

Lantmännen Interim Report January–June

2012



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


Lantmännen

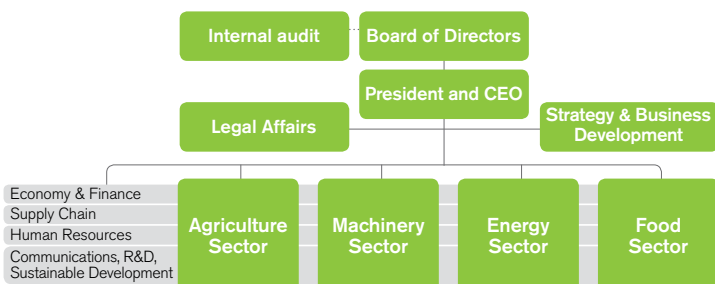


The Borgeby Fältdagar agricultural fair had many new exhibits and demonstrations to attract visitors this year. After a somewhat cool start, the weather improved, with an influx of visitors from all over Sweden and its neighbors.

Lantmännen is one of the largest agriculture, machinery, energy and food groups in the Nordic region. Examples of our brands are Axa, Kungsörnen, Kronfågel, GoGreen, Hatting, Schulstad and Gooh. Owned by 35,000 Swedish farmers, we have more than 10,000 employees, a presence in 22 countries and revenues of SEK 38 billion. Our company is founded on knowledge and values built up through generations of owners. This, and the fact that Lantmännen operates along the entire processing chain from field to fork, allows us to take responsibility for all stages of the chain.

To read more, go to www.lantmannen.com or www.lantmannen.se
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Lantmännen's organization



Financial Reporting

Interim Report Q3

October 26, 2012

Distribution

Interim and other reports are available in English and Swedish. All reports can be downloaded from

► www.lantmannen.com

The period in brief January–June 2012

Net sales for Lantmännen amounted to MSEK 17,934 (18,604).

Operating income amounted to MSEK 222 (506).

Income after financial items totaled MSEK 135 (390).

Income after tax was MSEK 138 (324).

Investments totaled MSEK 524 (812).

Cash flow before financing activities amounted to MSEK 119 (–170).

At the Annual General Meeting in May, Ulf Gundemark was elected to the Board, replacing Thomas Bodén who did not seek re-election. At the statutory Board meeting, Bengt-Olov Gunnarson was elected Chairman and Nils Lundberg Vice Chairman.



Key figures	2012	2011	2012	2011	2011
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Net sales, MSEK	9,281	9,930	17,934	18,604	37,896
Operating income, MSEK	154	304	222	506	1,204
Operating margin, %	1.7	3.1	1.2	2.7	3.2
Income after financial items, MSEK	122	256	135	390	867
Net income for the period, MSEK	116	212	138	324	720
Cash flow before financing activities, MSEK	–407	–269	119	–170	781
Return on equity, %	4.2	8.0	2.6	6.2	6.7
Return on operating capital, %	3.4	6.7	2.5	5.6	6.5
Total assets, MSEK			26,279	27,005	26,621
Equity ratio, %			41.6	39.9	41.1
Investments, MSEK	308	449	524	812	1,431
Net debt, MSEK			7,089	7,774	7,186
Interest coverage ratio, times			2.1	3.0	3.3
Average number of employees			10,237	10,161	10,296
Operating income excluding items affecting comparability, MSEK	154	304	222	506	1,063
Income after financial items excluding items affecting comparability, MSEK	122	256	135	390	841

President's overview

Continuing ethanol and food challenges depress Lantmännen's results. Lantmännen's results for the first half-year are lower than the previous year: MSEK 222 compared with MSEK 506 in 2011.

In summarizing the first six months, we can clearly see how strongly we are influenced by external factors. The weak global financial situation and euro crisis are hindering economic growth, and growth projections for our key markets remain low – which is also reflected in our results for the year to date.

Continued good performance for Swedish contribution-related operations

The Agriculture Sector's results for the first half-year are slightly lower than in 2011, mainly due to weaker growth in our international operations. So far this year, the contribution-related operations have performed somewhat better than in the previous year, despite challenges in the market. This is the result of our efforts to create better and more customer-oriented procedures and working practices, which has been particularly evident in the successful spring work.

We are focusing on creating new business opportunities based on our customers' needs. These include our new smart phone app "Skörda", which helps grain growers to keep track of grain prices, and our new grain receiving facility in Laholm.

Challenging delivery situation in the Machinery Sector

The results for farm machinery operations for the first half-year were lower than in the previous year, partly due to delayed deliveries from a supplier. However, sales have begun to take a slightly upward turn again in recent weeks.

Swecon's results for the first half-year were weaker than in the previous year. This was primarily due to delivery problems with one of our component suppliers and has led to one of our large deliveries in Sweden being postponed until the second half of the year.

Difficult ethanol situation continues

Lantmännen Agroetanol faces continuing challenges, with the unfavorable ethanol-grain price relationship having resulted in a substantial loss so far this year. Efficiency improvements at the ethanol plant have continued. We are working to reduce the costs that are within our control and to increase other revenue streams from production. However, the situation is untenable in the long term, and if operations at the current scale are to be justified, the price relationship also needs to be improved.



Vigorous measures in the Food Sector

The challenging situation of strong price pressure, increased demand for low-price products and competition from private labels in the food sector has continued during the first half of the year. The decline in sales and impaired margins, driven by factors such as higher raw material costs, particularly for Lantmännen Cerealia, is something we have needed to address. A new CEO and organizational structure are in place, and structural adjustments have begun. In order to counteract private label competition, we shall also strengthen our focus on new products.

The structural measures in progress at Lantmännen Unibake are beginning to show their intended effects. Unibake's sales, particularly in Russia, the United States and Benelux, are very healthy – and in one week's time, the Olympics get underway in London, where Lantmännen is represented through our croissants and pastries.

Measures to reverse the profitability trend

The financial results for the year to date are not satisfactory, and we have taken vigorous action to reverse the trend and improve profitability. In addition to the structural rationalization work and savings initiatives now in progress in our operations, we have also introduced a number of other measures. These include stricter prioritization of our planned activities and a review of our corporate function costs. In response to market competition, we have launched several new projects that will improve supply chain efficiency, step up the pace of our structural rationalization and create attractive offerings to our customers and consumers. We are also reviewing and implementing changes to our organizational structure in certain areas of operation to ensure we have the most cost-effective organization possible.

Per Olof Nyman
President and CEO

Business environment, sales and earnings

Business environment

Grain prices were relatively volatile in the second quarter. High global yield forecasts for corn and wheat had a downward effect on prices in April and May. However, prices rose again in the face of adverse harvest forecasts, particularly for corn in the United States. Droughts in the U.S., Russia and Ukraine pushed prices up during the latter part of June. Future price levels are expected to be driven by meteorological conditions through August and by the management of the European debt crisis.

According to the Swedish Dairy Association's dairy market report in June, global demand for dairy products has not been sufficient to offset increased milk production in the major exporting countries. The combination of rising feed material costs during the first half of 2012 and falling settlement prices has affected Swedish milk producers, who are now seeing their profitability coming under pressure.

On January 1, 2013, the final parts of the EU directive on the protection of pigs come into force, which will enhance animal welfare and equalize competition conditions within the EU. Cautious optimism can now be sensed among Swedish pig producers, who are already applying the rules and should therefore benefit from the change.

The performance of the farm machinery market, which is affected by factors such as crop yields and investment opportunities for farmers, is difficult to predict. The market is also affected by suppliers' different lead-in times for new engine technology.

The construction machinery sector in Sweden, which is sensitive to the general economic situation, is currently relatively subdued. Even previously strong areas, such as mining and urban areas, are currently cautious regarding major investment decisions. The ongoing economic uncertainty in the eurozone will have a significant impact on the sector's development – even in the German market, which has, so far, recovered more strongly than the European average.

Ethanol prices rose during the month of June. This was mainly the result of new forecasts for the coming harvest. In

particular, there was a downward revision for the the maize harvest in the United States, which increased the price there. This also caused a rapid rise in the price of ethanol in the U.S., which in turn has affected the European price. The effects of low-tariff U.S. ethanol on European prices are diminishing, although some still remain.

Overcapacity in the milling industry in Europe has led to higher price pressure and squeezed margins in the face of increased exports from Germany and the Baltics. The food industry is generally subject to fierce competition, with an increased proportion of retailers' own brands (private labels) and higher demand for low-price products, particularly in Sweden.

Changing consumer behavior is evident in several categories, a clear example being the continuing LCHF (Low Carb, High Fat) trend in Sweden. There is also a continuing tendency to eat more food "on-the-go", and demand for whole grain products is increasing.

First half-year 2012

Net sales

Net sales for the first half-year amounted to MSEK 17,934 (18,604), a decline of 4 percent. Currency effects represented +2 percentage points. The decline in net sales is primarily attributable to the Agriculture Sector and the Machinery Sector.

Operating income

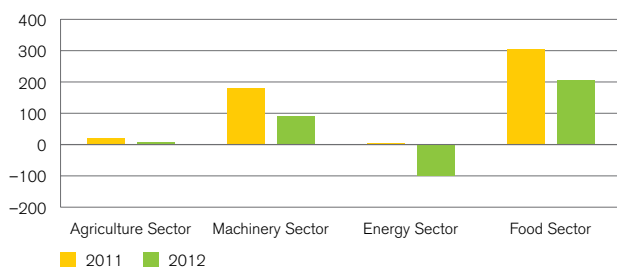
Operating income for the first half-year amounted to MSEK 222 (506). Currency effects had only a marginal impact on the figure. The negative result is primarily attributable to Lantmännen Agroetanol (Energy Sector), Lantmännen Cerealia (Food Sector) and the Machinery Sector.

Net financial income

Net financial income for the first six months amounted to MSEK -87, compared with MSEK -116 for the same period the previous year. The reduction in financial expenses is mainly due to lower interest costs. This is an effect of Lantmännen

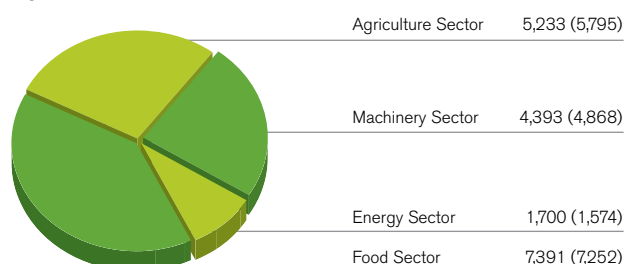
Operating income per Sector, accumulated January–June

MSEK



Sales per sector, 2012

MSEK





Competitors in the Stockholm Grand Prix on Water 2012 on Riddarfjärden had Lantmännen Aspen alkylate gasoline in their tanks. Alkylate gasoline reduces emissions of harmful hydrocarbons by 99 percent. Photo: Bengt Nyman.

having established the "Grodden" pension fund, thereby significantly reducing the pension liabilities on which interest has to be borne.

Tax and income after tax

Tax expense for the period amounted to MSEK 3 (-66). The figure is calculated based on the expected tax rate for the full year which is affected by the fact that dividends from Lantmännen ek för are not reported in the consolidated income statement, but are tax deductible and included in earnings on which tax is calculated.

Accordingly, net income after tax for the period amounted to MSEK 138 (324). MSEK 138 (322) of this figure is attributable to cooperative association members and MSEK 0 (2) to non-controlling interests (minority owners) in the Group's subsidiaries.

Cash flow

Cash flow from operating activities was MSEK 646 (423) during the period. MSEK 546 (737) related to the cash operating surplus, while lower working capital made a contribution of MSEK 100 (-314).

The Group's investments in non-current assets amounted to MSEK 524 (812) and include the Food Sector's investments in a new croissant production line in Belgium and a new packaging line in the mill in Vejle, Denmark. Net investments in non-current assets for the period amounted to MSEK -441 (-614).

No acquisitions or divestments of operations affecting cash flow were made in the period.

Cash flow before financing activities amounted to MSEK 119 (-170).

Financial position

Equity at June 30 amounted to MSEK 10,933 (10,942), of which MSEK 36 (36) refers to owners other than the members of the cooperative association, i.e. the minority interest in Group companies.

Net debt stood at MSEK 7,089 at the end of June, which is largely unchanged from the MSEK 7,186 reported at the beginning of the year.

Payment capacity at the end of June was MSEK 515, compared with MSEK 1,615 at the beginning of the year. Lantmännen's payment capacity, or available line of credit, is calculated on the basis of current loan agreements and their covenants. At the end of June, Lantmännen was within the framework of the covenants associated with its existing loan agreements. Cash & cash equivalents were MSEK 357 at the end of June, compared with MSEK 739 at the beginning of the year.

The equity ratio stood at 41.6 percent at the end of June, which is on a par with the beginning of the year (41.1).

Total assets were MSEK 26,279 at the end of June, which is slightly lower than at the beginning of the year (26,621).

Risks and uncertainties

All business activity is subject to risk. The risks in Lantmännen's operations are strategic risks associated with trademarks, external regulations and the economy, operational risks (such as fluctuating prices of energy, ethanol and commodities) and financial risks. The risks are described in detail in the 2011 Annual Report.

The main uncertainty concerning Lantmännen's operations and earnings still relates to the profitability of Lantmännen Agroetanol, which is highly dependent on ethanol price trends and the price of grain. If the liter price of ethanol changes by SEK 1, annual earnings will be affected by approx. MSEK 200 at constant prices for inputs and feed. It is estimated that a change of SEK 0.50 per kilo in the price of grain will affect annual earnings by approx. MSEK 185, assuming the price of feed correlates with the price of grain.

Changes in the Group

There were no changes in the Group's composition during the period.

Other important events

Ulf Gundemark was elected to the Board at Lantmännen's Annual General Meeting in May. He replaces Thomas Bodén who decided not to seek re-election. At the meeting, Helle Kruse Nielsen, Thomas Magnusson and Björn Wallin were re-elected to the Board.

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

The annual seminar for scholarship holders was also held during the Borgeby Fältdagar agricultural fair. The meeting brought together Lantmännen's scholarship holders to discuss the conditions and future of the agricultural industry. The event resulted in several of the scholarship holders saying they had greater confidence in Lantmännen.

Important events after the reporting date

In early July, Lantmännen negotiated a new borrowing facility, which replaces the previous facility from 2010. The new limit is MSEK 1,500 and the facility matures in the second quarter of 2015. The terms of the loan reflect standard financial conditions, including a limit for the net debt to EBITDA ratio. The calculated payment capacity, based on the loan agreement, is MSEK 1,963 at June 30, 2012. The interest rate is linked to the Group's earnings trend and net debt.

The purpose of the new borrowing facility is to strengthen Lantmännen's long-term financial position and flexibility, thereby providing a solid foundation for developing operations in line with the Group's strategy.

Human resources

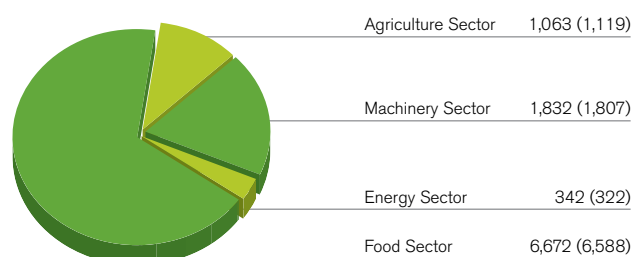
The average number of employees during the first half-year was 10,237 (10,161).

Accounting policies

Lantmännen applies International Financial Reporting Standards (IFRS), as adopted by the EU. This interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting" and the Swedish Annual Accounts Act. The Parent Company's interim report has been prepared in accordance with RFR 2 (Swedish Financial Reporting Board) and the Swedish Annual Accounts Act.

The accounting policies applied in preparing the interim report correspond with those applied in preparing the 2011 Annual Report. There are no new or amended standards or other rules that have had an effect on Lantmännen's financial reporting.

Average number of employees per sector, 2012



Agriculture Sector

<i>Agriculture Sector</i>	2012 Apr-Jun	2011 Apr-Jun	2012 Jan-Jun	2011 Jan-Jun	Change Jan-Jun
Net sales, MSEK	2,433	2,955	5,233	5,795	-10%
Operating income, MSEK	-12	-11	9	20	-11
Operating margin, %	-0.5	-0.4	0.2	0.3	
Return on operating capital, %	-1.5	-1.1	0.5	1.1	
Average number of employees			1,063	1,119	-5%

<i>Results of the Agriculture Sector's contribution-related operations:</i>	2012 Apr-Jun	2011* Apr-Jun	2012 Jan-Jun	2011* Jan-Jun	Change Jan-Jun
Net sales, MSEK	2,305	2,786	4,972	5,509	-10%
Operating income, MSEK	-28	-25	9	2	7
Operating margin, %	-1.2	-0.9	0.2	0.0	
Return on operating capital, %	-4.7	-3.9	0.7	0.2	
Average number of employees			879	924	-5%

* Pro forma, SW Seed AB's Swedish operations are included in Lantbruk's contribution-related operations

The Agriculture Sector's net sales for the first half-year declined compared with the previous year, mainly due to lower sales volumes for grain and seed and the divestment of the distillation business.

Operating income for the first half-year amounted to MSEK 9, a decline of MSEK 11 compared with the same period the previous year. The decline was largely due to weak performances in the international operations. Operating income for the Swedish contribution-related operations was somewhat better than the previous year, mainly as a result of initiatives under the ONE Lantmännen Lantbruk program. This was despite challenges that included a cautious fertilizer market, higher commodity costs and increased competition in feed markets.

This year's spring work progressed well, with a good service level. However, in order to maintain this level of service to customers, goods had to be moved between locations. This resulted in higher handling costs, which were charged to operating income.

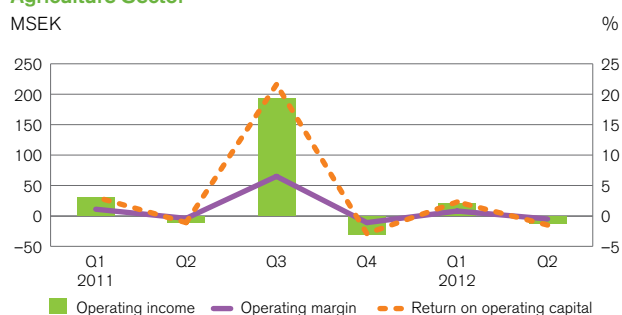
The Sector is performing well: although there are still many improvement activities relating to operational order, with enhanced procedures and practices, the focus is increasingly shifting toward creating sharper offerings to the customer. A successful fertilizer promotion and a plant health campaign are examples of effective initiatives in the first half of the year. In addition, three new winter wheat varieties have been launched, a smartphone app that allows grain farmers to follow grain prices has been released and a new grain receiving facility in Laholm has been opened.

Stefan Atterwall takes up his position as new Head of Sales of Lantmännen Lantbruk on August 1, 2012.

This year's participation in the Borgeby Fältdagar agricultural fair was successful, with Lantmännen attracting a record number of visitors and conducting many well-received activities.

The Sector's focus in the near future will be to continue to adjust to the market, and to create a flexible and attractive offering to customers.

Agriculture Sector



Machinery Sector

<i>Machinery Sector</i>	2012 Apr-Jun	2011 Apr-Jun	2012 Jan-Jun	2011 Jan-Jun	Change Jan-Jun
Net sales, MSEK	2,577	2,904	4,393	4,868	-10%
Operating income, MSEK	73	162	91	179	-88
Operating margin, %	2.8	5.6	2.1	3.7	
Return on operating capital, %	13.1	33.7	8.4	19.4	
Average number of employees			1,832	1,807	1%

<i>Results of the Machinery Sector's farm machinery operations:</i>	2012 Apr-Jun	2011 Apr-Jun	2012 Jan-Jun	2011 Jan-Jun	Change Jan-Jun
Net sales, MSEK	1,225	1,274	2,004	2,044	-2%
Operating income, MSEK	23	50	-10	26	-36
Operating margin, %	1.9	3.9	-0.5	1.3	
Return on operating capital, %	7.6	16.8	-1.6	4.6	
Average number of employees			876	864	1%

The Machinery Sector's net sales for the first half-year were lower than in the previous year, mainly due to delivery problems with one of Swecon's component suppliers and a decline in sales in Germany.

Operating income for the first half-year amounted to MSEK 91, a decline of MSEK 88 compared with the previous year. The weaker result was partly due to a downturn in the tractor market and partly due to the previously mentioned delivery problems. The global economic turmoil and ongoing euro crisis are two major contributing factors to the more cautious attitude among customers.

A general decline can be noted in the tractor market. Lantmännen has also been adversely affected by delivery problems with a sub-supplier, which has created a challenging sales situation in the first half of the year. Sales in Norway and Denmark are on a par with the previous year.

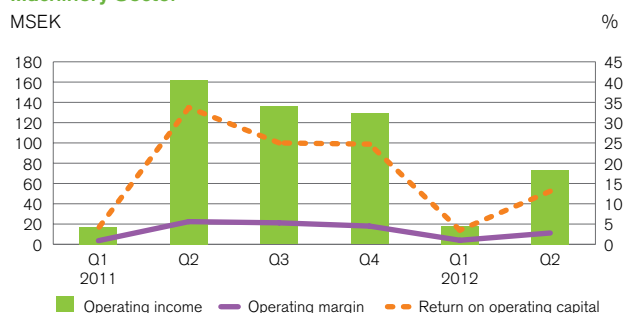
The aftermarket for farm machinery is weaker than expected, which is a further sign of customers' cautious attitude. New tractor models from Valtra, Fendt and Claas were

launched at the Borgeby Fältdagar agricultural fair, and were well-received.

Delayed deliveries from one of Swecon's component suppliers caused the postponement of a delivery to a major customer in Sweden. The delivery will now take place during the second half of the year. The market for construction machinery is generally weaker than in the previous year, both in Sweden and Germany. The aftermarket is also weaker than expected, with the exception of Germany where demand remains strong.

Jonas Arvidsson is the new CEO of Lantmännen Maskin and will take up his position in the third quarter.

Machinery Sector



Energy Sector

<i>Energy Sector</i>	2012 Apr-Jun	2011 Apr-Jun	2012 Jan-Jun	2011 Jan-Jun	Change Jan-Jun
Net sales, MSEK	852	773	1,700	1,574	8%
Operating income, MSEK	-54	-28	-101	5	-106
Operating margin, %	-6.3	-3.6	-5.9	0.3	
Return on operating capital, %	-9.9	-4.9	-9.1	0.4	
Average number of employees			342	322	6%

The Energy Sector's net sales for the first half-year increased compared with the previous year, and were primarily driven by higher volumes and a higher ethanol price at Lantmännen Agroetanol. Lantmännen Aspen also reported an increase in sales.

Operating income for the first half-year amounted to MSEK -101, a decline of MSEK 106 compared with the previous year.

The very unfavorable ethanol-grain price relationship continues to represent a major challenge for Lantmännen Agroetanol, which reported a heavy loss in the first half-year. Extensive work has been implemented to increase efficiency, reduce costs and increase other revenue streams from production, such as feed, for example. However, this is not enough to offset the adverse price relationship.

Tax-subsidized U.S. ethanol was previously imported under an incorrect tariff rate, which had a negative impact on the price in the European market. The subsidy has now ceased and the tariff classification has been adjusted, resulting in a certain rise in ethanol prices recently. However, grain prices have increased, which means that the price relationship remains unfavorable. The current situation is untenable in the long term; the company's development is being closely

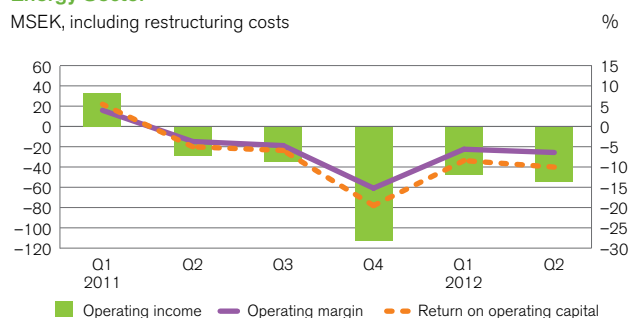
monitored, with calculations continuously updated and different pathways constantly assessed.

Lantmännen Agroenergi's results were down on the previous year due to the warmer winter.

Lantmännen Aspen is performing well and achieving organic growth. Operations have been established in new market segments, and new customer groups have been attracted. These include the Riddarfjärd event for boats, STCC and TTA in sports car racing and the establishment of a new market in Estonia.

Energy Sector

MSEK, including restructuring costs



Food Sector

<i>Food Sector</i>	2012 Apr-Jun	2011 Apr-Jun	2012 Jan-Jun	2011 Jan-Jun	Change Jan-Jun
Net sales, MSEK	3,814	3,755	7,391	7,252	2%
Operating income, MSEK	138	183	207	304	-97
Operating margin, %	3.6	4.9	2.8	4.2	
Return on operating capital, %	5.9	7.8	4.5	6.5	
Average number of employees			6,672	6,588	1%

The Food Sector's net sales for the first half-year increased compared with the previous year, and were primarily driven by Lantmännen Unibake and Lantmännen Kronfågel.

Operating income for the first half-year amounted to MSEK 207, a decline of MSEK 97 compared with the previous year.

The overall food retailing market in Sweden is developing positively, although sales volumes in most categories in which Lantmännen operates have declined compared with the previous year. Generally, there is strong price competition in the food market, with retailers' own brands (private labels) continuing to gain market shares and consumer demand for low-price products growing.

As a result of these factors, a sharp decline in sales has been noted, particularly for Lantmännen Cerealia. This has been addressed by structural adjustments, including the adoption of a new organization and structural work which will continue into the fall. The decline has also been addressed by marketing campaigns and innovative solutions, such as new product launches. One example is Axa Havreflakes, which was launched at the beginning of the year.

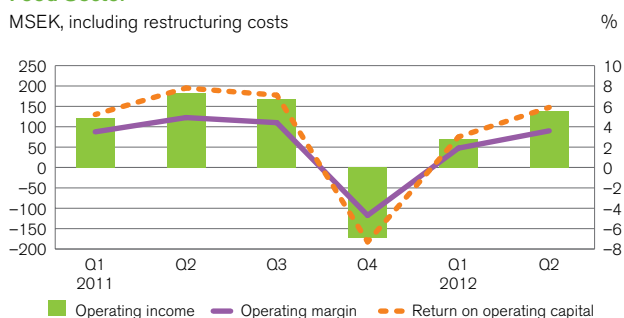
The structural changes taking place in Lantmännen Unibake are continuing as planned. Measures already implemented have begun to bear fruit – the plant in Bedford, England, for example, has achieved the planned production rate. A number of measures still remain in Germany and Denmark. Unibake's sales levels vary from country to country, but the trend is particularly positive in Russia, the United States and Benelux.

Lantmännen Kronfågel's sales volumes in Sweden have decreased, mainly due to increased competition and imports. The decline has been addressed in the short term by measures which include marketing campaigns and attractive offers. The relocation of operations from Kristianstad to Valla is now fully completed, although the plant in Valla still needs to be optimized. Chicken sales for Danpo remain good.

Leif Bergvall Hansen is the new CEO of Lantmännen Kronfågel.

Food Sector

MSEK, including restructuring costs



Condensed consolidated income statement

MSEK	2012 Apr-Jun	2011 Apr-Jun	2012 Jan-Jun	2011 Jan-Jun	Jul 2011- Jun 2012	2011 Jan-Dec
Net sales	9,281	9,930	17,934	18,604	37,226	37,896
Other operating income	73	53	147	105	729	687
Changes in inventories of finished goods and work in progress	-236	87	-281	31	-247	65
Capitalized work for own account	1	1	1	2	3	4
Raw materials and consumables	-3,829	-4,042	-6,815	-7,723	-14,697	-15,605
Agricultural commodities	-1,983	-2,539	-4,435	-4,163	-8,984	-8,712
Employee benefits expense	-1,352	-1,347	-2,683	-2,643	-5,459	-5,419
Other operating expenses	-1,553	-1,605	-3,096	-3,196	-6,353	-6,453
Share of income of associates	50	43	48	54	101	107
Depreciation, amortization and impairment	-298	-277	-598	-565	-1,399	-1,366
Operating income	154	304	222	506	920	1,204
Finance income	69	61	132	104	267	239
Finance costs	-101	-109	-219	-220	-575	-576
Income after financial items	122	256	135	390	612	867
Tax	-6	-44	3	-66	-78	-147
Net income for the period after tax	116	212	138	324	534	720
Net income for the period attributable to:						
Members of the cooperative association	116	212	138	322	536	720
Non-controlling interests	0	0	0	2	-2	0

Condensed consolidated statement of comprehensive income

MSEK	2012 Apr-Jun	2011 Apr-Jun	2012 Jan-Jun	2011 Jan-Jun	Jul 2011- Jun 2012	2011 Jan-Dec
Net income for the period after tax	116	212	138	324	534	720
Actuarial gains and losses on defined benefit pension plans	-	-	-	-	-156	-156
Available-for-sale financial assets	-3	-12	12	4	46	38
Cash flow hedges	19	25	-106	99	-168	37
Exchange differences on translation of foreign operations	-60	43	-98	17	-132	-17
Net gain on hedge of net investment in foreign operations	21	-65	65	-23	93	5
Income tax relating to components of other comprehensive income	-20	-1	8	-35	69	26
Other comprehensive income for the period, net of tax	-43	-10	-119	62	-248	-67
Total comprehensive income for the period	73	202	19	386	286	653
Total comprehensive income for the period attributable to:						
Members of the cooperative association	73	202	19	384	288	653
Non-controlling interests	0	0	0	2	-2	0

Condensed consolidated quarterly income statements

MSEK	2012 Apr-Jun	2012 Jan-Mar	2011 Oct-Dec	2011 Jul-Sep	2011 Apr-Jun	2011 Jan-Mar
Net sales	9,281	8,653	9,665	9,627	9,930	8,674
Other operating income	73	74	508	74	53	52
Changes in inventories of finished goods and work in progress	-236	-45	82	-48	87	-56
Capitalized work for own account	1	0	1	1	1	1
Raw materials and consumables	-3,829	-2,986	-3,966	-3,916	-4,042	-3,681
Agricultural commodities	-1,983	-2,452	-2,407	-2,142	-2,539	-1,624
Employee benefits expense	-1,352	-1,331	-1,470	-1,306	-1,347	-1,296
Other operating expenses	-1,553	-1,543	-1,725	-1,532	-1,605	-1,591
Share of income of associates	50	-2	28	25	43	11
Depreciation, amortization and impairment	-298	-300	-524	-277	-277	-288
Operating income	154	68	192	506	304	202
Finance income	69	63	75	60	61	43
Finance costs	-101	-118	-236	-120	-109	-111
Income after financial items	122	13	31	446	256	134
Tax	-6	9	19	-100	-44	-22
Net income for the period after tax	116	22	50	346	212	112
Net income for the period attributable to:						
Members of the cooperative association	116	22	52	346	212	110
Non-controlling interests	0	0	-2	0	0	2

Significant items affecting comparability

MSEK	2012 Apr-Jun	2011 Apr-Jun	2012 Jan-Jun	2011 Jan-Jun	2011 Jan-Dec
Recognized operating income	154	304	222	506	1,204
<i>Items affecting comparability in operating income:</i>					
Capital gains on					
- sale of assets to Lantmännen's Pension Fund	-	-	-	-	455
Impairment of non-current assets etc.	-	-	-	-	-148
Restructuring costs, Food Sector, Lantmännen Unibake	-	-	-	-	-93
Impairment of goodwill, Energy Sector	-	-	-	-	-73
Total items affecting comparability in operating income	-	-	-	-	141
Operating income, adjusted for items affecting comparability	154	304	222	506	1,063
Recognized income after financial items	122	256	135	390	867
Items affecting comparability in operating income according to above	-	-	-	-	141
<i>Items affecting comparability in financial items:</i>					
Impairment of shareholding in VK Mühlen	-	-	-	-	-115
Total items affecting comparability in net financial income	-	-	-	-	-115
Income after financial items adjusted for items affecting comparability	122	256	135	390	841
Return on equity, excluding items affecting comparability, %	4.2	8.0	2.6	6.2	5.9
Return on operating capital, excluding items affecting comparability, %	3.4	6.7	2.5	5.6	5.8

Condensed consolidated statement of financial position

MSEK	2012 Jun 30	2011 Jun 30	2011 Dec 31
ASSETS			
Property, plant & equipment	8,878	9,691	9,057
Investment property	197	225	201
Goodwill	2,615	2,779	2,640
Other intangible assets	742	661	767
Investments in associates	1,238	1,147	1,277
Financial assets	566	636	515
Deferred tax assets	325	192	232
Other non-current assets	124	60	45
Total non-current assets	14,685	15,391	14,734
Inventories	5,197	5,123	5,506
Trade and other receivables	5,915	5,692	5,511
Current interest-bearing assets	90	91	119
Current tax assets	35	24	12
Cash & cash equivalents	357	684	739
Total current assets	11,594	11,614	11,887
TOTAL ASSETS	26,279	27,005	26,621
EQUITY AND LIABILITIES			
Equity attributable to members of the cooperative association	10,897	10,747	10,906
Non-controlling interests	36	33	36
Total equity	10,933	10,780	10,942
Non-current interest-bearing liabilities ¹⁾	4,535	4,193	4,656
Provisions for pensions	320	1,799	347
Deferred tax liabilities	156	95	147
Other non-current provisions	295	150	273
Other non-current liabilities	40	18	23
Total non-current liabilities	5,346	6,255	5,446
Current interest-bearing liabilities	3,247	3,193	3,556
Trade and other payables	6,427	6,334	6,278
Current tax liabilities	109	104	90
Current provisions	217	339	309
Total current liabilities	10,000	9,970	10,233
TOTAL EQUITY AND LIABILITIES	26,279	27,005	26,621
Equity ratio	41.6	39.9	41.1
¹⁾ Including subordinated debentures, MSEK	56	56	56

Condensed consolidated statement of cash flow

MSEK	2012 Apr-Jun	2011 Apr-Jun	2012 Jan-Jun	2011 Jan-Jun	2011 Jan-Dec
Income after financial items	122	256	135	390	867
Adjustment for non-cash items ¹⁾	246	163	484	424	894
Taxes paid	-21	-31	-73	-77	-106
Cash flow from operating activities before change in working capital	347	388	546	737	1,655
Change in working capital	-389	-331	100	-314	-735
Cash flow from operating activities	-42	57	646	423	920
Investments in non-current assets	-308	-449	-524	-812	-1,431
Sale of non-current assets ²⁾	29	123	83	198	1,271
Change in financial investments	-86	0	-86	21	21
Cash flow from investing activities	-365	-326	-527	-593	-139
Cash flow before financing activities	-407	-269	119	-170	781
Change in contributed capital	50	41	50	41	41
Dividend paid	-78	-74	-78	-74	-72
Change in loans	193	96	-472	16	700
Transfer of cash to pension fund	0	0	0	0	-1,578
Cash flow from financing activities	165	63	-500	-17	-909
Cash flow for the period	-242	-206	-381	-187	-128
Cash and cash equivalents at beginning of period	598	885	739	869	869
Exchange differences	0	5	-2	2	-2
Cash and cash equivalents at the end of the period	356	684	356	684	739
¹⁾ Depreciation and impairment of non-current assets	298	277	598	565	1,366
Less share of income in associates	-31	-22	-29	-33	-86
Capital gains on sale of non-current assets and operations	-25	-33	-63	-28	-490
Other non-cash items	4	-59	-22	-80	104
	246	163	484	424	894
²⁾ of which transferred to pension fund					1,057

Condensed consolidated statement of changes in equity

MSEK	2012 Jan-Jun			2011 Jan-Jun			2011 Jan-Dec		
	Association members	Non- controlling interests	Total equity	Association members	Non- controlling interests	Total equity	Association members	Non- controlling interests	Total equity
Opening balance, January 1	10,906	36	10,942	10,390	32	10,422	10,390	32	10,422
Total comprehensive income for the period	19	0	19	384	2	386	653		653
Contribution dividend to members	-78	-	-78	-68		-68	-68		-68
Dividend to non-controlling interests in Group companies	-	-	0		-1	-1		-1	-1
Refund and final price adjustment		-	0			0	-110		-110
Contributed capital paid in by members	99	-	99	90		90	90		90
Contributed capital paid out to members	-49	-	-49	-49		-49	-49		-49
Other changes relating to non-controlling interests	-	-	0		0			5	5
Closing balance	10,897	36	10,933	10,747	33	10,780	10,906	36	10,942
Equity attributable to members of the cooperative association									
Contributed capital, paid in	24			680			680		
Contributed capital, issued	1,746			888			888		
Other equity	9,127			9,179			9,338		
Total equity attributable to members of the cooperative association	10,897			10,747			10,906		

Segment Information

(The Group's reporting segments are its Sectors.)

Net sales per sector

MSEK	2012 Apr-Jun	2011 Apr-Jun	2012 Jan-Jun	2011 Jan-Jun	Change Jan-Jun, %	Jul 2011- Jun 2012	2011 Jan-Dec
Agriculture Sector	2,433	2,955	5,233	5,795	-10	10,935	11,497
Machinery Sector	2,577	2,904	4,393	4,868	-10	9,853	10,328
Energy Sector	852	773	1,700	1,574	8	3,178	3,052
Food Sector	3,814	3,755	7,391	7,252	2	14,847	14,708
Other operations	131	167	250	314	-20	546	610
Eliminations	-526	-624	-1,033	-1,199	-14	-2,133	-2,299
Lantmännen total	9,281	9,930	17,934	18,604	-4	37,226	37,896

Operating income per sector

MSEK	2012 Apr-Jun	2011 Apr-Jun	2012 Jan-Jun	2011 Jan-Jun	Jul 2011- Jun 2012	2011 Jan-Dec
Agriculture Sector	-12	-11	9	20	172	183
Machinery Sector	73	162	91	179	356	444
Energy Sector	-54	-28	-101	5	-247	-141
Food Sector	138	183	207	304	201	298
Other operations ¹⁾	29	-25	-6	-60	-53	-107
Group items ²⁾	-20	23	22	58	491	527
Lantmännen total	154	304	222	506	920	1,204
¹⁾ Includes the following: Capital gain on the sale of properties	36	-	36	-	244	208
²⁾ Includes the following: Sale of assets to Lantmännen Pension Fund	-	-	-	-	455	455

Operating margin per sector

%	2012 Apr-Jun	2011 Apr-Jun	2012 Jan-Jun	2011 Jan-Jun	2011 Jan-Dec
Agriculture Sector	-0.5	-0.4	0.2	0.3	1.6
Machinery Sector	2.8	5.6	2.1	3.7	4.3
Energy Sector	-6.3	-3.6	-5.9	0.3	-4.6
Food Sector	3.6	4.9	2.8	4.2	2.0
Lantmännen total	1.7	3.1	1.2	2.7	3.2

Return on operating capital per sector

%	2012 Apr-Jun	2011 Apr-Jun	2012 Jan-Jun	2011 Jan-Jun	2011 Jan-Dec
Agriculture Sector	-1.5	-1.1	0.5	1.1	4.8
Machinery Sector	13.1	33.7	8.4	19.4	22.4
Energy Sector	-9.9	-4.9	-9.1	0.4	-6.1
Food Sector	5.9	7.8	4.5	6.5	3.2
Lantmännen total	3.4	6.7	2.5	5.6	6.5

Parent Company

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

Net sales for the first half-year amounted to MSEK 5,203 (5,737), while operating income for the same period was MSEK -52 (-173). The improvement in operating income compared with the previous year is mainly attributable to lower costs and capital gains on the sale of properties. In addition, the previous year's operating income was adversely affected by higher pension costs, which amounted to MSEK 68 and were due to changed life expectancy assumptions in the calculation of pension obligations based on PRI. Operating income for agriculture operations showed an increase compared with the same period of the previous year, partly as a result of the ONE Lantmännen Lantbruk action program.

Income after financial items for the first half-year amounted to MSEK 577 (-115). Net financial income includes dividends from subsidiaries of MSEK 516 (31) and exchange gains of MSEK 41 (-8) as a result of a stronger Swedish krona against other currencies. Exchange gains relate primarily to hedging of investments in foreign subsidiaries, which are recognized in the Group's equity, via other comprehensive income.

Refunds and final price adjustments are determined on the basis of net income for the full year. No provisions are made during the year.

Net investments for the period amounted to MSEK 63 (57).

The equity ratio was 45.2 percent (41.9 at the beginning of the year).

The average number of employees in the Parent Company during the first half-year was 1,146 (1,114). The increase is due to a transfer of staff from SW Seed AB.

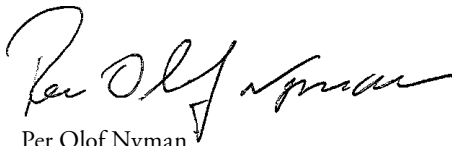
Condensed income statement

MSEK	2012 Jan-Jun	2011 Jan-Jun
Net sales, external	4,224	4,640
Net sales, intra-Group	979	1,097
Net sales, total	5,203	5,737
Less excise duties	-5	-4
Change in products in progress, finished goods and work in progress for third parties	56	20
Capitalized work for own account	1	2
Other operating income	188	141
	5,443	5,896
Operating expenses		
Raw materials and consumables	-3,010	-3,224
Agricultural commodities	-1,267	-1,474
Other external costs	-701	-814
Employee benefits expense	-437	-481
Depreciation, amortization and impairment	-80	-76
Total operating expenses	-5,495	-6,069
Operating income	-52	-173
Income from financial items	629	58
Income after financial items	577	-115
Tax	1	17
Net income for the period	578	-98

Condensed statement of financial position

MSEK	2012 Jun 30	2011 Jun 30
ASSETS		
Intangible assets	192	155
Property, plant & equipment	895	1,001
Interests in Group companies	7,108	7,097
Investments in associates	823	851
Non-current receivables from Group companies	139	280
Other securities held as non-current assets	331	132
Other non-current receivables	143	282
Total non-current assets	9,631	9,798
Inventories	1,155	1,236
Current receivables from Group companies	9,902	9,622
Other current receivables	2,333	2,310
Current investments incl. cash & bank	0	58
Total current assets	13,390	13,226
TOTAL ASSETS	23,021	23,024
EQUITY AND LIABILITIES		
Equity	10,174	9,004
Untaxed reserves	311	311
Provisions	187	1,016
Non-current liabilities	4,080	3,914
Current liabilities to Group companies	4,110	4,697
Other current liabilities	4,159	4,082
TOTAL EQUITY AND LIABILITIES	23,021	23,024
Equity ratio	45.2	40.1

On assignment for the Board of Directors
Stockholm, 20 July 2012



Per Olof Nyman
President and CEO
Lantmännen

Review Report

This interim report has not been audited or reviewed by the association's auditors.

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Gooh's new flagship store opens

On Monday, March 19, the doors of Gooh's new food store at Stockholm's Central Station opened. The new store, which will serve as a flagship store for the brand, represents a major face-lift for the food company. The red ribbon was cut by Operakällaren's chef Stefano Catenacci, who is responsible for all Gooh's recipes.

"The food store allows us to showcase our entire concept and share the joy of food and quality that is our hallmark. We have direct contact with our guests in the store, which gives us a unique opportunity to try out new ideas and keep abreast with trends, preferences and views," says Jonas Regné, CEO of Gooh.

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.

