870	9,146	3,615	14,655	344	356	-2,460	36,526
Operating income per segment	165	300	-21	252	198	-230	21	685
<i>Of which share of income of associates</i>	75	-	-	12	8	2	-	97
Finance income								247
Finance costs								-429
Tax expense for the year								-91
Net income for the year								412
Other disclosures								
Assets	4,612	3,768	2,598	10,835	1,101	546	-309	23,151
Equity share of associates	906	-	10	162	8	183	-	1,269
Unallocated assets								1,947
Total assets	5,518	3,768	2,608	10,997	1,109	729	-309	26,367
Liabilities	978	1,306	410	2,150	132	1,356	-352	5,980
Unallocated liabilities								9,455
Equity								10,932
Total liabilities and equity	978	1,306	410	2,150	132	1,356	-352	26,367
Investments	126	378	67	606	83	32	-	1,292
Depreciation, amortization and impairment	-125	-201	-174	-627	-33	-25	-	-1,185

INFORMATION ABOUT GEOGRAPHIC AREAS

MSEK	2013		2012	
	External sales	Non-current assets	External sales	Non-current assets
Sweden	16,592	5,222	18,287	6,090
Denmark	4,526	2,373	5,104	2,868
Norway	3,776	383	3,480	451
Germany	3,068	1,296	3,124	1,105
United Kingdom	1,493	960	1,581	971
Belgium	463	1,187	567	1,162
Netherlands	801	17	758	16
Poland	422	126	392	134
Baltic Region	244	38	437	226
Finland	313	224	484	203
Russia	360	33	330	39
Rest of Europe	898	59	1,062	61
United States	716	287	634	299
Rest of world	130	0	286	1
Total	33,802	12,205	36,526	13,626

None of Lantmännen's customers accounts for 10 percent or more of the Group's total sales.

The information presented regarding distribution of revenue by geographical area is grouped according to customer location.

Information regarding assets is based on geographical areas grouped according to asset location, i.e., where the entity carries on its production of goods and services, and includes property, plant and equipment, intangible assets and investments in associates.

Lantmännen's operations are operationally divided into four Sectors and the operations of Lantmännen Real Estate.

Lantmännen Real Estate has evolved from an internal service function into a commercial business with responsibility for its own results. It is monitored in the same way as the Sectors and is therefore reported as a separate segment with effect from 2013. Comparative figures for 2012 have been restated based on the new segment division.

Internal reporting to Group Management and the Board corresponds with the Group's operational structure, which means the Group's operating segments are its Sectors and Lantmännen Real Estate. The division is based on the Group's operations from a product and customer perspective.

Sales between the Group's entities are conducted at market terms and conditions.

The assets and liabilities used in a segment's operating activities, and for which it is responsible, are attributed directly to the segments. These assets and liabilities include property, plant and equipment, intangible assets, current assets, operating liabilities and provisions attributable to the sale of goods and services, i.e., the segments' operating capital. Assets and liabilities are attributed directly to the segments or allocated to them in a reasonable and reliable manner.

Note 3 continued

Responsibility for the management of what the Group defines as financial assets and liabilities, and for the Group's tax lies with the corporate functions at central level. Financial assets and liabilities, provisions for pensions, taxes, gains and losses on the remeasurement of financial instruments (IAS 39) and pension obligations (IAS 19) have not been allocated to each segment.

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

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

The Agriculture Sector is the Group's core business. The Sector develops and supplies products and services that will create the conditions for profitable and competitive agriculture for Lantmännen's owners. The Sector buys and sells grain and processes, develops and markets products in feed, crop production and seed. The Sector also includes Lantmännen Bygglant, which constructs different types of farm buildings, and the Group's international agriculture operations in the form of shares in associates.

The Machinery Sector imports, markets and sells farm machinery and equipment in Scandinavia and is the distributor and dealer of Volvo construction equipment in Sweden, the Baltics, and northern and central Germany. The Sector also markets and sells lubricants and hydraulic oils and engages in servicing and parts sales in its area of operation.

The Energy Sector develops and manufactures bio-based energy products and environmentally friendly service products, such as grain-based fuel ethanol, heating pellets, district heating, alkylate petrol and alcohol for the beverage industry.

The Food Sector encompasses the Group's food production and consumer product entities. These include:

- Lantmännen Cerealia which develops, manufactures and sells grain-based products such as flour, flour mixes, hulled grains, muesli, pasta and pancakes, as well as ready-to-eat meals, beans and lentils. Products are distributed through supermarkets, restaurants, food service providers, bakeries, wholesalers and the food industry in northern Europe.
- Lantmännen Unibake, which develops, manufactures and sells frozen bread and bake-off products all over the world, and fresh bread mainly in Denmark and Poland. Lantmännen Unibake is one of Europe's largest bakery companies, with customers in food service operations and food retailing.
- Lantmännen Doggy, which develops and manufactures dry and wet cat and dog food.
- Lantmännen Kronfågel, which is the largest producer of fresh, frozen and processed chicken products in the Nordic countries. The company also raises day-old chicks for delivery to breeders.

Lantmännen Kronfågel was reported as subsidiary until the end of May 2013. In June 2013, Lantmännen Kronfågel was sold to Scandinavian Standard, a newly formed company in which Lantmännen simultaneously acquired 46 percent of the shares. The Scandinavian Standard Group also includes the Norwegian Cardinal Foods Group. Scandinavian Standard is reported as an associate from June 2013 and is part of the Food Sector.

Lantmännen Real Estate optimizes the use of premises in the Group's own activities, and also engages in professional leasing and management for external clients. Another important part of the business is property development, which involves purchasing, refurbishing and selling property.

Note 4 Breakdown of revenue

MSEK	2013	2012
Net sales		
Sales of goods	32,898	35,685
Service contracts	139	214
Construction contracts	370	354
Leasing activities, machinery and premises ¹⁾	257	170
Royalties	114	31
Other	24	72
Total	33,802	36,526
Other operating income		
Capital gains	467	70
Government grants	7	7
Leasing activities, premises ¹⁾	7	127
Other	335	219
Total	816	423

¹⁾ Rental income in Lantmännen's real estate business is reported under net sales from 2013.

Capital gains include a gain of MSEK 425 on the sale of Kronfågel Group and a gain of MSEK 41 (55) on the sale of property.

Note 5 Employees and employee benefits expense

Average number of employees	2013	of which female	2012	of which female
Group				
Sweden	4,082	28 %	4,522	28 %
Denmark	1,504	28 %	1,993	29 %
Germany	726	24 %	802	25 %
United Kingdom	669	24 %	657	23 %
Poland	446	36 %	497	30 %
Norway	440	31 %	451	31 %
Belgium	380	30 %	382	32 %
Ukraine	241	57 %	239	57 %
United States	207	29 %	213	31 %
Russia	168	51 %	159	52 %
Latvia	61	19 %	142	30 %
Finland	63	18 %	63	17 %
Hungary	72	53 %	57	65 %
Estonia	35	17 %	34	15 %
Netherlands	17	12 %	13	8 %
Lithuania	11	8 %	11	9 %
Spain	7	57 %	9	33 %
France	4	0 %	4	0 %
Ireland	0	0 %	1	0 %
Total, Group	9,133	29 %	10,249	30 %
Parent				
Sweden	1,262	36 %	1,244	37 %
Total, Parent Company	1,262	36 %	1,244	37 %

Note 5 continued

Employee benefits expense MSEK	Group		Parent Company	
	2013	2012	2013	2012
Salaries and benefits, Boards and Managing Directors	69	87	7	6
- of which variable component	4	1	2	-
Salaries and benefits, other employees	3,584	3,903	617	586
Social security costs	817	867	219	204
Pension costs ¹⁾	282	269	75	70
Other staff costs	186	196	32	38
Total	4,938	5,322	950	904

¹⁾ MSEK 6 (7) of the Group's pension costs relate to Boards and Managing Directors. The outstanding pension obligation to this category is MSEK 12 (11). MSEK 3 (2) of the Parent's pension costs relate to Boards and Managing Directors. The outstanding pension obligation to this category is MSEK 0 (0).

Gender representation in executive management

Female representation, %	Group		Parent Company	
	2013	2012	2013	2012
Boards of Directors	11	13	15	15
Other senior executives	26	28	25	38

SALARIES AND REMUNERATION OF SENIOR EXECUTIVES

Senior executives

Senior executives as referred to in this note include Group Management, which consists of the President & CEO, Heads of Sectors and Directors of Corporate Functions. Members of Group Management may be employed by the Parent Company or by subsidiaries. The number of senior executives during 2013 was 8. In 2012, there were 10 senior executives at the beginning of the year and 8 at the end.

Lantmännen's Remuneration Committee

Lantmännen's Board of Directors has a special Remuneration Committee. The Remuneration Committee's tasks include preparation of the Board's decisions regarding the President & CEO's salary and other benefits, and approving salaries and other benefits for other members of Group Management.

Lantmännen's remuneration policy

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

- ensure that employees at Lantmännen receive market-based compensation that makes it possible to recruit and retain capable employees in line with Lantmännen's shared values: openness, a holistic view and drive.
- offer a salary structure that is based on individual performance, duties, qualifications, experience and position, and is therefore neutral with regard to gender, ethnicity, disability, sexual orientation, etc.

Remuneration structure, 2013

Lantmännen's remuneration structure has the following components:

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

Fixed salary

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

Variable salary

Lantmännen has a Group-wide variable salary program for a defined target group. The target group consists of Group Management, key individuals reporting to Group Management, members of the senior management of Sectors, business areas and large subsidiaries and Managing Directors of smaller companies. Decisions about target groups and guidelines for variable salary are made annually by the Annual General Meeting in the case of the Group Management and

by the Board of Lantmännen in other cases. For 2013, the program consists of quantitative and qualitative targets. The quantitative targets represent 75 percent of the maximum variable salary and are linked to the economic value added that the operating units generate for Lantmännen. This value is calculated by charging the estimated cost of operating capital, currently 8 percent of average operating capital during the year, to operating income. The maximum variable salary that could be paid to Lantmännen's Group management in 2013 was 30 percent of fixed salary with full achievement of targets. The total maximum variable salary that could be paid to employees entitled to variable salary in 2013 was approx. MSEK 36, excluding social security costs. A variable salary provision of MSEK 14, excluding social security costs, was recognized in 2013.

Pensions

Lantmännen offers its employees occupational pensions unless otherwise regulated in local agreements or other regulations. In Sweden, the majority of employees are covered by defined benefit pension plans (ITP) through PRI Pensionstjänst AB. Defined benefit plans also exist in Norway, Germany and other countries. There are currently two different pension guidelines for Lantmännen's Group management: occupational pension accrual in accordance with the ITP agreement, with a pensionable salary ceiling of 30 income base amounts and payment of sickness benefits as laid down in the ITP agreement, and a premium-based pension, with a premium equal to 25-30 percent of the pensionable salary. Within the premium framework, the individual employee decides on the sub-division between old-age, survivor and sickness benefits. The President & CEO receives a defined contribution pension, with a premium of 30 percent of the pensionable salary, and has a retirement age of 65 years. Other members of Group Management have an executive pension plan with a premium provision corresponding to 30 percent of salary over 30 income base amounts.

Conditions for pensions before the age of 65

There is at present one senior executive who is accruing pension rights from the age of 63 to the age of 65. This is a defined benefit pension arrangement corresponding to 60 percent of a previously defined pensionable salary. All pension rights are accrued on a straight-line basis and are protected and guaranteed by means of insurance. Other senior executives have no entitlement to a pension before the age of 65.

Conditions for pensions after the age of 65

Three senior executives are, in principle, accruing an occupational pension in accordance with ITP, with a pensionable salary ceiling of 30 income base amounts. Five senior executives are accruing a defined contribution pension with an allocation for insurance corresponding to 25-30 percent of pensionable salary, which is the fixed salary with or without a ceiling. Within the premium framework, the individual employee decides on the sub-division between old-age, survivor and sickness benefits. All pension rights are accrued on a straight-line basis and are protected and guaranteed by means of insurance. Three individuals have the new executive pension plan which represents a premium provision corresponding to 30 percent of salary over 30 income base amounts. Sickness benefits are payable in accordance with ITP. Two senior executives have supplementary health insurance.

Termination and other benefits

Other benefits

In addition to fixed salaries, pensions and long-term sickness benefits, Lantmännen offers occupational injury insurance and occupational group life insurance in accordance with local agreements and regulations. In addition, senior executives are entitled to private health insurance.

Termination benefits/notice

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

Note 5 continued

Salaries and remuneration of senior executives 2013 TSEK	Directors' fees	Fixed salary ⁴⁾	Variable salary ⁵⁾	Pension ⁴⁾	Other benefits ⁶⁾	Total 2013
Elected Board members of Lantmännen ek för, according to specification below ¹⁾	4,433					4,433
President & CEO Per Olof Nyman ²⁾		5,069	1,721	3,045	113	9,948
Group Management, other ³⁾		15,731	2,655	4,814	816	24,016
	4,433	20,800	4,376	7,859	929	38,397

Salaries and remuneration of senior executives 2012 TSEK	Directors' fees	Fixed salary ⁴⁾	Variable salary ⁵⁾	Pension ⁴⁾	Other benefits ⁶⁾	Total 2012
Elected Board members of Lantmännen ek för, according to specification below ¹⁾	4,495					4,495
President & CEO Per Olof Nyman ²⁾		5,875	-	1,821	114	7,810
Group Management, other ³⁾		18,517	-	5,070	827	24,414
	4,495	24,392	-	6,891	941	36,719

- ¹⁾ Includes remuneration from both Lantmännen ek för and other Group companies.
²⁾ Acting President & CEO from Oct 19, 2011 to Mar 20, 2012, and permanent President & CEO thereafter. There was a salary exchange between fixed salary and pension in accordance with current tax legislation.
³⁾ Other Group Management consisted of 7 (7) individuals at year-end, the average for the year being 7 (8.5). Disclosures regarding Group Management only apply to individuals who are members of Lantmännen's Group management. The position of Executive Vice President was vacant in 2012 and 2013.
⁴⁾ Certain members of Group Management are entitled to switch between fixed pay and pension within the framework of current tax legislation.
⁵⁾ Estimated variable salary for 2013 (2012), payable in 2014 (2013).
⁶⁾ Mainly company cars; other benefits include accommodation and subsistence.

Board of Directors' fees TSEK	2013	2012
Bengt-Olov Gunnarson ⁷⁾	905	665
Nils Lundberg ⁸⁾	546	526
Helle Kruse Nielsen	418	449
Lena Philipson ⁹⁾	296	-
Anitra Steen ¹⁰⁾	142	420
Ulf Gundemark ¹¹⁾	399	271
Per Lindahl	448	497
Thomas Magnusson	399	410
Hans Wallemyr	461	392
Björn Wallin	419	434
Thomas Bodén ¹²⁾	0	331
Birgitta Carlander ¹³⁾	0	100
Summa	4,433	4,495

- ⁷⁾ Chairman of the Board from May 2, 2012; Vice Chairman prior to this date.
⁸⁾ Vice Chairman of the Board from May 2, 2012.
⁹⁾ From May 6, 2013.
¹⁰⁾ To May 6, 2013.
¹¹⁾ From May 2, 2013.
¹²⁾ Chairman of the Board until May 2, 2012, when Thomas Bodén also left the Board.
¹³⁾ To May 4, 2011.

Note 6 Depreciation, amortization and impairment of property, plant and equipment and of intangible assets

MSEK	2013	2012
Depreciation and amortization		
Land and buildings	137	145
Plant and machinery	803	803
Equipment, tools, fixtures and fittings	92	117
Investment properties	5	3
Intangible assets	105	121
Total	1,142	1,189
Impairment, reversal of impairment		
Land and buildings	219	-
Plant and machinery	623	1
Equipment, tools, fixtures and fittings	12	-5
Goodwill	39	-
Other intangible assets	69	-
Total	962	-4
Total		
Land and buildings	356	145
Plant and machinery	1,426	804
Equipment, tools, fixtures and fittings	104	112
Investment properties	5	3
Goodwill	39	0
Other intangible assets	174	121
Total	2,104	1,185

Impairment by Sector MSEK	2013	2012
Agriculture Sector		
- as an effect of restructuring decision	21	9
Energy Sector		
- from annual impairment testing	800	-
Food Sector		
- as an effect of restructuring decision	88	-13
Other operations		
- as an effect of restructuring decision	53	-
Total	962	-4

For further details see also notes 12, 13 and 14.

Note 6 continued

Impairment

Lantmännen measures the recoverable amount of assets in predefined cash-generating units when there are indications that there may have been a material decline in value and this is not expected to be temporary.

Lantmännen always conducts annual impairment testing (usually in the third four-month period) of cash-generating units that contain goodwill and other intangible assets with an indefinite useful life, irrespective of whether there is any indication that the assets may be impaired.

The recoverable amount of cash-generating units is determined by calculating their value in use. Value in use is the present value of the estimated future cash flows expected to be derived from continuing use of the asset. The estimates for the year are based on adopted budgets for 2014 and adopted strategic plans for 2015 and 2016. The calculation of value in use is also based on what management believes are reasonable market assumptions, and includes cash flow projections for the existing operations over these three years and over the estimated remaining useful life, with annual growth after 2016 assumed to be weak, i.e. 1 percent for most operations.

The discount rates used for the present value calculation of the expected future cash flows correspond to the long-term return requirements, before tax, that have been defined for operations in the cash-generating units. In determining the discount rate, the risk associated with the asset in question is taken into account; proximity of operations to the farmer have a lower risk premium.

The cash-generating units, as defined at Lantmännen, are at a lower organizational level than the segments which are shown in Lantmännen's segment reporting and which correspond to the Group's Sectors and real estate operations.

Impairment testing for the year resulted in assets related to Lantmännen Agroetanol in the Energy Sector being written down by a total of MSEK –800. MSEK 761 of this amount related to property, plant and equipment and the impairment was

equivalent to just over 60 percent of the carrying amount of the assets before the impairment. The impairment loss has been allocated pro rata between buildings, land improvements and equipment. Goodwill attributable to Agroetanol has also been written down in its entirety – a total of MSEK 39. The impairment was based on a valuation of the business by reference to future cash flows, the most important factor being parliament's decision to introduce new instruments for biofuels. The decision opens the Swedish market to imports of cheaper and less sustainable ethanol (referred to as T1) from the United States, resulting in increased price pressure. The combination of this situation and sharply falling ethanol prices in the last four-month period, due to increased supply and lower demand, has dramatically changed the conditions for the ethanol business. The result of this has been an impairment loss of MSEK –800 on the ethanol plant. The assets' value in use was calculated using a pre-tax discount rate of 8 (8) percent. An increase of 1 percent in the discount rate would reduce the estimated value in use by MSEK 100. A growth rate of 1 percent has been assumed. Value in use is normally calculated by reference to five-year forecasts. In Agroetanol's case, a ten-year forecast was established in order to identify political signals regarding biofuels in the longer term.

The majority (88 percent) of the Group's value of goodwill and other assets with indefinite useful lives is attributable to the business area Lantmännen Unibake. A pre-tax discount rate of 9 (9) percent was applied during impairment testing of this cash-generating unit and no impairment was identified. An increase of 1 percentage point in the discount rate would reduce the estimated value in use by MSEK 648. With an increase of 2 percentage points, an impairment loss would occur, all other assumptions remaining unchanged.

Other units with goodwill and intangible assets with indefinite useful lives were well within the estimated value in use limit during impairment testing for the year.

Other impairment of non-current assets during the year was an effect of restructuring decisions and not a result of impairment testing of the assets in cash-generating units.

Note 7 Fees and reimbursement of expenses to auditors

MSEK	2013	2012
<i>Ernst & Young</i>		
Annual audit	16	16
Tax consultancy services	5	2
Other services	1	3
Total	22	21
<i>Other auditors</i>		
Annual audit	2	1
Other services	2	1
<i>Elected auditors</i>		
Annual audit	1	1

The annual audit comprises the auditing of the annual financial statements for the Parent Company and Group, the accounting records and the administration of the Board of Directors and President & CEO. It also include other duties incumbent on the company's auditors, as well as advice and other assistance arising from observations made while performing the audit or carrying out such other duties.

Note 8 Finance income and expense

MSEK	2013			2012		
	Income	Expense	Total	Income	Expense	Total
Financial assets at fair value through profit or loss						
Dividend	2	-	2	6	-	6
Capital loss	1	-	1	1	-	1
Impairment, reversal of impairment	0	-	0	-5	-	-5
			3			2
Loans and receivables						
Interest income, receivables from members	66	-	66	77	-	77
Other interest income	74	-	74	82	-	82
			140			159
Available-for-sale financial assets						
Dividend	-	-	0	6	-	6
Capital loss	144	-	144	5	-	5
			144			11
Derivatives used in hedge accounting						
Interest on currency forward contracts and swaps	45	-44	1	74	-73	1
Ineffective portion of hedges	1	-1	0	1	1	2
			1			3
Other financial liabilities						
Interest expense, pension plans	-	-15	-15	-	4	4
Interest expense, liabilities to members	-	-66	-66	-	-83	-83
Interest expense, liabilities to the public	-	-30	-30	-	-30	-30
Interest expense, borrowing	-	-112	-112	-	-148	-148
Other borrowing expenses	-	-25	-25	-	-39	-39
Other interest expenses	-	-42	-42	-	-48	-48
Currency effects	-	-2	-2	-	-13	-13
			-292			-357
Total	333	-337	-4	247	-429	-182

The capital gains under Available-for-sale financial assets refer to the sale of shares in Swedbank, Cloetta and VK Mühlen.

Note 9 Items affecting comparability

The Group's income can be inflated or reduced by certain items that affect comparability. An overview of these items is presented below. See also the Board of Directors' Report on page 72. An item affecting comparability is a one-time item that is not directly related to the planned future operations and is outside the range of MSEK +/- 30.

MSEK	2013	2012
Capital gains on sale of operations	363	-
Items affecting comparability in other operating income		
	363	0
Impairment of non-current assets	-923	-
Impairment of goodwill	-39	-
Restructuring costs	-117	-62
Total items affecting comparability in operating income	-716	-62
Items affecting comparability in income after financial items		
Capital gain on sale of investment shares	118	-
Total	118	0
Total items affecting comparability in income after financial items	-598	-62
Tax effect of items affecting comparability	203	16
Total items affecting comparability in net income for the year	-395	-46

Items affecting comparability by Segment/Sector in 2013

MSEK	Impairment of non-current assets	Restructuring costs	Other	Total
Agriculture Sector	-21	-17	-	-38
Energy Sector	-800	-	-	-800
Food Sector	-88	-42	-	-130
Other operations	-53	-58	363	252
Total	-962	-117	363	-716

The Agriculture Sector's restructuring costs were associated with measures under the ONE approach program.

The Energy Sector's impairment of non-current assets and goodwill was related to Agroetanol's business and was a result of annual impairment testing.

The Food Sector is implementing restructuring measures in order to adapt operations to current market conditions. The year's costs were related to the operations of the Unibake and Doggy business areas.

Costs for Other operations included restructuring within the Group's corporate functions. The positive result under Other was related to capital gains net on the sale of Kronfågel Group and the mill operations in Latvia.

Note 9 continued

Items affecting comparability by Segment/Sector in 2012

MSEK	Impairment of non-current assets	Restructuring costs	Other	Total
Food Sector	-	-62	-	-62
Total	0	-62	0	-62

Items affecting comparability in 2012 were restructuring measures in the Food Sector aimed at adapting operations to current market conditions

Note 10 Exchange differences affecting income

MSEK	2013	2012
Exchange differences affecting operating income	34	66
Exchange differences in financial items	-15	-13
Total	19	53

Exchange differences in operating income are included in:	2013	2012
Net sales	0	0
Cost of materials	36	77
Other operating income/expense	-2	-11
Total	34	66

Note 11 Taxes

Tax on net income for the year

MSEK	2013	2012
Current tax expense (-)/tax income (+)		
Tax expense/income for the period	-114	-57
Adjustment of tax attributable to prior years	-14	4
Total current tax	-128	-53
Deferred tax expense (-)/tax income (+)		
Deferred tax from changes in temporary differences	69	-6
Deferred taxes arising from changes in tax rates	3	-7
Deferred tax income in capitalized loss carryforwards	170	40
Utilization of previously capitalized loss carryforwards	-20	-65
Impairment of previously capitalized loss carryforwards	-79	-
Total deferred tax	143	-38
Total recognized tax expense	15	-91

Effective tax for the year was reduced, mainly due to capital gains on the sale of subsidiaries.

Contribution dividends, refunds and final price adjustments are not recognized in the income statement in accordance with IFRS, but are tax deductible under special tax rules for economic associations and reduce the effective tax expense.

Tax items recognized in equity through other comprehensive income

MSEK	2013	2012
Deferred tax		
Actuarial gains and losses on defined benefit pension plans	-68	46
Cash flow hedges	-2	16
Available-for-sale financial assets	23	-3
Total	-47	59
Current tax		
Current tax in hedges of net investments	23	-43
Total tax effects in other comprehensive income	-24	16

Reconciliation of effective tax	2013		2012	
	Percent	MSEK	Percent	MSEK
Income before tax		85		503
Anticipated tax according to enacted Swedish tax rate	22	-19	26.3	-132
Impairment of consolidated goodwill	11	-9	0	-
Non-deductible expenses	13	-11	5	-23
Tax-exempt capital gains	-100	85	1	-3
Other non-taxable income	-4	3	-6	28
Loss carryforward arising during the year, not capitalized as a deferred tax asset	34	-29	8	-38
Utilization of previously uncanceled loss carryforward	-14	12	-4	21
Impairment of previously capitalized loss carryforwards	93	-79	0	0
Effect of special tax rules for economic associations*	-68	58	-11	55
Tax attributable to prior years	16	-14	-1	4
Effect of changes to tax rates and tax rules	-4	3	1	-7
Reversal of income of associates	-36	31	-5	25
Other	19	-16	4	-21
Recognized effective tax	-18	15	18	-91

* According to the tax rules applicable to economic associations, the dividend proposed by the Board, which will be paid in the subsequent year, is tax-deductible in the current year and was taken into account in calculating the current tax.

Note 11 continued

Deferred tax asset/tax liability	2013			2012		
	Deferred tax asset	Deferred tax liability	Net	Deferred tax asset	Deferred tax liability	Net
MSEK						
Land and buildings	71	113	-42	64	94	-30
Machinery and equipment	76	309	-223	115	312	-197
Intangible assets	-	102	-102	-	118	-118
Trade receivables	4	-	4	5	-	5
Pension provisions	41	-	41	104	-	104
Other provisions	29	-	29	34	-	34
Loss carryforwards	306	-	306	243	-	243
Other	124	55	69	138	87	51
Total	651	579	72	703	611	92
Offsetting of assets/liabilities	-428	-428	0	-486	-486	0
Total, net deferred tax asset	223	151	72	217	125	92

Deferred tax assets and liabilities attributable to the same tax authority have been offset against each other.

Change in deferred tax in temporary differences and loss carryforwards 2013

MSEK	Amount at beginning of year	Recognized in income statement	Recognized in OCI	Changes in acquisitions/divestments	Reclassifications	Translation differences	Amount at end of 2013
Land and buildings	-30	57	-	-70	-	1	-42
Machinery and equipment	-197	21	-	-56	-	-1	-233
Intangible assets	-118	18	-	-2	2	-2	-102
Trade receivables	5	-1	-	-	-	-	4
Pension provisions	104	-	-68	-	5	0	41
Other provisions	34	-6	-	-	2	-1	29
Loss carryforwards	243	62	-	-	-	1	306
Other	51	-8	21	3	0	2	69
Total	92	143	-47	-125	9	0	72

Change in deferred tax in temporary differences and loss carryforwards 2012

MSEK	Amount at beginning of year	Recognized in income statement	Recognized in OCI	Changes in acquisitions/divestments	Reclassifications	Translation differences	Amount at end of 2012
Land and buildings	-44	11	-	-	3	-	-30
Machinery and equipment	-223	38	-	-	-12	-	-197
Intangible assets	-164	0	-	-	44	2	-118
Trade receivables	7	-2	-	-	-	-	5
Pension provisions	96	-38	46	-	-	-	104
Other provisions	50	-7	-	-	-9	-	34
Loss carryforwards	300	-48	-	-	-7	-2	243
Other	63	8	13	-	-29	-4	51
Total	85	-38	59	-	-10	-4	92

Loss carryforwards

At the end of the year the Group had loss carryforwards of MSEK 2,234 (1,521), of which MSEK 1,354 (1,026) was taken into account in the computation of deferred tax.

The remainder related mainly to loss carryforwards in the German and Swedish operations. These have not been assigned any value as it is currently uncertain whether they will be utilized.

The loss carryforwards not included in the computation of deferred tax amount to MSEK 880 (495) and expire as follows:

MSEK	
2014	1
2015	1
2016 and later	7
	9
Indefinite life	871
Total	880

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	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Accumulated cost of acquisition	786	682	4,233	4,691	13,403	14,483	1,569	1,665	234	433	20,225	21,954
Accumulated depreciation	-99	-94	-1,874	-2,102	-8,911	-9,297	-1,246	-1,267	-10	-9	-12,140	-12,769
Accumulated impairment	-49	-1	-212	-164	-748	-333	-36	-25			-1,045	-523
Carrying amount	638	587	2,147	2,425	3,744	4,853	287	373	224	424	7,040	8,662
Balance at beginning of year	587	598	2,425	2,434	4,853	4,750	373	552	424	723	8,662	9,057
Investments ¹⁾	1	0	22	69	494	568	38	44	406	531	961	1,212
Company acquisitions	118	-	117	-	3	-	-	-	-	-	238	0
Company divestments	-7	-	-194	-	-421	-	-58	-	-100	-	-780	0
Sales and disposals	-3	-2	-18	-10	-111	-96	-2	-12	-	-14	-134	-134
Regular depreciation for the year	-8	-8	-129	-137	-803	-803	-92	-117	-	-	-1,032	-1,065
Impairment for the year	-48	-	-171	0	-625	-9	-12	0	-	-	-856	-9
Reversal of impairment losses	-	-	-	-	2	8	-	5	-	-	2	13
Reclassifications	0	6	75	115	307	499	38	-90	-506	-811	-86	-281
Translation differences	-2	-7	20	-46	45	-64	2	-9	0	-5	65	-131
Carrying amount	638	587	2,147	2,425	3,744	4,853	287	373	224	424	7,040	8,662
Leases, MSEK												
Carrying amount of assets held under finance leases	0	0	66	92	274	413	22	40	0	0	362	545

¹⁾ Investments for the year do not include any capitalized interest.

Government grants reduced investment in equipment for the year by MSEK 11 (0).

Contractual obligations relating to investments in property, plant and equipment amounted to MSEK 225 (270) at the end of the year.

For further information about depreciation and impairment, see note 6 on page 98.

For further information about leases, see note 26 Leases on page 115 and note 27 Customer financing on page 116.

Note 13 Investment properties

MSEK	Land		Buildings		Total investment properties	
	2013	2012	2013	2012	2013	2012
Accumulated cost of acquisition	66	70	413	315	479	385
Accumulated depreciation	-12	-13	-170	-106	-182	-119
Carrying amount	54	57	243	209	297	266
Balance at beginning of year	57	48	209	153	266	201
Investments	0	2	0	6	0	8
Sales and disposals	-6	-5	-30	-5	-36	-10
Regular depreciation for the year	0	0	-5	-3	-5	-3
Reclassifications	3	12	69	58	72	70
Carrying amount	54	57	243	209	297	266

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	2013	2012
Fair value at beginning of year	585	621
New acquisitions	0	0
Investments in properties	13	21
Divestments	-73	-68
Changes in value	42	10
Reclassifications	157	1
Fair value at end of year	724	585

All investment properties have been valued according to hierarchy level 3, i.e., based on unobservable inputs, and according to the methods described below. Fair value has been determined on the basis of internal assessments. Property sales carried out during the year have also been reconciled.

The value has been estimated using the following measurement methods:

- In the majority of cases the market price method has been used, where sales of equivalent properties in the market are used to support the valuation.
- 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	2013	2012
Rental income	70	64
Direct costs, including costs for repair and maintenance		
- Properties that generate rents	-25	-31
- Properties that do not generate rents	-3	-1
Net operating income	42	32

Note 14 Intangible assets

MSEK	Other intangible assets											
	Goodwill		Trademarks		Customer and supplier relationships		Patents, licenses and similar rights		Capitalized expenditure on development, internally generated		Total other intangible assets	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Accumulated cost of acquisition	2,706	2,627	590	526	405	384	292	545	594	271	1,881	1,726
Accumulated amortization	-	-	-236	-169	-192	-150	-278	-352	-287	-166	-993	-837
Accumulated impairment	-112	-73	-	-	-	-	-6	-9	-68	-5	-74	-14
Carrying amount	2,594	2,554	354	357	213	234	8	184	239	100	814	875
Balance at beginning of year	2,554	2,640	357	365	234	281	184	38	100	83	875	767
Investments	-	-	-	-	-	-	-	25	82	46	82	71
Company acquisitions	-	-	-	-	12	-	-	-	-	-	12	-
Sales and disposals	-	-	-	-	-	-	-	-	1	0	1	-
Regular amortization for the year	-	-	-4	-7	-38	-39	-12	-45	-51	-29	-105	-120
Impairment for the year	-39	-	-	-	-	-	-	-	-69	-	-69	0
Reclassifications	1	-5	-	-	-	-	-165	168	173	-	8	168
Translation differences	78	-81	1	-1	5	-8	1	-2	3	0	10	-11
Carrying amount	2,594	2,554	354	357	213	234	8	184	239	100	814	875
Allocation of goodwill, brands and customer/supplier relationships per Sector												
Agriculture Sector	-	-	-	-	12	-	-	-	-	-	-	-
Machinery Sector	7	7	-	-	62	69	-	-	-	-	-	-
Energy Sector	97	136	50 ¹⁾	50	-	-	-	-	-	-	-	-
Food Sector	2,490	2,411	304 ²⁾	307	139	165	-	-	-	-	-	-
of which Lantmännen Unibake business area	2,460	2,384	184 ³⁾	187	139	165	-	-	-	-	-	-
Total	2,594	2,554	354	357	213	234						

¹⁾ Brand with indefinite useful life, Aspen.

²⁾ Of which brands with indefinite useful lives MSEK 304 (304): Sopps and GoGreen in the Lantmännen Cerealia business area (MSEK 121) and Schulstad in the Lantmännen Unibake business area (MSEK 183).

Contractual obligations relating to investments in intangible assets amounted to MSEK 1 (21) at the end of the year.

Further information about amortization, impairment and annual impairment testing of goodwill and trademarks with indefinite useful lives can be found in note 6 on ► page 98.

Note 15 Investments in associates

MSEK	Group		Parent Company	
	2013	2012	2013	2012
Accumulated cost of acquisition	1,462	1,271	1,067	834
Accumulated impairment	-2	-2	-2	-2
Carrying amount	1,460	1,269	1,065	832
Balance at beginning of year	1,269	1,277	832	861
Acquisitions	233	2	233	2
Divestments	-166	-	-	-
Share of income of associates	140	97	-	-
Dividend for the year	-33	-21	-	-
Reclassifications	-	-31	-	-31
Impairment	-	-1	-	-
Translation differences	17	-54	-	-
Carrying amount	1,460	1,269	1,065	832

Acquisitions of associates relate mainly to the acquisition of 46 percent of Scandinavian Standard AB. The company is jointly owned with the UK investment company CapVest. Lantmännen sold Kronfågel Group to Scandinavian Standard on June 3, 2013. At the same time, Scandinavian Standard acquired the Norwegian group Cardinal foods from CapMan of Finland and Lantmännen became a part-owner of the new corporate group.

Divestments of associates relate mainly to Lantmännen's share in the Estonian company Leibur, which was part of the Food Sector.

MSEK	Share of income of associates		Dividend from associates	
	2013	2012	2013	2012
Scandinavian Standard AB	35	-	-	-
HaGe Kiel AG	62	79	18	19
Viking Malt Oy	23	6	14	-
Scandagra Group AB ¹⁾	7	-4	-	-
Leibur AS	11	12	-	-
Other	2	4	1	2
Carrying amount	140	97	33	21

¹⁾ Name changed from Scandinavian Farmers AB.

Information on large associates in 2013 (100 percent)

MSEK	Assets	Liabilities	Net sales	Net income
Scandinavian Standard AB ²⁾	3,658	3,045	3,116	85
HaGe Kiel AG	7,673	5,366	24,966	158
Viking Malt Oy	1,055	528	2,856	62
Scandagra Group AB	849	704	2,077	15

²⁾ Net sales and income refer to the period June to December.

Information on large associates in 2012 (100 percent)

MSEK	Assets	Liabilities	Net sales	Net income
HaGe Kiel AG	8,931	6,897	23,054	201
Viking Malt Oy	1,009	521	1,186	16
Scandagra Group AB	778	646	1,594	-8
Leibur AS	422	37	280	27

Any impairment and reversal of impairment is recognized in the income statement under Share of income of associates.

Parent and Group holdings of shares in associates, December 31, 2013

Company name	Corporate Identity No.	Domicile	Number of participations	Share of capital, %	Carrying amount, Group, MSEK	Carrying amount, Parent, MSEK
Associates owned by Parent Company:						
Piteå Spannmåls AB	556090-8187	Piteå	1,500	30	0	0
Raiffeisen Hauptgenossenschaft Nord AG (HaGe Kiel AG)	DE134852742	Germany	9,455,789	39	858	578
Rural Patent Svenska AB	556530-9654	Stockholm	50	50	0	0
Scandagra Group AB	556009-3121	Stockholm	85,000	50	69	42
Scandinavian Standard AB	556921-0627	Stockholm		46	266	231
AB Tillväxt för Svensk Animalieproduktion	556155-9831	Stockholm	135,000	50	25	24
Svenska Pig AB	556779-6858	Stockholm	230	23	0	0
European Crop Protection A/S	21538388	Denmark	232	46	0	0
European Fertilizer A/S	20296372	Denmark	250	50	0	0
European Agri Trade A/S	26207177	Denmark	180	36	0	0
VetGross Holding AB	556892-6108	Stockholm	1,041,667	25	11	11
Viking Malt Oy	FI 0802004-9	Finland	1,381,387	38	202	178
Åhus Stuveriinteressenter AB	556039-8256	Åhus	5,987	50	1	1
					1,432	1,065
Other associated companies in the Group:						
Energy Sector						
Aspen-Produkte Handels GmbH	HR205654	Germany		50	12	-
Food Sector						
Unibake Japan Inc		Japan		49	2	-
Struer Brød AS		Denmark		33	6	-
Other						
Kajan 18 i Luleå Fastigheter AB	556831-3679	Stockholm		50	8	-
Nacka Skarpnäs Fastigheter AB	556831-3661	Stockholm		50	0	-
Total					1,460	1,065

Note 16 Non-current financial assets

MSEK	2013	2012
Receivables from associates ¹⁾	297	6
Other shares and interests	279	103
Bonds	57	49
Available-for-sale financial assets	29	333
Derivative instruments	4	3
Other non-current financial assets	116	124
	782	618
Finance leases (note 27)	0	1
Total	782	619

Available-for-sale financial assets

MSEK	2013	2012
Balance at beginning of year	333	217
Investments	-	24
Divestments	-329	-3
Impairment	-	-
Fair value remeasurement for the year	25	62
Reclassifications	-	33
Translation differences	0	0
Carrying amount	29	333

Available-for-sale financial assets, fair value

MSEK	2013	2012
VK Mühlen AG	-	153
Swedbank AB	-	134
Mackmyra Svensk Whisky AB	26	41
Cloetta AB	-	1
Other	3	4
Carrying amount	29	333

¹⁾ of which Scandinavian Standard MSEK 285.

Available-for-sale financial assets refer to shareholdings in listed companies. The holdings in VK Mühlen AG, Swedbank AB and Cloetta AB were divested during the year.

The largest individual items in Other shares and interests are an ownership interest of approx. 8 percent in the investment company Lion/Visor Cayman 1, which owns a number of bread operations, and Lantmännen's interest in LRF. In 2012, LRF was the largest single holding. The carrying amount of Other shares and interests is considered consistent with the fair value.

Remeasurement to fair value of available-for-sale financial assets is recognized in OCI in the consolidated statement of comprehensive income. Impairment and reversal of impairment is recognized in the income statement under finance income and costs.

Note 17 Inventories

MSEK	2013	2012
Raw materials and consumables	1,686	2,094
Products in progress	112	124
Finished goods and merchandise	3,451	3,702
Advances to suppliers	0	26
Total	5,249	5,946

MSEK 113 (109) of inventories for the year were measured at net realizable value. Impairment losses of MSEK 14 (20) were recognized during the year, while previous impairment of MSEK 8 (12) was reversed. The total cost of goods sold during the year was MSEK 27,963 (29,951).

Note 18 Trade and other receivables

MSEK	2013	2012
Trade receivables	3,417	3,918
Finance service, members	600	668
Operating receivables from associates	17	8
Derivative instruments	29	23
Other current receivables	470	390
Prepayments and accrued income	333	447
Total	4,866	5,454

Age analysis of trade receivables

MSEK	2013	2012
Receivables, not yet due	2,853	3,352
<i>Receivables, past due</i>		
< 30 days	437	441
31-60 days	53	64
61-90 days	23	31
> 91 days	115	130
Total	3,481	4,018
Provision for doubtful debts	-64	-100
Total	3,417	3,918

Provision for doubtful debts

MSEK	2013	2012
Provision at beginning of year	-100	-75
New provision for anticipated losses	-16	-17
Utilization of provision for identified losses	44	9
Reversal of provisions no longer required	8	10
From acquired, divested companies	0	-28
Exchange differences	0	1
Provision at end of year	-64	-100

The cost of doubtful debts for the year was MSEK -8 (-7) and was recognized in other operating expenses. For information about trade receivables' credit quality, see note 22 on page ►108.

Prepayments and accrued income

MSEK	2013	2012
Prepaid rent	55	56
Prepaid insurance	21	36
Bonuses and discounts	7	9
Other prepayments	152	154
Other accrued income	98	192
Total	333	447

Note 19 Current interest-bearing assets and cash and cash equivalents

Current interest-bearing assets MSEK	2013	2012
Receivables from associates	2	6
Finance leases, Lantmännen Finans AB	-	0
Hire purchase receivables, Lantmännen Finans AB	-	3
Interest-bearing receivables	20	44
Other short-term investments	250	20
Derivative instruments	1	7
Other current financial assets	15	16
Total	288	96

Note 19 continued

Cash and cash equivalents MSEK	2013	2012
Cash and bank balances	570	269
Short-term investments < 3 months	1,725	83
Total	2,295	352

Receivables with a maturity of up to one year and investments with maturities between three months and one year are recognized as current interest-bearing assets.

As short-term investments normally have a fixed rate period of less than three months, they carry very little interest rate risk.

Note 20 Equity

MSEK	Member contributions	Other contributed capital	Hedge reserve	Available-for-sale assets	Translation reserve	Retained earnings	Equity attrib. to members of association	Equity attributable to NCI	Total equity
Equity, January 1, 2012	1,568	2,300	-5	54	-184	7,173	10,906	36	10,942
Net income for the period after tax	-	-	-	-	-	413	413	-1	412
Actuarial gains and losses on pension plans ¹⁾	-	-	-	-	-	-172	-172	-	-172
Available-for-sale financial assets	-	-	-	41	-	-	41	-	41
Cash flow hedges	-	-	-	-	-	-	-	-	-
- remeasurement for the year	-	-	-71	-	-	-	-71	-	-71
- transferred to income statement	-	-	0	-	-	-	0	-	0
Exchange differences on translation of foreign operations	-	-	-	-	-246	-	-246	0	-246
Net gain on hedge of net investment in foreign operations	-	-	-	-	162	-	162	-	162
Tax relating to components of other comprehensive income	-	-	16	-3	-43	46	16	-	16
Other comprehensive income for the period, net before tax	0	0	-55	38	-127	-126	-270	0	-270
Total comprehensive income	0	0	-55	38	-127	287	143	-1	142
Dividend paid ²⁾	-	-	-	-	-	-78	-78	-2	-80
Refund and final price adjustment	-	-	-	-	-	-120	-120	-	-120
Contributed capital paid in by members	99	-	-	-	-	-	99	-	99
Contributed capital paid out to members	-50	-	-	-	-	-	-50	-	-50
Appropriation of profit	152	179	-	-	-	-331	0	-	0
Acquisition of NCI in Nötcenter Viken AB	-	-	-	-	-	-1	-1	0	-1
Total equity, December 31, 2012	1,769	2,479	-60	92	-311	6,930	10,899	33	10,932
Net income for the period after tax	-	-	-	-	-	100	100	0	100
Actuarial gains and losses on pension plans ¹⁾	-	-	-	-	-	307	307	-	307
Available-for-sale financial assets	-	-	-	-	-	-	-	-	-
- remeasurement for the year	-	-	-	3	-	-	3	-	3
- transferred to income statement	-	-	-	-122	-	-	-122	-	-122
Cash flow hedges	-	-	-	-	-	-	-	-	-
- remeasurement for the year	-	-	86	-	-	-	86	-	86
- transferred to income statement	-	-	-78	-	-	-	-78	-	-78
Exchange differences on translation of foreign operations	-	-	-	-	92	-	92	-	92
Net gain on hedge of net investment in foreign operations	-	-	-	-	-107	-	-107	-	-107
- net income for the year	-	-	-	-	-107	-	-107	-	-107
- translation differences transferred to income statement	-	-	-	-	21	-	21	-	21
Tax relating to components of other comprehensive income	-	-	-2	23	23	-68	-24	-	-24
Other comprehensive income for the period, net before tax	0	0	6	-96	29	239	178	0	178
Total comprehensive income	0	0	6	-96	29	339	278	0	278
Dividend paid ²⁾	-	-	-	-	-	-88	-88	-1	-89
Refund and final price adjustment	-	-	-	-	-	-127	-127	-	-127
Contributed capital paid in by members	103	-	-	-	-	-	103	-	103
Contributed capital paid out to members	-49	-	-	-	-	-	-49	-	-49
Appropriation of profit	80	123	-	-	-	-203	0	-	0
Other non-owner changes ³⁾	-	-	-	-	-	0	0	-4	-4
Total equity, December 31, 2013	1,903	2,602	-54	-4	-282	6,851	11,016	28	11,044

¹⁾ Including payroll tax.

²⁾ Refers to contribution dividend concerning parent association members.

³⁾ Includes acquisition of non-controlling interest in Lantmännen Bygglant AB.

Note 20 continued

Restricted reserves are reported under other contributed capital in the Parent Company.

For cash flow hedges where the hedged transaction has not yet occurred, the hedging reserve comprises the cumulative effective portion of gains or losses arising from remeasuring the hedging instruments at fair value. The hedging transactions that are included are cash flow hedges. The cumulative gain or loss recognized in the hedge reserve will be recycled to profit or loss when the hedged transaction affects profit or loss.

The translation reserve comprises all exchange differences arising on translation of financial statements of foreign operations to the Group's presentation currency (SEK). Gains and losses on hedging instruments that qualify as hedges of a net investment in a foreign operation are also included in the translation reserve and recognized there after deduction of tax.

The reserve for available-for-sale assets includes the accumulated net change in fair value of financial assets classified as "available-for-sale financial assets" until the asset is sold or is written down in the income statement before then.

Management of the Group's capital

Lantmännen has two overall financial objectives:

- A return on equity of 8 percent or more over a business cycle and with the corresponding business portfolio
- an equity ratio of 40 percent or more over a business cycle.

To achieve these objectives, Lantmännen uses financial instruments for its operations and specific profitability targets for each business. These profitability targets are expressed as a percentage of operating capital and vary according to the type of business and profitability levels for comparable enterprises outside Lantmännen. It is Lantmännen's aim that each business will achieve a return on operating capital that is at least on a par with that of comparable enterprises outside the Group.

Future investments are allocated primarily to areas that meet the profitability target and have potential for profitable growth.

Note 21 Interest-bearing liabilities

Non-current interest-bearing liabilities			
MSEK	Note	2013	2012
Non-current liabilities to credit institutions	22	4,183	4,609
Debentures		56	56
Financial liabilities, leases	26	49	271
Other non-current interest-bearing liabilities		29	31
Derivative instruments		17	35
Total		4,334	5,002

Current interest-bearing liabilities			
MSEK	Note	2013	2012
Current liabilities to credit institutions	22	526	291
Liabilities to members, savings		805	769
Liabilities to members, capital account		724	715
Deposits with Lantmännen Finans AB from the public		1,438	1,177
Financial liabilities, leases	26	13	58
Other current interest-bearing liabilities		24	26
Derivative instruments		16	-
Total		3,546	3,036

Deposits with Lantmännen Finans AB from the public are from companies, members, employees and other individuals.

The account offers unrestricted withdrawals, interest from the first SEK 1 and cover of EUR 100,000 under the national deposit guarantee scheme.

No borrowing costs were capitalized in 2013.

Note 22 Financial instruments and financial risk management

RISK MANAGEMENT

Lantmännen is exposed to different types of financial risk in the course of its international operations. Financial risk is the risk of fluctuations in the Group's earnings and cash flow as a result of changes in commodity market prices, exchange rates, interest rates and refinancing, and also includes credit and counterparty risks.

Lantmännen conducts internal banking activities through Group Treasury, Lantmännen ek för and the subsidiary Lantmännen Finance Ireland.

Lantmännen Finance Ireland's operations ceased in December 2013 and the company will be wound up in 2014.

The main task of Group Treasury is to provide cost-effective financing, identify and efficiently minimize financial risks to which the Group is exposed in its daily operations, support management and Group companies and optimize the Group's net financial items and tied-up capital.

The financial policy governs how financial risks shall be handled and specifies the mandate, limits and which financial instruments may be used. The Group's financial policy is established annually by Lantmännen's Board of Directors. The Group's Risk Committee receives regular reports on changes to the Group's financial risks.

Group Treasury also handles the Lantmännen's netting system and is responsible for handling the Group's liquidity via cash pools in banks. Only banks and credit institutions that have a high credit rating and have a high level of participation in the Group's long-term financing are accepted as counterparties to Lantmännen in financial transactions.

CAPITAL STRUCTURE AND FINANCIAL COVENANTS

Lantmännen is actively working on its capital structure to ensure long-term financial stability, meet the organization's need for capital at the lowest cost and ensure opportunities for future acquisitions. Lantmännen uses multiple financial ratios to measure its capital structure and has, for example, a long-term objective that its equity ratio shall exceed 40 percent.

To fund its activities, Lantmännen has loans from several banks and credit institutions. The credit conditions for the loans depend on Lantmännen's financial performance and are described in the covenants contained in the agreements. For further information on Lantmännen's covenants, see "Refinancing risk" below.

Lantmännen also has loans where collateral is pledged as security, mainly in real estate mortgages. For further information, see ► note 31.

Note 22 continued

CURRENCY RISK

In the course of its operations, Lantmännen is exposed to currency risk, in the form of exchange rate fluctuations affecting the Group's earnings and financial position.

The Group's currency exposure includes both transaction exposure and translation exposure. The Group's currency risk management is aimed at minimizing the short-term effect of exchange rate fluctuations and their adverse impact on the Group's earnings and financial position.

Transaction exposure

Under the Group's financial policy, the Sectors' foreign currency sales and purchases are hedged with Group Treasury, either by order or based on a rolling 12-month exposure forecast. Currency risks are managed by Group Treasury and the aim is to minimize the effects of currency fluctuations in the first instance by using foreign currency inflows for payments in the same currency. In addition, financial instruments are used to hedge forecast cash flows, in accordance with the guidelines contained in Lantmännen's financial policy.

Approx. 90 percent of the expected currency flow in EUR is hedged for the first period of 2014.

Distribution of trade receivables by currency, December 31, 2013

MSEK	Group	Parent Company
SEK	1,501	1,578
EUR	744	115
DKK	430	-
GBP	199	-
Other currencies	543	-
Total	3,417	1,693

Distribution of trade receivables by currency, December 31, 2012

MSEK	Group	Parent Company
SEK	1,647	1,839
EUR	663	95
DKK	511	30
GBP	10	-
Other currencies	1,087	-
Total	3,918	1,964

Distribution of trade payables by currency, December 31, 2013

MSEK	Group	Parent Company
SEK	2,369	1,651
EUR	812	69
DKK	213	1
GBP	108	1
Other currencies	192	10
Total	3,694	1,732

Distribution of trade payables by currency, December 31, 2012

MSEK	Group	Parent Company
SEK	2,252	1,638
EUR	747	110
DKK	244	3
GBP	98	-
Other currencies	622	137
Total	3,963	1,888

Translation exposure

Translation exposure is the effect of changes in exchange rates when foreign subsidiaries' income statements and statements of financial position are translated into the Group's presentation currency (SEK). Currency hedging of investments in foreign subsidiaries (net assets including surplus values on consolidation) is managed by means of foreign currency loans and currency swaps, which are referred to as the equity hedge. These are recognized at the closing rate on the reporting date. In the Parent Company, exchange differences attributable to these loans

(net before tax) and translation differences from the net assets of subsidiaries are recognized in other comprehensive income and accumulated in consolidated equity. Only net investments with significant exposure to a currency are hedged. At present, net investments in EUR, DKK and GBP are hedged.

If the Swedish krona weakened against other currencies by 10 percent, equity would increase by MSEK 445 (550), not taking into account the equity hedge. If the equity hedge is taken into account, equity would increase by MSEK 159 (150), all other things being equal.

Exchange rate fluctuations also affect the translation of foreign subsidiaries' income statements to SEK. As this translation is not hedged, the translation difference is exposed to currency risk and as such is included in the sensitivity analysis below.

Foreign-exchange sensitivity in transaction and translation exposure

Lantmännen is primarily exposed to the EUR, DKK, GBP, USD and NOK. The different currencies represent both inflows and outflows against the Swedish krona and a large proportion of them are hedged. Consequently, the transaction-related earnings impact of an exchange rate change is considered to be minimal.

If, on translation of operating income, the Swedish krona were to weaken against subsidiaries' currencies by 10 percent, this would have an adverse impact of MSEK -45 (-39) on operating income, all other things being equal. The calculation does not take into account any changes in prices and customer behavior caused by the exchange rate movements.

Sensitivity analysis for major currencies Risk	Change	Operating income effect, MSEK	
		2013	2012
EUR/SEK	-10 %	-24	-28
GBP/SEK	-10 %	-9	19
DKK/SEK	-10 %	14	-10
NOK/SEK	-10 %	-9	-8
USD/SEK	-10 %	-6	-4
Other	-10 %	-12	-8
Total		-45	-39

The currency derivatives used are forward exchange contracts.

The currency distribution of the Group's outstanding forward contracts was as follows:

Currency distribution and payment structure, operating forward contracts

MSEK	2014	2015	2016
EUR	-1,461	8	-
DKK	16	-	-
NOK	-96	-	-
GBP	27	-	-
USD	-178	-	-
CHF	-7	-	-
PLN	-26	-	-
Total	-1,726	8	-

The nominal net amount per currency is shown in the table above. Negative amounts represent sales of a particular currency and positive amounts represent purchases.

The average remaining maturity of the forward contracts at December 31, 2013 was 4 (3) months.

PRICE RISK

Lantmännen uses the financial markets to manage price risk associated with commodity and energy purchases and ethanol sales. The purpose of the price hedges is to increase predictability and even out rapid price fluctuations, thereby ensuring the right prices are passed on to customers.

Commodity price risk

Lantmännen's main commodity price risk is associated with wheat, oilseed rape, malting barley, oats and soybeans. The pricing of commodities varies over time as a result of international supply and demand. Commodity risks are primarily

Note 22 continued

attributable to Lantmännen Lantbruk's activities, Lantmännen Cerealia's milling operations and Lantmännen Agroetanol's ethanol production. In addition to hedging prices by means of supply contracts, prices are also hedged through commodity exchanges and banks. Most commodities are priced either in USD or EUR. Under Lantmännen's financial policy, the currency is considered to be part of the transaction's pricing and must be hedged on or before the transaction date.

A +/-10 percent movement in the commodity price would affect the valuation of the underlying derivatives outstanding on the closing date, which in turn would affect operating income by MSEK -/+3 and equity by MSEK -/+47.

Energy price risk

Through its energy-intensive operations Lantmännen is subject to risks associated with price changes for energy, particularly electricity and gas. If the energy price risk is not hedged, the price changes in the energy market will have a direct impact on the Group's operating income. Consequently, most of the Group's electricity consumption, i.e., in Sweden, Denmark and Norway, is hedged through NordPool. With effect from January 1, 2014, Lantmännen has changed its electricity supplier to Telge Kraft and no longer deals directly in exchange-traded contracts, which means that collateral no longer has to be provided.

Risk management of electricity prices is aimed at creating predictability in power purchasing costs. Electricity derivatives are priced in EUR. A minimum of 70 percent of the currency risk in electricity contracts is normally required to be hedged when the budget price is set for the following year's electricity consumption.

Electricity price hedging for Sweden, Denmark and Norway

Maturity year	2014	2015	2016	2017
Hedged share of forecast annual need	75 %	38 %	7 %	0 %

The Group companies' total electricity consumption in 2013 was 566 (618) GWh. The share for the operations in Sweden, Denmark and Norway was 457 (498) GWh. The total hedged volume for 2014 is 366 GWh. The Group companies' gas consumption in 2013 was 204 (234) GWh. The share for the operations in Sweden and Denmark was 112 (134) GWh. Approx. 60 percent of the Group's 2014 gas requirement for Denmark and Sweden has been hedged through supply contracts. The reduction in consumption of both electricity and gas is primarily due to the sale of Kronfågel.

A +/-10 percent movement in the price of electricity would affect the valuation of the underlying derivatives outstanding on the closing date, which in turn would affect operating income by MSEK -/+1 and equity by MSEK -/+13.

Ethanol price hedging

Ethanol derivatives were entered into in 2013 for the purpose of reducing earnings volatility caused by variations in the price of ethanol and were attributable to Lantmännen Agroetanol in the Energy Sector. Ethanol is normally priced in EUR. A +/-10 percent change in the price of ethanol would affect operating income by MSEK 0 and equity by MSEK -/+2.

INTEREST RATE RISK

Interest-bearing borrowing means that the Group is exposed to interest rate risk. Interest rate risk is the risk that changes in market interest rates will have an adverse effect on the Group's earnings and cash flows. How quickly a lasting change in interest rates is reflected in the Group's net financial items depends on the borrowing's fixed-rate period. The Group's fixed-rate period is normally brief but may be extended to limit the effect of a rise in interest rates. Interest rate swaps are among the tools that are used to manage liabilities' fixed-rate periods without changing the underlying loans.

At December 31, 2013, the Group's outstanding liabilities to credit institutions, including outstanding interest rate swaps, had a weighted average fixed-rate period of just over 14 (19) months. In 2013, three new interest rate swaps were entered into to exploit the low interest rates and lengthen the fixed-rate period. These consisted of a swap of MSEK 100 over 5 years and two swaps in Danish currency, MDKK 64 and MDKK 13, both over 10 years.

A +/-1 percentage point change in interest rates would affect the valuation of interest rate swaps outstanding on the closing date, which in turn would affect operating income by MSEK +/-2 and equity by MSEK +/-19.

REFINANCING RISK, LIQUIDITY RISK AND PAYMENT CAPACITY

Refinancing risk is the risk that costs will be higher and opportunities for financing limited when loans and other credit arrangements are renewed. Liquidity risk is the risk that the Group will encounter difficulty in discharging payment obligations. Lantmännen limits its refinancing risk by having a well-diversified group of counterparties and maturities for its loans. The weighted average maturity of loans with credit institutions at the end of the year was 5.7 (6.1) years.

By constantly maintaining cash assets or unused credit facilities, the Group ensures it has sound payment capacity, thereby reducing the liquidity risk. The Group's liquidity (available line of credit) is calculated on the basis of Lantmännen's loan agreement and associated covenants signed with the syndication banks on July 4, 2012. Liquidity at December 31, 2013 was MSEK 3,379 (1,287).

Maturity structure of liabilities to credit institutions¹⁾

MSEK	Group		Parent Company	
	2013	2012	2013	2012
2013	-	545	-	389
2014	780	1,076	750	1,058
2015	2,072	1,519	2,061	1,501
2016	838	824	826	806
2017	445	430	43	430
2018-	1,303	1,211	1,238	1,129
Total	5,438	5,605	4,918	5,313

¹⁾ Including future interest payments

The table above includes future undiscounted interest payments. The loans' maturity structure is reported as the earliest date on which payment may be requested. Foreign currency loans have been converted to SEK. The table below shows liabilities to credit institutions distributed by currency.

Maturity structure of liabilities to credit institutions by currency

MSEK	Total	2014	2015-2016	2017-2018	> 2018
EUR	724	47	305	372	-
DKK	2,627	48	1,208	176	1,196
SEK	2,086	683	1,397	2	3
UAH	1	1	-	-	-
Total	5,438	779	2,910	550	1,199
Of which interest	730	252	95	83	300
Total excluding interest	4,708	527	2,815	467	899

LVL is replaced by EUR in Latvia with effect from January 1, 2014. The conversion rate was 1.4235. Loans in LVL with due dates in 2014 and later have been converted to EUR.

External currency swaps related to financing of Group companies

MSEK	Group		Parent Company	
	2013	2012	2013	2012
EUR	1,082	833	1,082	833
DKK	763	996	763	996
SEK	-3,826	-3,631	-3,826	-3,631
NOK	475	503	475	503
GBP	1,274	1,015	1,274	1,015
USD	225	225	225	225
Total	-7	-59	-7	-59

Note 22 continued

Other interest-bearing liabilities, savings and capital account

Other current liabilities include members' savings of MSEK 805 (769). Deposits into the capital account amounted to MSEK 2,162 (1,892), of which MSEK 1,438 (1,177) was through Lantmännen Finans AB. These liabilities are formally short-term and the deposits may be withdrawn with one day's notice. However, experience shows little movement in these liabilities. See ► note 21.

Other non-current interest-bearing liabilities, consisting mainly of subordinated debentures and long-term lease liabilities, amount to MSEK 152 (393).

In credit agreements with banks, Lantmännen is bound by financial covenants which require its equity ratio to be always higher than 30 percent and net debt/EBITDA to be below 4.25 (5.0) and EBITDA/net financial items to be at least 3.5 at the end of the year. Should Lantmännen default the bank is entitled to terminate the credits ahead of time. At December 31, 2013, the equity ratio was 42.5 (41.5) percent, net debt/EBITDA was 2.6 (4.3) and EBITDA/net financial items was 567 times (10.3) calculated for the full year and including the gain on the sale of investment shares (14.1 excluding the gain).

**Maturity structure of derivative instruments, nominal amounts
December 31, 2013**

MSEK	2014	2015	2016	2017-	Fair value
Currency derivatives	-4,781	-1	-	-	-23
Interest rate derivatives	541	239	-	692	-12
Energy derivatives	109	51	11	-	-28
Commodity derivatives	-482	-12	-	-	3
Ethanol derivatives	-2	-	-	-	-1
Total	-4,614	276	11	692	-61

**Maturity structure of derivative instruments, nominal amounts
December 31, 2012**

MSEK	2013	2014	2015	2016-	Fair value
Currency derivatives	-4,512	-	-	-	6
Interest rate derivatives	241	541	239	522	-34
Energy derivatives	119	48	29	3	-17
Commodity derivatives	-865	-4	-	-	-29
Ethanol derivatives	-14	-	-	-	0
Total	-5,031	585	268	525	-74

CREDIT AND COUNTERPARTY RISK

Credit and counterparty risk is the risk that the counterparty in a transaction will be unable to discharge its obligations, thereby causing a loss for Lantmännen. Counterparty risk is limited by only accepting counterparties with high credit-worthiness according to the established financial policy and by defining the maximum exposure per counterparty according to the counterparty's credit-worthiness.

Financial counterparties are selected on the basis of rating criteria, taking into account the spread of counterparty risk and other mutual business interaction. Lantmännen has signed ISDA agreements and CSA agreements with the majority of its counterparties.

Customer credit risk

The credit risk associated with trade receivables is managed through special credit rating reviews. Lantmännen has credit control procedures in place and obtains information about the financial position of customers from various credit-rating agencies. Lantmännen has a good spread of the customers as a result of the Group having different business areas and operating in several countries and in different markets. Lantmännen also conducts active monitoring of trade receivables across company boundaries in the Group in order to minimize customer defaults and ensure payment precision.

Some of the trade receivables in the Food Sector and Energy Sector are resold to Nordea Finans Sverige AB and Nordea Finans Danmark A/S without recourse. At the end of the year, receivables sold amounted to MSEK 218 (265).

Lantmännen Finans AB has transferred its leasing and hire purchase contracts to ML Rental AB, a subsidiary of Swedbank. ML Rental has limited recourse. At December 31, 2013, recourse was MSEK 58 (50). The item is reported under other liabilities in the consolidated statement of financial position.

For information about past due trade receivables and provisions, see ► note 18.

Financial assets and liabilities measured at fair value in the statement of financial position at December 31, 2013

As the interest-bearing assets and liabilities of the Parent Company are consistent in all material respects with those of the Group, no special disclosures are provided for the Parent Company.

Assets, MSEK	Level 1	Level 2	Level 3	Total
Derivatives with positive fair value	29	4	-	33
Other financial assets measured at fair value	87	-	279	366
Total assets	116	4	279	399
Liabilities, MSEK				
Derivatives with negative fair value	54	33	-	87
Other financial liabilities measured at fair value	-	-	-	0
Total liabilities	54	33	0	87

Financial assets and liabilities measured at fair value in the statement of financial position at December 31, 2012

Assets, MSEK	Level 1	Level 2	Level 3	Total
Derivatives with positive fair value	23	10	-	33
Other financial assets measured at fair value	382	-	103	485
Total assets	405	10	103	518
Liabilities, MSEK				
Derivatives with negative fair value	69	35	-	104
Other financial liabilities measured at fair value	-	-	-	0
Total liabilities	69	35	0	104

Fair value hierarchy with information on inputs used to measure fair value

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than the quoted prices included in level 1 that are observable for the asset or liability, i.e. quoted prices or data derived therefrom.

Level 3: Unobservable inputs for measurement of the asset or liability.

Assets in Level 3 refer to other shares and interests, and have been measured at cost of acquisition, which is considered a good reflection of the fair value at the closing date.

The change in value of Other financial assets in Level 3, which is MSEK 176, relates to the purchase of other shares and interests for which the fair value is equal to the cost of acquisition.

Note 22 continued

Financial assets and liabilities by measurement category 2013

December 31, 2013 MSEK	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 assets							
Non-current financial assets							
Other shares and interests	279	-	29	-	-	308	308
Financial investments	58	413	-	3	-	474	474
Current assets							
Current receivables							
Trade and other receivables	-	4,017	-	29	-	4,046	4,046
Interest-bearing receivables	-	287	-	1	-	288	288
Cash and cash equivalents							
Cash and bank balances	-	2,295	-	-	-	2,295	2,295
Total financial assets	337	7,012	29	33	-	7,411	7,411
EQUITY AND LIABILITIES							
Non-current liabilities							
Interest-bearing liabilities	-	-	-	17	4,317	4,334	4,331
Other non-current liabilities	-	-	-	11	-	11	11
Current liabilities							
Interest-bearing liabilities	-	-	-	16	3,530	3,546	3,546
Trade and other payables	-	-	-	43	3,694	3,737	3,737
Total financial liabilities	-	-	-	87	11,541	11,628	11,625

Financial assets and liabilities by measurement category 2012

December 31, 2012 MSEK	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 assets							
Non-current financial assets							
Other shares and interests	103	-	333	-	-	436	436
Financial investments	49	131	-	3	-	183	183
Current assets							
Current receivables							
Trade and other receivables	-	4,586	-	23	-	4,609	4,609
Interest-bearing receivables	-	89	-	7	-	96	96
Cash and cash equivalents							
Cash and bank balances	-	352	-	-	-	352	352
Total financial assets	152	5,158	333	33	-	5,676	5,676
EQUITY AND LIABILITIES							
Non-current liabilities							
Interest-bearing liabilities	-	-	-	35	4,967	5,002	4,990
Other non-current liabilities	-	-	-	8	-	8	8
Current liabilities							
Interest-bearing liabilities	-	-	-	-	3,036	3,036	3,036
Trade and other payables	-	-	-	61	3,963	4,024	4,024
Total financial liabilities	-	-	-	104	11,966	12,070	12,058



Note 22 continued

Offsetting of financial assets and liabilities, December 31, 2013

MSEK	Gross amount for financial assets	Gross amount for financial liabilities offset against financial assets	Net amount in statement of financial position (SOFP)	Related amounts not offset in SOFP - Financial instruments	Net amount, assets
Derivatives ¹⁾	55	-22	33	-4	29
Cash and cash equivalents ²⁾	281	-30	251	-	251
Total	336	-52	284	-4	280

MSEK	Gross amount for financial liabilities	Gross amount for financial liabilities offset against financial assets	Net amount in statement of financial position (SOFP)	Related amounts not offset in SOFP - Financial instruments	Net amount, liabilities
Derivatives ³⁾	109	-22	87	-4	83
Current interest-bearing liabilities ⁴⁾	30	-30	0	-	0
Total	139	-52	87	-4	83

¹⁾ Included in the statement of financial position under Financial assets MSEK 782, Trade and other receivables MSEK 4,866 and Current interest-bearing receivables MSEK 288.

²⁾ Included in the statement of financial position under Cash and cash equivalents MSEK 2,295.

³⁾ Included in the statement of financial position under Non-current interest-bearing liabilities MSEK 4,334, Other non-current liabilities MSEK 36 and Current interest-bearing liabilities MSEK 3,546.

⁴⁾ Included in the statement of financial position under Current interest-bearing liabilities MSEK 3,546. Trading in derivatives is subject to the ISDA (International Swaps and Derivatives Association) agreement, which stipulates the netting of liabilities and receivables. This can be done in the course of operations and in situations such as breaches of contract or early termination.

There is some opportunity for offsetting trade receivables and payables in respect of members. This opportunity has not been exercised, and potential set-off amounts have not been recognized as the amounts involved are not significant.

Note 23 Pensions

Lantmännen has both defined contribution and defined benefit pension plans. The defined benefit plans, which are reported in Lantmännen's statement of financial position, are funded and unfunded. The largest defined benefit plans are PRI pension plans in Sweden. These plans have been funded since the middle of December 2011, when Lantmännen transferred assets to a pension fund to safeguard these obligations. The obligations are also still insured through the Swedish PRI Pensionsgaranti system, but at a lower amount than previously. PRI Pensionsgaranti is a mutual insurance company that guarantees employees' future pensions. Now that the assets are in a separate fund, the obligations can be reduced by the market value of the fund's assets when reported in the statement of financial position. Six of the Swedish companies within Lantmännen are connected to the fund. There is no obligation for the companies in the fund to make additional contributions to the fund. There are also funded pension plans in Norway, where two of the companies have pension obligations safeguarded by funds.

Defined benefit obligations and value of plan assets in the Group:

Defined benefit plans	2013	2012
MSEK		
<i>Funded plans</i>		
Defined benefit obligations under Swedish PRI Pensionsgaranti plans	1,774	2,032
Other defined benefit obligations	122	144
Fair value of plan assets	-1,767	-1,783
Total net value of funded plans	129	393
<i>Unfunded plans</i>		
Other unfunded obligations	39	39
Total unfunded plans	39	39
Provisions for pensions, net value	168	432

Pension cost in the income statement

MSEK	2013	2012
<i>Defined benefit plans</i>		
Cost of pensions accrued during the year	49	45
Interest expense, interest income, net	15	-4
Curtailments and settlements	-7	-1
Cost of defined benefit plans	57	40
Cost of defined contribution plans	240	225
Total cost relating to pensions	297	265
<i>The cost is recognized on the following lines in the income statement</i>		
Employee benefits expense	282	269
Finance costs	15	-4
Total cost relating to pensions	297	265

Pension-related remeasurements in OCI

MSEK	2013	2012
<i>Defined benefit plans</i>		
Return on plan assets in excess of what is recognized as interest income in the income statement	95	21
Experience-based adjustment of obligation	70	-33
Effects of changes in demographic assumptions	-11	-
Effects of changes in financial assumptions	153	-128
Total actuarial gains (+) and losses (-)	307	-140
Payroll tax on actuarial gains and losses	-	-32
Total	307	-172
Tax on above items	-68	46
Total recognized in OCI	239	-126

Note 23 continued

Pension plans by country	2013			2012		
	Obligations	Plan assets	Pension liability	Obligations	Plan assets	Pension liability
Sweden	1,781	-1,674	107	2,051	-1,684	367
Norway	122	-93	29	133	-99	34
Germany	30	-	30	29	-	29
Netherlands, Poland	2	-	2	2	-	2
Total	1,935	-1,767	168	2,215	-1,783	432

The following summary explains how obligations, assets and the net amount changed during the year:

	2013			2012		
	Defined benefit obligations	Plan assets	Net	Defined benefit obligations	Plan assets	Net
Opening balance	2,215	1,783	432	2,027	1,680	347
Reclassification of payroll tax to pension liability	86	-	86	-	-	0
Service cost during the year	49	-	49	45	-	45
Interest recognized in income statement	75	60	15	78	82	-4
Payment of pension benefits	-99	-	-99	-93	-	-93
Compensation paid to employer ¹⁾	-	-22	22	-	-5	5
Payment of contributions by employer ¹⁾	-	18	-18	-	4	-4
Curtailments and settlements	-7	-	-7	-1	-	-1
Return on plan assets in excess of recognized interest	-	95	-95	-	21	-21
Remeasurement of pension obligations recognized in OCI	-212	-	-212	161	-	161
Effects of divested operations	-153	-151	-2	-	-	-
Other	-8	-7	-1	-3	-	-3
Translation differences	-11	-9	-2	1	1	0
Closing balance, pension liability	1,935	1,767	168	2,215	-1,783	432
Of which funded plans			129			393
Of which unfunded plans			39			39

¹⁾ Compensation from the Swedish pension fund consists of MSEK 17 to a company in 2013, and the remaining MSEK 5 relates to Norwegian pension plans.

Two Swedish companies paid a total of MSEK 11 into the pension fund in 2013, and the remaining MSEK 7 relates to contributions to Norwegian plans.

No payments were made into the Swedish fund in 2012, nor was any compensation paid from the fund. Reported compensation and payments in 2012 relate to Norwegian plans.

Fair value of plan asset categories and percentage of total plan assets

	2013 MSEK	2012 MSEK	2013 %	2012 %
Property	936	1,101	53 %	62 %
Fixed-interest investments	181	323	10 %	18 %
Structural products	60	51	3 %	3 %
Equity investments	182	128	10 %	7 %
Hedge funds	177	72	10 %	4 %
Cash and cash equivalents	231	108	13 %	6 %
Total	1,767	1,783	100 %	100 %

Actuarial assumptions ²⁾

	2013	2012
Discount rate	4.0 %	3.5 %
Future salary increases	3.0 %	3.0 %
Inflation	2.0 %	2.0 %
Expected return on plan assets	4.0 %	3.5 %

²⁾ Weighted average, corresponding to the Swedish assumptions, as Swedish plans dominate.

A 0.25 percent decrease in the discount rate would increase the Swedish pension obligation (which is 94 percent of the total) by approx. MSEK 65, while a 0.25 percent increase in the interest rate would reduce it by approx. MSEK 61. A change of one year in mortality assumptions would increase the obligation by approx. MSEK 63 in the case of a longer life expectancy, and would reduce it by the same amount in the case of a shorter life expectancy. A 0.25 percent change in inflation would reduce the obligation by approx. MSEK 51 in the case of a fall

in inflation and would increase it by approx. MSEK 54 in the case of a rise. A 0.25 percent change in salary growth assumptions would increase the obligation by approx. MSEK 26 in the case of a higher assumption and would reduce it by approx. MSEK 24 in the case of a lower assumption. The pension fund's return was approx. 8.5 percent in 2013. A change of 1 percentage point in the return would increase or decrease the value of the plan assets by approx. MSEK 17.

The Swedish funded plans cover active members (18 percent), paid-up policyholders (35 percent) and retired persons (47 percent).

Expected payments of pensions under defined benefit pension plans in 2014 are MSEK 93 (93).

For certain employees in Sweden insurance premiums are paid to Alecta with regard to commitments under the traditional ITP (individual supplementary pension) plan. The plan is a multi-employer defined benefit plan. At present, Alecta is unable to disclose the information that is required to recognize this plan as a defined benefit plan. Consequently, pensions insured through Alecta, are recognized as a defined contribution plan. Of the above cost of MSEK 240 (225) for defined contribution plans, MSEK 24 (25) relates to Alecta premiums for traditional ITP plans. Alecta's surplus may be distributed to the policyholders and/or the insured. At the end of the year, Alecta's surplus in the form of its collective funding ratio amounted to 148 (129) percent. The collective funding ratio reflects the market value of Alecta's assets as a percentage of its insurance obligations, calculated in accordance with Alecta's actuarial assumptions, which do not follow IAS 19.

For information on pensions for senior executives, see note 5 on page 97.

Note 24 Other provisions

MSEK	Guarantee commitments	Actuarial provisions	Restructuring measures	Other	Total 2013	Total 2012
Opening balance	118	63	98	246	525	582
Provisions during the period	37	24	86	46	193	264
Amounts utilized during the period	-24	-15	-86	-21	-146	-286
Reversals during the period	-15	-	-10	-6	-31	-30
Reclassifications	-	-	-	-86	-86	-1
Effects of divested, acquired operations	-	-	-2	-	-2	-
Translation differences	-3	0	1	-	-2	-4
Carrying amount at end of period	113	72	87	179	451	525
Of which current provisions	87	24	77	14	202	201
Of which non-current provisions	26	48	10	165	249	324

MSEK 233 of the non-current provisions is expected to be used in 2016 and thereafter.

Increases in existing provisions are included in the period's provisions.

The majority of the year's restructuring provisions are mainly related to measures in the Food Sector, Agriculture Sector and corporate functions, and these are expected to be used in 2014.

Reclassifications in the category Other are payroll tax provisions for the difference in the Swedish pension obligation calculated according to IAS 19 and according

to the Swedish Pension Obligations Vesting Act. The amount, which was MSEK 86 at the end of 2012, is reported under provisions for pensions from 2013.

In corporate groups the size of Lantmännen, there are normally a number of ongoing disputes. Lantmännen has assessed the most likely outcome of the disputes currently at issue, and where an outflow of financial resources is probable, a corresponding amount has been recognized as a provision.

Note 25 Trade and other payables

MSEK	2013	2012	Accruals and deferred income	2013	2012
Trade payables	3,694	3,963	MSEK		
Operating liabilities to associates	1	11	Accrued personnel-related costs	480	501
Other current liabilities	940	933	Bonuses and discounts	102	143
Derivative instruments	43	61	Other accruals	594	440
Accruals and deferred income	1,534	1,254	Deferred income	358	170
Total	6,212	6,222	Total	1,534	1,254

Note 26 Leases

The Group is both a lessor and a lessee. The Group as lessor is reported in note 27, Customer financing. The Group's obligations as a lessee are reported in this note. The Group has both operating and finance lease obligations.

Operating leases are mainly related to cars, other vehicles and premises.

Operating leases

Recognized cost of operating leases, MSEK

MSEK	2013	2012
Minimum lease payments	187	211
Contingent rents	1	4
Total	188	215

Future obligations under non-cancelable operating leases are reported below.

Minimum lease payments due

MSEK	2013	2012
Within one year	98	93
Between one and five years	355	333
After five years	552	516
Total	1,005	942

Companies in the Lantmännen Group are tenants in properties owned by Lantmännen's pension fund. The annual rent for these properties in 2013 was MSEK 79 and the figure for 2014 is expected to be MSEK 70. 30 percent of the leases run until 2020/2021 and 69 percent until 2025. The estimated rent for these contracts is included in the amounts in the above table.

Note 26 continued

Finance leases

Liabilities under finance leases are recognized as interest-bearing liabilities in the consolidated statement of financial position. Payments due within one year are recognized as current financial liabilities, while payments due after one year are a non-current financial liabilities.

Recognized costs, payment of finance leases

MSEK	2013	2012
Minimum lease payments		
- reported as interest	2	2
- reported as payment (reduction of liability)	3	3
Contingent rents	0	0
Total payments under finance leases	5	5

The carrying amount of the leased assets at the reporting date is reported in note 12, Property, plant and equipment.

Future lease payments (payment and interest) by period:

	2013			2012		
	Payment	Interest	Total charge	Payment	Interest	Total charge
Within one year	13	2	15	58	2	60
Between one and five years	29	5	34	250	6	256
After five years	20	2	22	21	2	23
Total	62	9	71	329	10	339

Note 27 Customer financing

Customer financing is mainly concerned with financing Lantmännen's sales of farm and construction machinery to end customers. Customer financing through leasing occurs mainly in the Group's international machinery operations.

Customer financing under finance leases occurs to a very limited extent. At the end of the year, outstanding receivables totaled MSEK 0 (1).

Operating leases

For equipment leased to customers under operating leases, future payments under non-cancelable operating leases fall due as follows:

Minimum lease payments due

MSEK	2013	2012
Within one year	23	17
Between one and five years	8	8
After five years	1	1
Total	32	26

Note 29 Government grants

MSEK	2013	2012
Grants recognized as revenue	7	7
Grants that reduced expenses	6	18
Total	13	25
Grants during the year that reduced the value of non-current assets	11	0
Grants recognized as deferred income at the reporting date	1	0

Note 28 Related party transactions

The association's Board members have significant influence over the Parent Company and are therefore considered to be related parties. The purpose of an economic association is to promote its members' economic interests through trade with them. To this end, purchases and sales of goods and services are conducted with individual Board members who are also members of the association. Similarly, these individual Board members also participate in the financing of the association. As all these transactions have occurred in accordance with the association's purpose and under the conditions applicable to other members, the amounts involved are not disclosed.

Salaries and similar benefits received by senior executives are reported in note 5. Dividends from subsidiaries and associates are shown in note 36. Receivables from associates and liabilities to associates are shown in notes 16, 18, 19 and 25.

Related party transactions

	2013	2012
Intra-group purchases, share of total purchases, %	13	11
Intra-group sales, share of total sales, %	10	8
Purchases of goods and services from associates, MSEK	33	39
Sales of goods and services to associates, MSEK	121	134
Transfer of capital to "Lantmännens Gemensamma Pensionsstiftelse Grodden", MSEK	11	-
Transfer of capital from pension fund to Lantmännen, credited, MSEK	17	-
Rent paid to pension fund, MSEK	79	77
Sales of goods and services to pension fund, MSEK	121	7
Repurchase of property from pension fund, MSEK	93	-

Note 30 Acquisitions and divestments

Acquisitions 2013

The following acquisitions of subsidiaries were made during the year.

Company	Business	Acquisition date	Purchase price, MSEK	Acquisition-related costs, MSEK	Goodwill, MSEK	Other intangible assets, MSEK	Annual sales, MSEK	Number of employees	Acquired interest	Holding after acquisition
Agro Bizz A/S	Grain trade	Oct-13	9	-	-	11	152	3	90 %	90 %
Triton 6 AB ¹⁾	Property	Dec-13	81	-	-	-	1	0	100 %	100 %
Triton 7 AB ¹⁾	Property	Dec-13	12	-	-	-	0	0	100 %	100 %
Fastica AB (Livsmedelsfastigheter i Svedala AB)	Property	Dec-13	8	-	-	-	7	0	100 %	100 %
Other smaller acquisitions			3	-	-	1	20	0		

¹⁾ Acquisition from "Lantmännens Gemensamma Pensionsstiftelse Grodden".

The acquisition balance sheets for acquisitions in 2013 are preliminary. The companies are consolidated as subsidiaries using the purchase method. There are no plans to divest any parts of the acquired companies.

No acquisitions of subsidiaries were made in 2012.

For information on the fair value of net assets in acquired operations, see note 32, section 2, on page ► 118.

Divestments 2013

The following divestments of subsidiaries were made during the year.

Company	Sale date	Consolidated net sales 2013, MSEK	Consolidated net sales 2012, MSEK	Average no. of employees 2013	Average no. of employees 2012	Divested interest	Holding after divestment
Rigas Dzirmavnieks JS	Mar-13	36	216	96	98	100 %	0 %
Kronfågel Group	Jun-13	1522	3476	1228	1311	100 %	0 %

The Latvian milling operations were divested to JSC Malsena Plius in March. The divestment had a marginal effect on the Group's net sales and total assets, and a positive impact on the Group's net debt.

Lantmännen's divestment of Kronfågel Group has resulted in a capital gain of MSEK 425 and reduction in net debt of approx. SEK 1 billion, also taking into account the acquisition of the associate Scandinavian Standard. The proceeds from the divestment amounted to SEK 1.3 billion. Kronfågel Group's annual turnover has been approx. SEK 3.5 billion, with total assets of SEK 1.7 billion, including liabilities of approx. SEK 0.9 billion. The average annual number of

employees was about 1,200. Kronfågel Group's cash and cash equivalents represented an insignificant amount.

The divestments made in 2013 are not considered to be operations of significant value and have consequently not been classified or reported as discontinued operations.

No divestments of subsidiaries were made in 2012.

For information on the fair value of net assets in divested operations, see note 32, section 3, on ► page 118.

Note 31 Pledged assets and contingent liabilities

Pledged assets

MSEK	For own liabilities			Total pledged assets	
	For own financial liabilities	Other liabilities	Other commitments	2013	2012
Real estate mortgages	1,037	-	-	1,037	1,060
Chattel mortgages	10	-	-	10	10
Bank accounts	-	-	21	21	88
Other	-	-	19	19	0
Total	1,047	0	40	1,087	1,158

Real estate mortgages have been provided for the liabilities of the Parent Company in the amount of MSEK 921 (921), of which MSEK 487 (503) relates to properties owned by subsidiaries.

Contingent liabilities

MSEK	2013	2012
Guarantees for		
- associates	125	139
- others	218	120
Other contingent liabilities	138	531
Total	481	790

The change in other contingent liabilities mainly relates to reduced buy-back and residual value obligations.

The Swedish fresh bread business divested in 2009 conducts part of its operations in a leased property in Umeå. Lantmännen ek för and the divested company are parties to this lease. The aim of the buyer is to continue operations in the property. All lease payments are paid directly by the divested company. Lantmännen subsidizes the lease payments as part of the sales agreement. A reserve for this subsidy has been recognized in both the Group's and Lantmännen ek för's statement of financial position. In Lantmännen's opinion there is no longer any risk that it will be required to make lease payments for the property. Consequently, no further reserves or contingent liabilities have been recognized.

Note 32 Notes to the statement of cash flows

MSEK	2013	2012
1) Interest paid and dividends received		
Dividends received	31	12
Interest received	179	218
Interest paid	-333	-311
Total	-123	-81
2) Acquisition of operations		
<i>Assets and liabilities acquired</i>		
Property, plant and equipment	238	-
Intangible assets	12	-
Financial assets	1	-
Inventories	6	-
Operating receivables	4	-
Total	261	0
Financial liabilities	135	-
Operating liabilities	10	-
Total	145	0
Purchased interests in associates	231	-
Purchase consideration paid	347	0
Cash and cash equivalents in acquired operations	0	-
Effect on cash and cash equivalents	347	0

For further information on acquired operations, see note 30 on page ► 117.

MSEK	2013	2012
3) Divestment of operations		
<i>Assets and liabilities divested</i>		
Property, plant and equipment	794	-
Financial assets	124	-
Inventories	490	-
Operating receivables	510	-
	1,918	-
Loans	34	-
Operating liabilities	704	-
Capital loss	-363	-
	375	-
Purchase consideration received	1,543	-
Cash and cash equivalents in divested operations	0	-
Effect on cash and cash equivalents	1,543	-

For further information on acquired operations, see note 30 on page ► 117.

4) Investments

The Group's investments in property, plant and equipment held under finance leases amounted to MSEK 180 (153) during the year.

5) Cash and cash equivalents

Cash and bank balances	570	269
Short-term investments, maturity less than 3 months	1,725	83
Total	2,295	352

The Group's total liquidity, defined as cash, bank deposits and credit available under the provisions of applicable loan agreements, was MSEK 3,379 (1,287) at the end of the year.

Notes to the Parent Company financial statements

Note 33 Breakdown of revenue

MSEK	2013	2012
Net sales		
Sales of goods	9,873	10,267
Service contracts	354	379
Leasing activities ¹⁾	57	-
Total	10,284	10,646
Other operating income		
Services	127	137
Capital gains	13	63
Government grants	1	1
Royalties, license revenue	41	38
Leasing activities ¹⁾	0	65
Other	30	44
Total	212	348

¹⁾ Rental income is reported under Net sales from 2013.

Customers outside Sweden accounted for approx. 14 (18) percent of the Parent Company's total net sales. MSEK 13 (58) of the Parent Company's capital gains were from the sale of properties.

Note 34 Fees and reimbursement of expenses to auditors

MSEK	2013	2012
Ernst & Young		
Annual audit	4	4
Other auditing services		
Tax consultancy services	1	1
Other services	0	1
Total	5	6
Elected auditors		
Annual audit	1	1

Note 35 Operating income

Related party transactions

Related party transactions in the Parent Company's operating income are shown below. In this context, transactions with members in accordance with the Association's objectives are not considered related party transactions. Salaries and similar benefits received by senior executives are reported in note 5. Dividends from subsidiaries and associates are shown in note 36.

MSEK	2013	2012
Intra-group purchases, share of total purchases, %	4	4
Intra-group sales, share of total sales, %	21	19
Purchases of goods and services from associates, MSEK	33	33
Sales of goods and services to associates, MSEK	28	16

Lease obligations

Operating expenses include MSEK 10 (10) in operating lease costs. Future obligations under non-cancelable operating leases are reported below.

Minimum lease payments due

MSEK	2013	2012
Within one year	10	9
Between one and five years	15	15
After five years	3	4
Total	28	28

Note 36 Income from investments in Group companies and associates

Income from investments in Group companies

MSEK	2013	2012
Dividend	75	584
Capital gain on disposal of shares	962	2
Capital loss on disposal of shares	-	-15
Impairment	-222	-
Reversal of impairment	-	12
Total	815	583

In 2013, dividends were received from Lantmännen Finance Ireland, MSEK 47, Aspen Clean Fuel, MSEK 26, and Gyllebo Gödning AB, MSEK 2. The item Capital gain on disposal of shares relates to the sale of Kronfågel Group. Impairment relates to Agroetanol (MSEK -213) and NötCenter Viken (MSEK -9). The 2012 dividend relates mainly to the dividend from Lantmännen Fastigheter AB.

Income from investments in associates

MSEK	2013	2012
Dividends	32	19
Total	32	19

Dividends were received from Reiffeisen Hauptgenossenschaft Nord AG (HaGe Kiel), MSEK 18, and Viking Malt, MSEK 14.

Note 37 Income from other securities and receivables classified as non-current assets

MSEK	2013	2012
Dividends	2	10
Capital gain on disposal of shares	143	3
Impairment	0	-5
Other	-	1
Total	145	9

Dividends were mainly attributable to shares in Copenhagen Malmö Port AB, and also Swedbank AB in 2012.

The item Capital gain on disposal of shares for 2013 relates to the sale of shares in Swedbank, VK Mühlen and Cloetta.

Note 38 Exchange differences affecting income

MSEK	2013	2012
Exchange differences affecting operating income	16	63
Exchange differences in financial items		
Exchange differences in financial items, external	-138	350
Exchange differences in financial items, internal	41	-99
Total	-97	251

Exchange differences in financial items for 2013 are mainly attributable to exchange losses due to the Swedish krona weakening against other currencies.

Exchange differences in financial items for 2012 are mainly attributable to exchange gains on the repayment of share capital from Lantmännen Finance Ireland and the Swedish krona strengthening against other currencies.

Note 39 Taxes

Tax on net income for the year

MSEK	2013	2012
Current tax expense (-)/tax income (+)		
Tax expense/income for the period	-	-
Total current tax	0	0
Deferred tax expense (-)/tax income (+)		
Deferred tax arising from changes in temporary differences	-1	-11
Deferred tax arising from changes in tax rates and tax laws	-	-21
Deferred tax income in capitalized loss carryforward during the year	164	-
Deferred tax expense arising from use of previously capitalized loss carryforwards	-	-3
Total deferred tax	163	-35
Total recognized tax expense	163	-35

Reconciliation of effective tax	2013		2012	
	Percent	MSEK	Percent	MSEK
Income before tax		289		881
Anticipated tax according to enacted Swedish tax rate	22.0 %	-64	26.3 %	-232
Non-deductible expenses	2 %	-6	3 %	-23
Impairment of shares	17 %	-49	0 %	-
Tax-exempt capital gains/losses	-76 %	220	0 %	-3
Tax-exempt dividend	-9 %	26	-22 %	197
Contribution dividend deductible for tax purposes	-11 %	31	-3 %	23
Effect of changes to tax rates and tax laws	0 %	-	2 %	-21
Other	-2 %	5	-3 %	24
Recognized effective tax	-57 %	163	4 %	-35

Deferred tax asset/tax liability

MSEK	2013			2012		
	Deferred tax asset	Deferred tax liability	Net	Deferred tax asset	Deferred tax liability	Net
Land and buildings	-	2	-2	0	2	-2
Other provisions	14	-	14	15	-	15
Loss carryforwards	258	-	258	94	-	94
Total	272	2	270	109	2	107
Offsetting of assets/liabilities	-2	-2	0	-2	-2	0
Total, net deferred tax asset	270	0	270	107	0	107

Deferred tax assets and deferred tax liabilities are offset against each other and the net asset is recognized in the statement of financial position.

Note 39 continued

Change in deferred tax in temporary differences and loss carryforwards

MSEK	2013			2012		
	Amount at beginning of year	Recognized in income statement	Amount at end of year	Amount at beginning of year	Recognized in income statement	Amount at end of year
Land and buildings	-2	0	-2	-5	3	-2
Other provisions	15	-1	14	30	-15	15
Loss carryforwards	94	164	258	117	-23	94
Total	107	163	270	142	-35	107

Loss carryforwards

Loss carryforwards amounted to MSEK 1,173 (429) at the end of the year, all of which were included in the computation of deferred tax assets.

Note 40 Intangible assets

MSEK	Patents, licenses and trademarks		Capitalized development expenses		Total intangible assets	
	2013	2012	2013	2012	2013	2012
Accumulated cost of acquisition	246	262	214	148	460	410
Accumulated amortization	-135	-139	-102	-61	-237	-200
Carrying amount	111	123	112	87	223	210
Balance at beginning of year	123	135	87	59	210	194
Investments	-	-	77	42	77	42
Regular amortization for the year	-12	-12	-9	-15	-21	-27
Impairment for the year	-	-	-43	-	-43	0
Reclassifications	-	-	-	1	-	1
Carrying amount	111	123	112	87	223	210

Note 41 Property, plant and equipment

MSEK	Land ¹⁾		Buildings		Total land and buildings	
	2013	2012	2013	2012	2013	2012
Accumulated cost of acquisition	105	103	703	736	808	839
Accumulated depreciation	-49	-47	-510	-567	-559	-614
Accumulated impairment	-	-	-23	-25	-23	-25
Carrying amount	56	56	170	144	226	200
Balance at beginning of year	56	47	144	172	200	219
Investments	-	-	-	-	-	0
Sales and disposals	-	-1	-	-10	-	-11
Regular depreciation for the year	-1	-1	-8	-8	-9	-9
Impairment for the year	-	-	0	-	0	-
Reclassifications	1	11	34	-10	35	1
Carrying amount	56	56	170	144	226	200

¹⁾ Including land improvements.

Note 41 continued

MSEK	Other non-current assets							
	Plant and machinery		Equipment, tools, fixtures & fittings		Construction in progress		Total other non-current assets	
	2013	2012	2013	2012	2013	2012	2013	2012
Accumulated cost of acquisition	2,889	2,982	488	509	48	50	536	559
Accumulated depreciation	-2,294	-2,302	-439	-456	-	-	-439	-456
Accumulated impairment	-122	-167	-19	-19	-	-	-19	-19
Carrying amount	473	513	30	34	48	50	78	84
Balance at beginning of year	513	563	34	45	50	43	84	88
Investments	-	-	-	-	102	102	102	102
Sales and disposals	0	-2	-	-1	0	-14	0	-15
Regular depreciation for the year	-87	-93	-11	-12	-	-	-11	-12
Impairment for the year	-31	-8	0	-	-	-	0	0
Reclassifications	78	53	7	2	-104	-81	-97	-79
Carrying amount	473	513	30	34	48	50	78	84

Note 42 Investment properties

MSEK	Land ¹⁾		Buildings		Total investment properties	
	2013	2012	2013	2012	2013	2012
Accumulated cost of acquisition	18	20	190	152	208	172
Accumulated depreciation	-12	-13	-153	-96	-165	-109
Accumulated impairment	-	-	-2	-	-2	0
Carrying amount	6	7	35	56	41	63
Balance at beginning of year	7	12	56	40	63	52
Sales and disposals	0	-6	-4	-6	-4	-12
Regular depreciation for the year	0	0	-1	-1	-1	-1
Intra-group transfers ²⁾	-1	-	0	-	-1	0
Reclassifications	0	1	-16	23	-16	24
Carrying amount	6	7	35	56	41	63

¹⁾ Including land improvements.

²⁾ During the year, properties were transferred from Lantmännen ek för to Lantmännen Group's real estate segment.

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	2013	2012
Fair value at beginning of year	227	251
Investments in properties	6	4
Divestments	-3	-81
Intra-group acquisitions, divestments	-1	0
Changes in value	17	11
Reclassifications	-56	42
Fair value at end of year	190	227

All investment properties have been valued according to hierarchy level 3, i.e., based on unobservable inputs, and according to the methods described below.

Fair value has been determined on the basis of internal assessments. Property sales carried out during the year have also been reconciled.

The value has been estimated using the following measurement methods:

- In the majority of cases the market price method has been used, where sales of equivalent properties in the market are used to support the valuation
- 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	2013	2012
Rental income	22	27
Direct costs, including costs for repair and maintenance		
- Properties that generate rents	-8	-12
- Properties that do not generate rents	-3	-
Net operating income	11	15

Note 43 Investments in Group companies

MSEK	2013	2012
Accumulated cost of acquisition	7,254	6,645
Accumulated write-ups	200	200
Accumulated impairment	-882	-660
Carrying amount	6,572	6,185
Balance at beginning of period	6,185	6,935
Acquisitions/Shareholder contributions	1,323	192
Impairment for the year	-222	0
Divestments	-307	-6
Reversal of impairment	0	12
Capital repayments	-407	-948
Carrying amount	6,572	6,185

MSEK 976 (180) of the year's acquisitions are intra-group acquisitions, the largest being Lantmännen Schulstad A/S at MSEK 948. External acquisitions were MSEK 10 (2). Shareholder contributions paid amounted to MSEK 337 (10) and included Lantmännen Agroetanol, MSEK 181, and Lantmännen Cerealia, MSEK 150.

MSEK -213 of impairment for the year relates to Lantmännen Agroetanol. Impairment is recognized in the income statement under Income from investments in Group companies.

Divestments for the year relate entirely to companies in Kronfågel Group.

Repaid capital is from Lantmännen Finance Ireland, MSEK -190, and Aspen Clean Fuel, MSEK -217.

Parent Company and Group holdings of interests in Group companies, December 31, 2013

This overview comprises directly-held subsidiaries, as well as indirectly-held companies with revenues exceeding MSEK 200.

Company name	Corporate identity no.	Domicile	Number of shares	Share, %	Carrying amount, MSEK
<i>Shares and interests in Swedish subsidiaries</i>					
Doofmas & Co AB	556547-7394	Stockholm	3,400,000	100.0	238
Fastighets AB Slätpricken AB	556831-3794	Stockholm	500	100.0	0
Gyllebo Gödning AB	556179-2911	Lidköping	2,000	66.7	0
Lantmännen Agroenergi AB	556215-0606	Huskvarna	30,000	100.0	159
Lantmännen Agroetanol AB	556028-0611	Norrköping	50,000	100.0	234
Lantmännen Agrovärme AB	556229-5666	Enköping	10,000	100.0	2
Lantmännen Aspen AB	556329-9519	Gothenburg	3,850	100.0	180
Lantmännen AS-Faktor AB	556530-9720	Enköping	100	100.0	0
Lantmännen BioAgri AB	556056-1283	Enköping	20,000	100.0	3
Lantmännen Bygglant AB	556301-2771	Örebro	50,000	100.0	26
Lantmännen Cerealia AB	556017-2222	Malmö	200,000	100.0	662
Lantmännen Cerealia A/S	69,120,717	Vejle		100.0	
Lantmännen Doggy AB	556055-5129	Värgårda	103,625	100.0	156
Lantmännen Energi AB	556118-3954	Stockholm	400	100.0	54
Lantmännen Finans AB	556664-8118	Stockholm	2,000,000	100.0	200
Lantmännen Fastigheter AB	556017-8443	Stockholm	3,000	100.0	18
Lantmännen Invest AB	556003-3192	Stockholm	440,000	100.0	63
Lantmännen Krafft AB	556156-4039	Falkenberg	5,000	100.0	1
Lantmännen Kycklinginvest AB	556951-0687	Stockholm	157,600	100.0	1
Lantmännen Maskin AB	556005-7639	Malmö	10,000	100.0	10
Akerhus Traktor AS	947340204	Jessheim		100.0	
LM Maskin Midt Norge AS	948130661	Stjørdal		100.0	
Lantmännen Reppe AB	556000-1538	Växjö	25,000	100.0	28
Lantmännen Service AB	556831-3695	Stockholm	500	100.0	0
Lantmännen Solanum AB	556066-1687	Kävlinge	1,000	100.0	0
Lantmännen SW Seed AB	556001-5272	Svalöv	298,667	100.0	160
Swecon Baumaschinen GmbH	HR B1403	Düsseldorf		100.0	
Lantmännen Unibake Sweden AB	556186-7796	Örebro	100,000	100.0	27
Maselaboratorierna AB	556009-7353	Uppsala	5,000	100.0	0
NötCenter Viken AB	556559-4503	Falköping	9,000	100.0	7
Swecon Anläggningsmaskiner AB	556575-1137	Eskestuna	488,150	97.6	372
Vegolia AB	556020-6574	Falkenberg	1,000	100.0	1
Åhus Foder HB	969723-3394	Åhus		70.0	0
<i>Shares and interests in foreign subsidiaries</i>					
Agro Bizz A/S	10,095,921	Nordfyns	450	90.0	9
Cerealia Bakeries Holding A/S	26,864,097	Denmark	5,000	100.0	1
Lantmännen Finance Ireland	6562531V	Dublin		100.0	
Dirual AG	CH-0203002	Zurich	199,997	100.0	22
Lantmännen Cerealia AS	910629085	Oslo	17,968,129	100.0	222
Lantmännen Maskin AS	914109981	Asker	3,000	100.0	27
Lantmännen Maskin A/S	12545479	Horsens	5,000	100.0	0
Lantmännen Schulstad A/S	10245613	Copenhagen	100,000	100.0	948
Lantmännen Schulstad Sp z o o	KRS8038	Poznan		100.0	
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	
Oy LM Unibake Ab Finland	1463476-8	Helsinki		100.0	
Lantmännen Unibake GmbH & Co KG	HRA 121351	Verden		100.0	
Lantmannen Unibake Russia LLC	1045002352130	Moscow		100.0	
Lantmännen Unibake USA, Inc	36-4034179	United States		100.0	
Lantmännen Unibake UK Ltd	3315763	United Kingdom		100.0	
Lantmännen Unibake Mouscron SA	0461118402	Mouscron		100.0	
Lantmännen Unibake Londerzeel NV	0461025063	Londerzeel		100.0	
Lantmännen Unibake Norge AS	989,135,082	Oslo	3,405,694	100.0	34
LMB Danmark A/S	75297319	Brøndby	5,000	100.0	
Total, Parent Company					6,572

Note 44 Inventories

MSEK	2013	2012
Raw materials and consumables	1,206	1,447
Finished goods and merchandise	802	795
Total	2,008	2,242

MSEK 0 (0) of the total value of inventories relates to goods measured at net realizable value.

Note 45 Prepayments and accrued income

MSEK	2013	2012
Prepaid insurance	1	18
Other prepayments	90	71
Accrued interest income	24	3
Other accrued income	18	106
Total	133	198

Note 46 Year-end appropriations, untaxed reserves

Untaxed reserves, MSEK	2013	2012
Accelerated accumulated depreciation		
- Intangible assets	111	111
- Machinery and equipment	200	200
Total	311	311

Note 47 Pensions

All of the Parent Company's defined benefit pension obligations are governed by the Pension Obligations Vesting Act (Tryggandelagen).

Lantmännen established a pension fund in the fall of 2011. Lantmännen ek för's defined benefit pension obligations are covered by the fund.

As these pension obligations are secured through a fund, which is completely outside Lantmännen Group, the obligation is offset against Lantmännen ek för's share of the market value of the fund's assets. The fair value measurement of the fund's assets is conducted by external valuers

The pension liability recognized in the statement of financial position is as follows:

MSEK	2013	2012
Value of pension obligations under funded pension plans	923	927
Fair value of Lantmännen ek för's share of pension fund	-923	-927
Net obligation	0	0
Other unfunded pension plans	3	3
Total	3	3

Note 47 continued

Specification of changes in recognized pension liability during the year:

MSEK	2013	2012
Liability at beginning of year	3	3
Pension costs for the year	58	49
Pension payments	-58	-49
Liability at end of year	3	3

The calculation of pension obligations under funded pension plans was carried out by PRI Pensionsgaranti according to their own adopted actuarial assumptions.

Specification of pension-related costs for the period:

MSEK	2013	2012
Book reserve pensions		
Current service cost	16	8
Interest expenses	38	34
Book reserve pension costs	54	42
Pension through insurance		
Insurance premiums	59	62
Net pension costs for the year, excluding taxes	113	104

MSEK	2013	2012
Pensions costs recognized as employee benefits in operating income	75	70
Pensions costs recognized as interest expense in net financial items	38	34
Total	113	104

Fair value of Lantmännen ek för's share of the pension fund's assets:

MSEK	2013	2012
Property	596	640
Fixed-interest investments	83	158
Structural products	39	30
Equity investments	111	69
Hedge funds	115	42
Cash and cash equivalents	137	52
Total	1,081	991

The difference between the value of Lantmännen ek för's share of assets in the fund and recognized pension obligations above is attributable to over-consolidation in the fund. Under the current rules, pension liability is not recognized as an asset. Consequently, only assets equivalent to the value of the liability reduce debt. Over-consolidation at the end of the year was MSEK 158 (64).

Next year's projected payments under defined benefit pension plans amount to MSEK 58 (56).

Note 48 Other provisions

MSEK	Restructuring measures	Other	Total	
			2013	2012
Carrying amount at beginning of period	45	151	196	212
Provisions during the period	31	45	76	68
Amounts utilized during the period	-37	-15	-52	-84
Reversals during the period	-9	-5	-14	-
Carrying amount at end of period	30	176	206	196

Increases in existing provisions are included in the period's provisions. Most of the year's restructuring provisions relate to efficiency programs in the Agriculture Sector and Corporate Functions.

The provision under the heading Other relates to the reporting of endowment insurance, which has not previously been reported in the statement of financial position. A corresponding item has been recognized in assets under the heading Other current receivables.

MSEK 123 (116) of the provisions under Other relate to the estimated costs of closing down grain elevators. No new provisions for grain elevators were made in 2013.

About 20 percent of the total provisions are expected to be utilized in 2014. The remainder will not be utilized in the next three years.

Note 49 Other current liabilities

Other current liabilities include savings and capital account liabilities to members amounting to MSEK 1,529 (1,484).

Note 50 Accruals and deferred income

MSEK	2013	2012
Accrued personnel-related costs	143	140
Accrued interest	27	18
Other accruals	179	147
Deferred income	10	8
Total	359	313

Note 51 Financial instruments

MSEK	2013	2012
Shares and interests	280	311
Loans and receivables		
Non-current interest-bearing receivables from subsidiaries	1,411	1,165
Non-current interest-bearing receivables from associates	297	3
Other non-current interest-bearing receivables	107	113
Trade receivables	2,033	2,329
Current interest-bearing receivables from subsidiaries	10,625	9,975
Other current interest-bearing receivables	26	39
Short-term investments	1,654	0
Cash and bank balances	130	0
Total	16,283	13,624
Financial liabilities measured at amortized cost		
Non-current interest-bearing liabilities	4,117	4,516
Trade payables	1,797	1,888
Current interest-bearing liabilities to subsidiaries	7,374	4,936
Other current interest-bearing liabilities	2,055	1,655
Total	15,343	12,995

The Parent Company does not measure or report derivative instruments. All of the Group's derivative instruments, apart from those that relate to ethanol, are held by the Parent Company. The maturity structure and fair value of these is shown in note 22 on page ► 108. Note 22 also contains other information about the Parent Company's financial instruments.

Note 52 Pledged assets and contingent liabilities

Pledged assets MSEK	For own liabilities		Other commitments	Total pledged assets	
	Financial liabilities	Other liabilities		2013	2012
Real estate mortgages	434	-	-	434	419
Bank accounts	-	-	21	21	87
Other	-	-	18	18	-
Total	434	-	39	473	506

Real estate mortgages are used as collateral for loans with Realkredit Danmark, which are reported under non-current liabilities to credit institutions.

Contingent liabilities

MSEK	2013	2012
Guarantees for		
- Group companies	727	962
- associates	125	139
Other contingent liabilities	83	51
Total	935	1,152

The change in Guarantees for Group companies is mainly attributable to reduced liabilities due to the sale of A/S Rigas Dzirnavnieks and Kronfågel Group. The increase in Other contingent liabilities is mainly attributable to bank guarantees that replaced real estate mortgages in group companies.

The Board of Directors and the President & CEO hereby certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and give a true and fair view of the Group's financial position and performance. The Parent Company's financial statements have been prepared in accordance with generally accepted accounting principles, and give a true and fair view of the Parent Company's financial position and performance.

The Board of Directors' Report for the Group and Parent Company provides a true and fair overview of the development, financial position and performance of the Group and Parent Company, and describes significant risks and uncertainties faced by the Group, the Parent Company and companies belonging to the Group.

Stockholm, February 20, 2014

Bengt-Olov Gunnarson
Chairman

Nils Lundberg
Vice chairman

Ulf Gundemark

Helle Kruse Nielsen

Per Lindahl

Thomas Magnusson

Lena Philipson

Hans Wallemyr

Björn Wallin

Tommy Brunsärn

Pär-Johan Lööf

Tomas Welander

Per Olof Nyman
President & CEO

Our audit report was submitted on February 20, 2014

Ernst & Young AB

Lars Träff
Authorized Public Accountant

Torvald Carlsson

Gustav Jansson

Anders Åbyhammar

The Group's and Parent Company's annual financial statements will be presented for adoption at the Annual General Meeting on May 15, 2014.

Audit Report

To the annual general meeting of Lantmännen ek för Corporate identity number 769605-2856

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Lantmännen ek för for the year 2013. The association's annual accounts and the consolidated accounts are included in the printed version of this document on pages 65-127.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. The authorized public accountant has conducted the audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. These standards require that professional ethics are followed and that the audit is planned and performed to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement. The elected representative auditors have conducted the audit in accordance with generally accepted auditing standards for elected representative auditors in Sweden.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, 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 association'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 association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the association as of December 31, 2013 and its financial performance and cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2013 and the financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual general meeting adopt the income statement and balance sheet for the association and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the association's profit or loss and the administration of the Board of Directors and the Managing Director of Lantmännen economic association for the year 2013.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the association's profit or loss, and the Board of Directors and the Managing Director are responsible for administration in accordance with the Economic Associations Act.

Auditors' responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the association'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 association's profit or loss, we examined whether the proposal is in accordance with the Economic Associations Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the association in order to determine whether any member of the Board of Directors or the Managing Director is liable to the association. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Economic Associations Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

We recommend to the annual general meeting that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm, February 20, 2014



Lars Träff
Authorized Public Accountant



Torvald Carlsson
Elected representative Auditor



Gustav Jansson
Elected representative Auditor



Anders Åbyhammar
Elected representative Auditor

Corporate Governance Report

2013



Katja Ihrsén • Hans Johansson • Anna Carlström • Helena Holmkrantz • Elisabet Söderström • Lage Westman • Cathrine Hannell

Anna Carlström
Member Manager

Cathrine Hannell
Member Services in Östergötland, Örebro, Sörmland, Växjö, Jönköping-Tranås, Höglandet

Katja Ihrsén
Member Services in Uppland, Enköping, Västmanland, Värmland, Gotland, Dalarna

Hans Johansson
Member Services in Sunnerbo-Värnamo, Älvsborg, Bohuslän Dal, Västra Skaraborg, Östra Skaraborg

Elisabet Söderström
Member Services in Söderslätt, Österlen, Nordvästra Skåne, Kristianstad, Halland, Blekinge

Lage Westman
Member Services in Gävleborg, Jämtland, Västernorrland, Västerbotten, Norrbotten

Helena Holmkrantz
Editor Grodden

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 based on the association's Articles of Association, the Swedish Economic Associations Act and other applicable laws and regulations. In certain cases, governance is also based on the Swedish governance code for agricultural cooperatives and association enterprises (Association Code) and the Swedish Corporate Governance Code. Lantmännen's Board of Directors and executive management endeavor to ensure the enterprise is able to meet the demands placed on it by owners, employees and other stakeholders in the best possible way.

Owners

The Group's Parent Company is Lantmännen ek för, a co-operative enterprise owned by 33,082 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 district meeting and different owner meetings provide an opportunity for owners to express their views to the Board of Directors and management in various ways, including motions and written communication. See also "Developing governance" on [page 13](#)

Contributed capital and voting rights

Each member of the Association has one vote, regardless of the size of investment. The members' obligation to invest is based on the turnover value of purchases from and deliveries to the Association. The Board of Directors decides the product areas that will constitute the basis of the obligation to invest. The individual member's obligation to invest is 15 percent of the average value of the turnover with the Association over the last five years. However, the obligation to invest ranges from a minimum of SEK 10,000 to a maximum of SEK 450,000. Of the total contributed capital of MSEK 1,903, MSEK 829 has been paid in and MSEK 1,074 issued from distributable capital in the Association. At the end of 2013, members' obligation to invest totaled MSEK 1,551.

Annual General Meeting

The Annual General Meeting is Lantmännen's supreme decision-making body. The Meeting consists of representatives of members, delegates, who are elected at the district meetings. The districts are the basis of the members' role as owners of the Association. Delegate seats are distributed on the basis of a divisor in proportion to the number of members in the district and the organization member. The chairmen of district boards and the chairman of the board of the organization member shall be delegates. The number of delegates shall not be less than 100. Each delegate has one vote at the Meeting. The General Meeting has a quorum when more than half of the full number of delegates are in attendance. Each member is entitled to have business considered by the General Meeting.

The Annual General Meeting shall be held within six months of the end of the financial year. The Association's Board of Directors, Nomination Committee and auditors are elected at the Annual General Meeting. Other obligatory business to be considered by the Meeting includes adoption of the income statement and statement of financial position, allocation of the Association's profit or coverage of its loss, discharging the Board of Directors and President from liability and determination of Directors' and auditor fees.

2013 Annual General Meeting

The Annual General Meeting was held on May 6 in Stockholm. Board members of Lantmännen ek för are elected

for two-year terms. The terms of office expired for Bengt-Olov Gunnarson, Nils Lundberg, Anitra Steen and Hans Wallemyr. Anitra Steen had declared herself unavailable for re-election. The Meeting resolved that the Board of Directors of Lantmännen ek för would consist of nine elected members and the President & CEO of the Association. Bengt-Olov Gunnarson, Nils Lundberg and Hans Wallemyr were re-elected to the Board. Lena Philipson was elected a new member. The auditors are elected for one year at a time. The accounting firm Ernst & Young AB, with authorized public accountant Lars Träff as chief auditor, was elected as the Association's authorized auditor. Torvald Carlsson, Gustav Jansson and Anders Åbyhammar were re-appointed as elected auditors. The Meeting also passed a resolution on the remuneration of the Board and other elected representatives, including fixed annual remuneration as well as per diem and travel compensation. The Meeting also appointed nine members to the Nomination Committee for the period up to and including the 2014 General Meeting.

The Meeting approved a contribution dividend totaling MSEK 88 to be distributed on paid-in and issued contributed capital and a contribution issue totaling MSEK 80 to be distributed as follows: contribution-based turnover (25 percent) and paid-in and issued member contributions (75 percent). In addition to the contribution dividend and issue, the Board decided to pay MSEK 120 in refunds and final price adjustments.

The total number of delegates was 101, and 97 of them were present at the Meeting. All Board members, apart from Helle Kruse Nielsen, and all elected auditors were present at the meeting.

Council of Trustees

The Association has a Council of Trustees. The district board chairmen and organization members shall serve on the Council of Trustees. In addition, the Board of Directors may appoint additional members. The role of the Council of Trustees is to advise the Group Board on development issues of a more long-term nature as well as communicate information between the Board of Directors and the districts. The Council of Trustees is also charged with the preparation of matters of principle and the nomination of members to the Association's Nomination Committee.

Council of Trustees in 2013

In addition to the obligatory members as stated above, the Board of Directors appointed two representatives of the local associations to the Council of Trustees. Also in attendance at Council of Trustees meetings are the Group Board, the Association's elected auditors and the chairman of the Nomination Committee, unless he or she is already part of the above-mentioned group. The Council of Trustees had three minuted meetings during the year.

Nomination Committee

The Nomination Committee is tasked with preparing and presenting proposals for the election and remuneration of Group Board members and auditors, and making recommendations with regard to the remuneration of other elected representatives. The articles of association state that the Nomination Committee shall have 7-13 members, who are elected by the Annual General Meeting. The Nomination Committee elects a chairman from among its members.

Based on the Association's current situation and future direction, the Nomination Committee's task is to assess whether the Board of Directors is appropriately

composed with regard to expertise. This assessment is based in part on an evaluation of the Board's work methods and decision processes performed by an independent party at the request of the Chairman of the Board and in consultation with the Nomination Committee. Any new recruitment to the Board is then done according to a specified requirement prepared by the Nomination Committee.

Nomination Committee 2013

In 2013, the Nomination Committee consisted of nine members: Per-Olof Malm (chairman), Kjell Eriksson (vice chairman), Håkan Christensson, Krister Andersson, Ann-Margreth Assarsson, Viktoria Josefsson, Sören Lundström, Anders Rickardsson and Charlotte Önnestedt.

Charlotte Önnestedt resigned at the Annual General Meeting on May 6 and Kjell Axelsson was elected to replace her. At the statutory Board meeting after the Annual General Meeting, Kjell Eriksson was elected chairman and Viktoria Josefsson vice chairman. The member manager is secretary of the Nomination Committee.

Owner Relations 2013

The Owner Relations Department had seven members during the year – five member services staff, the editor of Grodden and the member manager. The cost of the department and its entire activities amounted to approx. MSEK 31.6 in 2013. Costs for the 28 districts accounted for MSEK 12.5 of the total figure, and included fixed fees of MSEK 4.6 (36 percent) adopted by the Annual General Meeting and variable fees of MSEK 3.8 (31 percent). The other MSEK 4.1 (33 percent) related to costs of the districts' various activities.

The cost of the Annual General Meeting, which also comes under the department's area of responsibility, was approx. MSEK 2. Other activities managed by the department include the Delegates' Meeting, Council of Trustees, District Board Conference, General Meeting, Nomination Committee and the owners' newsletter Grodden.

Group Board

The overall task of the Board of Directors is to manage the Association's affairs on behalf of its members in such a way that their economic interests are served in the best possible way. The Board is responsible for the Association's organization and management of its affairs and for ensuring satisfactory control of the Association's accounting, asset management and financial affairs. The Board decides the Group's overall goals, strategic plans and significant policies and monitors their compliance and updating. The Board also decides on acquisitions, divestments and major investments and approves the annual accounts and interim reports. The Board is also tasked with overseeing the President and regularly assessing the performance of the Group Management. The Board shall ensure that there is an effective system for follow-up and control of the Association's operations and financial position, that external information is characterized by transparency and objectivity, that there is adequate monitoring of compliance with laws and regulations and that the necessary ethical guidelines are laid down.

The work of the Board is directed by a work plan that governs the division of work and responsibility between the Board of Directors, the Chairman and the President. The formal work plan is updated and adopted at least once a year, normally at the statutory meeting of the Board. The articles of association state that the Board of Directors of Lantmännen shall consist of a minimum of 7 and a maximum of 13 members in addition to the President & CEO. 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 formal work plan.

The work of the Board of Directors in 2013

Since the Annual General Meeting on May 6, 2013, the Board has consisted of nine members elected by the Meeting, three employee representatives and the President. The Director Legal Affairs CF serves as the Board's secretary. None of the elected Board members has an employment-like relationship with Lantmännen. Bengt-Olov Gunnarson was elected Chairman of the Board. The composition of the Board is shown in the presentation on [pages 136-137](#)

The Board held 21 meetings during the year. Four of the meetings were by telephone and two were per capsulam. The table below shows Board members' attendance at the meetings. The Association's auditors attended two of the meetings. During the year, the Board initiated a strategic program, Vision 2020, based on an analysis of external conditions. Kronfågel Group was sold in spring and a new company, Scandinavian Standard, was formed. Lantmännen is an owner of the company, and during fall, members were invited to join Lantmännen as shareholders in the company.

Audit Committee

The Audit Committee is tasked with preparing materials in matters relating to risk assessment, internal control, financial reporting and auditing. It also serves as a forum for dialog between different parties, such as external and internal

auditors. The committee also works to ensure appropriate risk management, compliance with established financial reporting and internal control principles and the maintenance of proper relations with external auditors. The committee also ensures that the independence of external auditors is maintained, evaluates the audit and informs the Nomination Committee of the results. The Group's internal audit unit reports directly to the Audit Committee.

Before the Annual General Meeting, the committee consisted of Nils Lundberg (chairman), Anitra Steen and Hans Wallemyr. After the Annual General Meeting, Anitra Steen was replaced by Thomas Magnusson. The Director Internal Audit serves as the committee's secretary. Members are appointed for one year at a time. In addition to distributing the minutes of Audit Committee meetings to the Board of Directors, the committee chairman gives an oral report on all important issues at the subsequent Board meeting. The committee held three minuted meetings during the year. The table below shows members' attendance.

Audit Committee, attendance and number of meetings 2013

	Feb 6	May 29	Sep 30
Nils Lundberg (chairman)	●	●	●
Hans Wallemyr	●	●	●
Anitra Steen	●		
Thomas Magnusson			●

Remuneration Committee

The Remuneration Committee is tasked with preparing matters and drafting principles related to pay and other terms of employment for Group Management. These principles must be approved by the Annual General Meeting. The committee prepares and submits decision-support material to the Board of Directors concerning conditions of employment for the President, and to the President for the other members of Group Management.

Before the Annual General Meeting, the committee consisted of Bengt-Olov Gunnarson (chairman), Helle Kruse Nielsen and Ulf Gundemark, with President & CEO Per Olof Nyman as rapporteur. The committee's composition was unchanged after the 2013 meeting. The Group's Senior Vice President Human Resources serves as secretary. Members are appointed for one year at a time. In addition to distributing the minutes of Remuneration Committee meetings to the Board, the committee chairman makes an oral report on all important issues at the subsequent Board meeting.

The committee held eight minuted meetings during the year. The table on the next page shows members' attendance at the meetings.

Owner Committee

The Owner Committee is tasked with dealing with issues concerning ownership and the owner organization in the

Group Board, attendance and number of meetings 2013

	Jan 17	Jan 22	Jan 24	Feb 8	Feb 21	Mar 28	Apr 11	Apr 25	May 6	May 15	May 30	Jun 13-14	Jun 18-19	Aug 19	Aug 28	Oct 1	Oct 24	Nov 14	Nov 28	Dec 5	Dec 18-19	
	⌋		⌋						SM*	Per capsulam				⌋				Per capsulam		⌋		
Bengt-Olov Gunnarson	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Tommy Brunsärn	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Ulf Gundemark	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Gert Gustavsson		●	●	●	●			●														
Helle Kruse Nielsen				●		●	●	●		●	●	●	●	●	●	●	●	●	●	●	●	●
Per Lindahl	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Nils Lundberg	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Pär-Johan Lööf									●	●	●	●	●	●	●	●	●	●	●	●	●	●
Thomas Magnusson	●			●	●	●	●	●	●	●	●	●	●		●	●	●	●	●	●	●	●
Anitra Steen	●					●	●	●														
Lena Philipson									●	●	●	●	●	●	●	●	●	●	●	●	●	●
Hans Wallemyr	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Björn Wallin	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Tomas Welander	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Per Olof Nyman	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

* Statutory Board Meeting



Remuneration Committee, attendance and number of meetings 2013

	Jan 7	Jan 20	Feb 18	Apr 3	Apr 25	Aug 14	Sep 11	Nov 25
Bengt-Olov Gunnarson	●	●	●	●	●	●	●	●
Ulf Gundemark	●	●	●	●	●	●	●	●
Helle Kruse Nielsen	●	●		●	●	●	●	●

Group. The committee's work is aimed at ensuring that owner and member issues are dealt with in accordance with the Economic Associations Act and the Articles of Association. The committee also works to ensure that the Articles of Association, organization and relationship with owners and elected representatives are developed in such a way as to take into account ongoing changes in society and the business environment.

Owner Committee, attendance and number of meetings 2013

	Feb 12	May 28	Aug 21	Oct 26	Nov 14
Björn Wallin	●	●	●	●	●
Thomas Magnusson	●				
Per Lindahl	●	●	●	●	●
Lena Philipson		●	●	●	●

Before the Annual General Meeting, the committee consisted of Björn Wallin (chairman), Thomas Magnusson and Per Lindahl. Legal Counsel Tove Cederborg attends the committee's meetings as a co-opted member. After the Annual General Meeting, Thomas Magnusson was replaced by Lena Philipson. The Group's member manager serves as the secretary. Members are appointed for one year at a time.

In addition to distributing the minutes of Owner Committee meetings to the

Board, the committee chairman gives an oral report on all important issues at the subsequent Board meeting. The committee held five minuted meetings during the year. The table below shows the attendance of the members at the meetings

President and Group Management

The President & CEO is appointed by the Board and is responsible for the day-to-day management of the Association. The division of work between the Board and the President is regulated in the Board's work plan. Group Management currently consists of eight members. The composition of Group Management is shown in the presentation on [page 138](#)

Group Management normally meets every six weeks. The President & CEO has overall responsibility for the Group's coordination.

Internal Audit

The internal audit is an independent unit in the Group, which is engaged in objective assurance and advisory activities. The internal unit team makes systematic and structured assessments to help to increase the efficiency of the Group's risk management, governance and control, as well as its management processes.

The internal audit unit reports material observations and improvement proposals to the Group Board (via the Audit Committee) and to the operating

units. It also audits the entire Group and acts as an independent review function for Lantmännen Finans AB in accordance with the requirements of the Swedish Financial Supervisory Authority. In addition to performing reviews and audits in accordance with the internal audit plan, the unit supports the Group's Board and Management by providing analyses and advice.

In 2013 the internal audit unit identified overall risks in the Group, performed audits of the Sectors and corporate functions and prepared an internal audit plan for 2014. The internal audit unit also participates in various steering groups and committees in order to obtain essential information and serve as a consultation body in the areas of risk management and internal control.

External audit

The auditors are tasked with auditing the annual report, consolidated financial statements, accounting records and administration of the Board and President. There are four regular auditors. One is authorized and the other three are elected. All auditors are elected by the Annual General Meeting for one year at a time. Ernst & Young acts as the Group's authorized auditor. The auditors' work is led by authorized public accountant Lars Träff. The elected auditors are Torvald Carlsson, Gustav Jansson and Anders Åbyhammar.

In addition to the statutory audit, the elected auditors focus on examination from a member perspective.

Lantmännen's organization and reporting structure

The Board decides the Group's overall goals, strategic plans and significant policies and monitors their compliance and updating. The President & CEO is appointed by the Board and is responsible for the Association's day-to-day management.



Lantmännen is one of the largest groups in the Nordic region, with business divided into four sectors and a real estate segment. One of the Group's goals is to create a cohesive organization that makes best use of the strength throughout the value chain and capitalizes on synergies and economies of scale.

The Board of Director's report on internal control over financial reporting

The responsibilities of the Board and President in the area of internal control are governed by the Swedish Economic Associations Act. The Board's responsibilities are also governed by the Swedish governance code for agricultural co-operatives and association enterprises (Association Code). Under the Association Code, the Board is required to submit a report about how efficiently the internal control over financial reporting has functioned during the past financial year. 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.

Below is a description of the most important elements of the Association's system for internal control and management of risks associated with financial reporting.

Internal control over financial reporting is a process involving the Group Board, the Audit Committee, the President, management and other employees and it is designed to provide assurance of the reliability of financial reporting. The overall aim of internal control is to protect owners' investments and the Association's assets.

The control environment constitutes the basis of internal control and is made up of the values and ethics that

the Lantmännen Group communicates and applies, together with the Group's organizational structure, management, decision-making channels, responsibility and authority, and the expertise possessed by employees. Other important areas in Lantmännen's internal control are communication and information and follow-up.

The Lantmännen Group's values represent a long-term commitment linked to its mission, business concept, goals and strategies that guide employees in their daily work. It is the Group's aim that its slogan "responsibility from field to fork" will permeate all internal and external actions. In 2008 the Board prepared, adopted and communicated a Code of Conduct for the Group. Its implementation continued in 2011, with extensive training initiatives to ensure that all employees and other stakeholders covered by the Code, such as suppliers, understand and follow it. In 2012, the Code of Conduct was further concretized with the anti-corruption policy, which the Board adopted and tasked the President with implementing in the Group.

The Board has overall responsibility for internal control over financial reporting. The Board has adopted a written work plan that clarifies the responsibilities of the Board and governs the division of work between the Board and its committees. An Audit Committee regularly

reports to the Board. In 2013, the Board adopted new decision-making and delegation instructions in order to define overall rules for decision-making and delegation within the Group. The purpose of the instructions is to describe the organization, management and conduct of operations within Lantmännen with regard to subsidiaries and to clarify the relationship between different bodies and positions by specifying responsibilities, duties and powers.

Lantmännen works continuously to ensure the appropriate expertise is present in key positions in both the corporate functions and Sectors. In addition, there are policies in place for important areas, which define responsibility, authority and procedural guidelines. The policies are available on Lantmännen's intranet. A financial manual has also been prepared for the Group's financial reporting.

Regular monitoring is conducted, in order to ensure the efficiency of internal control over financial reporting. The monitoring process includes analysis of regular financial reports compared with historical figures, budgets and forecasts as well as monitoring of reporting activities. Monitoring takes place at company, business area, Sector and Group level.

Board of Directors



Björn Wallin, Bengt-Olov Gunnarson, Pär-Johan Lööf, Lena Philipson, Per Olof Nyman, Tommy Brunsärn

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 15, 2014. Holdings of subordinated debentures and contribution issues are reported as at December 31, 2013.

Bengt-Olov Gunnarson *Chairman*

Klockrike
 Born: 1951
 Member since 2005
 Member of Lantmännen
Other functions at Lantmännen: Remuneration Committee, Viking Malt Oy
Lantmännen Research Foundation
Education: Agricultural technology
Main occupation: Farmer
Production: Crop production, forestry and wind power
Contribution issues: SEK 347,361*
Subordinated debentures: SEK 100,000
Subordinated debentures related parties: SEK 50,000

Nils Lundberg *Vice Chairman*

Skivarp
 Born: 1958
 Member since 2007
 Member of Lantmännen
Other functions at Lantmännen: Audit Committee, Viking Malt Oy
Education: Agricultural economics
Main occupation: Farmer
Production: Crop production, wind power
Directorships: Ljusterö Golf AB, Halmstadgården Vindpark AB, Vassmolösa Vind AB
Contribution issues: SEK 2,861,303*
Subordinated debentures: SEK 100,000*
Subordinated debentures related parties: SEK 90,000

Ulf Gundemark

Stockholm/Dalarö
 Born: 1951
 Member since 2012
 Not a member of Lantmännen
Other functions at Lantmännen: Remuneration Committee, Scandinavian Standard AB
Education: M.Sc. (Engineering)
Main occupation: Directorships
Directorships: Papyrus, Constructor, AQ Group, Ripasso Energy, Bridge to China

Helle Kruse Nielsen

Denmark, Rungsted Kyst
 Born: 1953
 Member since 2010
 Not a member of Lantmännen
Other functions at Lantmännen: Remuneration Committee
Education: M.Sc. (Business and Economics)
Main occupation: Directorships
Directorships: NewWaveGroup AB, Oriflame SA

Per Lindahl

Kristianstad
 Born: 1964
 Member since 2011
 Member of Lantmännen
Other functions at Lantmännen: Owner Committee
Education: Agriculture
Main occupation: Farmer
Production: Crop production (potatoes and grain), broiler breeding
Directorships: Chairman Hushållningssällskapet Kristianstad
Contribution issues: SEK 1,055,774

Thomas Magnusson

Tävelsås
 Born: 1950
 Member since 2005
 Member of Lantmännen
Other functions at Lantmännen: Audit Committee
Education: Agriculture and economics
Main occupation: Farmer
Production: Milk, beef
Directorships: Vice President LRF (Federation of Swedish Farmers), Vice President Cogeca
Contribution issues: SEK 20,375
Subordinated debentures: SEK 20,000



Nils Lundberg, Thomas Magnusson, Helle Kruse Nielsen, Per Lindahl, Tomas Welander, Hans Wallemyr, Ulf Gundemark

Per Olof Nyman

President & CEO
 Head of Food Sector
 Stockholm
 Born: 1956
 Not a member of Lantmännen
 Hired: 2008
 Education: M.Sc. (Industrial and Management Engineering)
 Directorships: Scandinavian Standard AB, HaGe Kiel AG, LRF Konsult, SPBI Service AB, VK Mühlen AG
 Subordinated debentures: SEK 220,000

Lena Philipson

Kölbäck, Skänninge
 Born: 1962
 Member since 2013
 Member of Lantmännen
 Other functions at Lantmännen: Owner Committee
 Education: B.Sc., Strategic Personnel Management and Market Economy
 Main occupation: Farmer
 Production: Crop production
 Directorships: Sveriges Maskinringar, Trustee of Sparbankernas Alfästiftelse
 Contribution issues: SEK 140,617**
 Subordinated debentures: SEK 50,000
 Subordinated debentures related parties: SEK 50,000

Hans Wallemyr

Falköping
 Born: 1956
 Member since 2007
 Member of Lantmännen
 Other functions at Lantmännen: Audit Committee, Lantmännen Research Foundation, HaGe Kiel AG/Bairat
 Education: Agriculture and economics
 Main occupation: Farmer
 Production: Wind power, potato cultivation, forestry, breeding/training showjumpers and dressage horses
 Directorships: Åsle Vind AB, Källeberg Vind AB, Chairman of the crop production planning committee (Swedish Farmers' Foundation for Agricultural Research)
 Contribution issues: SEK 298,807*

Bjorn Wallin

Vattholma
 Born: 1964
 Member since 2008
 Member of Lantmännen
 Other functions at Lantmännen: Owner Committee
 Education: Agricultural economics
 Main occupation: Farmer
 Production: Crop production
 Directorships: HaGe Kiel AG
 Contribution issues: SEK 94,591*

Employee representatives

Tommy Brunstörn

Södertälje
 Born: 1959
 Member since 2007
 Union representative
 Main occupation: Category Manager Purchase Breakfast

Pär-Johan Lööf

Uppsala
 Born: 1966
 Member since 2013
 Personnel representative Akademikerförbundet
 Main occupation: Innovation Project Manager
 Lantmännen R&D

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: LLB, Lund 1992

Auditors

Elected auditors

Torvald Carlsson

Gamleby
 Born: 1951
 Auditor since 2000
 Education: Agricultural economics
 Main occupation: Farmer
 Production: Crop production, forestry, integrated hog production
 Contribution issues: SEK 268,036**

Gustav Jansson

Enköping
 Born: 1967
 Auditor since 2012
 Education: Agriculture
 Main occupation: Farmer, accounting consultant
 Production: Crops, forestry
 Contribution issues: SEK 578,119

Anders Åbyhammar

Fellingsbro
 Born: 1956
 Auditor since 2005
 Education: Agricultural technology
 Main occupation: Farmer, accounting consultant, LRF Konsult
 Production: Crops, forestry, lambs, electricity/hydropower
 Contribution issues: SEK 392,955

Authorized Public Accountant

Lars Träff

Ernst & Young, Stockholm

* Through wholly or partly owned companies

** Jointly owned with spouse



*Håkan Pettersson, Johan Andersson
Ulf Zenk, Tove Cederborg, Carl von Schantz, Per Arvidsson
Per Olof Nyman, Elisabeth Wallin Mononen*

Group Management

Per Olof Nyman

President & CEO
Head of Food Sector
Born: 1956
Hired: 2008
Education: M.Sc. (Industrial and Management Engineering)
Directorships: LRF Konsult, SPBI Service AB, VK Mühlen AG, Scandinavian Standard AB, HaGe Kiel AG
Subordinated debentures: SEK 220,000

Johan Andersson

Senior Vice President & Head of Agriculture Sector
Born: 1965
Hired: 2014
Contribution issues: SEK 118,447

Håkan Pettersson

Senior Vice President & Head of Machinery Sector
Born: 1956
Hired: 2002
Education: M.Sc. (Industrial and Management Engineering)
Subordinated debentures: SEK 10,000

Carl von Schantz

Senior Vice President & Head of Energy Sector
Responsible for Sustainable Development
Born: 1973
Hired: 2011
Education: MBA, Kellogg School of Management (USA)
External directorships: Member of Nomination Committee for Clas Ohlson AB
Subordinated debentures: SEK 100,000

Elisabeth Wallin Mononen

Senior Vice President Human Resources
Born: 1959
Hired: 2005
Education: LLB, Lund and MBA, Chicago
Subordinated debentures: SEK 20,000

Ulf Zenk

Senior Vice President & CFO
Born: 1963
Hired: 2012
Education: M.Sc. (Business and Economics)
Directorships: Sparbanken Öresund, Viking Malt Oy

Tove Cederborg

General Counsel
Born: 1964
Hired: 2011
Education: LLB

Per Arvidsson

Senior Vice President Supply Chain
Born: 1962
Hired: 2011
Education: M.Sc. (Mechanical Engineering, Industrial Organization & Logistics)

Financial overview and facts

2013

About the Sustainability Report

Global Compact and Global Reporting Initiative

By applying the GRI guidelines for sustainability reporting, and complying with the reporting requirements set by Global Compact, Lantmännen ensures credible and relevant communication of its sustainability work. There follows a brief description of the different frameworks, with a GRI index showing where each item is reported.

Global Compact

– Communication on Progress

Lantmännen signed the Global Compact, the UN initiative for responsible business, in 2009, thereby committing itself to implement the following ten principles in its operations.

THE GLOBAL COMPACT'S TEN PRINCIPLES

Human rights

- 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
- 2 make sure that they are not complicit in human rights abuses.

Labor

- 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4 the elimination of all forms of forced and compulsory labor;
- 5 the effective abolition of child labor; and
- 6 the elimination of discrimination in respect of employment and occupation.

Environmental

- 7 Businesses should support a precautionary approach to environmental challenges;
- 8 undertake initiatives to promote greater environmental responsibility; and
- 9 encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- 10 Businesses should work against corruption in all its forms, including extortion and bribery.

The Global Compact also requires annual disclosure of progress and performance in the form of a COP (Communication on Progress). Lantmännen's Annual Report including Sustainability Report, together with information on our website, is structured in such a way as to meet these requirements. Learn more about the Global Compact and COP at ► www.globalcompact.org

GRI

The GRI (Global Reporting Initiative) is an independent global organization that develops frameworks for sustainability reporting. By applying the GRI guidelines, Lantmännen ensures credible, relevant and clear reporting of the performance of its operations from a holistic perspective, taking into account

economic as well as environmental and social aspects. The guidelines include criteria for delineation and selection of content. They also provide definitions for the indicators and key figures in various special areas.

Lantmännen has been applying the GRI guidelines for several years, including the Food Processing sector supplement. For this our ninth sustainability report, we have elected to report according to GRI version G3.1, Application Level B, on a self-declaration basis. It is our aim to constantly develop both our work and our reporting in the area of sustainability. We intend to report in accordance with G4, the fourth generation of the GRI guidelines, in the future. Learn more about GRI at ► www.lantmannen.se/gri and www.globalreporting.org

Information about Lantmännen's 2013 Sustainability Report

- The reported information relates to 2013, unless otherwise indicated. The report is annual, and the previous report was completed in February 2013.
- The report refers primarily to Lantmännen Group and its Sectors. Associates and joint ventures are not included.
- Comprehensive reporting of sustainability indicators and key ratios, with definitions and calculation methods, can be found in "Appendix – Sustainability-Related Indicators". See ► www.lantmannen.se/omlantmannen
- Selection process for content: Disclosures are regarded as significant for Lantmännen and its stakeholders. The contents of this report were compiled in a joint process between Lantmännen's department for sustainable development and internal specialists in various areas. Significant issues are also identified through Lantmännen's continuous analysis of external conditions and dialogue with different stakeholders.
- Significant changes from previous reporting period: Lantmännen sold Kronfågel during the year. This means that Animal welfare is no longer recognized as a significant aspect.
- The contact person for the report is Claes Johansson, Director Sustainable Development. claes.johansson@lantmannen.com

GRI Index

Indicator, GRI designation

Description of what information the indicator will provide. Full descriptions are available in the GRI indicator protocols, see www.globalreporting.org

Reference to where the information is in the report (page no.) or online.

These indicators aim to provide a general overview of the operations and an overall focus for sustainability.

Information on this year's report. For principles, processes and delineation of report content, quality assurance, etc., see box on previous page.

Description of overall corporate governance. Organization, policies, processes and practices for the Board and senior management. Stakeholder dialogue.

Description of sustainability management and monitoring in each special area, and reporting of key indicators. Learn more at www.lantmannen.se/redovisning

Indicator	Description	See page
1.1	Statement from Chairman and President & CEO	8-11
1.2	Description of key impacts, risks, and opportunities	16-19, 22-23, 26-30
2	Organization profile	
2.1	Name of organization	148
2.2	Primary brands, products and/or services	4-5, 12, 36, 42, 48, 54, 56, 59
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures	2, 134
2.4	Location of organization's headquarters	148
2.5	Number of countries where the organization operates	3, 95
2.6	Nature of ownership and legal form	13, 129-133
2.7	Markets served	4-5, 36-61, 95
2.8	Scale of the reporting organization	1
2.9	Significant changes during the reporting period	6-7, 19, 117
2.10	Awards received in the reporting period	6, 12
3	Report parameters	
3.1	Reporting period	140
3.2	Date of most recent previous report	140
3.3	Reporting cycle	140-141
3.4	Contact point for questions regarding the report or its contents	140
3.5	Process for defining report content	140
3.6	Boundary of the report	140
3.7	State any specific limitations on the scope or boundary of the report	140
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations etc.	140
3.9	Data measurement techniques and the bases of calculation	140
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	140
3.11	Significant changes from previous reporting periods.	18-19, 21, 24-25, 140
3.12	Table identifying the location of the Standard Disclosures in the report	141
3.13	Policy and current practice with regard to seeking external assurance for the report	140
4	Governance, Commitments and Engagement	
4.1	Governance structure of the organization	129-133
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	136-138
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	n.a.
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	13-15, 136-137
4.5	Linkage between compensation for members of the highest governance body, senior managers and executives, and the organization's performance (including social and environmental performance)	96-99
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	129-133
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental and social topics	129-133
4.8	Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance and the status of their implementation	19, 23-25, 31-35, 140 www.lantmannen.se/responsibility
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance	16-19, 24-30, 67-72, 129-133 www.lantmannen.se/responsibility
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance	129-133
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	18-19, 22-25, 26-30
4.12	Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or endorses	3, 140 www.lantmannen.se/responsibility
4.13	Memberships in associations	www.lantmannen.se/dialog
4.14	List of stakeholder groups engaged by the organization	www.lantmannen.se/dialog
4.15	Basis for identification and selection of stakeholders with whom to engage	www.lantmannen.se/dialog
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	www.lantmannen.se/dialog
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	www.lantmannen.se/responsibility
Management Approach (DMA) and Performance Indicators per area		
SOU	Sourcing	www.lantmannen.se/gri
EC	Economic	www.lantmannen.se/gri
EN	Environmental	www.lantmannen.se/gri
LA	Labor Practices and Decent Work	www.lantmannen.se/gri
HR	Human Rights	www.lantmannen.se/gri
SO	Society	www.lantmannen.se/gri
PR	Product Responsibility	www.lantmannen.se/gri

Financial Overview

Lantmännen made the transition to International Financial Reporting Standards in 2010. Comparative figures for the years 2004–2008 have not been restated under IFRS rules. 2009 is presented partly according to IFRS and partly according to the accounting policies for that year. A more detailed description of the effects of the transition to IFRS on the 2009 income statement and balance sheet can be found in Lantmännen's 2010 Annual Report

CONDENSED INCOME STATEMENTS					IFRS	Swedish GAAP						
MSEK	2013	2012	2011	2010	2009	2009	2008	2007	2006	2005	2004	
Net sales	33,802	36,526	37,896	35,988	34,978	34,950	42,592	35,769	32,055	29,610	27,982	
EBITDA	2,193	1,870	2,570	2,624	1,884	1,855	3,046	2,172	1,815	1,633	2,042	
Depreciation, amortization and impairment	-2,104	-1,185	-1,366	-1,565	-1,407	-1,550	-1,910	-1,302	-1,632	-1,513	-1,264	
Operating income	89	685	1,204	1,059	477	305	1,136	870	183	120	778	
Finance income and costs	-4	-182	-337	-237	-373	-370	-434	-48	61	406	-58	
Income after financial items	85	503	867	822	104	-65	702	822	244	526	720	
Refund, final price adjustment ¹⁾	-	-	-	-	-	-1	-122	-83	-64	-139	-199	
Tax, minority ²⁾	15	-91	-147	-97	78	-7	-22	-151	152	124	-138	
Net income for the year	100	412	720	725	182	-73	558	588	332	511	383	

¹⁾ Under IFRS, refund/final price adjustment is recognized in the same way as dividends. Includes local refunds/final price adjustments 2003–2005. Reported amounts may include adjustments for previous years.

²⁾ Includes adjustment for minority share before transition to IFRS.

CONDENSED STATEMENTS OF FINANCIAL POSITION					IFRS	Swedish GAAP						
MSEK	2013	2012	2011	2010	2009	2009	2008	2007	2006	2005	2004	
Property, plant and equipment	7,337	8,928	9,258	9,758	10,798	10,667	10,974	8,915	7,661	7,348	6,596	
Goodwill	2,594	2,554	2,640	2,779	3,030	3,078	3,386	2,510	2,512	1,785	1,872	
Other intangible assets	814	875	767	713	748	391	459	444	416	327	325	
Other non-current assets	2,542	2,151	2,069	2,094	3,581	3,313	3,140	2,324	2,433	2,190	2,033	
Total non-current assets	13,287	14,508	14,734	15,344	18,157	17,449	17,959	14,193	13,022	11,650	10,826	
Inventories	5,249	5,946	5,506	5,224	5,646	5,646	7,059	6,303	4,804	4,622	4,495	
Other current assets	5,170	5,561	5,642	5,572	5,436	5,411	7,266	7,797	6,695	7,256	6,762	
Cash and cash equivalents	2,295	352	739	869	391	385	269	450	822	1,040	573	
Total current assets	12,714	11,859	11,887	11,665	11,473	11,442	14,594	14,550	12,321	12,918	11,830	
Total assets	26,001	26,367	26,621	27,009	29,630	28,891	32,553	28,743	25,343	24,568	22,656	
Equity, members of the Parent	11,016	10,899	10,906	10,390	10,140	10,148	10,528	9,483	9,038	8,872	8,337	
Equity, NCI	28	33	36	32	85	69	56	289	328	388	341	
Total equity	11,044	10,932	10,942	10,422	10,225							
Provisions ¹⁾	-	-	-	-	-	2,206	2,371	2,952	2,978	3,021	2,577	
Non-current liabilities	4,939	5,919	5,360	7,320	9,523	6,951	8,220	5,379	5,454	3,045	4,268	
Current liabilities	10,018	9,516	10,319	9,267	9,882	9,517	11,378	10,640	7,545	9,242	7,133	
Total equity and liabilities	26,001	26,367	26,621	27,009	29,630	28,891	32,553	28,743	25,343	24,568	22,656	
Net debt	4,963	7,506	7,186	7,501	9,739	9,289	11,654	8,413	6,581			
Contribution dividend, contribution issue ²⁾	171	168	230	245	163	163	167	201	155	150	88	
Refund and final price adjustment ³⁾	127	120	110	95	1	-	-	-	-	-	-	

¹⁾ Under IFRS, provisions are not reported as a separate category, but are included in current and non-current liabilities.

²⁾ According to Board's proposal for 2013.

³⁾ Under IFRS, refund/final price adjustment is recognized as a dividend in the Group.

Key figures

KEY FIGURES	IFRS					Swedish GAAP					
	2013	2012	2011	2010	2009	2009	2008	2007	2006	2005	2004
MSEK											
Operating margin, %	0.3	1.9	3.2	2.9	1.4	0.9	2.6	2.4	1	0	3
Profit margin, %	0.3	1.1	1.9	2.0	0.5	-0.2	1.3	1.6	1	2	1
Capital turnover rate, times	2.0	2.0	2.1	1.9	1.6	1.7	2.1	2.0	-	-	-
Return on equity, %	0.9	3.8	6.7	7.0	1.8	-0.7	6.8	7.3	4	8	7
Return on operating capital, %	0.5	3.8	6.5	5.7	2.2	1.4	5.6	5.3	-	-	-
Equity ratio, %	42.5	41.5	41.1	38.6	34.5	35.4	32.5	34.0	37	38	38
Net debt/equity ratio, times	0.4	0.7	0.7	0.7	0.9	0.9	1.1	0.9	-	-	-
Average number of employees	9,133	10,249	10,296	10,350	10,552	10,552	12,671	12,830	12,833	12,230	11,387

Figures are reported in whole numbers for 2004-2006.

CONDENSED STATEMENTS OF CASH FLOWS	IFRS				Swedish GAAP						
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	
MSEK											
Cash flow from operating activities before changes in working capital	1,570	1,358	1,655	2,131	1,138	1,153	1,454	1,317	1,223	1,425	
Cash flow from changes in working capital	724	-375	-640	26	2,417	-730	-1,235	-764	1,053	418	
Cash flow from investments in intangible assets and property, plant and equipment, net	-862	-1,163	-160	-684	-1,328	-2,284	-2,112	-1,427	-1,007	-680	
Cash flow from operations	1,432	-180	855	1,473	2,227	-1,861	-1,893	-874	1,269	1,163	
Cash flow from acquisitions and divestments of operations, net ¹⁾	1,196	0	0	-105	9	-1,060	423	-1,108	-77	-62	
Cash flow for the year	1,943	-379	-128	512	131	-233	-400	-640	552	519	
Cash and cash equivalents at end of year	2,295	352	739	869	391	269	484	875	1,539	1,086	

¹⁾ 2013 includes acquisition of 46 percent of Scandinavian Standard and divestment of Kronfågel Group and Rigas Dzirnarnieks.

2010 includes acquisition of 37 percent of Bakehouse and divestment of SweChick, Ecobrånslé and Conagri.

2009 includes acquisition of 38 percent of Bakehouse and divestment of Lantmännen Färskröd in Sweden.

2008 includes acquisition of Euro-Bake, Eurobuns and Baco and divestment of Weibull Trädgård and Granngården.

2007 includes acquisition of the minority in Kronfågel and divestment of Analycen.

2006 includes acquisition of Belpan Group and Aspen.

How to read the Income Statement

The income statement summarizes the year's finances, showing all income and expenses from operations contributing to net income for the year.

Sales

This is where you will find the Company's total sales.

Expenses

This shows the costs of producing and selling goods and services.

Operating income

This shows whether sales are profitable.

Financial items

Income or expenses for loans, investments, shares, securities etc.

Earnings

This is also called net income and shows profit after tax.

The statement of comprehensive income is based on net income for the year, plus changes in equity during the year from non-owner transactions. Owner transactions are summarized under Other comprehensive income.

Other comprehensive income

OCI shows the results of the remeasurement of various balance sheet items and exchange gains and losses. These count as income/expense and are part of the Group's comprehensive income for the year. OCI is added to equity and is the amount that can be distributed to owners

Total comprehensive income

This shows the results of the year's operations and remeasurements. The amount increases or reduces the Group's equity.

Consolidated income statement

MSEK	2013	2012
Net sales	33,802	36,526
Other operating income	816	423
Changes in inventories of finished goods and work in progress	-241	409
Capitalized work for own account	6	2
Raw materials and consumables	-13,332	-14,961
Goods for resale	-8,121	-9,364
Employee benefits expense	-4,938	-5,322
Depreciation, amortization and impairment	-2,104	-1,185
Other operating expenses	-5,939	-5,940
Share of income of associates	140	97
Operating income	89	685
Finance income	333	247
Finance costs	-337	-429
Income after financial items	85	503
Taxes	15	-91
Net income for the year	100	412
Net income for the year attributable to:		
Members of the economic association	100	413
Non-controlling interests	0	-1

Consolidated statement of comprehensive income

MSEK	2013	2012
Net income for the year	100	412
Other comprehensive income		
<i>Items that will not be reclassified to the income statement</i>		
Actuarial gains and losses on defined benefit pension plans	307	-172
Tax on actuarial gains and losses	-68	46
Total	239	-126
<i>Items that will be reclassified to the income statement</i>		
Available-for-sale financial assets	-119	41
Cash flow hedges	8	-71
Exchange differences on translation of foreign operations	92	-246
Net gain on hedge of net investment in foreign operations	-86	162
Tax attributable to items that will be reclassified	44	-30
Total	-61	-144
Other comprehensive income, net before tax	178	-270
Total comprehensive income	278	142
Total comprehensive income attributable to:		
Members of the economic association	278	143
Non-controlling interests	0	-1

How to read the Statement of Financial Position

The statement of financial income provides a picture of existing assets and how they have been financed. The value of total assets is always equal to the value of the liabilities. Liabilities consist of liabilities to owners, equity and other liabilities.

Non-current assets

Non-current assets are assets that are used or owned for more than one year and contribute to the company's value growth. This is where we find the value of tangible assets (factories, other property, machinery, equipment, etc.) and intangible assets (non-physical assets, such as goodwill, purchased trademarks and patents). Goodwill is the portion of the purchase price of a subsidiary that cannot be attributed to other assets and mainly reflects anticipated synergies and staff skills. Non-current assets is also where we find the value of our share in the equity of associates (20-50 percent ownership).

Current assets

Current assets are assets that are held for sale or used in the business. These are assets that are consumed in a short time and can easily be converted to cash. This is where we find the value of the goods still in stock, and our receivables from customers for products and services sold but not yet paid for. Current assets also show cash and cash equivalents – mainly bank deposits.

Equity

Equity shows the existing net assets (assets – liabilities) belonging to the owners and on which the owners expect a return. Lantmännen's overall financial goal is to provide a long-term return of 8 percent on this equity over a business cycle and with the corresponding business portfolio. The result used to calculate the return is "Net income for the year" in the consolidated income statement. Member contributions, both paid-in and issued, are an important component of equity. Other capital is amounts earned over the years in the parent association and Lantmännen companies; this is not distributed to members but is used as financing for assets that will generate future earnings.

Liabilities

Liabilities are divided into non-current and current liabilities, which is a way of denoting the length of time before they are due for settlement.

Consolidated statement of financial position

MSEK	2013 Dec 31	2012 Dec 31
ASSETS		
Non-current assets		
Property, plant and equipment	7,040	8,662
Investment properties	297	266
Goodwill	2,594	2,554
Other intangible assets	814	875
Investments in associates	1,460	1,269
Non-current financial assets	782	619
Deferred tax assets	223	217
Other non-current assets	77	46
Total non-current assets	13,287	14,508
Current assets		
Inventories	5,249	5,946
Trade and other receivables	4,866	5,454
Current interest-bearing assets	288	96
Current tax assets	16	11
Cash and cash equivalents	2,295	352
Total current assets	12,714	11,859
TOTAL ASSETS	26,001	26,367
MSEK		
EQUITY AND LIABILITIES		
Equity		
Member contributions	1,903	1,769
Other contributed capital	2,602	2,479
Reserves	-340	-279
Retained earnings	6,851	6,930
Total equity attributable to members of the economic association	11,016	10,899
Non-controlling interests	28	33
Total equity	11,044	10,932
Non-current liabilities		
Non-current interest-bearing liabilities	4,334	5,002
Provisions for pensions	168	432
Deferred tax liabilities	151	125
Other non-current provisions	249	324
Other non-current liabilities	37	36
Total non-current liabilities	4,939	5,919
Current liabilities		
Current interest-bearing liabilities	3,546	3,036
Trade and other payables	6,212	6,222
Current tax liabilities	58	57
Current provisions	202	201
Total current liabilities	10,018	9,516
TOTAL EQUITY AND LIABILITIES	26,001	26,367

How to read the Statement of Cash Flows

Operating activities

Operating activities are net income for the year plus non-cash items, i.e. items that are not cash inflows or outflows but accounting costs. For example, depreciation and capital losses reduce earnings but do not involve a payment. Taxes paid during the year are deducted. Adjustments are also made for changes in inventories, current receivables (mainly trade receivables) and current liabilities (mainly trade payables).

Investing activities

Investing activities show cash outflows for various investments and inflows from sales of operations, non-current assets or financial investments. Unlike the income statement, this shows the full year's payments for an investment. E.g., the purchase of a company is not a cost in the income statement, and the cost of an asset is divided, using depreciation, based on how many years it is expected to be used.

Financing activities

Financing activities show how activities and investments have been funded if cash flow from operating activities is insufficient. They also show payments (such as dividends to owners or loan repayments) to parties funding the activities.

Consolidated statement of cash flows

MSEK	2013	2012
OPERATING ACTIVITIES		
Operating income	89	685
Adjustment for non-cash items ¹⁾	1,681	972
	1,770	1,657
Financial items paid	-96	-182
Taxes paid	-104	-117
Cash flow from operating activities before changes in working capital	1,570	1,358
<i>Cash flow from changes in working capital</i>		
Change in inventories	208	-479
Change in operating receivables	181	-52
Change in operating liabilities	335	156
	724	-375
Cash flow from operating activities	2,294	983
INVESTING ACTIVITIES		
Acquisition of operations	-347	0
Divestment of operations	1,543	0
Investment in property, plant & equipment	-961	-1,221
Investment in intangible assets	-82	-71
Sale of property, plant & equipment and intangible assets ²⁾	181	129
Change in financial investments	-178	-42
Cash flow from investing activities	156	-1,205
Cash flow before financing activities	2,450	-222
FINANCING ACTIVITIES		
Change in loans	-353	-16
Paid-in contributed capital	103	99
Refunded capital contribution	-49	-50
Dividend paid	-208	-190
Cash flow from financing activities	-507	-157
Cash flow for the year	1,943	-379
Cash and cash equivalents at beginning of year	352	739
Exchange gains/losses	0	-8
Cash and cash equivalents at end of year	2,295	352
MSEK		
	2013	2012
¹⁾ Adjustment for non-cash items		
Depreciation, amortization and impairment of non-current assets	2,104	1,185
Share of income of associates	-109	-78
Capital gains on sale of non-current assets and operations	-384	-81
Other items	70	-54
Total	1,681	972

Glossary and definitions

Agrodrank • Protein-rich animal feed produced at Agroetanol in Norrköping.

Average capital • Average capital is computed on the closing balance of each month in the accounting period, i.e. twelve periods for the full year. All average capital ratios are computed in this manner.

B2B • Business to business.

B2C • Business to consumer.

Bioenergy • Energy made from continuously forming biomass. Biomass is biological material that is not transformed chemically or biologically to any extent. Bioenergy is a renewable energy source whose share of total energy use has increased in recent decades.

Biofuels • Renewable fuels produced from living organisms (biomass), and therefore not making a net contribution of carbon to the atmosphere during combustion. Logs, wood pellets, biogas and ethanol produced from grain are examples of biofuels.

Biological diversity • A term describing the diversity of forms of life and species in an ecosystem. An ecosystem is a living biological community in a specific physical environment.

Capital turnover rate • Net sales divided by average operating capital.

Code of Conduct • Guidelines on ethical and responsible business operations for companies and organizations.

DON (Deoxynivalenol) • DON is a mold toxin that may occur in grain crops for feed and food purposes, particularly in wheat and oats. The mold toxin is formed by two fungi, *Fusarium graminearum* and *Fusarium culmorum* in the genus *Fusarium*.

Ecosystem • An ecosystem is a distinct part of nature. An ecosystem consists of all the living components (plants, animals and microorganisms) in the system and the non-living physical factors (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.

Equity ratio • Equity divided by total assets.

ERM process • EA structured and proactive risk management process.

Financial assets • Financial receivables, short-term investments and cash and bank balances.

Fossil fuels • Non-renewable sources of energy such as coal, natural gas and oil. 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 cover ratio • Interest cover is calculated as operating income plus interest income divided by interest expense.

ISDA agreement • A standardized contract for financial trading.

LARMA • Lantmännen's risk management system, which measures the volume and value of a particular raw material position.

LDL cholesterol • (Low Density Lipoprotein) otherwise known as 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.

Liquidity • Cash, bank deposits and lines of credit that can be used in accordance with current borrowing agreements.

NCI • Non-controlling interest (minority)

Net debt • Net debt comprises interest-bearing liabilities, including pension liabilities and accrued net interest, less financial assets.

Net debt/equity ratio • Net debt divided by equity.

OCI • Other Comprehensive Income

Operating capital • Operating capital is non-interest-bearing assets minus non-interest-bearing liabilities. Tax assets and tax liabilities are not included in operating capital's assets and liabilities.

Operating margin • The operating margin is operating income divided by net sales for the year.

Profit margin • The Profit margin is net income for the year divided by net sales.

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 is net income for the period divided by average equity.

Return on operating capital • Return on operating capital is operating income for the period divided by average operating capital.

RSPO • Roundtable on Sustainable Palm Oil. International round table process to develop criteria for sustainable palm oil.

RTRS • Round Table on Responsible Soy. International round table process to develop criteria for sustainable soy.

SCoC • Supplier Code of Conduct.

Sludge • Waste product from a waste treatment plant that can be used as fertilizer, primarily as a source of phosphorus, on farmland. The sludge, which contains biologically degradable materials and plant nutrients, can also contain undesirable substances such as heavy metals. Assuring its quality before spreading it on fields is therefore important.

SME • Supply Management Excellence.

TCO • Total Cost of Ownership.

Tetra Recart • Cardboard-based, environmentally friendly packaging with properties that correspond to a traditional can. The packaging is easy to open and re-close.

Volatile • Tending to vary often or widely.

Addresses



Lantmännen ek för

S:t Göransgatan 160 A
Box 30192, SE-104 25 Stockholm
Tel: +46 10 556 00 00
Corporate Identity No: 769605-2856
info@lantmannen.com
www.lantmannen.se/omlantmannen

Agriculture Sector

SE-205 03 Malmö
Tel: +46 10 556 00 00
www.lantmannen.se/omlantmannen

Lantmännen Lantbruk

von Troils väg 1
SE-291 83 Malmö
Tel: +46 10 556 56 00
Customer service,
tel: +46 771 111 222
www.lantmannenlantbruk.se

Lantmännen Bygglant

Stångjärngatan 7, north entrance
Box 1743
SE-701 17 Örebro
Tel: +46 10 556 20 00
www.lantmannenbygglant.se

Lantmännen Krafft

Sanddynevägen 2
SE-311 32 Falkenberg
Tel: +46 10 556 55 70
Customer service,
tel: +4620 30 40 40
www.krafft.nu

Machinery Sector

S:t Göransgatan 160 A
Box 30192, SE-104 25 Stockholm
Tel: +46 10 556 00 00
www.lantmannen.se/omlantmannen

Lantmännen Maskin

Bjurögatan 26
Box 174
SE-201 21 Malmö
Tel: +46 771 38 64 00
www.lantmannenmaskin.se

Agro Oil

S:t Göransgatan 160 A
Box 30192
SE-104 25 Stockholm
Tel: +46 10 556 00 00
www.agrol.se

Swecon

Bolindervägen 104
Box 55
SE-631 02 Eskilstuna
Tel: +46 10 556 08 50
www.swecon.se

Energy Sector

S:t Göransgatan 160 A
Box 30192, SE-104 25 Stockholm
Tel: +46 10 556 00 00
www.lantmannen.se/omlantmannen

Lantmännen Agroetanol

Hanholmsvägen 69
Box 932
SE-01 19 Norrköping
Tel: +46 10 556 01 50
www.agroetanol.se

Lantmännen Agroenergi

Fordonsvägen 1
SE-553 02 Jönköping
Tel: +46 10 556 01 30
www.agroenergi.se
www.agrol.se

Lantmännen Aspen

Iberovägen 2
SE-438 54 Hindås
Tel: +46 301 23 00 00
www.aspen.se

Lantmännen Reppe

Stora Råppevägen 73
SE-352 50 Växjö
Tel: +46 10 556 15 40
www.reppe.se

Food Sector

S:t Göransgatan 160 A
Box 30192, SE-104 25 Stockholm
Tel: +46 10 556 00 00,
www.lantmannen.se/omlantmannen

Lantmännen Cerealia

S:t Göransgatan 160 A
Box 30192
SE-104 25 Stockholm
Tel: +46 10 556 22 00
www.lantmannen.se/omlantmannen

Lantmännen Unibake

Oensvej 28-30
DK-8700 Horsens
Denmark
Tel: +45 762 850 00
www.lantmannen-unibake.com

Lantmännen Doggy

Doggyvägen 1
SE-447 84 Vårgårda
Tel: +46 10 556 21 00
www.doggy.se

Lantmännen Real Estate

S:t Göransgatan 160 A
Box 30192, SE-104 25 Stockholm
Tel: +46 10 556 00 00
www.lantmannenfastigheter.se



**CLIMATE
COMPENSATED
PAPER**
www.mapsverige.se



Design & production: Wildeco

Photo: Johan Olsson, Urban Jörén, Magnus Länje, Lantmännen's image bank etc.
Printing: Printed by TMG Sthlm. TMG Sthlm are ISO 9001- and 14001-certified.

Paper: Scandia 2000 – produced in Lessebo Bruk in Sweden. This paper has one of the very lowest carbon footprints in Europe. This includes every single state 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.



Good food from Lantmännen

The green sprout emblem on our packaging guarantees responsibly produced food. Food that we make an effort to provide in a sustainable manner, from field to fork.

Read more about good food on www.lantmannen.se/en

Follow us on facebook.com/jordtillbord and twitter.com/lantmannen

