

Lantmännen Annual Report and Sustainability Report 2009



Lantmännen



Contents

The Group



Important events	2
The sectors in brief	3
Chairman's comments	5
President's comments	6
Strategy with heavy emphasis on optimization	8
A farmer-owned enterprise	12
Financial performance and risk position	16
Financial overview	19
Risks and uncertainty factors	20

Sectors



Agriculture Sector	22
<i>Lantmännen Lantbruk Sweden</i>	24
<i>International operations</i>	26
<i>Lantmännen Bygglant</i>	26
<i>Lantmännen SW Seed</i>	27
Machinery Sector	28
<i>Lantmännen Maskin</i>	30
<i>Swecon</i>	32
Energy Sector	33
<i>Lantmännen Agroetanol</i>	35
<i>Lantmännen Reppe</i>	35
<i>Lantmännen Agroenergi</i>	36
<i>Lantmännen Aspen</i>	36
Food Sector	37
<i>Lantmännen Cerealia</i>	39
<i>Lantmännen Doggy</i>	41
<i>Lantmännen Unibake</i>	42
<i>Lantmännen Kronfågel</i>	44

Sustainability Report



Strategy for sustainable development	47
Lantmännen and the world around us	49
Employees	51
Suppliers	54
Sustainable business	55
Responsibility from field to fork	56
Cultivation	57
Transportation	60
Processing – foods	62
Processing - energy	64
Customers and consumers	65
GRI reporting	68

Annual Report

Board of Directors' report	71
The Group	
Income statement	79
Balance sheet	80
Changes in equity	82
Cash flow statement	83
Parent Company	
Income statement	84
Cash flow statement	84
Balance sheet	85
Changes in equity	86
Notes with accounting policies	87
Audit Report	117

Corporate Governance Report

Corporate Governance Report	118
Board of Directors' report on internal control	123
Board of Directors & Auditors	124
Group Management	126
Glossary and definitions	128
Addresses	Cover

Notice of Annual General Meeting

The Annual General Meeting will be held at Clarion Hotel, Ringvägen 98, Stockholm, on Wednesday, the 5th of May 2010, at 10.00 a.m.

Financial Reporting

Interim report Q1	May 3, 2010
Interim report Q2	July 23, 2010
Interim report Q3	October 28, 2010

Distribution policy

Lantmännen's printed Annual Report and Sustainability Report is distributed to anyone who would like a copy. The interim and other reports, including expanded sustainability information, are available in English and Swedish. All reports may be downloaded from

▶ www.lantmannen.com

Summary of 2009

Net sales for the Group amounted to MSEK 35,101 (42,868), a decrease of 18 percent. Adjusted for changes in the Group's composition, cumulative net sales fell by 15 percent.

Operating income amounted to MSEK 305 (1,136). Adjusted for items affecting comparability, primarily capital gains and restructuring costs, it amounted to MSEK 455 (1,032).

Income after financial items totaled MSEK -65 (702) and adjusted for items affecting comparability it amounted MSEK 85 (622). Net financial items amounted to MSEK -370 (-434).

Net income for the year after tax and minority interests amounted to MSEK -73 (558).

Investments in fixed assets during the year amounted to MSEK 1,538 (2,700).

Cash flow before financing activities totaled MSEK 2,272 (-2,776).

Dividend. The Board of Directors has decided not to pay any refund or final price adjustment for 2009. The Board of Directors proposes that the Annual General Meeting approve a 5 percent (5) dividend on contributed capital, a total of MSEK 63 (57), and a contribution issue totaling MSEK 100 (110). The proposed dividend on subordinated debentures is 3 percent, MSEK 1.

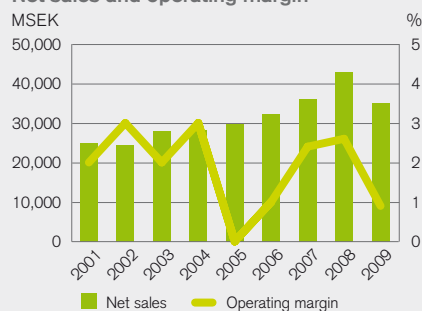
Key figures	2009	2008	2007
Net sales, MSEK	35,101	42,868	35,989
Operating income, MSEK	305	1,136	870
Operating margin, %	0.9	2.6	2.4
Income after financial items, MSEK	-65	702	822
Net profit for the year, MSEK	-73	558	588
Cash flow before financing activities, MSEK	2,272	-2,776	-1,103
Return on equity, %	-0.7	6.8	7.3
Return on operating capital, %	1.4	5.6	5.3
Total assets, MSEK	28,891	32,553	28,743
Net debt, MSEK	9,289	11,654	8,413
Equity ratio, %	35.4	32.5	34.0
Investments in fixed assets, MSEK	1,538	2,700	2,259
Number of members	37,451	39,350	41,951
Average number of employees	10,552	12,671	12,830
of which women, %	31%	33%	34%
Carbon dioxide, CO ₂ , thousand tonnes*	195.4	199.7	184.1

* Refers to Lantmännen's own energy consumption, excluding transportation

For more sustainability-related key figures, see Sustainability Report [▶ pp. 46-69](#)

Sales per market, MSEK	2009	2008	2007
Sweden	19,351	27,048	21,876
Denmark	4,887	5,049	4,875
Norway	2,511	2,483	2,570
Germany	2,238	3,217	2,691
U.K.	1,478	1,039	764
Netherlands	884	391	299
Belgium	642	508	563
Poland	461	549	346
Finland	383	307	168
Baltic countries	371	661	740
Rest of Europe	1,094	946	758
U.S.	479	335	116
Rest of world	322	335	223
Total	35,101	42,868	35,989

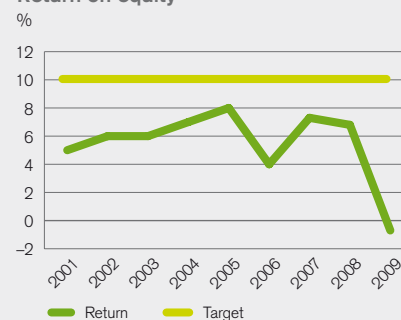
Net sales and operating margin



Income after financial items



Return on equity



Important events

First quarter 2009

- Lantmännen Färskbröd in Sweden was sold to Fazer Bageri.
- Lantmännen Lantbruk and the Dutch company Agrico formed a jointly owned company, Agrico Nordic, to produce and market seed potatoes in Sweden.
- Trade in contribution issues among members was introduced.
- At the end of the quarter an incident occurred in which traces of glass were found in frozen chicken products made by Kronfågel. All shipments assessed as posing a potential risk were recalled. The effect on operating income for the year was MSEK -70.
- Lantmännen became a signatory of the UN Global Compact.

Second quarter 2009

- Lantmännen Unibake increased its stake from 25 to 63 percent in Bakehouse, the U.K.'s leading distributor of Danish pastries, croissants and specialty breads. Bakehouse was consolidated as a subsidiary from May.
- Lantmännen Cerealia divested all its shares in the milling company JSC Rezekne Dzirnāvnieks to Scandinavian Farmers.
- Lantmännen issued subordinated debentures for subscription by members and employees in certain countries. MSEK 56 worth of debentures were subscribed to.
- Lantmännen's new ethanol plant in Norrköping was opened.
- Training of all employees in the code of conduct commenced.

Third quarter 2009

- Together with a French and a British plant breeding company, SW Seed established SW Winter Oilseed AB to breed, produce and market winter oilseed rape for the European market. SW Seed is the majority owner of the company.
- Lantmännen Cerealia signed an agreement to buy Soppa, the leading pasta brand in Norway. The deal was concluded at the end of the year.

- It was decided that Lantmännen Unibake is to build a new bakery for pastries in U.K. and close the bakery in Frstrup, Denmark when the new facility opens.
- It was decided that Lantmännen Doggy will invest MSEK 65 to expand production of dog and cat products in Tetra Recart packaging.
- Lantmännen decided that production at Kronfågel's plant in Kristianstad will be transferred to the facility in Valla in 2010-2011. 175 employees in Kristianstad are affected by the decision.
- Lantmännen's potato processing operation was sold to a group of growers.

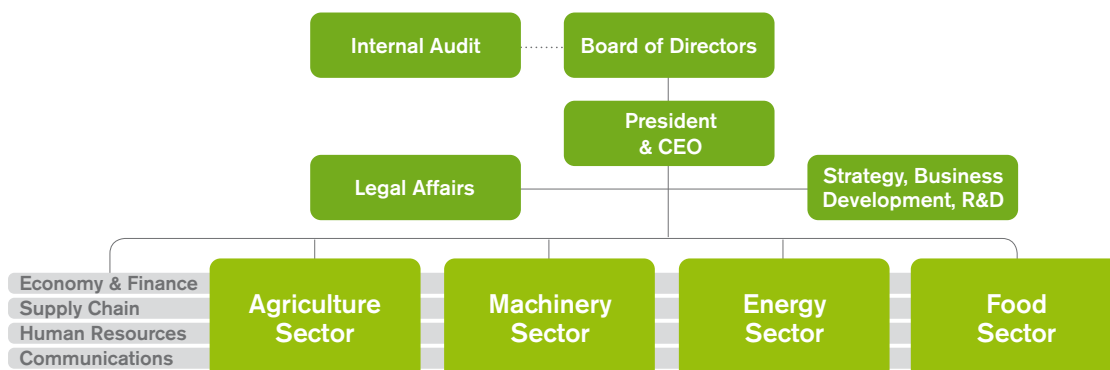
Fourth quarter 2009

- Lantmännen introduced a new organizational structure with four sectors: Agriculture, Machinery, Energy and Food. As a result of the organizational changes, 400 employees will have to leave Lantmännen.
- Lantmännen's new seed plant in Eslöv, the most modern facility of its kind in Europe, was dedicated.
- As part of the Group's sustainability work Lantmännen adopted a crop protection policy.
- The decision was made to buy certificates for sustainably produced palm oil.
- The decision was made to begin negotiations on the closure of Lantmännen Cerealia's mill in Mjölby.

Events after the end of the financial year

- The decision was made to close the operations of Lantmännen Solanum in summer 2010.
- The decision was made to close Lantmännen Unibake's bakery in Glostrup, Denmark before summer 2010. Production will be moved to plants in Finland and Germany.
- The decision was made to initiate negotiations under the Co-determination Act to close Lantbruk's feed plant in Norrköping.

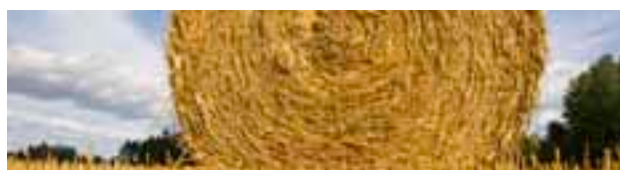
New organization



The sectors in brief

Lantmännen has adopted a new customer-oriented operating structure, with operations organized in four sectors intent on being the first choice of customers in the future. The sectors are Agriculture, Machinery, Energy and Food. The new way of working is meant to be attractive to current as well as new customers. It will enable the organization to free up time and money to focus on areas that improve Lantmännen's competitiveness – in research, product and service development, and marketing.

Agriculture Sector [▶ p. 22](#)



The Agriculture Sector unites operations that develop and offer products and services that promote a strong and competitive agriculture industry.

Energy Sector [▶ p. 33](#)



The Energy Sector joins operations that develop and produce bio-based energy products and environmentally friendly service products.

Machinery Sector [▶ p. 28](#)



The Machinery Sector combines operations that import, market and sell construction and farm machinery.

Food Sector [▶ p. 37](#)



The Food Sector brings together the following operations: flour, breakfast foods, pasta, frozen and fresh bread, chicken, ready-to-eat meal concepts and dog and cat food.

Sector key figures

	Agriculture Sector		Machinery Sector		Energy Sector		Food Sector	
	2009	2008	2009	2008	2009	2008	2009	2008
Net sales, MSEK	10,749	14,154	7,101	9,529	3,258	4,867	15,109	15,501
Operating income, MSEK	-140	361	35	376	67	-83	598	574
Return on operating capital, %	-3.3	8.8	1.6	17.1	2.6	-3.4	5.7	5.7
Average number of employees	1,230	1,435	1,553	1,664	361	356	6,817	8,098
of which women, %	28	27	10	10	23	22	36	36
Share of women in executive management, %	30		40		45		29	
CO ₂ , own energy use, thousand tonnes	27.2	31.2	-	-	18.3	15.6	149.9	152.9

Can you replace your therapist with bread dough?

There's more to freshly baked rye bread than you think. Besides all the vital nutrients and the good taste, baking may actually make you feel better. You quickly notice that the peaceful act of kneading has a relaxing effect on body and mind, and is also fun to watch and even join in. That's the way we want good food to be. What do you think?

Get answers to your questions about good food at lantmannen.se

Tip: Pour a little GoGreen baking mix into the dough next time you bake. It adds both flavor and polyunsaturated fats.



**Good food from
Lantmännen**

Looking ahead

2009 was an unusually tough year for both Swedish agriculture and for Lantmännen. I hardly have to remind you of either the low milk or grain prices. As farmers, we are all too aware of them. On the other hand, it is clear that Lantmännen has not fully succeeded in dealing with new operating conditions when the markets took a different turn. At the same time we have to learn from our experience and work to find new paths. This is Lantmännen's most important challenge.

2009 ushered in one of the deepest recessions in many years. In Lantmännen we had already approved various measures, which in the midst of the roughest periods turned out to be absolutely necessary. The work on continuous improvement in the Group is something that I view as natural. We are now doing it in a coordinated manner and have the opportunity to measure the result. Increasing capital efficiency is another area: Lantmännen has to use its capital wisely. Finally, Lantmännen also implemented a major organizational change during the year. With the farm economy in a slump it is urgent that we watch our costs even more carefully. But change is also driven by competitors and changing market conditions under which more and more farmers are opting for new ways of doing business.

It is plain that ag-related operations failed to fully meet our expectations during the year. This means that Lantmännen will not pay any refund or final price adjustment, since according to our dividend policy it is supposed to be generated first of all by ag-related operations. At the same time the Board of Directors wants to make the benefits of being a member of Lantmännen clear and is therefore proposing both a contribution dividend and a contribution issue on the level of previous years.

Though the process of making the Group leaner and stronger slowed down due to the financial crisis, we have put a number of structural investments in place. Among other things, the Board decided to close Kronfågel's plant in Kristianstad. While the decision garnered criticism from certain groups I can only say from my long experience with coops that far too few necessary decisions are made in time. To protect long-term profitability we have to be able to make difficult decisions, and I am convinced that in the longer term the decision will benefit all Lantmännen's owners. In order to develop a long-term profitable group we as owners and users of Lantmännen have to distinguish between our roles as strictly owner and user!

But there are also many bright spots lighting up the dark sky. Star examples include the opening of the most modern seed plant in Europe in Eslöv, the future-oriented establishment of



SW Winter Oilseed AB and the investment in new bakery lines in the U.K.

But not only the organization must change – the ownership model also has to evolve. During the year Lantmännen launched trading in contribution issues and issued subordinated debentures. Trading of contribution issues is gradually taking shape, where various valuations of the Group's future profitability are compared to the benefit of having cash in hand. The process is useful because it shows the challenge of having owners in different phases of their business enterprise – which is exactly the type of challenge Lantmännen has to meet. In light of the financial turbulence it is perhaps not completely surprising that the launching of subordinated debentures did not reach the goals that were set.

The Annual General Meeting discussed a motion concerning the calculation of the contribution-based turnover for grain, which received the delegates' full support. This too is an example of the development of Lantmännen and our ownership model: The opportunity to have an influence is an example of the strength of being a farmer-owned enterprise.

A number of events during the year demonstrated the great interest of the media in agriculture and food production. For this reason I am pleased that the district boards are undergoing training in Lantmännen's code of conduct. I am convinced that businesses involved in food, the environment, climate and ethics will continue to be scrutinized. The purpose of having a code of conduct is to enable us to live up to the expectations of the world around us in regard to sustainable and responsible business practices.

In closing I would like to express my gratitude to our capable and knowledgeable employees, who have demonstrated great dedication in these challenging and rapidly changing times. The leadership of our President and CEO Per Strömberg has been attested to time and time again. Clear leadership with the ability to show us the opportunities that change brings and a positive vision of the future is an asset for both employees and owners.

Lantmännen is owned by Swedish farmers and exists to develop and promote ag business. As a dynamic group Lantmännen has a clear advantage here in that we can utilize the resources of our entire organization. That means we can gear up – it's time for us to shift into overdrive.

Noraström, February 2010

A handwritten signature in blue ink, which appears to read "Thomas Bodén". The signature is fluid and cursive.

*Thomas Bodén
Chairman of the Board, Lantmännen*

On the right path

A year has come to an end, a year many will look back on as a recession year. I know I will. But it is also the year that we took numerous focused actions to meet the growing demands from the world around us and deal with the economic downturn. That said, I would like to emphasize that I am not satisfied with the earnings for the year – we have a long way to go to reach our goal. We need to continue our effort to reduce costs and optimize so that we can devote more to developing products and services and to marketing. This will be the path to success in achieving profitable growth in the future.

Lantmännen's earnings were marked by the tough situation for farmers with low grain and milk prices, resulting in generally poorer profits in the ag sector. Toward year-end, however, the recession bottomed out, and we are beginning to note cautious optimism.

Net financial income adjusted for items affecting comparability was SEK 85 million compared with SEK 622 million last year. Earnings were heavily impacted by the global downturn, while savings and streamlining measures had a favorable effect. For the last three quarters in a row we had positive cash flow, thanks to our capital rationalization program. The program, Cash Race, achieved SEK 2.5 billion in reduced working capital – the target was SEK 1.5 billion. All together, the supply chain and Shape program savings amount to around SEK 700 million.

The Agriculture and Machinery Sectors were severely impacted by farmers' reduced ability to invest. Even so, in the latter part of 2009 we saw a positive performance of our market shares in the Machinery Sector. Well-implemented savings at Swecon also resulted in a lower cost base. The Energy Sector posted a substantial improvement compared with 2008, and the Food Sector continues to perform favorably.

Events we remember

The event receiving the most media attention as far as we are concerned is probably the glass incident at Lantmännen Kronfågel, where we, so as not to jeopardize consumer health and safety, quickly took responsibility and decided to recall all frozen chicken under the Kronfågel brand. I am grateful that no one was harmed and that the brand still enjoys high consumer trust.



On our journey toward becoming “leaner and stronger,” acquisitions and divestments did not take place to the extent we had hoped, since during a recession it is difficult to sell businesses at a good price. Nevertheless, we made progress. Our expansion in the U.K. continued with the acquisition of the majority holding in Bakehouse and the construction of a new bakery for Danish pastry and other baked goods in 2010. This will result in the closure of the bakery in Fristrup.

The acquisition of the Norwegian pasta brand Sopps will make us a market leader in pasta in yet another Nordic market and will bolster what we offer our Norwegian customers. This will expand opportunities to increase volumes in our Swedish mills and production plants.

In November, Europe's most modern seed plant was opened in Eslöv. The plant will provide efficient production and lower seed costs. It is also good news that our ethanol plant is now running at up to 90 percent of capacity – right on schedule.

To ensure profitable production in a very tough chicken market, we decided in the fall to close the chicken plant in Kristianstad and boost production at the plant in Valla. We had overcapacity at both plants for a long time, which was not sustainable. There are several reasons that the choice was to focus on Valla, including the fact that the facility is one of the most modern of its kind in Europe and has greater development potential than the Kristianstad plant. As part of our restructuring, the company decided at the end of the year to initiate negotiations under the Co-determination Act concerning closure of the mill in Mjölby. At the same time we are investing in greater operating safety and some capacity expansion at the mill in Uppsala.

It is, of course, unfortunate for all those who are affected by these announcements. Bear in mind, however, that the decisions we make are based on our long-term goal of becoming a cost-effective and profitable enterprise.

Sustainable efforts

At the beginning of the year Lantmännen signed the UN Global Compact for sustainable and responsible business, [▶ pp. 46-69](#)



Sustainability issues are an obvious part of Lantmännen, and our efforts have garnered international attention. The *New York Times* featured Lantmännen's climate declarations on food products, and *BBC World* followed Kungsörnen pearled grain on its way from field to fork.

In our day-to-day work we must dare to question ingrained patterns and old solutions. One example is Lantmännen Kronfågel's purchasing of transportation. Working together with both customers and transportation suppliers, 1,170 tonnes of carbon dioxide a year has been eliminated. No vehicles leave empty and the truck fill rate improved radically, enabling Lantmännen Kronfågel to exceed its target of reducing carbon dioxide emissions by 20 percent on an annual basis.

Stepping on the gas and hitting the brakes

Improving earnings and freeing up resources for strategic investment requires that we continue to work on our action program. But we cannot hit the brakes while trying to go uphill. We need to step on the gas to become even more flexible than today to meet our customers' needs. We will use the brakes where they do the most good: by keeping our costs down. We are continuously working on this and during the year we saved around SEK 650 million in the supply chain, thanks to 500 cost savings projects. With the unsatisfactory earnings in ag operations, we need to focus even more on savings opportunities.

In all our operations we need to boost sales of the products and services that we make the most money on. Today we often focus on volume. Going forward we need to be better at steering activities and sales towards products with higher margins, that is, creating profitable growth.

Lantmännen's new organization

On October 1, our new group structure went into effect: Instead of eight business areas, we now have four sectors: Agriculture, Machinery, Energy and Food, in which we concentrate our resources where they do the most good. We need to be able to produce at the lowest possible cost without sacrificing quality

and safety. At the same time, we will constantly strive to be even better at meeting customers' needs.

A vigorous and focused effort

During the year we identified a number of strong brands to which we will devote a focused, long-term marketing effort and product development. We will, of course, meet existing consumer demands and market opportunities, while retaining a broad array of offerings to consumers. We have also successfully built up our corporate brand Lantmännen. [▶ pp. 8-10](#)

On the right path

An arduous journey to save money has begun, a journey I am convinced will continue to be challenging. It is important to remember that if you do things the same way time after time, the results will also be the same. That is why we need to dare to think in new ways and try new paths. I truly believe in the green industries long term, even if it can take longer for the ag sector to recover from the downturn than other industries. Our sustained optimization efforts, combined with developing our focus areas will lay the foundation for moving Lantmännen forward. With a highly-skilled organization, long-term owners, quality products and loyal employees, we have a firm foundation for building an even stronger Group.

Stockholm, February 2010

Per Strömberg
President & CEO, Lantmännen

Strategy with heavy emphasis on optimization

Lantmännen's overriding strategy is to make the most of the combined resources of the organization to contribute to the profitability of its owners' farms and maximize the return on their capital in the association. The strategy is divided into eight strategic subdivisions, closely interwoven through causal links. In the prevailing economic recession the main emphasis has been placed on the organization along with cost and capital efficiency.

Long-term goals and strategies

Lantmännen's long-term target is a 10 percent return on equity after tax. The target quantifies the required rate of return on the owners' capital in the association. In addition it is Lantmännen's mission to contribute to the profitability of its owners' farms. One of Lantmännen's strategic cornerstones and the first of eight adopted sub-strategies is therefore to create business opportunities for Lantmännen's owners.

Lantmännen creates business opportunities for its owners, directly as well as indirectly. Direct business opportunities are created through Lantmännen's traditional role of having production inputs ready and buying and selling the farms' production of grain and oilseeds. The production is processed through the industrial part, indirectly creating business opportunities. The core business is bolstered by developing attractive offerings with strong consumer brands and a strong Group brand. The value of the production rises, sales prices increase and new sales opportunities are created in existing and new markets.

A steady stream of new investments is required to maintain and develop competitiveness. The strategy of making the organization leaner and stronger remains in place but in the prevailing business climate the level of activity has been low. Lantmännen's portfolio of strong brands represents considerable value today. Continuing our focus on strong brands is an important strategy that requires continuous investments in the market.

Active R&D work is steadily increasing the attraction of the product portfolio to both farmers and consumers. Furthermore, an attractive product portfolio and strong brands are helping to make Lantmännen an attractive supplier to and partner of customers, as well as an attractive workplace. Actively fostering and continuously improving the partnership with these customers is also one of the Group's key strategies, just as our work is guided by a long-term sustainability perspective. ▶ p. 46

The strategy is divided into eight sub-strategies.

1. Create business opportunities for Lantmännen's owners
2. Focus on core businesses
3. Higher cost and capital efficiency through continuous improvement efforts
4. Develop strong brands
5. Develop product portfolio through active research and development
6. Improve interaction with our customers
7. Sustainable development
8. Employees and organization

Profitability is both a goal and a requirement

For these long-term key strategies to succeed business activities must generate a profit that can be used for investments for profitable growth and dividends on contributed capital to owners. This is why there are a number of sub-strategies aimed at describing how operations are to be optimized to maximize profitability. In the prevailing recession the strategic efforts have been mainly aimed at capital, supply chain and organizational efficiency.



Focusing on continuous improvement processes and cost savings releases capital to pursue Lantmännen's future initiatives in research, product and service development, and marketing. The initiatives will improve the Group's competitiveness, thereby contributing to long-term profitability.

Business goals during the year

Lantmännen's value chain stretches "from field to fork" and through it huge quantities of goods flow and are processed. During this process many different costs arise, and the goods in the chain tie up capital. The efficiency of the Group's supply chain is therefore a crucial factor in the company's costs and profitability. By optimizing the supply chain and purchasing the right amount with the right quality at the right time, waste, overstocking and, in the worst case, missed deliveries are avoided.

Other important parameters affecting the company's profitability are the organization's costs and efficiency and tied up capital. A number of structural measures have been taken to create economies of scale, higher efficiency and reduce capital tied up in fixed assets. The measures permit better use of previously made investments. See further [▶ p. 17](#)

During the year the Group worked on three primarily business goals aimed at optimizing the organization, supply chain and tied-up capital. A number of programs were implemented, of which the most extensive were "Shape," "LEAD" and "Cash Race 2009."

Shape provides a more streamlined organization

A major organizational change has been implemented to improve profitability, work more efficiently and to be even more customer-oriented. Named "Shape," the reorganization project is expected to result in annual savings of MSEK 400 when the program is fully implemented in 2012.

On October 1, the new group structure went into effect. Instead of the previous eight business areas the organization now consists of four sectors. The new group structure is customer-oriented, centered on knowledge about customers and their needs. At the same time the reorganization makes it possible to benefit from synergies to a greater extent.

LEAD structures and motivates employees

The rollout of the Group's LEAD program continued in 2009. The concept contains a method for continuous improvements and an approach to work that gives the program its name: LEAD (Learn Engage Analyze Do).

By year-end a total of 31 production plants had been introduced to the concept. Of these, just over 20 are in Sweden and the remainder are spread across northern Europe. Through LEAD employees have a greater opportunity to have an impact on their workplace, raising the pace of development and motivation of employees and creating opportunities for savings. LEAD will be implemented at a further 25 facilities in 2010.



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

Reduced tied-up capital with Cash Race 2009

An important parameter for Lantmännen is to improve its cash flow. One example of measures is the "Cash Race 2009" program aimed at improving the Group's utilization of its working capital. Specific efforts in all business areas have led to a reduction of capital tied up in, for example, accounts receivable and inventories, which is important for freeing up capital.

The result of the program is clearly evident in the improved cash flow during the year.

Continued research and development

One of Lantmännen's corporate strategies is to develop the product portfolio through active research and development work. The biggest focus has been on developing grain varieties, food products and biological crop protection products.

Research is concentrated in four areas:

- Health & nutrition
- Product safety and & hygiene
- New materials & process
- Innovation management

Important development projects in the past year

<i>Grain varieties/ breeding</i>	In breeding work researchers began using DNA markers for <i>Septoria</i> in selecting for resistance. In winter wheat breeding new technology has been implemented by which half of the seed can be analyzed and the other half used as seed.
<i>Food products</i>	Further development of AXA Fiber is one example of products where external and internal research is converted on the basis of Lantmännen's businesses.
<i>Biological crop protection</i>	In December 2009 BioAgri submitted a patent application for a new product for stimulating plant growth.



Current research projects

Future climate change: Based on external studies of expected climate change the food, feed, energy and packaging research groups have initiated a project that describes probable changes in cultivation. A seminar on *Fusarium*, a harmful fungus in crop production, was held during the year. The area has been evaluated as important. Greater knowledge and cooperation can make us more effective in this area in the future.

Rye & satiety: Applied study on how dietary fiber, above all rye, affects satiety as basis for newly adapted foods. The results were published during the year in the Nutrition Journal. Read more at: <http://www.nutraingredients-usa.com/Research/Rye-for-breakfast-may-boost-feelings-of-fullness>

Fiber good for health: Documentation of the effect of the Nordic diet on cardiovascular health in the NorDiet study continues. The initial results were presented at the 2009 medical association conference.

Barley for the future: Operated in collaboration with SLU (the Swedish University of Agricultural Sciences) the BarleyFunFood project uses barley as a model crop. The importance of fiber quality for humans is being studied. Furthermore, triticale is being characterized to increase knowledge about its variation to create preconditions for the use of the crop. In the subject of animal health and meat quality, a transfer of knowledge from human projects to livestock applications has begun. Researchers are also studying an important future area dealing with how food and feed affect the gut flora.

Besides the research and development carried out in the business areas, long-term Group-wide research and development is conducted in and through the corporate function Lantmännen R&D. The unit coordinates initiatives and research funds via Lantmännen's research foundations: the Cerealia Foundation for Research and Development, the SL Foundation and the VL Foundation, created by Cerealia AB, Skånska Lantmännen and Västsvenska Lantmännen.

Four working groups with interdisciplinary tasks and composition were formed during the year to identify and carry out R&D projects involving several business units:

- food
- feed
- energy
- packaging.

Areas for future research and development discussed during the year include future crop production, energy and materials

based on renewable biomass from agriculture. Lantmännen's development work is permeated by sustainability and climate change considerations.

In the ongoing research activities work continues on developing new knowledge in areas important to Lantmännen and where Lantmännen is contributing funds and expertise through the research foundations. Several dissertations were published during the year in such strategic areas of research. Read more at: <http://www.ryeandhealth.org> and <http://www.oatsandhealth.org>

One example is the effort to produce new know-how about wholegrains and fiber, two of the most important areas in health & nutrition. Health and nutrition are areas included in Lantmännen's profile and a new nutrition policy was also adopted during the year.

Continued investments in the market

For many years Lantmännen was known to Swedish consumers as solely a company aimed at farmers. However, the Group is active throughout the value chain and nearly 40 percent of Lantmännen's revenues comes from its food business. Since 2008 Lantmännen has consequently been engaged in extensive efforts to position itself in food products for Swedish consumers.

The concept of Good Food has been promoted in major nationwide marketing activities in Sweden. It shows that Lantmännen processes what its owners grow and is engaged in constant research, development and improvement to create Good Food for consumers and take responsibility from field to fork.

The marketing communication makes it clear that Lantmännen takes responsibility for its food, that the green sprout stands for safety and that there is a connection with the product brands found in the stores. The results of surveys conducted show that more and more consumers know that Lantmännen is a food company associated with good food, health and protection of the environment.

A number of Lantmännen's consumer brands are particularly strong, and have been chosen as priority areas for continued product development and long-term marketing efforts. They include Kungsörnen, Kronfågel, Axa and GoGreen (plus where applicable their Norwegian and Danish counterparts: Amo, Regal and Danpo).

Continued research and product development are important if Lantmännen is to stand for Good Food with the least possible impact on resources and the environment.

Strategies for the entire business cycle

With the opening of 2010 extensive measures have been taken to optimize tied-up capital, the organization and supply chain. The measures are providing a solid foundation for Lantmännen's long-term development-oriented strategies. Both research and development and market investments are carried out continuously regardless of the state of the market. When the restructuring begins to show results and the market situation improves, further financial scope will be carved out to pursue a more proactive agenda.

Shopping list for a therapy session in the kitchen:

Spelt bread (2 LOAVES)

6.5 dl white flour, 2 dl oatmeal, 1 dl rye meal, 2.5 dl spelt flour, 0.5 pkg. dry yeast, 1 tbsp. salt, 2 tsp. honey, 1 packet of GoGreen baking mix. Read how to bake the bread at lantmannen.se.



We think that good food may be food that you “knead” to feel better! Get answers to your questions about good food at lantmannen.se



Good food from
Lantmännen

A farmer-owned enterprise

Along with around 37,450 other farmers a member of Lantmännen is the owner of an economic association. In turn the association owns an industrial portion. The profits from the industrial portion are then returned to the economic association, which decides how they are to be distributed. Strong farmer-related operations in the economic association and a profitable industrial portion enable Lantmännen to fulfill its mission – to contribute to profitability on its owners' farms and maximize the return on its owners' capital.



At the beginning of 2010, the number of direct members was 32,277. There were also 3,603 members in 22 affiliated local associations in southern and western Sweden. The local associations function as local purchasing associations through agreements for the most part with Lantmännen Lantbruk. Kalmar Lantmän, with 1,955 members, is an organization member of Lantmännen. To join Lantmännen, members have to be engaged in farming or food production.

District organization

The districts are the basis of the members' role as owners of Lantmännen. In each district there is a board that works on local issues and with the overall Lantmännen Group. The district boards are also responsible for member issues. To support the

districts, there are regional membership directors employed by Lantmännen's Owner Relations Department. Lantmännen's 2009 district meetings were held between March 9 and March 20. At these meetings participants are informed about activities in the district and Group over the past year. For example, there were presentations on the proposed new Articles of Association.

Annual General Meeting

Lantmännen's 2009 Annual General Meeting was held on April 28 in Stockholm. The Meeting debated a motion from Dalarna concerning the basis for calculating contribution-based turnover for grain and oilseeds. The Meeting approved the motion, and the Group Board of Directors endorsed the decision of the Meeting. There was a discussion of the principles

Lantmännen's members and owners

Lantmännen is owned by 37,451 farmers all around Sweden. The members consist of direct members, local associations and one organizational member. The enterprise is cooperative, and each member has one vote.





for variable pay for senior executives for 2009. There was also a decision to approve new Articles of Association. The Articles of Association can be found at www.lantmannen.com

At the Delegates' Day on April 29, the project "Våga Satsa" ("Dare to Venture") and Lantmännen's position on the sludge issue were presented. On October 1 an Extraordinary General Meeting and District Board Conference were held in accordance with the new Articles of Association. The Meeting discussed the principles for senior executives' variable salaries for 2010. The Meeting endorsed the Board proposal. See further [p. 97](#)

Council of Trustees

The Council of Trustees had three recorded meetings in 2009. A statutory meeting was held in conjunction with the Annual General Meeting. Together with the members of subsidiary boards, two training events were held in Stockholm. On February 19-20 the topic was finance, and on November 4-5, brands and research. In connection with these meetings, formal Council of Trustee meetings were held. Meetings were also held by telephone, at which the Council of Trustees was informed about the financial situation in connection with publication of interim reports, major acquisitions and divestments and major organizational changes.

Owner satisfaction index (OSI)

In January, a third survey was conducted to measure Lantmännen's owner satisfaction index (OSI). The year's OSI showed a rising trend: in 2005 the index was 56, in 2007, 51 and in 2009, 54. All sub-areas in the survey got better grades from the owners than on the previous survey, including innovation and information channels. With regard to the elected representatives' attitudes, the figures show a considerably more positive trend, where the index went from 61 in 2005 to 57 in 2007, but reached 66 in the 2009 survey. To follow up the survey, action plans have been developed by the Group Board of Directors as well as Lantmännen's respective district boards.

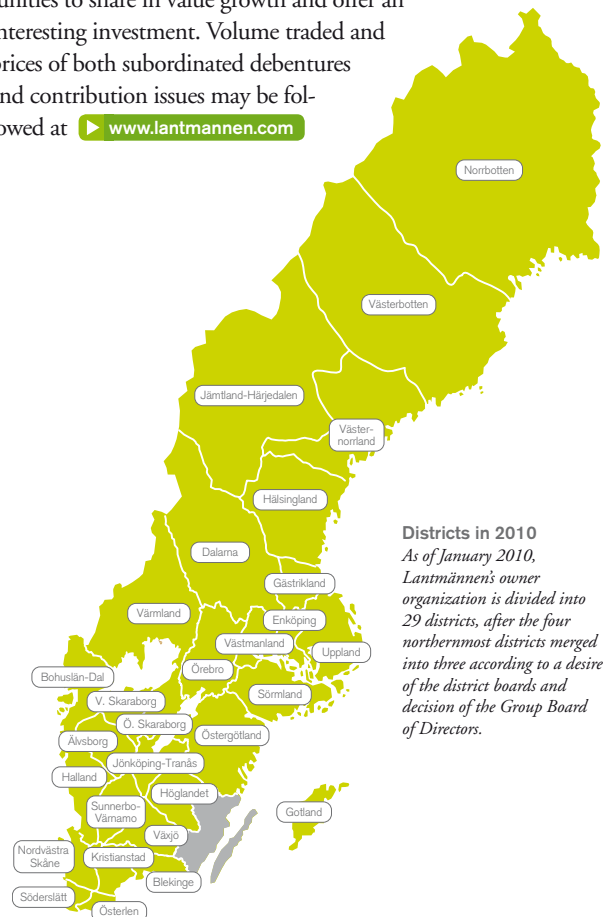
New Articles of Association

At the Annual General Meeting in April, a proposal was presented for new Articles of Association. The proposal had been referred to the district boards for consideration and presented

at the district meetings. The proposal included raising the contribution liability and minimum contribution to SEK 10,000. For district operations it was proposed to reduce the number of board and nomination committee members. The proposal included having Lantmännen's Board chairman be elected from among those on the Board who are members of Lantmännen and replacing the Delegates' Meeting with a meeting for elected representatives. Further adjustments were proposed for local associations and organizational members and adjustments related to the Group's introduction of IFRS. The proposal also included having the number of delegates at the Annual General Meeting be at least 75. After the Board endorsed a proposal from the Meeting for at least 100 delegates, the Articles of Association were adopted in their entirety.

Trading in contribution issues and subordinated debentures

In February trade in contribution issues was introduced, and at the end of April/beginning of May it became possible for owners and employees to subscribe for subordinated debentures. At the 2008 Annual General Meeting, the Owner Forum was wound up, and the Board of Directors presented a new owner model, where trade in contribution issues and the introduction of subordinated debentures were two key points. The purpose was to increase interest in Lantmännen, provide opportunities to share in value growth and offer an interesting investment. Volume traded and prices of both subordinated debentures and contribution issues may be followed at www.lantmannen.com



Districts in 2010
As of January 2010, Lantmännen's owner organization is divided into 29 districts, after the four northernmost districts merged into three according to a desire of the district boards and decision of the Group Board of Directors.

Benefits to owners

Lantmännen's earnings are the basis for dividends in the form of refunds, final price adjustments, contribution dividend and contribution issue, all of which are the individual member's share of the Group's profit. The aim of Lantmännen's dividend policy is, over time, to generate regular and stable dividends. The dividend level is to be adjusted in light of the financial position, earnings, cash flow, strategic investment needs, anticipated profitability, etc. The target each year is to distribute around 40 percent of Group income before deductions for refund and final price adjustment, excluding extraordinary items. The owners receive part of Lantmännen's profits through dividends via:

- **Refund and final price adjustment**, which is paid in proportion to the farmer's business with the Association. It is calculated as a percentage of purchases and sales with Lantmännen during the year. The Board decides the product areas on which final price adjustment and refund are to be based.
- **Contribution dividend** or "interest" on the capital contribution, made in proportion to how much paid-in and issued contributions the member has. In 2009 the contribution dividend was five percent of paid-in and issued contributions.
- **A contribution issue**, which involves a transfer of the cooperatively owned non-restricted equity to the members as individually owned contributed capital.

Refunds and final price adjustments are primarily to be based on earnings from contribution-based ag-related operations. Contri-

Business opportunities for Lantmännen's owners

Lantmännen's "Våga Satsa" (Dare to Venture) project

- In 2009-2011, MSEK 100 was set aside for projects/undertakings that can create new business opportunities for agriculture.
- Aimed at anyone with ideas that can develop agriculture.
- A real business opportunity for many of Lantmännen's owners, must be copyable.
- Sound commercial basis, innovativeness and a certain novelty value, not already on the market.
- Lantmännen strives for some form of return on invested funds – image, marketing, capital, etc.

bution dividend and contribution issue are primarily to be based on earnings from non-contribution-related industrial operations. The contribution issue is calculated on the basis of the member's paid-in and issued contributions and turnover with Lantmännen, 3/4 on contributions and 1/4 on turnover. As a consequence of the introduction of trading in contribution issues, the Board has decided that the date on which the holding entitles the holder to a dividend, in the form of both a contribution dividend and a contribution issue, shall be the date of the Annual General Meeting.

The Group Board decides on the level of refund and final price adjustment, while the General Meeting decides on the contribution dividend and contribution issue proposed by the Board.

Contributed capital

The members of Lantmännen contribute risk capital through their contributions in the Association. At the end of 2009, contributed capital totaled MSEK 1,266, of this, MSEK 606 was paid-in and MSEK 660 was issued capital. Members' paid-in and issued contributed capital amounts to 12.5 per cent of Lantmännen's total equity. The contribution is calculated as 15 percent of the value of the member's average turnover with Lantmännen for the past five years. The basis of contributions is trade with Lantmännen Lantbruk, including petroleum, Lantmännen SW Seed and Lantmännen Maskin. According to the new Articles of Association, the lowest contribution is SEK 10,000 and the contribution ceiling is SEK 450,000, 15 percent of the threshold amount of SEK 3,000,000.

As a member of Lantmännen, you

Are a part of an economic association

Are owner of an industrial enterprise

Take part with a contribution based on your turnover

Members get

To take part in decisions at the District Meeting

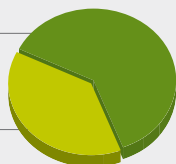
A chance to be elected to various offices at Lantmännen

A share in profits through approved refund, final price adjustment, contribution issue and contribution dividend

Breakdown 2009

Contribution issue 62%

Contribution dividend 38%



Dividends

MSEK	2009	2008	2007	2006	2005	2004	2003	2002	2001
Refund, final price adjustment ¹	1	122	83	64	139	199	154	161	144
Contribution dividend ²	63	57	50	56	50	49	38	38	23
Contribution issue ²	100	110	151	99	100	39	-	-	171
Total	164	289	284	219	289	287	192	199	338
Contribution dividend and contribution issue in % of contributed capital	13%	14%	20%	13%	14%	9%	4%	4%	19%

¹ Reported amount may include restatements of previous years.

² Pursuant to the Board of Directors' proposal for 2009.



The Group's financial performance and position

During the 2009 business year the world found itself in a financial crisis of historical proportions. In the midst of these difficult external operating conditions Lantmännen adopted a number of powerful measures to safeguard its finances, optimize its use of capital and reduce capital costs in the Group.

Financial performance

The Group's financial position grew stronger during the year despite the ongoing financial crisis and the deep recession. Equity amounted to MSEK 10,148 at year-end and the equity ratio was 35 percent. The strengthening of the equity ratio is mainly connected with amortization of the Group's net debt.

Cash flow before financing activities amounted to MSEK 2,272, a considerable improvement compared with the previous year. The main explanation for the strong cash flow during the year was a sharp reduction of the Group's working capital. This was made possible by the Group's ongoing capital rationalization program and lower prices for production inputs, which led to less capital tied up in, above all, inventories. The Group's investments in fixed assets also decreased significantly compared with the previous year and amounted to MSEK 1,538 compared with MSEK 2,700 the year before. A number of major investment projects were concluded during the year at the same time as investments decreased as a consequence of a more restrictive approach to new investments requiring shorter payback periods and higher profitability. The most important investments during the year were a feed plant in Lidköping and a seed plant in Eslöv.

Financial crisis and recession

During the 2009 business year the world found itself in a deep financial crisis. The crisis consisted of a broad recession and a crisis in the financial system. The cost of capital skyrocketed and throughout the entire business community the opportunities for obtaining financing via the banks was highly uncertain. Many planned investments were postponed or halted. At the same time demand and profits in much of the industrial sector shrank, not least among the majority of suppliers to Lantmännen. Lantmännen, particularly Lantmännen Lantbruk and machinery sales, was adversely affected by the recession.

Financial targets

Lantmännen has two overriding targets stipulated by the Group Board of Directors:

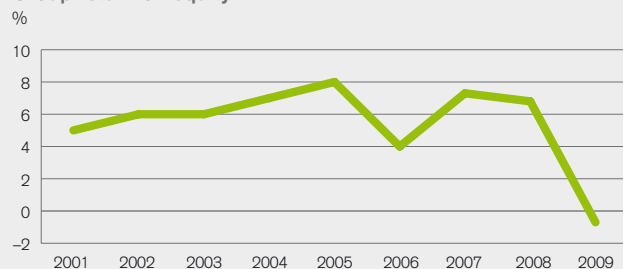
- The return on equity shall amount to at least 10 percent
- The equity ratio shall amount to at least 40 percent

Lantmännen formulates specific profitability targets for the respective businesses. These profitability targets are expressed as a percentage of operating capital that varies depending on type of business and profitability levels for comparable companies outside the Group. Lantmännen is endeavoring, for each business, to achieve a return on operating capital level with comparable companies.

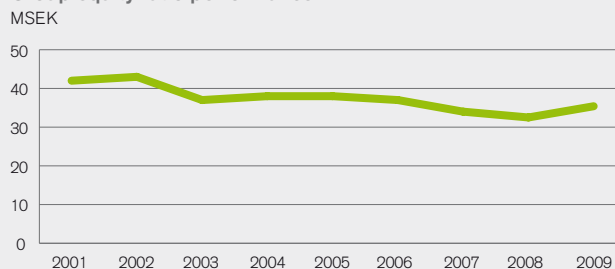
Ambitious action program

The Group's continuous work on improvements intensified during the year to deal with the financial crisis and the recession.

Group return on equity



Group equity ratio performance



Three Group-wide action programs were introduced to improve profitability and reduce tied-up capital:

- Capital optimization
- Cost savings through the supply chain including major restructuring measures
- Organizational efficiency. See also [▶ p. 9](#)

The purpose of the action program is to structurally lower costs in operations and reduce tied-up capital, particularly in working capital.

Read more about Lantmännen's strategies, [▶ pp. 8-10](#)

Capital optimization

Financial management by objectives has been stepped up in all businesses by focusing to a larger degree on management and follow-up of cash flow and return on operating capital. Measurement of economic value-added, EAC (Earnings After Capital Charge), has been implemented for evaluating the profitability of each business. Beginning 2010 each business will be evaluated and rewarded according to its capacity to generate profits in relation to tied-up capital. The target is defined on the basis of the conditions in which the business operates and is revised annually. In this respect it is clear that managers in the organization are not only responsible for operating income, but also for earnings in proportion to the capital the business employs.

The management model has encouraged measures that reduce tied-up capital, thereby also putting constraints on the pace of investment.

Cash Race is the general term for a Group-wide program for reducing tied-up working capital. The program has resulted in a comprehensive overhaul of payment terms to suppliers, terms and conditions for customer credits and an overhaul of the business models that tie up a lot of capital in, for example, inventories.

The return can be increased two ways



Capital costs have been reviewed and internally communicated by raising the required return and shortening the payback period for new investments. As a result, investments decreased. With the exception of necessary replacement and environment-related investments, investments with a longer estimated payback period of four years are normally not approved.

Cash flow before financing activities amounted to MSEK 2,272 (-2,776) during the year. The strong cash flow is largely an effect of the Cash Race program and a somewhat slower pace of investment than depreciation. Lower prices for production inputs and grain have also had a positive impact on cash flow.

Supply chain project

The supply chain project is the general term for the Group's second major improvement project. It consists in part of structural changes in the supply chain/production process and a long list of cost-saving measures within the framework of the Group's LEAD program. Streamlining the supply chain has also had a big impact on reducing tied-up capital.

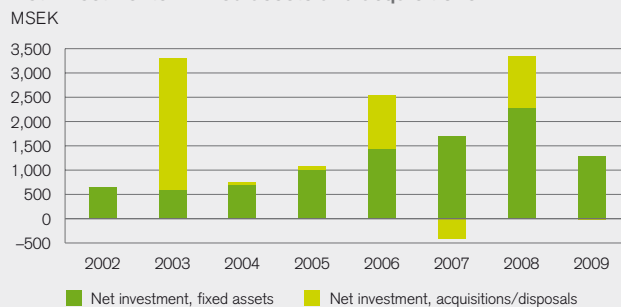
Major restructuring measures

Structural changes have been made in the business models for inventory management and production. In addition, a number of restructuring measures have been taken to raise efficiency and reduce costs and tied-up capital.

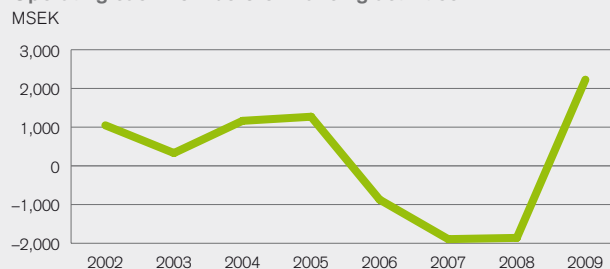
The biggest restructuring measure was the decision to close the chicken operation in Kristianstad, which meant that operations could be concentrated at the modern plant in Vallåsa. The decision to invest in a new facility for Lantmännen Unibake in the U.K. was made to bring production closer to many large customer groups. As a result, the decision was made to close down the bakery in Fristrup, Denmark.

A concentration of the milling business in Sweden was initiated during the year, following the consolidation of mills outside Sweden. During fourth quarter 2009 the decision was made to focus on the mills in Uppsala and Malmö and to initiate negotiations under the Co-determination Act to close down the mill in Mjölby.

Net investments in fixed assets and acquisitions



Operating cash flow before financing activities





Financial position

Lantmännen's equity (which amounted to MSEK 10,148 at Dec. 31, 2009) consists of contributions paid in by members, contribution issues and retained earnings. The loan structure is divided into deposits by members, pension liabilities and bank credits. Available long-term loans and credit facilities from banks and credit institutions totaled SEK 11.5 billion on December 31, 2009, of which SEK 8.5 billion had been drawn. During the year a subordinated debenture issue was made to members and employees of Lantmännen, raising MSEK 56. Subordinated debentures are a cross between equity and debt, but are treated as part of equity for accounting and risk purposes.

Since Lantmännen is a cooperative association goals are more complex than in privately owned companies. For example, financing activities have a dual purpose. Besides financing the Group on the best possible terms the goal is also to offer certain financing opportunities to members for Lantmännen's ag-related operations. At the same time Lantmännen's members are also important and significant lenders to Lantmännen.

During the year a new finance service for members was launched to replace a number of earlier credit services.

Lantmännen Finans AB

Lantmännen Finans AB is the Group's own finance company. Its main activity is financing through the partnership with the Machinery Sector, which sells farm machinery and heavy

equipment for contractors. Total new financing amounted in 2009 to MSEK 1,058 (932). In all, 2,570 units (2,012) were financed during the year. In the markets where financing is offered the average degree of penetration was 65 percent (51). Credit losses in relation to lending equaled 0.066 percent (0.001) of the credit portfolio. The combined share of credit reserves in proportion to the credit portfolio was 0.28 percent (0.38).

Authorized by the Swedish Financial Supervisory Authority as a credit market company, the company also takes deposits from the public, which at year-end amounted to MSEK 742.

Payment readiness

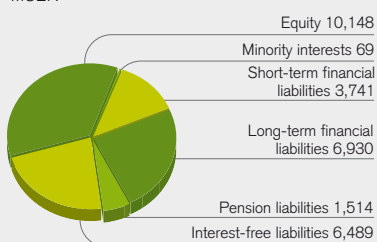
Lantmännen's objective is to have sufficient liquidity or credit facilities to minimize the risk of financing drying up or being inadequate when needed and to ensure a high degree of payment readiness. On December 31, 2009, Lantmännen's total payment readiness was MSEK 2,639. The average remaining fixed credit period on this date was 3.7 years.

Formation of Lantmännen's property company

During the year the decision was made to form a wholly-owned property group within Lantmännen. Initially, all of the Group's properties in Sweden will be transferred to the property group. The purpose of the change is to enable more focused and cost-effective management and development of the Group's large holdings of properties.

Capital structure

MSEK



Lantmännen's operations are capital-intensive and require substantial investments each year. The goal for our financial operations is to ensure a short- and long-term supply of capital and attain the lowest possible financing costs, while managing financial risk in accordance with the stated guidelines.

Did you know?

- Lantmännen is one of Sweden's largest property owners, with premises covering a total area of approximately 1.6 millions m².
- Lantmännen owns properties in 219 locations in Sweden.
- All together, Lantmännen leases 500,000 m² to tenants outside the Group and is one of the largest commercial lessors in the country.

Financial overview

Summary income statement, MSEK	2009	2008	2007	2006	2005	2004	2003	2002	2001
Net sales	35,101	42,868	35,989	32,256	29,807	28,197	28,038	24,469	24,820
Income before depreciation	1,855	3,046	2,172	1,815	1,633	2,042	1,743	1,453	1,218
Depreciation, amortization and impairment	-1,550	-1,910	-1,302	-1,632	-1,513	-1,264	-1,100	-807	-791
Operating income	305	1,136	870	183	120	778	643	646	427
Financial income and expenses	-370	-434	-48	61	406	-58	-67	-76	56
Income after financial items	-65	702	822	244	526	720	576	570	483
Refund, final price adjustment ¹	-1	-122	-83	-64	-139	-199	-154	-161	-144
Tax, minority	-7	-22	-151	152	124	-138	-89	-66	-100
Net income for the year	-73	558	588	332	511	383	333	343	239

¹ Including local refund/final price adjustment 2001-2005. Reported amounts may include restatements for previous years.

Summary balance sheet, MSEK	2009	2008	2007	2006	2005	2004	2003	2002	2001
Goodwill	3,078	3,386	2,510	2,512	1,785	1,872	2,008	445	584
Other intangible fixed assets	391	459	444	416	327	325	268	50	69
Tangible fixed assets	10,667	10,974	8,915	7,661	7,348	6,596	6,666	5,662	5,411
Financial assets	3,313	3,140	2,324	2,433	2,190	2,033	2,023	1,830	1,727
Total fixed assets	17,449	17,959	14,193	13,022	11,650	10,826	10,965	7,987	7,791
Inventories	5,646	7,059	6,303	4,804	4,622	4,495	4,633	4,752	4,321
Current receivables	5,411	7,266	7,797	6,695	7,256	6,762	6,336	5,618	6,070
Cash and bank balances	385	269	450	822	1,040	573	513	469	377
Total current assets	11,442	14,594	14,550	12,321	12,918	11,830	11,482	10,839	10,768
Total assets	28,891	32,553	28,743	25,343	24,568	22,656	22,447	18,826	18,559
Equity	10,148	10,528	9,483	9,038	8,872	8,337	7,998	7,805	7,521
Minority	69	56	289	328	388	341	321	306	315
Provisions	2,206	2,371	2,952	2,978	3,021	2,577	2,743	2,678	2,696
Long-term liabilities	6,951	8,220	5,379	5,454	3,045	4,268	4,098	1,577	1,704
Current liabilities	9,517	11,378	10,640	7,545	9,242	7,133	7,287	6,460	6,323
Total equity and liabilities	28,891	32,553	28,743	25,343	24,568	22,656	22,447	18,826	18,559

Key figures	2009	2008	2007	2006	2005	2004	2003	2002	2001
Operating margin, %	0.9	2.6	2.4	1	0	3	2	3	2
Profit margin, %	-0.2	1.3	1.6	1	2	1	1	1	1
Capital turnover rate, times	1.7	2.1	2.0	-	-	-	-	-	-
Return on equity, %	-0.7	6.8	7.3	4	8	7	6	6	5
Return on operating capital, %	1.4	5.6	5.3	-	-	-	-	-	-
Equity ratio, %	35.4	32.5	34.0	37	38	38	37	43	42
Net debt/equity ratio, times	0.9	1.1	0.9	-	-	-	-	-	-
Average number of employees	10,552	12,671	12,830	12,833	12,230	11,387	12,178	10,268	10,402

Only whole number data are posted for 2001-2006.

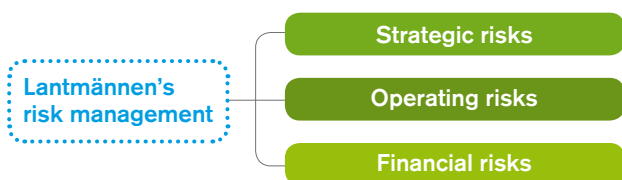
Summary cash flow statement, MSEK	2009	2008	2007	2006	2005	2004	2003	2002
Cash flow from operating activities before change in working capital	1,138	1,153	1,454	1,317	1,223	1,425	1,216	1,161
Cash flow from changes in working capital	2,417	-730	-1,235	-764	1,053	418	-296	527
Cash flow from investment in intangible and tangible fixed assets, net	-1,328	-2,284	-2,112	-1,427	-1,007	-680	-589	-641
Operating cash flow	2,227	-1,861	-1,893	-874	1,269	1,163	331	1,047
Cash flow from acquisitions and disposals of businesses ¹	9	-1,060	423	-1,108	-77	-62	-2,715	-
Total cash flow for the year	131	-233	-400	-640	552	519	49	92
Liquid funds at year-end	391	269	484	875	1,539	1,086	513	469
Contribution dividend, contribution issue ²	163	167	201	155	150	88	38	38

¹ 2009 includes acquisition of 38% of Bakehouse and sale of Färskbröd Sverige. 2008 includes acquisition of Euro-Bake, Eurobuns and Baco plus the sale of Weibull Trädgård and Granngården. 2007 includes acquisition of the minority in Kronfågel and sale of Analycen. 2006 includes the acquisition of the Belpan Group and Aspen. 2003 includes acquisition of Schulstad.

² Pursuant to the Board's proposal for 2009.

Risks and uncertainty factors

Risks in Lantmännen's activities can mainly be divided into strategic risks, operating risks in business activities and risks relating to financing activities.



Risk management

Part of day-to-day work at Lantmännen is to identify and manage risks and prevent and limit potential risks.

Risks associated with business trends and long-term planning are primarily handled as part of the strategic annual planning process and discussed at Board level. All units and levels are involved in the strategic process, which ensures that plans and approaches are well accepted.

Dealing with the Kronfågel incident

What has been called the "glass incident" occurred in March and resulted in a total recall of all Kronfågel-brand frozen chicken. The focus was on consumer safety, and no one was harmed. Brand surveys show that consumers continue to have a high level of confidence and consumption recovered relatively quickly. To further boost safety, Lantmännen Kronfågel invested in scanner equipment on all product lines in Sweden.

The operating risks are normally handled by the operating units in the Group while financial risks are mainly dealt with by the corporate finance function. In the adjoining table there is an overview of the operating and financial risks identified at Lantmännen, which are managed as part of business planning and follow-up.

For more about risks and risk management, please refer to the Board of Directors' Report and Note 25 [▶ pp. 75, 106](#)

Strategic risks

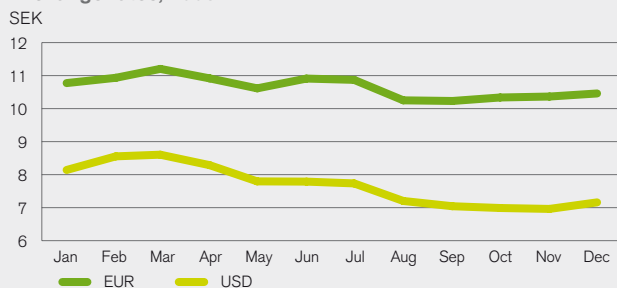
The basis of Lantmännen's business operations is to offer goods and services demanded in the market. All businesses are exposed to risks. Lantmännen's ability to increase profitability and returns for its owners depends on how well the Group succeeds in developing new products, maintaining cost-effective production and maintaining and expanding strong market positions.

Lantmännen is active in competitive markets that are mature in most cases. This means that demand is relatively stable at the same time as price competition is strong in the majority of product categories. In the future, the Group may meet strong existing competitors and new players who enter Lantmännen's markets. Lantmännen's competitiveness is assured through continuous refinement and optimization of its organization and processes.

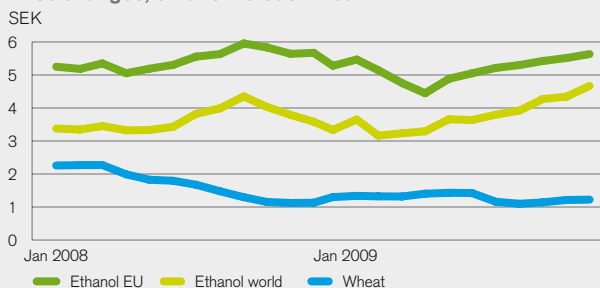
The Group depends on supplies of various commodities and is especially sensitive to price fluctuations on grain, soybeans and oilseed rape. Managing price volatility is a key factor for competitiveness and improved profitability.

Lantmännen's ambition in selected business areas is to grow through a combination of organic growth complemented by selected acquisitions in certain areas of business. Since they are connected with substantial risks, integrating acquired operations and realizing planned synergies are extensive processes requiring a structured work method.

Exchange rates, 2009



Price changes, ethanol versus wheat



Operating risks Explanation and how they are managed

Lantmännen's ability to increase profitability and returns for its owners largely depends on how well the Group succeeds in developing new products and maintaining cost-effective production while also expanding operations.

<i>Regulation and oversight</i>	The activities of the Group require permits in part and are subject to regulation and oversight. Future amendments of laws, regulations and other rules as well as amendments of EU regulations may impact Lantmännen's activities, earnings and financial position. Group Management makes ongoing assessments of such legal issues in order to foresee any changes as best as possible and limit the harm they do.
<i>Trademark risks</i>	Lantmännen will conduct its business in manner that is sustainable in the long term from an economic, ecological and social perspective. All activities not conducted within these parameters run the risk of damaging stakeholders' faith in the "Lantmännen" brand name. Food safety and preventive efforts are carried out to ensure food safety from field to fork.
<i>Cyclical</i>	Business operations are affected by general cyclical changes, changes in demand in specific areas and by Lantmännen's relative competitiveness in the market. The Food Sector is relatively stable with limited impact by cyclical fluctuations, while other sectors tend to follow the general business cycle. Lantmännen aims for flexibility that enables costs to be matched to cyclical fluctuations.
<i>Contagion</i>	Salmonella contagion in feed plants and livestock production is a material risk for Lantmännen. Avian flu and other contagious diseases also represent risks that can adversely impact Lantmännen's operations. To limit the risk, Lantmännen has an extensive internal control to constantly monitor and prevent contagion in feed plants and livestock production.
<i>Energy prices</i>	To prevent changes in energy prices from impacting operating earnings too quickly, it is Lantmännen's policy to hedge on an ongoing basis a substantial portion of planned consumption for up to 36 months.
<i>Commodity prices</i>	Lantmännen is particularly sensitive to changes in the price of grain, soybeans and oilseed rape. Rising prices for these commodities result in higher costs. Hedging commodity prices takes place directly in agreements with suppliers, through financial price hedging on international commodity markets and with various banks.
<i>Swedish ethanol production</i>	The decision to invest in the ethanol plant in Norrköping was founded on the assumption of continued tariffs on ethanol imported from countries outside the EU. High grain prices and uncertainties regarding the price of ethanol, as well as changes in tariff rules, represent significant risk factors that can alter the operating conditions for Swedish production of fuel ethanol.
<i>Insurable risks</i>	Lantmännen has customary insurance for the Group's property and liability risk. Most of the insurance program is channeled via the Group's own insurance company, Dirual, located in Switzerland.
<i>Climate change</i>	Climate change represents increasing risks for Lantmännen on several fronts. Cultivation may be affected by changes in soil fertility and limited supplies of fresh water. Lantmännen manages these risks through ongoing refinement of cultivation techniques, plant breeding and adaptation to geographical location as well as by amassing knowledge regarding operations' fresh water needs.
<i>Limited resources</i>	The supply of arable land for food and energy production is becoming more limited due to competition from infrastructure and urban development. Agriculture also depends on other resources that are increasingly limited, such as fresh water and finite natural resources, such as oil and phosphorus. Development of productivity in a resource-efficient way is an ongoing effort.

Financial risks Explanation and how they are managed

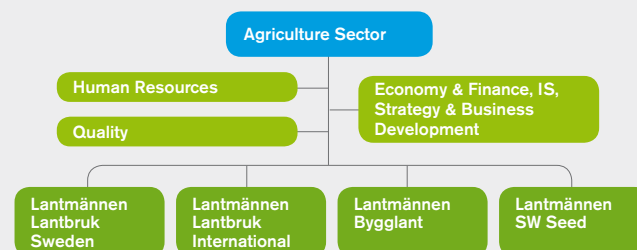
The Group is subjected to financial risks owing to changes in exchange and interest rates. Lantmännen is also exposed to liquidity and finance risks as well as credit and counterparty risks.

<i>Interest rate risk</i>	Interest rate risk means that there is a risk of a negative impact on the Group's earnings and cash flows as a result of changes in the market rate. Lantmännen's strategy is mainly that loans are taken out with short fixed rate periods, but with relatively long maturities. Hedging using interest rate swaps makes it possible to achieve the desired fixed rate and desired protection of the total interest cost. Lantmännen's average fixed rate period was just over eight months at December 31, 2009.
<i>Credit risk</i>	The credit risk in accounts receivable is handled through special credit rating investigations. Lantmännen checks the credit of its customers by collecting information about the financial position of customers from various credit-rating agencies.
<i>Currency risk</i>	The Group's currency risk is managed centrally, and decisions are made periodically on any currency hedging in accordance with the financial policy. The objective of currency risk management is to minimize the short-term effect of exchange rate fluctuations. Lantmännen uses forward contracts to hedge future payment flows in foreign currencies.
<i>Refinancing risk and liquidity risk</i>	Refinancing risk refers to the risk that the costs will be higher and opportunities for financing limited when loans and other credit are renewed. Lantmännen limits its refinancing risk by having a well-diversified group of counterparties and maturities for its loans. Liquidity risk is the risk that payment obligations cannot be met. By constantly keeping a certain percentage of revenues in liquid assets or in the form of unutilized credit facilities, Lantmännen assures itself of having adequate financial preparedness. This minimizes the Group's liquidity risk.

Agriculture Sector

Key figures

Agriculture Sector	2009	2008
Net sales, MSEK	10,749	14,154
Operating income, MSEK	-140	361
Operating margin, %	-1.3	2.6
Return on operating capital, %	-3.3	8.8
Investments in fixed assets, MSEK	298	310
Average number of employees	1,230	1,435
of which women, %	28	27
CO ₂ own energy use, thousand tonnes	272	31.2



Agriculture Sector

The Agriculture Sector develops and offers products and services that promote a strong and competitive agriculture industry. The sector is the foundation of the Lantmännen Group and is aimed at farmers (crop and livestock producers) and industry customers (purchasers of grain), in Sweden and in the international market.

Lantmännen Lantbruk processes, markets and sells grain and oilseeds; develops, manufactures and sells feed for cattle, hogs, poultry and horses; does construction work for the ag sector; develops and markets seed grain and garden seed and offers a complete line of products for crop production.

Our goal is to be the farmer's best business partner by offering products and services that create the preconditions for a profitable and efficient farm sector. Lantmännen Lantbruk is a market leader in Sweden, with market shares of between 50 and 90 percent.

Since October 1, 2009, the Agriculture Sector consists of Lantmännen Lantbruk Sweden (the earlier Lantmännen Lantbruk business area, i.e., grain, feed and crop production), Lantmännen Lantbruk International, Lantmännen SW Seed, Lantmännen Bygglant, Lantmännen Krafft and Lantmännen Solanum.

In 2009 the garden seed business in Sweden was transferred from Lantmännen SW Seed to Lantbruk. Moving the garden seed business simplified work with garden seed at Lantmännen, boosting efficiency considerably. Lantmännen SW Seed continues to develop varieties and hybrids and is responsible for all international marketing and sales.

Business environment and market

In 2009 the grain market was under pressure after the world gathered in yet another bumper harvest, while inventories were already very full and demand from the feed industry declined

due to the recession. In Europe, grain production fell compared with the previous year, but ample inventories at the outset resulted in a substantial export need going forward. The 2009 Swedish harvest ended at 5.2 million tonnes, which is at the same level as the previous year. Yields were good, as were grades, compensating to some extent for the low world market prices.

Cultivated acreage in Sweden in 2009 was four percent less than in 2008, when a break in the trend occurred with an increase of ten percent. If grain prices do not rise, there is a risk that production will fall further in 2010. Many farmers are experiencing pressure on liquidity and are focusing intently on costs.

Fertilizer purchases were delayed in fall 2009 due to the Government's proposal to eliminate the nitrogen tax on fertilizer. The proposal is welcomed by Lantmännen and will result in improved competitiveness for Swedish agriculture.

Livestock production in Europe is challenged by lower demand owing to the economic crisis, with severe pressure on profitability. Above all, the dairy sector has been having a very tough time in the face of a global milk surplus and falling demand that depressed prices and resulted in cows being slaughtered. However, the trend now appears to be turning following positive signals from the dairy market and declining feed costs.

The market for plant breeding and seed throughout Europe saw an increase in home and subcontracted seed cleaning and a reduction in certified seed. In Sweden the acreage of spring grain seed shrank, while the market grew for clover and spring oilseeds.

The market for agricultural buildings in 2009 did relatively well compared with many other businesses.

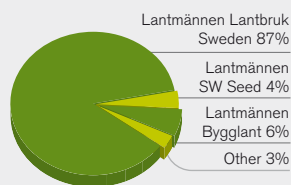


Senior Vice President & Head of Agriculture Sector
Arne Rantzow

As part of Lantmännen's reorganization on October 1, 2009, Arne Rantzow assumed the post of head of the Agriculture Sector. Arne Rantzow was previously head of the Lantmännen Lantbruk business area.

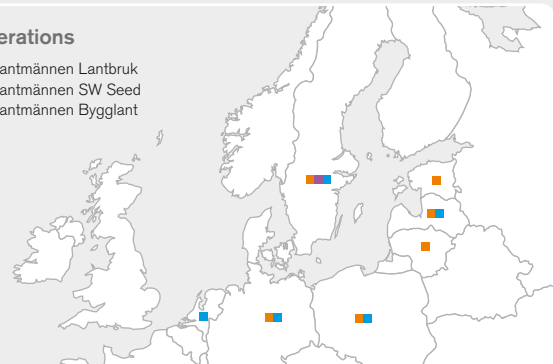
Nötfor
Piggfor
Pullfor
Renfor
Fårfor
Protect

Shares of the sector



Operations

- Lantmännen Lantbruk
- Lantmännen SW Seed
- Lantmännen Bygglant



Lantmännen Lantbruk Sweden

Operations in 2009

In 2009 Lantmännen Lantbruk Sweden underwent a major re-organization aimed at making the organization more customer-oriented, dealing with new business models for customers, more clearly becoming A Single Lantbruk, meeting financial targets and boosting competitiveness in the increasingly tough market. Besides the new organizational structure, additional action programs for improving profitability began in 2009. They include the new business plan for fertilizer and seed sales and the implementation of the LEAD productivity program at all feed plants. However, the actions taken are not sufficient for achieving a satisfactory result.

Earnings performance in the cooperative portion of Lantmännen Lantbruk Sweden

Net sales for the year amounted to MSEK 9,630 (12,903), a decrease of 25 percent.

The MSEK -1,500 decrease in fertilizer sales compared with 2008 was the primary reason for the lower net sales. The Riksdag's decision to eliminate the nitrogen tax on fertilizer from January 1, 2010, meant that sales of fertilizer ground to halt in September. At the same time, fertilizer sales were impacted because farmers purchased much of their 2009 need for fertilizer already in 2008 in anticipation of higher fertilizer prices in 2009.

Revenues were also affected by lower feed volumes along with lower grain and feed prices.

Operating income for the year amounted to MSEK -242 (160), which is unsatisfactory. Operating income was impacted negatively by lower net sales of fertilizer and feed. The drop in sales of fertilizer and feed resulted all together in an earnings shortfall of around MSEK -200, of which the effect of the fertilizer tax amounted to MSEK -50. In addition, earnings were negatively impacted by a total of MSEK -230 through the write-down of existing fertilizer stocks, downgrading of grain due to the low quality of the 2008 harvest and sharply higher logistics costs for transporting and importing goods relating to these quality problems.



Grain

Lantmännen Lantbruk Sweden handles around 2.3 million tonnes of grain and oilseeds during a normal year. The grain is sold to Swedish and international customers. In Swedish industry, deliveries are made to mills, feed businesses, distilleries, ethanol plants and malting plants. Important export products are mill wheat to southern Europe and oats to Germany, Norway, Spain and the U.S. Malting barley is exported to the Netherlands and Belgium, but also to Scotland. Flax, sold to Germany, is a relatively new export product.

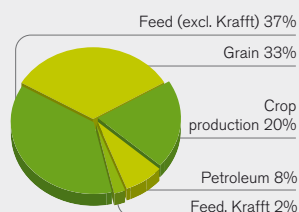
The harvest year 2009 was a good one in terms of both quality and quantity, taking place under good conditions. The rest of Europe and the rest of the world also had ample grain harvests, resulting in a sharp drop in grain prices.

In recent years, Lantmännen Lantbruk Sweden has been a pioneer in developing business models for grain trading

Key figures for the cooperative portion of Lantmännen Lantbruk Sweden

	2009	2008
Net sales, MSEK	9,630	12,903
Operating income, MSEK	-242	160
Operating margin, %	-2.5	1.2
Return on operating capital, %	-6.9	4.5
Investments in fixed assets, MSEK	205	263
Average number of employees	876	1,052
of which women, %	23	23

Sales, Lantmännen Lantbruk Sweden



in Sweden. In 2009 a further step was taken with the launch of option contracts, a flexible variant of futures contracts that allows the contract price to be adjusted when prices rise. The storage agreement introduced in 2008 has been a big success. In 2009 200,000 tonnes of grain were contracted, which is nearly six times the volume in 2008. To achieve greater international competitiveness, Lantmännen Lantbruk is working on a number of activities to lower costs in the grain business.

Crop production

The fertilizer market saw sharp price declines in the first half of 2009. Due to the Swedish Riksdag's proposal to eliminate the nitrogen tax on fertilizer starting January 1, 2010, sales of fertilizer virtually dried up in the fall.

In 2009 work continued on the successful venture in biologically treated seed using the eco-friendly methods ThermoSeed, Cedomon and Cerall. The international market for these products is growing. Thanks to eco-friendly methods that are more effective than chemical treatment, Lantmännen introduced general treatment of spring seed in 2009.

In 2009 Cerall was approved in the U.K. and is now approved in the strategically most important markets in Europe. The ThermoSeed method was also launched internationally, enjoying great success. The launch is taking place through a partnership agreement between Lantmännen Lantbruk's subsidiary SeedGard and the Dutch company Incotec.

The new seed cleaning plant, directly adjacent to Lantmännen Lantbruk's seed plant in Eslöv, opened in November 2009 and is the most modern seed plant in Europe. The investment will yield major coordination gains, since seed grain and garden seed can be handled at the same place.

Animal feed

Lantmännen Lantbruk offers a comprehensive range of feeds for livestock production under such brands as Nötfor, Piggfor, Pullfor and Protect. Most feed sales go to livestock producers in Sweden. Product development has proceeded at a rapid rate. The aim is to be able to offer flexible feed solutions for the special needs of every farm.

One part of offering farmers climate-conscious choices is the locally produced feed Nötfor Nära, launched during the



year. Lantmännen guarantees that none of the ingredients of this feed were grown outside of Europe.

The year was marked by weak profitability for milk producers. Nötfor Vida, launched during the year, supplements and expands Lantmännen Lantbruk's range for milk cows and heifers and offers a new alternative in the situation in which Swedish milk production finds itself.

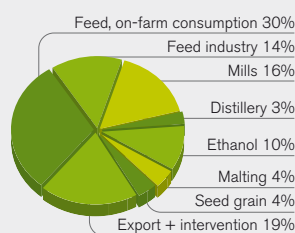
Pork production saw better profitability, and the new feed for suckling sows, Piggfor Diva, was very well received. During the year, Lantmännen Lantbruk did not have a sufficiently competitive product line, resulting in a loss of market share in certain segments.

The trend of a greater share of on-farm production continues, also resulting in lower volumes.

The lower volumes mean that the feed business needs to optimize operations to remain competitive. In 2009 cost savings of MSEK 35 were carried out.

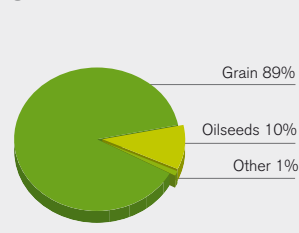
Lantmännen Lantbruk extended the partnership agreement with the Dutch R&D company CCL BV for joint development and testing of cattle, pig and poultry feeds. CCL BV is a subsidiary of Cehave Landbouwbetang, which is the market-leading feed producer in Holland.

Grain use, forecast 2009/2010

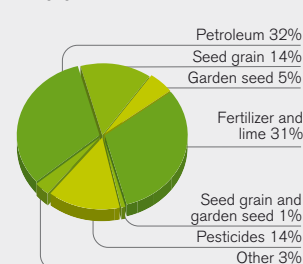


Swedish grain production in 2009/2010 is estimated at 5,646 thousand tonnes.

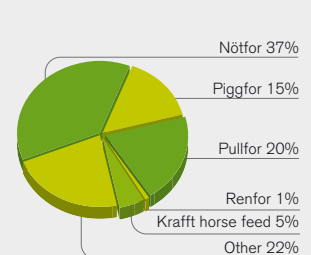
Sales, grain and oilseeds



Sales, crop production



Sales, feed





Nötcenter Viken, Lantmännen's experiment station farm for cattle feed, continues to post good results. With a yield of 11,768 kg of milk, the farm is among the top-yielding dairy herds in Sweden. During the year the expansion of the farm was completed. The MSEK 14 investment accommodates 520 milk cows and just as many heifers.

Business concepts

During the year, Lantmännen Lantbruk introduced several web-based services to simplify buying and selling and offer customers more availability and better service. The interest in Internet services is also growing among farmers, who are signing up as fast as new services are added. Even if the development of Internet buying and selling continues, it is only a supplement to personal contacts, which are still essential to Lantmännen Lantbruk's business.

During the year the model for pricing feed and crop production products was changed and is now based on current market prices instead of purchase prices as previously.

Lantmännen Krafft

Lantmännen Krafft is Sweden's biggest seller of horse feed, with a market share of 75 percent. Lantmännen Krafft develops, markets and sells the country's broadest range of horse feeds. The Krafft brand is primarily strong in the professional horse business, i.e., breeders and racehorses.

Lantmännen Krafft is continuing its successful focus on exports and its products are now sold in 20 countries, mostly in Europe. In 2009 export volumes accounted for just over 20 percent sales. Sales volumes in Sweden fell in 2009 due to the recession and a smaller number of horses. The latter pertains primarily to the large number of riding horses. In 2009 new products were launched for both leisure horses and racehorses. During the year, Lantmännen Krafft's product range also received declarations for estimated climate values as well as a starch content declaration.

International operations

Lantmännen's strategy is for its agricultural operations to become more international. In the increasingly globalized economy, it is crucial for Lantmännen Lantbruk to be a major player and be able to be as good a business partner as possible for its customers. In 2009 work continued to improve purchasing operations for input products.

Lantmännen Lantbruk's partnership with the German company HaGe Kiel performed well. Lantmännen Lantbruk's stake is 38 percent. Lantmännen has indirectly bolstered its position in Germany through HaGe Kiel's acquisition of the German agribusiness BSL.

Scandinavian Farmers is a company owned 50/50 by Lantmännen and DLG (Dansk Landbrugs Grovvarerelskab). The company operates both owners' agricultural businesses in the three Baltic countries. Lantmännen Cerealia's operations in Rezekne in eastern Latvia was taken over by Scandinavian Farmers. This has given the operations in Latvia a substantially larger base and opportunities to develop at a faster pace.

Lantmännen Bygglant

Lantmännen Bygglant designs and builds structures and installations and sells fittings and equipment to the farm sector. The company offers service and advice in the area of on-farm equipment for buildings used in farm operations.

Despite the negative profitability trend in milk and grain production, activity among Lantmännen Bygglant's customers was on a par with 2008 levels. There is an ongoing effort to increase geographical coverage through recruitment of new salespeople, which is a key part of the development plan for the coming years. Lantmännen Bygglant has established itself as a player in the area of farm-based biogas production. The interest in biogas production is substantial, and considering the Government's objectives regarding investment in the coming five years, the potential in this area is considerable.

Lantmännen SW Seed

Lantmännen SW Seed, formerly Svalöf Weibull, is an international plant breeding and seed company that develops and markets new varieties of cultivars and produces seed. Lantmännen SW Seed has breeding stations in Sweden, Germany and Holland and does variety testing worldwide. Its main markets are in Northern and Central Europe.

Operations in 2009

Two important events during the year for Lantmännen SW Seed were the establishment of a jointly owned company for breeding, producing and marketing winter oilseed rape and the transfer of Lantmännen SW Seed's garden seed business to Lantmännen Lantbruk.

Through the establishment of the jointly owned company SW Winter Oilseed AB, Lantmännen SW Seed took an important step by creating an even bigger breeding program for winter oilseed rape with greater competitiveness in the European market. The partnership with Florimond Desprez in France and Elsoms Seeds in the U.K. is aimed at breeding both hybrids and conventional varieties. Lantmännen SW Seed is the majority owner of the company.

In 2009 the garden seed business in Sweden was transferred from Lantmännen SW Seed to Lantmännen Lantbruk Sweden. Lantmännen SW Seed continues to develop varieties and hybrids and is responsible for all international marketing and sales.

The breeding station in Hadmersleben, Germany, was modernized in 2009, with new laboratories, climate chambers and work rooms.

Markets

In Sweden the malting barley variety Quench was successfully introduced, while NFC Tipple sharply increased its market share. The feed barley variety Gustav lost volume, but is the second-biggest variety in the market. SW Seed further bolstered its position in the oats market.

In Germany the winter oilseed rape varieties Goya and Galileo increased in volume, while Vision reinforced its strong position, and its market share rose to 15 percent. In Poland market share grew sharply to 18 percent, and Lantmännen SW Seed is now number two in this market.

Winter oilseed rape is a strategically important crop for Lantmännen SW Seed, and the product portfolio for conventional varieties was among Europe's best in 2009. The new variety Fashion is a very prominent winter oilseed rape variety that has shown excellent results in official tests.

During the year, Lantmännen SW Seed implemented an updated quality assurance policy for genetically modified organisms (GMOs) for all operations in Sweden and abroad. The policy is in keeping with Lantmännen's code of conduct and prevents adverse exposure of the brand and ensures that laws and regulations are complied with as well as agreements with third parties.



Lantmännen Lantbruk – outlook for 2010

The Agriculture Sector's aim is to be one of Europe's best enterprises in its industry and to bolster and enhance its position as the farmer's best business partner.

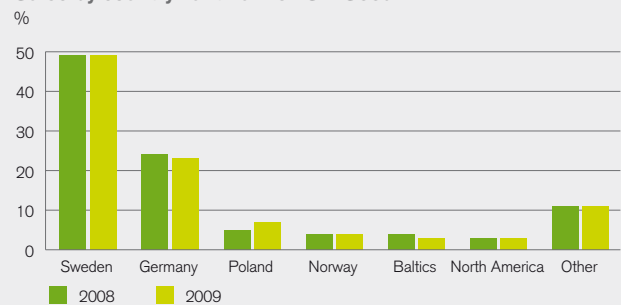
To give farmers' operations the best possible opportunities, Lantmännen Lantbruk's highest priority is to continue to push for efficiency enhancement measures to boost competitiveness.

In combination with such optimizations, it is also important for Lantmännen Lantbruk to be proactive and help strengthen confidence in the future of Swedish agriculture. That is why in 2010 Lantmännen Lantbruk will be offering new and enhanced business models and products and have operations based on the demands of customers and the market.

Sales by crop Lantmännen SW Seed



Sales by country Lantmännen SW Seed

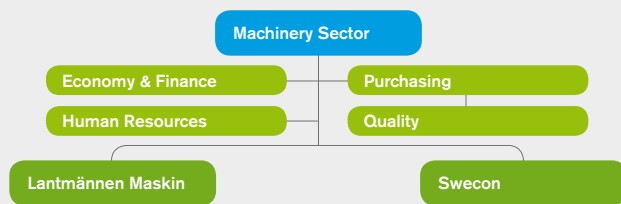




Machinery Sector

Key figures

Machinery Sector	2009	2008
Net sales, MSEK	7,101	9,529
Operating income, MSEK	35	376
Operating margin, %	0.5	3.9
Return on operating capital, %	1.6	17.1
Investments in fixed assets, MSEK	84	276
Average number of employees	1,553	1,664
of which women, %	10	10



Machinery Sector

The Machinery Sector operates in two units: Lantmännen Maskin, focusing on agriculture, and Swecon, which operates in the area of construction machinery. Lantmännen Maskin imports, markets and sells farm machinery in Scandinavia. Swecon has corresponding activities as regards Volvo construction machinery in Sweden, the Baltic countries and a part of Germany.

Business environment and market

2007 and the first half of 2008 was the best period that the machinery business experienced in the 2000s. Overall global demand exceeded manufacturers' capacity, resulting in long delivery times. For dealers, such as Swecon and Lantmännen Maskin, this meant that they were forced to order directly from the factories in order to be supplied with any machinery at all. Once the global financial crisis and subsequent downturn befell the world economy and demand for machinery suddenly dried up, dealers were unable to cancel orders they placed. Instead, they were forced to watch their inventories of new machinery gradually mount, while trade-ins were harder and harder to sell. For that reason many dealers began 2009 with excessive inventories in a market that, at least with regard to construction machinery, had largely collapsed. To preserve liquidity, dealers needed to try to reduce inventories, which resulted in pressure on prices and poorer margins.

In the Swedish construction machinery market and in Germany, service departments continue to be busy, and acceptable spare parts sales were able to compensate for some of the drop-off in the foremarket. Despite this, 2009 must be viewed as a lost year for the overall global construction machinery business.

In the farm machinery sector, the financial crisis primarily affected Danish farmers, since the willingness of the banks to

finance machinery investment was at an extremely low level. Swedish farmers' willingness to invest gradually declined during the year due to low grain and milk prices. During the latter portion of the year, a shortage of liquidity also adversely impacted the service market. In Norway, which as a country managed to get through the crisis year 2009 relatively unscathed, the agricultural market remained relatively stable. This was further reinforced by the fact that Norwegian agricultural policy softened the impact of falling world market prices of farm products.

Outlook for 2010

The Machinery Sector began operations on October 1, 2009, and during the first half of 2010 will put in place its future organization and lay down overarching business processes. The aim of this effort will be to strengthen the sector's presence in the markets where it is active. In this effort, greater customer focus, promptness and quality in the service market will play key roles.

How the market for construction and farm machinery will perform in 2010 depends on how quickly the global economy recovers.

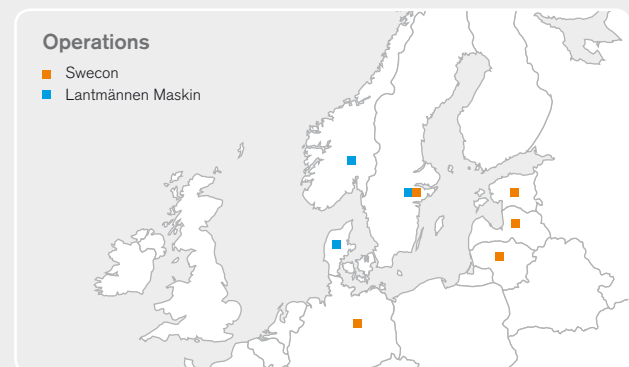
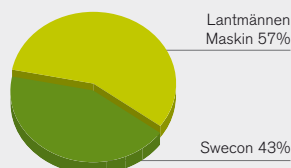


Executive Vice President and Senior Vice President & Head of Machinery Sector
Clas Eriksson

As part of Lantmännen's reorganization on October 1, 2009, Clas Eriksson assumed the post of head of the Machinery Sector. Clas Eriksson was previously head of the Lantmännen Anläggnings- och Lantbruksmaskiner business area.



Share of the sector



Lantmännen Maskin

Lantmännen Maskin is an importer and dealer of farm machinery in Sweden, Norway and Denmark. The product line includes tractors, combines and implements for farming and forestry. Examples of brands are Claas, Fendt, Valtra, JF, Bogballe, Hardi, Överum and Väderstad. Operations in Sweden and Norway comprise marketing and sales of these products as well as service and supplying spare parts to customers.

Operations

Machinery sales ended weakly in the last quarter of 2008, when the number of units sold plummeted. The declining market continued in 2009. The global financial crisis, combined with the weaker krona, adversely impacted earnings for imported machinery. To counteract this declining trend, a number of actions were taken in the form of stepped-up market activity and in the form of organizational changes.

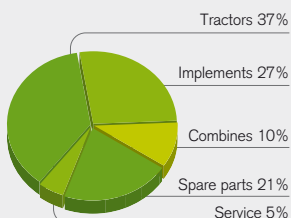
The action program initiated for staff reductions involves cutbacks of just over 100 positions in a three-year period. In the latter portion of 2009, 64 reductions were carried out. At the same time, a geographical restructuring is being implemented for corporate functions. The aim is to concentrate the majority of the support functions in the head office in Malmö, thus attaining a better level of service and a more cost-effective organization.

During the year, the work on a central spare parts warehouse continued, and more brands were added to the Scandinavian spare parts inventory. A project for a more common product portfolio for implements for Scandinavia is in progress, and new brands were introduced in the Norwegian market.

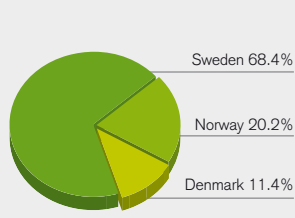
Several projects to boost efficiency and reduce capital tied-up were under way during the year. During the fall the LEAD project began, initially covering the facilities in Uddevalla, Kungälv, Brålanda and the central warehouse in Malmö.



Sales Lantmännen Maskin



Sales by country



Total market, registered tractors in Scandinavia



To reinforce its market position in Norway's most important agricultural region, Lantmännen Maskin established a separate sales company, Lantmännen Midt-Norge A/S. The company is responsible for machinery sales, service and spare parts sales.

Markets

The market for farm machinery was subjected to stiff competition in 2009. The low demand resulted in increased pressure on prices on new as well as new machinery. The financial crisis has primarily affected the Danish market, owing to the banks' severe tightening of credit. The market for small tractors, which was Valtra's high-volume sales in Sweden and Norway, shrank in real terms due to the financial crisis and the negative price performance of farm products, chiefly grain and milk. The new Valtra models, which were launched in the second

half of 2009, were very well received. Even so, the tractor market fell dramatically in all of Scandinavia. The market for combines also posted a decline.

Spare parts and service department sales remained stable, while the market for secondhand machinery fell somewhat.

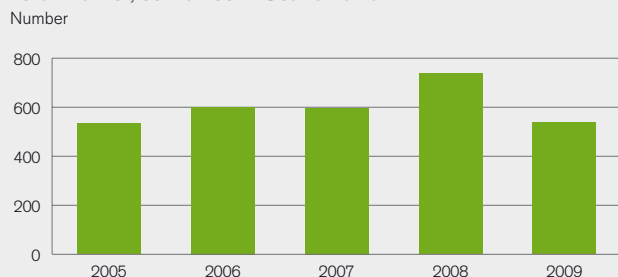
Sustainable development

Lantmännen Maskin invested in modern and advanced equipment for function testing pesticide sprayers. A number of function testers were trained and received authorization from the Swedish Board of Agriculture. Properly functioning pesticide sprayers reduce the amount of chemicals used and eliminate the risk of leakage.

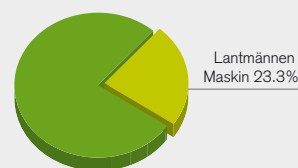
For more sustainability-related information, see [▶ p. 46](#)



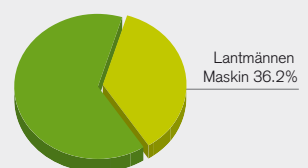
Total market, combines in Scandinavia



Market share, tractors in Scandinavia



Market share, combines in Scandinavia



Swecon

Swecon is an importer of Volvo construction machinery in Sweden, the Baltic countries and parts of Germany. The product line consists of Volvo construction machinery, including front loaders, dumpers, excavators and road construction equipment.

Operations

During the year, Swecon saw a sharp decline in sales of new machinery, while the company increased sales of secondhand machinery through various measures. Even though willingness to invest in new machinery was low, Swecon's customers' machines were in operation. This resulted in only a minor decline in sales in the service market. A focus on active sales of service and spare parts also yielded a positive result.

The improvement program continued in the service facilities. Gothenburg, Växjö and Staffanstorp are finished. Kiruna, Uppsala and Jönköping have begun and are expected to be completed in 2010.



Markets

In the fall of 2008 the contracting industry fell sharply in most market areas in the world. The impact varied, and in Swedish operations, Swecon was able to sustain itself for a further half year thanks to a very full order backlog. Demand for new machinery in Sweden was at a level that was just over 60 per cent lower than in 2008, which was also a reflection of conditions in the rest of Europe.

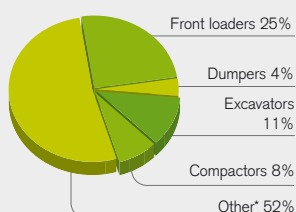
Even so, the market did not stand still but generated positive activity in the service market area. A consequence was also the demand for secondhand equipment, which benefited Swecon in its effort to reduce inventories. In the fall of 2009 Swecon noted that the market had stabilized, with a weak recovery in demand for new machinery for construction contracts. In 2009 Swecon bolstered its market position in Sweden and is today clearly the leading construction machinery dealer. Thanks to having defended market positions in Germany and improved market positions in the Baltic countries Swecon is well-armed to face the coming year.

Outlook for 2010

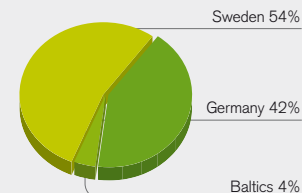
In Swecon's market stabilization is expected, but only slow growth. The exception is the Baltic countries, where the recovery will take considerably longer. Swecon will continue its focus on the service market and work to strengthen the brand and its market position. The secondhand business will still be important in 2010. The work to keep inventories low is progressing, as are the efforts to improve cash flow and boost capital efficiency.

In the spring of 2010, Eco Operator will be launched – a training program aimed at improving the operator's technique, knowledge and awareness of how to operate the equipment in a greener and more economical manner.

Sales, Swecon



Geographical breakdown of sales



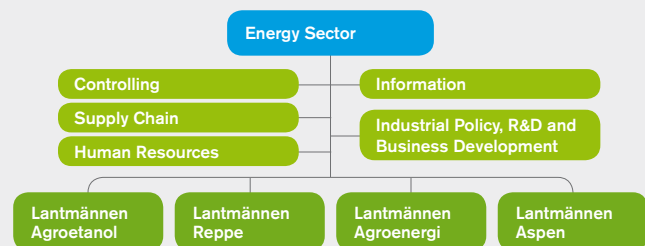
* Includes other machinery sales, rental, implements, service and spare parts.



Energy Sector

Key figures

Energy Sector	2009	2008
Net sales, MSEK	3,258	4,867
Operating income, MSEK	67	-83
Operating margin, %	2.1	-1.7
Return on operating capital, %	2.6	-3.4
Investments in fixed assets, MSEK	120	780
Average number of employees	361	356
of which women, %	23	22
CO ₂ own energy use, thousand tonnes	18.3	15.6



Energy Sector

Uniting Lantmännen's energy businesses, the Energy Sector is one of Sweden's leading companies in the area of renewable energy and green chemistry.

The sector manufactures and markets products such as fuel ethanol, biodiesel, rectified spirits, starch, protein feeds, heating pellets, district heating, *Salix* (willow species) and alkylate petrol. Lantmännen Reppe joined the sector from the previous business area Lantmännen Invest, broadening Lantmännen Energi's energy profile to include green chemistry. The energy development department, responsible for the Group's energy efficiency and energy conversion, was transferred on October 1 to the corporate function Supply Chain.

Business environment and market

The EU energy and climate package

In December 2008 the EU adopted an energy and climate package with binding targets for 2020 (20 percent renewable energy, 20 percent reduction of greenhouse gases, 20 percent energy efficiency improvements and 10 percent renewable energy in the transportation sector). At the same time the European Commission is developing standards for managing liquid biofuels sustainably and considering whether these standards will also cover solid biofuels. Although the criteria may involve restrictions and cost increases, managed correctly, the effect may be nonexistent or even represent a competitive advantage. The aggregate result of higher targets for renewable energy in the entire EU, as well as associated regulations, will have a significant impact on businesses in the bioenergy sector for years to come.

Increased low-level admixtures

Amendments to the EU Fuel Quality Directive (FQD) permit increased admixture of liquid biofuels: 10 percent ethanol in petrol and 7 percent FAME (fatty acid methyl esters) in diesel. This will be introduced into Swedish law and enter into force no later than December 2010, which means a bigger market for Lantmännen's liquid biofuels business.

Prices

The price of ethanol in the EU was low in 2009, though it rose in the last quarter. The reasons were the financial crisis, which drove down oil prices, and ethanol production overcapacity in Europe. Good grain harvests in 2009 indicate that the price of wheat will be low in 2010. Increasing the admixture with petrol to 10 percent may have a stabilizing effect on the market.

Quota system studied

The energy authorities have studied the possibility of abolishing the tax break for liquid biofuels and replacing it with a quota system, i.e., a requirement for fuel distributors to sell a certain share of liquid biofuels.

The liquid biofuels industry believes that tried-and-true economic mechanisms should not be abandoned in favor of a quota system reminiscent of central planning that risks putting the brakes on development. The industry also wants the target for 2020 to be raised to 20 percent.

Ethanol tariff

In November 2009 it was announced that the Swedish Government is withdrawing its application for Sweden to unilaterally remove the tariff on ethanol for low-level admixture. This will mean greater stability for ethanol produced in Sweden and the rest of the EU.

Sustainable development

The debate on liquid biofuels has resulted in sustainability criteria in the EU Renewable Energy Directive (RED) and the Fuel Quality Directive. In addition, the possibility is being studied of introducing requirements for indirect land use for raising energy crops. See [▶ p. 64](#)

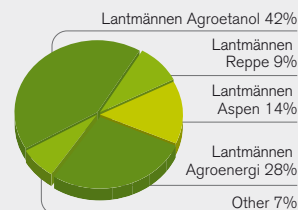


Senior Vice President & Head of Energy Sector
Monika Lekander

As part of Lantmännen's reorganization on October 1, 2009, Monika Lekander assumed the post of head of the Energy Sector. Monika Lekander was previously head of the Svalöf Weibull business area.

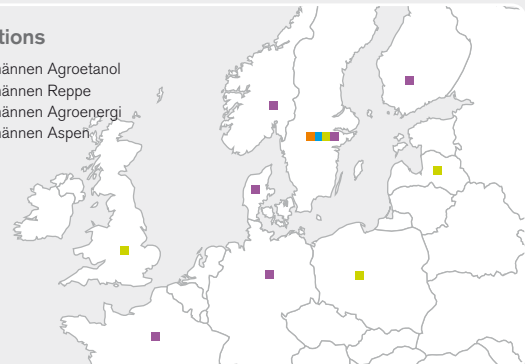


Sector breakdown



Operations

- Lantmännen Agroetanol
- Lantmännen Reppe
- Lantmännen Agroenergi
- Lantmännen Aspen





Lantmännen Agroetanol

Lantmännen Agroetanol is Sweden's only large-scale manufacturer of grain-based fuel ethanol. Customers are the major oil companies that blend five percent ethanol into 95 octane petrol. The company also manufactures protein feeds that can replace soy-based feed.

At the end of May 2009 Lantmännen Agroetanol's new ethanol line in Norrköping was dedicated. The investment of around SEK 1.4 billion quadruples production capacity to just over 200 million liters of ethanol and around 175,000 tonnes of protein feeds. For this reason among others, the sales volume of externally produced ethanol fell in real terms.

Lantmännen Agroetanol has purchased an option on 91,000 m² of land adjacent to the current plant for possible future expansion.

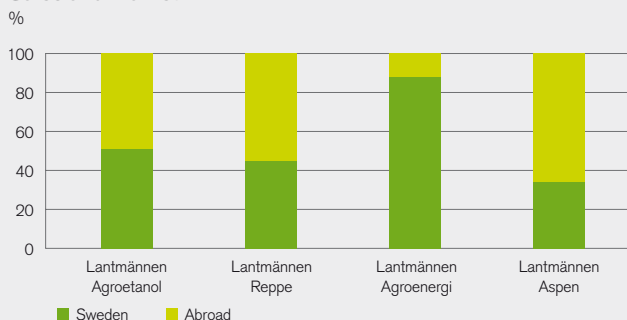
The feed business posted positive earnings during the year, with heavy demand from Swedish as well as international customers. Lantmännen Agroetanol's feed commodities are making the transition from being a bulk business to a high-quality business.

Lantmännen Reppe

Lantmännen Reppe refines wheat into various products for the food industry, such as glucose syrup, gluten flour and starch. Some of the wheat becomes protein feed. The company is also one of Scandinavia's largest distillers and produces rectified spirits for the drinks industry.

In 2009, Lantmännen Reppe and a large international producer and distributor of wine and spirits signed a multi-year agreement for deliveries of rectified spirits. The deal sped up the decision to expand the ethanol plant in Lidköping to manage higher ethanol and starch production. The investment is estimated at around MSEK 100 and will be completed at the end of 2010.

Sales and market



Businesses previously in Lantmännen Energy

Lantmännen develops, manufactures and markets lubricants under the Agrol brand. Agrol is a market leader in Swedish agriculture and has major customers in forestry, construction contracting and manufacturing. Lantmännen also markets the Agrol card, a credit and payment card for fuel.

Along with a distillation business, these businesses were part of the Energy Sector until the end of 2009. At that time, lubricants moved to the Machinery Sector, the Agrol card to Lantmännen Finans AB and distillation to the Agriculture Sector.

Lantmännen Agroenergi

Lantmännen Agroenergi manufactures, markets and sells biofuels such as wood pellets and briquettes, under the Agrol brand. The company leads the market in solid biofuels in Sweden. Production takes place in Sweden and Latvia. Customers are heating plants, small-scale district heating systems, industrial and commercial properties as well as homeowners. The company also runs around 30 district heating systems in the southern and central parts of Sweden. Customers are central and local governments, property managers and homeowners. Moreover, the company is a world-leader in the energy crop *Salix* (willow species), which is raised on contract around Europe to be chipped and sold to heating plants.

In 2009, Lantmännen Agroenergi had an investment approved of just over MSEK 7 to install chipping equipment in the biofuel plant in Ulricehamn. The equipment will make the company less dependent on feedstock from sawmills. Earlier in the year the Latvian subsidiary SBE Latvia made a similar investment, considerably improving their feedstock supply.

During the year, all district heating companies in Lantmännen Agroenergi were certified according to the Swedish District Heating Association's quality label, Reko fjärrvärme. The labeling implies among other things that the companies comply with strict standards for comparability, readily available information and open dialog with customers.

Since the end of August, Lantmännen Agroenergi has been the sole owner of the subsidiary Lantmännen Renewable Fuels (RFL), which operates in the area of *Salix* (willow species) and biofuels in the U.K. market.

Lantmännen Aspen

Lantmännen Aspen develops, manufactures and markets alkylate petrol under the Aspen brand. The company leads the market in Sweden and a large number of other European countries. Alkylate petrol is an environment-friendly petroleum product that is used primarily in small engines, such as lawn mowers, chainsaws and boats. Customers are in forestry, park and property management, agriculture as well as private customers, but also motorsports and boat racing.

In the fall, Lantmännen Aspen began its foray into the Spanish and Portuguese markets.

In summer 2009 Lantmännen Aspen had a number of successes in connection with motorsports and boat racing. Moreover, Aspen alkylate petrol was introduced at a number of marinas, primarily along the Swedish west coast.

The company also dedicated a 25-liter line, resulting in a doubling of this production capacity.



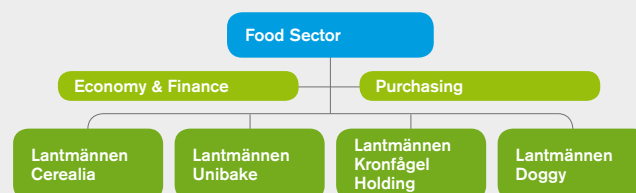
Food Sector



Key figures

Food Sector

	2009	2008
Net sales, MSEK	15,109	15,501
Operating income, MSEK	598	574
Operating margin, %	4.0	3.7
Return on operating capital, %	5.7	5.7
Investments in fixed assets, MSEK	713	1,008
Average number of employees	6,817	8,098
of which women, %	36	36
CO ₂ , own energy use, thousand tonnes	149.9	152.9



Food Sector

In the Food Sector products relating to flour, breakfast foods, pasta, frozen and fresh bread, chicken, ready-to-eat meal concepts and pet food are developed, refined and marketed. While the origin and base are in the Nordic countries, the sector operates in 19 countries. The sector represents 42 percent of Group turnover and has 69 percent of the employees.

Uniting all food businesses in a single sector made sense when the Group reviewed its organizational structure. There are synergies and economies of scope at the back of the value chain, but also in understanding consumers and dealing with customers. Already in 2009 an initial step was taken in Sweden by increasing the extent of collaboration on sales, with regard to grocery stores and restaurant and food service/catering.

There is also a well-worked-out plan for the brands that have priority in the Group vis-à-vis consumers. The majority of capital outlays are to be made in product development and market communication alongside major outlays for plant and equipment. Two key deals were signed, one, the purchase of Bakehouse in the U.K. that further bolsters our position in that country, and the other, an agreement to purchase the Soppa pasta brand in Norway.

Business environment and market

Although the food business is relatively immune to cyclical changes, customer behavior changes during recessions. This means that they choose cheaper food or cheaper brands and also affects where they eat their meals. According to the pollster AC Nielsen, 45 percent of Swedish consumers changed their shopping habits compared with the previous year. The corresponding figure for Norway is 40 percent, for Finland 39 percent and for Denmark 31 percent.

The customer base in the business travel and tourism industry, for example, has shrunk dramatically as a consequence of a drop-off in travel. This affects two parts of Lantmännen's food business, B2B (business-to-business) and food service, i.e., sales to customers who process products before they are sold to consumers at restaurants, cafés, cafeterias, service stations, hotels, etc. In the area of industrial sales of flour, there has been pressure on prices, since good harvests have yielded ample supplies of high-grade cereal grains. On the other hand, the recession and trends have prompted consumers to continue or increase their at-home food consumption.

The global megatrends *health*, *convenience* and *enjoyment* are continuing. With regard to health, it is not only how your food affects your health. Consumer interest has expanded to what is in the food, how it is handled in the entire value chain and what environmental impacts it has. The topics debated in the wider world vary from country to country, but sugar, salt, carbohydrates, food additives and palm oil have been in focus. The enjoyment trend continues its hold on consumers, where luxury items and weekend dinners are increasing in parallel with everyday shopping at the lowest possible price.

Outlook for 2010

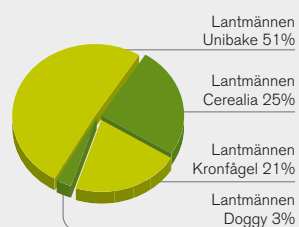
Johan Karlström will assume the post of head of the Food Sector during March. A first step will be to shape the sector's work methods, while focusing on structural issues and developing customer offerings in the various parts of the business.



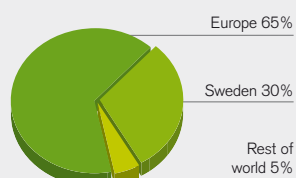
Senior Vice President &
Head of Food Sector
Johan Karlström

Johan Karlström will assume the post of head of the Food Sector in March 2010. Karlström was previously the CEO of Kraft Foods Nordic.

Sector sales breakdown



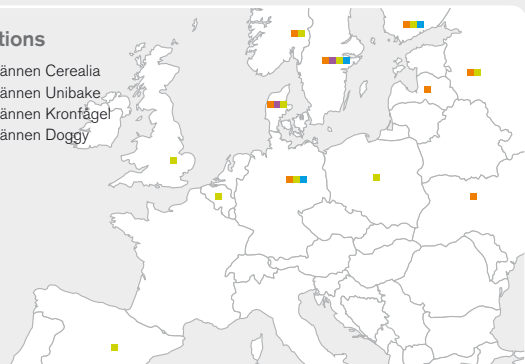
Geographical breakdown of sales



Operations

- Lantmännen Cerealia
- Lantmännen Unibake
- Lantmännen Kronfågel
- Lantmännen Doggy

- U.S.
- Japan
- Korea



Lantmännen Cerealia

Lantmännen Cerealia not only develops, produces and sells grain-based products such as flour, flour mixes, meal, muesli, pasta and pancakes, but also ready-to-eat meals and beans and lentils. Operations are in Sweden, Norway, Denmark, Finland, Latvia, Russia and Ukraine.

Products are sold to grocery stores, restaurants, food service/catering, bakeries, wholesalers and the food industry.

Operations

In 2009, Lantmännen Cerealia signed an agreement to buy the market-leading Norwegian pasta brand Sopps from the Rieber & Søn food group. The purchase will result in a larger product portfolio and more choices for Norwegian grocery stores, while the deal will yield future synergies relating to existing production and product development.

Thanks to its refurbishment and all-new machinery, the company's special mill in Vejle is now able to produce twice as much rolled rye and wheat products per hour as before.

An investment in boosting oats capacity in Järna has begun and is slated for completion in 2010.

In August the business area decided to integrate the company Lantmännen GoGreen AB with Lantmännen Cerealia AB, to support the business's growth potential in an optimal manner.

The construction of GooH's kitchens for product preparation in Järna was completed at year-end. At the same time, around 70 shop-in-shop establishments were set up in grocery stores in 2009.

A lot of energy was successfully expended on a number of efficiency and cost-saving programs, such as optimizing grain purchasing and inventories, cutting costs in production and streamlining the organization. In addition, several measures will be implemented to optimize the product structure. In June the milling business in Rezekne, Latvia, was sold, and the mill Drabæks Mølle in Lunderskov, Denmark, was closed down. In the fall one of two plants was closed in Mörbylånga. Production was moved to Riga, Vejle and Linköping, respectively. In December a decision was made to initiate negotiations under the Co-determination Act to close down the mill in Mjölby.

During the year, a number of changes in the organization took place, in terms of both structure and working methods. For example, the product development and market functions formed a Nordic organization with more coordinated working methods, while outsourcing the company's in-house office began.

Lantmännen Cerealia increased the volume of goods carried by rail by 39 percent in the period January-August, compared



with the same period in 2008. In September 2009, for the third year in a row, the company received the Green Cargo climate award for climate-friendly shipping. The climate declaration for Kungsörnen brand meal, which was carried out in 2008, was enhanced owing to the fact that the commodities are grown on contract. The idea is to lower the calculated climate impact that the product has by working with capable farmers who produce in a resource-efficient manner. As 2010 approached the company explored the possibility of climate declarations for more products.

Market and market performance

Sweden, Norway and Denmark

In the second half of 2009, German players launched an unusually aggressive competition in the B2B customer segment (food industry and bakeries). Primarily Denmark, but also Latvia, was directly affected. The prices in the market fell sharply, and like other market players, Lantmännen Cerealia was impacted severely by this. Besides Denmark, volumes fell in both Norway and Latvia. In Sweden, the change was counteracted by new customers, and the share of the bakery market rose during the year.

In B2C (retail trade) the demand for the business's strong brands was robust and sales good with higher market share as a result. Lantmännen Cerealia's share of value added increased especially in the breakfast foods category. Yet also in another of the company's core categories, flour and mixes, which by

the way were under severe price pressure, the company took volume shares in all Nordic markets. The demand for whole-grain pasta in Sweden fell somewhat, while Kungsörns's white high-fiber pasta, launched in 2007, enjoyed an uninterrupted positive volume trend. GoGreen, launched in Norway in 2009, was well received and saw good sales.

The food service market (food service/catering and restaurants) was hit hard by the recession in 2009. Even so, Lantmännen Cerealia managed to do well, thanks to strong launches during the year and to active efforts to find new customers.

Examples of launches during the year

The strongest consumer launches in Sweden during the year, START Crisp'n Crunch and AXA premium Grace/Glorious, were based on flavor and enjoyment. In Norway the biggest launches were two cake mixes: Regal Brownies as well as chocolate pan cake. In Denmark the success of Lantmännen Cerealia's organic Kornkammeret products continues, and a number of new products were introduced during the year. GoGreen launched new non-dairy products under the category name Soygurt as well as a number of baking and flavoring mixes.

Gooh

Growth in the area of ready-to-eat food was good during the year, propelled by new consumer habits. Demands for more convenience are leading to continued higher demand for ready-to-eat alternatives. Gooh saw increasing sales and saw several "all-time highs" in the fall.

In March 2010 the new kitchens for product preparation in Järna were dedicated. During the year a number of new entrees were released, including Skåne-style beef stew with boiled potatoes and pasta with pesto and thinly sliced potatoes.

Latvia

In B2B sales volumes fell, primarily owing to keen price competition from Polish and Lithuanian mills. At the same time, in the fall, a new agreement was signed with the largest and most important customer in Latvia. Besides muesli, there was a sharp rise in sales in all B2C categories, where there is strong competition in the market, especially from producers of store brands. During the year six breakfast foods were launched under the AXA brand, two varieties of flour and two granola bars.

Ukraine

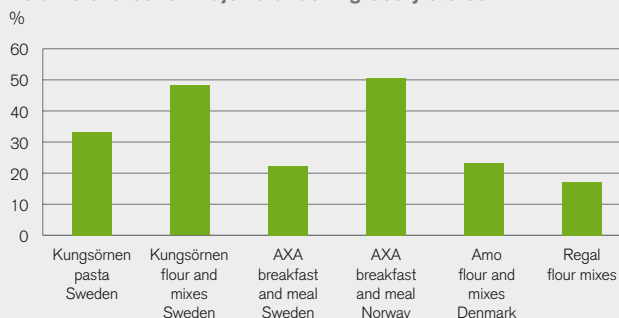
After a difficult start, operations in Ukraine saw a stable recovery of volumes in latter portions of 2009, propelled by both the home market and export markets, with Russia in the lead. Despite a shrinking market, market share rose. During the year, six muesli varieties were launched under the AXA brand, as well as a START product.



The purchase of the Norwegian Sopps brand makes Lantmännen Cerealia the market leader in pasta in Norway.



Volume shares for major brands in grocery stores



Source: A.C. Nielsen w5309 (full year).

Lantmännen Doggy

Lantmännen Doggy has its production and headquarters in Vårgårda, Sweden. The company manufactures pet food under the Doggy, Mjau and Bozita brands.

Lantmännen Doggy has 160 employees, most of whom work in Vårgårda. There is also a branch in Finland with two employees, as well as a company in Germany, Lantmännen Bozita GmbH, with a total staff of 14. In addition, there are sales in Norway, the U.K., Russia, Poland, Estonia, Greece, Switzerland, Denmark, Latvia, Czechia, Austria, Iceland, Hungary, Slovenia, Belgium, the Netherlands as well as Italy via distributors.

Operations

The company further bolstered its market position in 2009. While its main market is Sweden and the other Nordic countries, for a number of years the company has focused on exports to the rest of Europe, which now accounts for 30 percent of sales. The biggest expansion is taking place in Germany and Russia. The company operates under the Mjau, Doggy and Doggy

Professional brands in the Nordic countries and in the European export market under Bozita and Bozita Robur.

Thanks to customers' growing demand for moist cat food in Tetra Recart packaging, during the late fall an investment decision was made to expand production in Vårgårda, which is why production of Tetra Recart is expected to triple beginning in spring 2010. Tetra Recart packaging has considerable environmental and consumer benefits compared with cans. During the year, the company continued to prepare itself for the future to reduce its environmental impact. For that reason, at the beginning of 2010 the company will act to ensure its operation by using renewable energy from produced steam. The Vårgårda heating system is building a new heating plant adjacent to Lantmännen Doggy that will be fueled by wood chips. The steam will be supplied by culverts leading into the plant. In addition, a 44-meter smokestack was erected to reduce the odorous substances connected with production.

During the year, a number of product lines were relaunched: Doggy and Doggy Professional dry foods upgraded their recipe and launched a new design concept. The Bozita and Bozita Robur brands were also upgraded. All relaunches boosted sales.

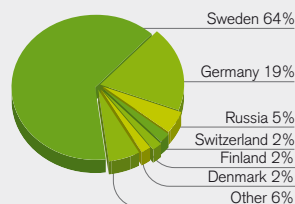


Market and market performance

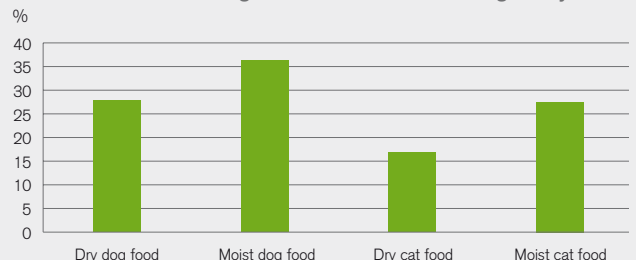
The total pet population is growing somewhat every year, providing continued opportunity for expansion. Competition is tough and largely consists of multi-national brands. A sustained marketing effort will be made to boost sales in the Nordic home market as well as in the international pet market.



Sales by market



Shares of volume of dog and cat food in Swedish grocery stores



Source: A.C. Nielsen, 12-month rolling.

Lantmännen Unibake

Lantmännen Unibake is a leading international manufacturer of frozen and fresh bread products for both the food service and grocery sectors. With a wide assortment of breads, fast food, Danish pastry and croissants, Lantmännen Unibake offers something for every meal and in-between.

Lantmännen Unibake has 4,000 employees at bakeries in Denmark, Sweden, Norway, Finland, Poland, Belgium, Germany, Russia, the U.K. and the U.S., and sales offices in Spain, Japan, South Korea, Australia and the Netherlands. Its headquarter is in Denmark.

Lantmännen Unibake's brands consist of Hatting, Schulstad, Schulstad Bake Off, Schulstad Royal Danish Pastry, Pastridor, Korvbrödsbagarn, Paaskebrod, Skoga, Eurobuns and Euro-Bake.



Operations

Lantmännen Unibake reacted quickly to the financial crisis, initiating a substantial cost-savings program. The business adjusted its strategy, sharpening its focus as soon as the first signs of a global downturn were evident. Thanks to this, the business is thriving.

The business underwent a thorough streamlining and profitability audit to identify areas where production could be optimized. Production will be restructured, which has affected certain bakery lines and positions.

In the fall plans were announced to establish a Danish pastry bakery in the U.K. This, along with recent years' investment in the Eurobuns bakery business and the acquisition of a majority stake in the sales and concept business Bakehouse, will make the U.K. the business's biggest market.

For a number of years, Lantmännen Unibake has enjoyed robust sales growth of Danish pastry produced in Denmark. To be completed in 2011, the new bakery in the U.K. will increase the proximity to customers. This means that the bakery in Fristrup, Denmark, will be closed.

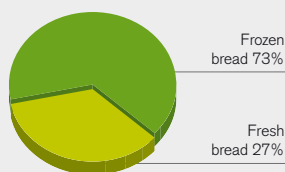
The global financial crisis has precipitated a strategic refocus from globalization to Europe and North America. The new bakery in the U.K. amplifies this strategy.

Important steps were also taken to work actively on responsibility for climate impact as well as sustainable development, and a climate manager was added to the organization. The intention is to introduce targeted measures based on facts and analyses. The first products with climate declarations were launched in November 2009, and a number of other activities were initiated.

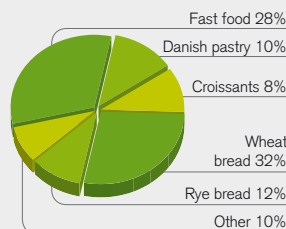
On the market side, in 2009 we implemented and saw the first results of the new service concept, Bakerman, which helps customers optimize their bake-off businesses. Our job is to offer our customers solutions that add value.



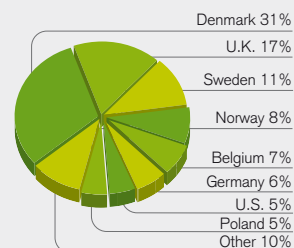
Sales breakdown, Lantmännen Unibake



Sales, Lantmännen Unibake, by category



Sales by market



Markets

The global financial crisis has reduced the overall bread market. People eat out less and choose less expensive alternatives. This has not been a disadvantage to Lantmännen Unibake, whose broad assortment has ensured growth. During the year, Lantmännen Unibake managed to boost its market share in a market under severe pressure.

While fast food is stagnating in Western Europe, once the countries in Eastern Europe recover, Lantmännen Unibake sees good growth opportunities there.

Product development and new products

Eating habits and food traditions change relatively slowly, and many classical bread products are well-positioned. However, several trends, like the use of coarse-grain, high-fiber products, have made an impact in the otherwise traditional fast food area. Unibake is working to develop more coarse-grained products with finer milling of coarse-grain flour types, so that the taste experience matches the particular target group.

In the Danish market, Lantmännen Unibake renewed the range under the Hatting brand with new, coarser bread types that have created growth in a category under pressure from smaller manufacturers and the recession.

New! Swedish coffee cake goes global

Lantmännen Unibake will launch its popular Swedish coffee cake on a global market. In 2009, Lantmännen Unibake expanded its range of “soft dough” products, opening a new category of products that are perfect as snacks “on the go.” Lantmännen Unibake will launch these products in a number of international markets during 2010.

The bakery products of tomorrow

Lantmännen Unibake specializes in tailoring deliveries to the desires and needs of all bakeries. With the highest levels of quality and safety, the latest technologies, a creative, well-trained team and a can-do attitude, Lantmännen Unibake is the obvious development partner for many customers.

In 2009 the company sharpened its innovation expertise by a further nine global development centers.

Lantmännen Unibake's complete product range can be seen on the new website. www.lantmannen-unibake.com



Lantmännen Kronfågel

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



Customers are grocery stores, restaurants and food service/catering, as well as the food industry. The biggest customers are ICA, Coop, Axfood, SuperGros and McDonald's. Production plants are located in Valla and Kristianstad in Sweden and in Farre and Aars in Denmark.

Operations

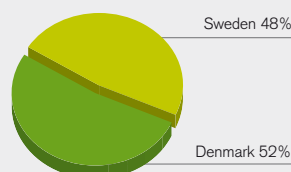
The year's biggest event was the "glass incident" that occurred in March. The incident involved a number of complaints of glass that resulted in a total recall of all frozen chicken under the Kronfågel brand. The focus was on consumer safety, and no one was harmed. The recall affected the business financially and in terms of resources. Brand surveys show that consumers continue to have a high level of confidence, and consumption recovered relatively quickly. To further boost safety, Lantmännen Kronfågel invested in scanner equipment on all product lines in Sweden.

In September, the company announced a restructuring project that involves closing down operations in Kristianstad and moving them to and expanding the plant in Valla. These structural changes are being made to ensure the company's future profitability and competitiveness. 175 employees were given notice in Kristianstad, while Valla will add around 100 new jobs. A net of around 75 jobs will be eliminated. The restructuring is to be carried out in 2011. Kronfågel has had discussions with the producers who will be affected by the move. Right before Christmas a framework agreement was reached covering all producers. In the vicinity of Valla there is keen interest among new and existing producers to start or increase production.

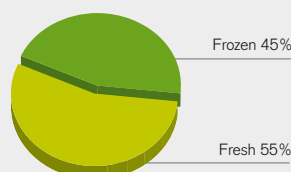
In Denmark, operations are being concentrated by transferring operations from Farre to Aars. An investment of MDKK 35 was allocated for modernizing the plant in Aars. The Farre plant will now focus solely on processing. Lantmännen Danpo's CEO left the company in September and was replaced by Jan K. Henriksen.



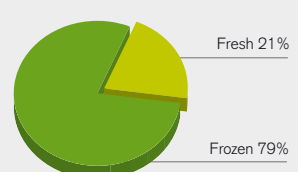
Sales, Lantmännen Kronfågel



Sales by share of volume, Lantmännen Kronfågel Sweden



Sales by share of volume, Lantmännen Danpo Denmark





As a result of the review of the organizational structure, Lantmännen SweChick and Lantmännen SweHatch have been part of the Lantmännen Kronfågel business area on October 1.

Market and market performance

Consumers continue to increase their consumption of chicken, and arguments are increasingly heard that chicken is a more climate-smart meat choice. Surveys show that origin labeling, local production, quality and natural food continue to be of interest. Even so, chicken purchases are governed primarily by price and flavor. Lantmännen Kronfågel's tough animal welfare program and extensive quality system meet much of what today's conscious consumers demand.

Consumption of poultry is growing faster than other kinds of meat, more than doubling in Sweden in the past ten years. Around 17 kilograms of chicken per person per year is consumed (Sweden 2008), which is an increase of over ten percent in two years. 40 percent of this is imported poultry. In Denmark the comparable figure is 23 kilograms, which is about one kilogram above the average consumption in the EU.

Swedish chicken production increased in terms of volume by around five percent (2008) to 76 million chickens, for which Lantmännen Kronfågel accounts for 38 million.

In Denmark, 120 million chickens are produced, for which Lantmännen Danpo accounts for 40 million.

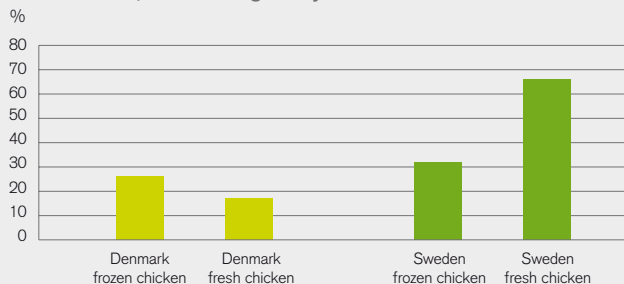
During the year, Lantmännen Kronfågel implemented the new brand design on both fresh and frozen product ranges. All packaging except for processed products carries Lantmännen's unique climate declaration. Stinas changed its name to Kronfågel Stinas and altered its design to match Kronfågel's.

Among other new products, Lantmännen Danpo launched Danpo Dansk gårdkylling, a fresh salmonella- and campylobacter-free product line, marketed as the "world's safest chicken." In the food service market, Danpo Fried Chicken and frozen BBQ wings, among other items, were launched. In Sweden Lantmännen Kronfågel launched a pan-ready line in the food service area, Kyckling Gårdsbiff and Kyckling Cevapcici.

In 2009 the international chicken market was characterized by surpluses and price drops. Sinking world market prices in combination with falling feed prices and currency fluctuations posed challenges to the export business. The important filet market was subject to price pressures and price dumping.

A number of markets outside of the EU reduced their imports, affecting above all the Danish export business. In the food service sector the trend of importing chicken continues since the price level is considerably lower.

Market share, chicken in grocery stores



Source: A.C. Nielsen, Kronfågel



Kronfågel's most important new product was Stor Ugnsklar Gårdskyckling, a larger, ready-seasoned refrigerated chicken in an ovenproof pan.

Sustainability Report



Sustainability Report



Strategy for Sustainability work	47
The world around us	49
Employees	51
Suppliers	54
Sustainable business	55
Responsibility from field to fork	56
Cultivation	57
Transportation	60
Processing - foods	62
Processing - energy	64
Customers and consumers	65
GRI reporting	68

Strategy for Sustainability work

Efforts to achieve sustainable development are a priority part of Lantmännen's business practices. Taking responsibility in this way covers the entire chain from field to fork and is based on the vision "We make the most of our land to give everyone the chance of a healthier life." In 2009 Lantmännen signed the Global Compact and continued to implement its code of conduct.

Accountability and business development for sustainable profitability

Lantmännen wants to be a leader and driving force in the development of sustainable energy and agriculture as well as of healthy foods. As a major market player, Lantmännen also has a responsibility to choose a clear, long-term direction. That is why sustainable development is an integral part of Lantmännen's corporate strategy.

The principle behind sustainability work is for all measures to be economically profitable from one of the following perspectives:

- Contributing to new business and thus increased revenues
- Strengthening the brand
- Reducing costs in operations
- Reducing risks

Sustainable development efforts involve ensuring accountability. This is done through risk analyses and the implementation of the code of conduct in all operations. These efforts also involve proactive business development in the form of fostering new and existing products and integrating responsibility issues into marketing and brand building.



Lantmännen's code of conduct

The code of conduct contains overarching guidelines for the way Lantmännen is to act in taking environmental and social responsibility and is a guide applying to all employees. Relevant portions also apply to Lantmännen's suppliers, elected representatives in the owner organization and business partners. The code covers principles in five areas: environment, business ethics, outside world, working environment and social conditions and products.

The code of conduct in its entirety may be downloaded on Lantmännen's website www.lantmannen.com

Action program for continuous improvement

Lantmännen focuses proactively on developing its business and products in a sustainable direction. Lantmännen's action program contains key sustainability aspects and actions mapped out and described in seven areas.



Lantmännen's most important sustainability aspects may be placed in seven areas. While the preponderance of Lantmännen's environmental impact is in the cultivation stage, there are more key aspects to take into account, such as working conditions at suppliers', energy use and transportation.

This sustainability report describes Lantmännen's work in these seven areas. For certain issues there are clear measurable targets, and actions for other issues still lack these. Lantmännen is working to develop targets, key performance indicators and action plans in all areas identified as significant.

Management and organization

Sustainable development involves all employees and parts of the Lantmännen Group. The effort is guided and coordinated by the Sustainable Development department, in close collaboration with the various business areas and other corporate functions. Guiding decisions are made by Group Management. Developing, getting support for and deciding on sustainability issues largely take place in two forums: At Group level, there is a CSR council, whose members have overall responsibility in their areas for implementation, compliance with and follow-up of the code of



All employees at Lantmännen, approximately 10,000 persons in 18 countries, will receive training in the code of conduct. By year-end, 56 percent of the employees were trained, including Lantmännen's Board of Directors and management as well as district boards.

conduct. The CSR council is also a body to which policy issues can be submitted for consideration.

On the Sustainability Council there are representatives from all sectors. Here environmental issues are discussed. Similar forums also exist for other areas of importance to the code of conduct, such as employee and purchasing issues.

The code of conduct, along with a number of policies, provides guidelines for engaging in sustainable development work. Compliance with the code is evaluated each year by company management.

To ensure systematic efforts toward continuous improvement, certified management systems are a key tool. All food-producing operations are certified in accordance with an international standard for food safety. Parts of Lantmännen's operations are also quality and environmentally certified according to ISO 9001 and 14001.

Developing skills in accountability

All employees at Lantmännen, approximately 10,000 persons in 18 countries, will receive training in the code of conduct. E-training will be offered in seven languages, and each supervisor is responsible for employees completing the program. The program contains exercises with dilemmas that reflect conceivable real-world problems.

The goal for 2009 was for everyone with access to their own computer (about 40 percent of Lantmännen's employees) to have completed the program. By year-end, 56 percent of the employees were trained, including Lantmännen's Board of Directors and management as well as district boards.

Important steps in 2009

- In February, Lantmännen's President Per Strömberg and Chairman of the Board Thomas Bodén, signed the Global Compact, the UN global policy for sustainable and responsible business, with ten principles in the area of human rights, labor rights, the environment and anti-corruption.
- Implementation of the code of conduct. In April a training program was launched for all employees to improve their knowledge of the code of conduct.
- Risk assessments of key suppliers and communication of the standards in the supplier code of conduct.
- Decision to change over to certified palm oil.

The world around us

Lantmännen is a part of society, and relations with other parties are of great importance. Its operations generate value and affect and are affected by a number of different stakeholders with shifting demands and expectations. A sensitive and honest dialog with stakeholders is fundamental to proactive sustainability work.

Lantmännen's role and contribution to society

For Lantmännen's long-term survival it is essential that what is produced in its business operations really is of value to customers and other key stakeholders.

Economic value created for various stakeholders, MSEK

Stakeholder	2009	2008	2007
Customers (net sales)	35,101	42,868	35,989
Employees (payroll expenses)	5,851	6,053	5,913
Owners (contribution dividend and contribution issue*)	163	167	201
Suppliers (goods and services purchased)	28,050	34,625	28,370
State (taxes paid)	46	219	52

* Board of Directors' proposal 2009.

Lantmännen also contributes to society in other ways, for example, by creating jobs, enhancing the skills of its employees and engaging in research and active environmental work.

Active dialog with stakeholders

Lantmännen depends on open and transparent communication with the outside world. To engage in a balanced and rewarding dialog it is important to be able to identify and prioritize stakeholders as well as the issues important to them. Lantmännen works towards greater systemization and enhanced integration of sustainability aspects in its dialog with stakeholders.

The contents of this report reflect the sustainability-related issues important to Lantmännen's stakeholders. The preponderance of the information is in the areas where Lantmännen has the biggest impact from a sustainability perspective.

Key dialogs in 2009

Lantmännen communicates on an ongoing basis with many different stakeholders through various communication and information channels. Moreover, a number of more extensive dialogs were conducted in 2009, with a particular focus on sustainability work.

Lantmännen's key stakeholders, how dialogs are conducted with them and relevant sustainability issues

Stakeholder	Forms of communication/player	Examples of relevant issues
Employees	Employee surveys, performance interviews, union work, information	Working conditions, health, job satisfaction, human rights
Owners	Association Meeting, District Association Meetings, district board, Council of Trustees, member meetings	Remuneration program for senior executives, code of conduct, GMOs, sludge (recycling of plant nutrients)
Customers	Meetings, customer surveys, cooperation and development projects, advising to Agriculture Sector customers	Products' environmental impact, Lantmännen's sustainability work, health, pesticides, plant nutrients
Consumers	Consumer and attitude surveys, consumer contact, study visits, packaging, Lantmännen's website, blogs, Twitter	Product origins, content, health, transparency, additives, animal welfare, Lantmännen's climate work
NGOs/ opinion makers	Dialog with the World Wildlife Fund (WWF), SwedWatch and other players engaged in issues	Soy, palm oil, sludge (recycling plant nutrients), cultivation, GMOs
Industry organizations	Dialog and collaboration with LRF, industry organizations at EU-level, participation in Round Table for Sustainable Soy, etc.	Food, energy, environment, products and marketing-related issues
Suppliers	Dialog, cooperation and development projects	Supplier code of conduct, agreements and improvement work
Governments/ decision makers	Reporting to supervisory agencies (environmental and health offices), dialog	Permit matters, environmental and working environment information, energy and fuel issues

Use of sludge

In 2008, a greater use of sludge in agriculture, combined with the development of a new certification system (REVAQ), gave rise to an intensified discussion with stakeholder groups critical of sludge. This dialog has clarified the fact that Lantmännen and these groups have differing perceptions with regard to ensuring that plant nutrients used on arable land are uncontaminated. In 2009 the dialog evolved into an information exchange where both parties are well aware of the other's position and where in this matter they do not see eye-to-eye.

Efforts in the REVAQ group, where Lantmännen is pushing for tightened rules in the certification system, were stepped up. Read more in the section Cultivation, see [▶ p. 57](#)

Palm oil

Palm oil as a raw material received greater attention during the year. Large companies are expected to deal with the issue responsibly; since 2008 there has been a certification system for responsibly produced palm oil. In 2009, Lantmännen engaged in a dialog with WWF concerning in which steps and at what speed it is reasonable to change over to certified palm oil. Lantmännen has now set a target of 2011 at the latest for using only certified palm oil.

Climate efforts take a further step

The climate issue remains relevant and took center stage in the run-up to the UN climate conference in Copenhagen. Lantmännen's climate efforts are the focus of several dialogs with stakeholders, and our position was further made clear during the year by endorsing two climate appeals: the Global Compact's "Seal the deal" and the Swedish initiative "förnybart.nu".

WWF sees good progress and room for improvement in sustainability work

Lena Tham of the World Wildlife Fund (WWF) gives both positive criticism and recommendations for improving Lantmännen's sustainability work.



“ Sustainable development as part of Lantmännen's overriding corporate strategy is something we view as an important, positive sign. Through its position in the Swedish market and expanding international operations, Lantmännen has a key role to play in moving toward sustainable development. However, among important sustainability aspects, WWF would like to see ecological footprint, biodiversity and water issues. We would also like a more long-term analysis of global issues like competition for agricultural land for production of food, feed and bioenergy feedstocks.

As good examples Tham mentions measures to reduce climate impact, optimized use of fertilizers and pesticides and requirements for responsibly grown soybeans and palm oil. The areas where Lantmännen works where WWF sees potential for improvement include a more structured report of its climate work, sustainable commodities for bioenergy, strategies and objectives for the use of plant nutrients, the use of fish and fish meal in manufacturing feed.

*Lena Tham
World Wildlife Fund (WWF)*

Award-winning sustainability work - selected awards in 2009

- SeedGard, the biological seed treatment, was voted one of Scandinavia's best clean tech companies and was named among the "Nordic Cleantech 50."
- Lantmännen Cerealia won the Green Cargo climate award again for increasing its shipments by rail by 39 percent in 2009.
- A working environment award for Lantmännen Danpo for a noticeable contribution to a better working environment today - and in the labor market of the future. The combination of a large number of new employees of various nationalities, a high-tempo working environment, breaking in new machinery and weekend shifts have placed heavy demands on working environment efforts, to prevent a rise in the number of workplace accidents.



Employees

2009 saw big changes for the organization and for employees. Lantmännen is facing challenges requiring more efficient processes and work methods and a rightsized organization. At the same time, Lantmännen will continue to be an attractive workplace that ensures its employees' well-being and development.

During the year, there was a comprehensive review of Lantmännen's organization. This has meant new roles for a large number of employees. In connection with this, Lantmännen reduced the number of white collar workers by 216. In all cases, corporate guidelines were applied in the downsizing process. To ensure that these employees received adequate support and assistance in moving on to new positions, starting on their own or receiving additional training, the Group works with professional players in the labor market, such as TRR in Sweden.

One of the key challenges for Lantmännen is to continue to attract future employees, but also to ensure that we have motivated employees with the right qualifications and managers who can run and develop their businesses. Today, Lantmännen has excellent programs and continually develops tools to support supervisors in the management roles.

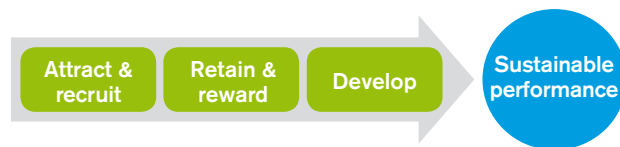
To bring down costs while boosting quality, a number of Group-wide agreements were made in the HR area, including a common agreement on company health service, recruitment and training providers.



Attract and recruit

Even during hiring freezes, the long-term effort to strengthen the Lantmännen brand as an employer continued. To assure the quality of recruitment in the Group, common recruitment tools and testing tools for personality assessments and partners in search and recruitment were approved in 2009.

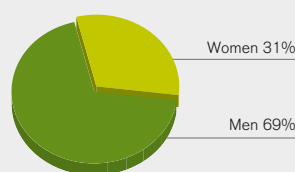
Lantmännen works in various ways to raise awareness and bolster its brand as an employer among students. In 2009 Lantmännen promoted itself at eight universities in Sweden, by participating in job fairs, for example. In the 2009 Universum Student Survey, Lantmännen rose 18 places in engineering student rankings of employers by popularity, a survey conducted each year by Universum among University and college students in Sweden.



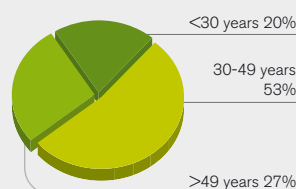
Universum Student Survey, Sweden 2009

Lantmännen's ranking	2009	2008	2007	2006
Economics and business students	68	71	68	83
Engineering students	50	68	68	95

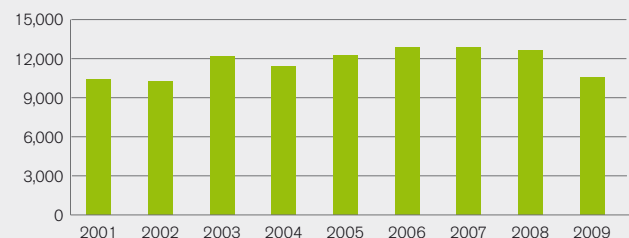
Gender breakdown, employees



Age breakdown



Average number of employees



From graduate thesis to Sustainability Manager



Gustaf Tynelius's first contact with Lantmännen as an employer was at a university job fair. After passing his examination and holding a project position, Gustaf applied to the corporate trainee program for 2008/2009 and was offered one of the 17 openings.

“ The breadth of operations, responsibility from field to fork and the focus on employee development and health attracted me.

After 15 months with four periods as a trainee, project assignments from Group Management and training in leadership and business teams, Gustaf is now equipped for the role of Sustainability Manager for Lantmännen Unibake in Denmark.

“ Because the trainee program is so flexible and well-established in the entire Group, we trainees were able to get interesting and challenging jobs.

Reward and retain

2009 was the first business year that Lantmännen worked Group-wide using Performance Management, that is, agreeing on, creating preconditions for, following up, evaluating and rewarding performance at performance assessment interviews. We also worked on leadership and motivation-enhancing efforts, which boosted the “Motivated Employee Index” from 64 to 69 in the “Insight” employee survey.

Employee survey

The results from Lantmännen's Group-wide annual employee survey make it possible to focus on areas for improvement. Two important areas in the 2009 survey were working environment and communication. During the year there was an overall focus on the physical working environment, and risk areas, accidents and near accidents were identified. To support supervisors on various levels to get the message, objectives and strategies out to their employees, several specific tools and templates were developed.

Performance assessment interviews

Every supervisor at Lantmännen is supposed to have a performance assessment interview with their employees at

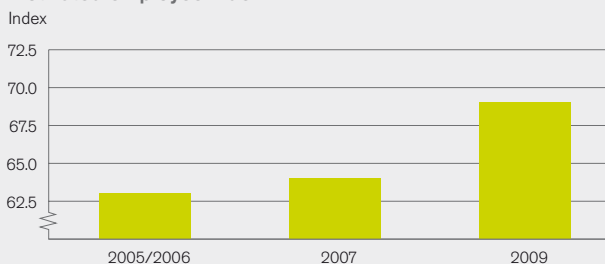
Performance assessment interviews that pay

Lantmännen has a number of training programs for conducting performance assessment interviews with the aim of helping supervisors become even better at giving feedback and rewarding good performances. All supervisors are offered this program to be well-prepared before their interviews. Frida Nordlund, HR Director for Cerealia, reports that clear and inspiring individual goals play a key role for employee motivation at work.

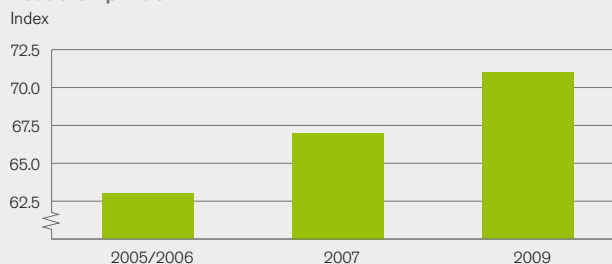


“ How I perform should obviously affect my salary. Satisfied, motivated employees perform better and help make the company more efficient and more profitable.

Motivated employee index



Leadership index



least once a year. Insight shows that 61 percent of employees had such an interview in 2009. Even though most of these are satisfied with the quality of the interviews, this is obviously a priority area for improvement.

Identifying talent ensures key expertise

To ensure that the Group can retain strategically important employees, talent and top talent is identified in the Group's annual manager supply process. The process also involves replacement planning, for which the Group has clear guidelines and templates for structuring the effort. 2009's replacement planning shows that the number of immediate and planned replacements for supervisory and key positions rose in the aggregate.

Developing employees and the organization

To ensure that the business's objectives are met, creating the right preconditions is crucial. One way this is done is by developing the skills of supervisors and other employees. Health is an area that Lantmännen had a sharp focus on in 2009. This involved improving employees' lifestyle skills and creating the proper foundation for sustainable performance through active health efforts.

Leadership

Besides basic training for all of the Group's managers, Lantmännen also has two internal leadership development programs, the Growth Accelerator Program (GAP) & Grow. GAP focuses on the Group's top talent, who already hold management positions, and was successfully carried out for the first time in 2009 with 18 participants from the Group's various businesses and countries. Grow is aimed at talent that is at the beginning of their management careers. In 2009, 23 employees from five different countries took part.

The leadership index from the employee survey is one of several ways of measuring a supervisor's improvement in terms of developing and organizing his or her business as well as leading and motivating employees. A result of Lantmännen's focus on leadership is a continual improvement in the leadership index. The average leadership index rose from 67 in 2007 to 71 in 2009.

Health screening

In 2009 Lantmännen further improved its systematic health efforts. A key part of this work is health screening. A simple questionnaire and fitness test gives employees instant feedback on their health status. For Lantmännen, the health screenings are a way to identify healthy and risk groups, which provides a good basis for planning strategic and local health efforts. In 2009, 1,405 screenings were carried out, and 56.7 percent of employees are in the healthy group. The target is 75 percent in 2011. Lantmännen will get there through targeted measures, such as continuing health checks of risk groups, training in lifestyle skills, weight-reduction and smoking-cessation courses as well as ongoing work on health-promoting measures.

Leadership and participation

Anders Nilsson is one of Lantmännen's approximately 900 supervisors and is currently a production manager in the Agriculture Sector. He points out the importance of creating consensus and participation regarding the company's objectives and development.



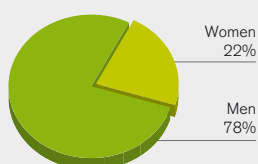
To succeed, Anders and his management team devise a strategic plan broken down to each operator's individual targets. To ensure good leadership it is obvious to Anders that the supervisors under him take the Group's basic training program "Lantmännen's Leader Training."

“ Since I work through the supervisors below me, it is crucial for me to ensure that they are good leaders.

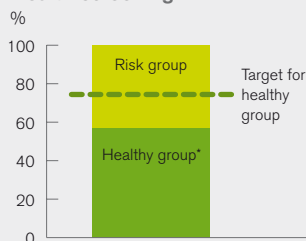
Health is one of the areas in the strategic plan. Anders himself has taken the Group's "Health-promoting Leadership" program, and encourages his subordinate supervisors to do the same.

“ That we actively promote good health among our employees is crucial to excellent performance!

Gender breakdown, supervisors



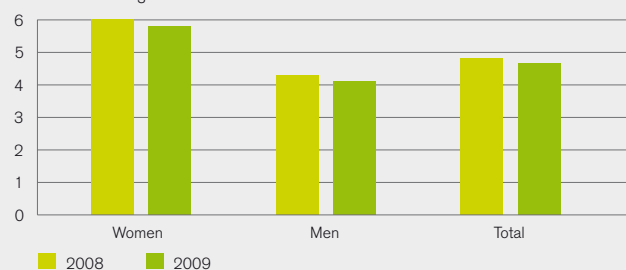
Health screening



* Employees in the healthy group according to responses to the health screening questionnaire.

Sick leave

% of total working hours



Suppliers

Even though Lantmännen has its own businesses in all stages from field to fork, a good working relationship with external suppliers is a must. Lantmännen's supplier code of conduct is a tool for ensuring sound and ethical business relationships and a basis for joint improvement efforts. In 2009 implementation of the code began.

Supplier code of conduct for good business relations

Lantmännen depends on a number of suppliers worldwide in the agricultural and food sectors as well as in other categories of goods and services, e.g. machinery, packaging, chemicals and shipping. The long-term goal is to bolster relations with suppliers and together achieve improved performance in the area of sustainability. The work to implement and follow up the supplier code of conduct is being carried out in steps. In 2009 the requirements in the code were communicated to suppliers. All key suppliers were subject to risk assessments and follow-up of compliance has begun.

Following up suppliers for joint improvement efforts

In 2009, Lantmännen visited several suppliers to implement the supplier code of conduct, including in Thailand, Brazil and China. In the summer, Lantmännen Doggy visited a Thai commodity supplier. One reason was a report from the Fair Trade Center (2007) on the working conditions of this supplier, among others. The report also stated that Lantmännen Doggy did not have a code of conduct and did not follow up compliance. The aim of the visit was to get acceptance of the supplier code of conduct and to investigate production on site and ensure compliance with requirements.



“ We have done business with this supplier for several years. It's a good feeling to have visited them and seen for ourselves that production has improved and the code of conduct has been accepted. It is also reassuring that other multinationals have performed audits.

*Margareta Larsson,
Environmental and Quality Manager, Lantmännen Doggy*

Examples of supplier requirements

The supplier code of conduct is part of Lantmännen's code of conduct and applies to all suppliers. The requirements in the code stem from the Global Compact's ten principles.

Environment: Suppliers should actively work to reduce emissions to air and discharges to the soil and water and improve the efficiency of their resource use.

Working environment and social conditions: Suppliers should respect employees' right to organize labor unions and the right to engage in collective bargaining.

Business ethics: No form of corruption, bribery, money laundering or illegal restraint of competition is permitted.

The supplier code of conduct in its entirety may be downloaded on Lantmännen's website [▶ www.lantmannen.com](http://www.lantmannen.com)

Responsibility a part of supplier agreements

In principle, the supplier code of conduct is to be included in all agreements with Lantmännen. In 2009, the code was communicated to most suppliers and in virtually all cases was favorably received. For various reasons a small number of suppliers were unwilling to sign the supplier code of conduct in the form of a legally binding contract. Lantmännen continues to engage in a dialog with them.

Actions carried out

- Lantmännen's purchasers have been trained in the supplier code of conduct.
- Risk classification of suppliers. Key suppliers were identified and subjected to risk assessments.
- The supplier code of conduct has been added to all new and renegotiated contracts.
- Pilot audits were conducted.
- Purchasing of auditing services to follow up high-risk suppliers.

Ongoing efforts

- Follow-up of key suppliers' compliance in 2010.
- The supplier code of conduct introduced into all contracts and follow-up in place no later than 2012.
- Routines for dealing with non-compliances and improvement actions.
- Training own personnel in following up suppliers.

Remaining challenges

- Development of active improvement efforts together with suppliers.

Sustainable business

Lantmännen's strategy for long-term profitability is to focus on research and development and build a strong brand through taking responsibility from field to fork. Sustainability aspects are a key part of business development, and threats and opportunities that may arise must be identified. A crucial part of Lantmännen's current development efforts today are related to the climate issue.

Products laden with know-how from the entire chain

In 2009, Lantmännen did a study of business consequences of climate change. Among other things, an initial analysis tool was developed to assess risk and opportunities from a product perspective. In general it may be said that, compared with other foods, Lantmännen's products are relatively well positioned from a climate perspective. But improvements are required, and Lantmännen can help increase sustainability in production by making the most of the know-how and control that exists in the entire chain from field to fork.



Lantmännen's operations from field to fork cover all areas of expertise necessary for producing good food. From plant breeding at Lantmännen SW Seed to the production of pasta, breakfast cereals and bread at both Lantmännen Cerealía and Lantmännen Unibake.

In 2008 Lantmännen was the first in Sweden to have food with climate declarations. At the end of 2009, 13 food products carried them. Lantmännen works continuously on the basis of lifecycle analyses to reduce environmental impacts in all stages of its operations. Lantmännen also actively participates in industry collaboration on the development of climate labeling.

▶ p. 66

Climate-smart meal

Climate declarations are a good starting point for improvement efforts. In a 2009 study of pearled grain, Lantmännen investigated how much a product's environmental performance can be improved by various measures. A lifecycle analysis shows that climate impacts primarily arise at the cultivation stage, with the use of commercial fertilizer contributing the most. One of Lantmännen's growers has developed a special climate-adapted cultivation technique, using no-till, precision fertilizing and drying the grain with biofuels. These measures reduce the climate impact by around 25 percent compared with the average cultivation technique.

Lantmännen feeds yield climate-labeled milk

When seven milk producers in Uppland, Sweden, got together to market organic and locally produced milk under the 7 gårdar brand, they sought climate-labeled feed. Lantmännen Lantbruk is the only company to offer climate data for its feed, and now makes possible the sale of climate-labeled milk in Uppland.

Foods for better health

Lantmännen has long been a pioneer in food research, including on high-fiber goods beneficial for digestion and the heart. In 2009 a new product series of specially designed fiber blends was launched in Sweden. ▶ p. 67

Cross-functional development

To make better use of all of Lantmännen's expertise in problem solving and development, cross-functional teams have been formed in the four operational areas food, feed, energy and packaging. The work of the teams is aimed at defining and carrying our Group-wide projects and devising policies and guidelines. The sustainability perspective plays a key role for the teams. Examples of areas in need of broader cooperation are packaging solutions and improvement work along the entire chain. Read more about research and development ▶ p. 9

Sustainable investment and product development

In 2009 an effort began to more clearly bring environmental and sustainability aspects into Lantmännen's management processes, primarily the product development processes. The focus for 2010 is to further integrate sustainability aspects into management processes, for example, the investment process.

Responsibility from field to fork



The basis of Lantmännen's operations is arable land and its possibilities. Lantmännen's mission is to develop and process the resources of the field in a responsible way. With operations and know-how along the entire chain from field to fork the company creates a solid foundation for sound and sustainable production of food and energy.

Valuable farmland

Arable land is a valuable resource worth protecting. It makes possible the production of energy, feed and food on which society depends. The global demand for grain and other cultivated commodities is increasing in step with the growing global population and rising living standards.

At the same time there are several threats to current agricultural production. Climate research shows that extreme weather

events are becoming increasingly common, which increases the risk of totally or partially failed harvests. The supply of fresh water is declining and deserts are spreading.

Biodiversity benefits agricultural production through the species that combat pests and help to pollinate plants. Today, shortsighted farming methods can lead to an impoverishment of diversity. Arable land is also threatened by surface ozone and the unwanted dispersion of metals and organic ecotoxins. Even the crowding out of land by development is an important impact factor.

The challenge is to maintain the yields of arable land while cultivation takes place sustainably. As one of the Nordic region's largest food, energy and agricultural groups, Lantmännen has both a responsibility and a unique opportunity to influence developments in a sustainable direction.

Verification along the entire chain

There are numerous factors affecting the final result of sustainable energy and food products. Consumers' knowledge and expectations regarding responsible production from field to fork is also increasing. Food should be produced as hygienically, naturally and using as little energy as possible. Certain ingredients and unnecessary additives should be avoided. There are also growing calls for locally produced food and for proper animal welfare. On our plates we expect healthy, tasty and fresh food - that can be eaten with a good conscience.

Achieving sustainable energy use requires a changeover to a number of renewable energy sources, where bioenergy from forest fuels and energy crops are part of the solution. Sustainable energy production is a matter of ensuring sustainable feedstocks of verified origin, an efficient production process and efficient use of bioproducts.

On the following pages you can read more about Lantmännen's work for taking responsibility along the entire chain: about actions carried out and ongoing efforts, but also about the challenges remaining. Responsibility is greatest for those aspects and parts of operations that Lantmännen had direct control over and can thus guide; beyond this, Lantmännen is assuming an active, influential role in promoting sustainable development.



Cultivation

Cultivation plays a key role in developing a sustainable society. Cultivation enables us to produce sustainable and climate-smart foods, cultivation can create feedstocks for bioenergy and arable land allows us to recycle nutrients. However, on the way toward sustainable cultivation there are a number of challenges.

Our responsibility - Cultivation

Taking responsibility at the cultivation stage involves several aspects that Lantmännen is able to influence and control to varying degrees. In instances where the grower decides, we have a responsibility to influence through conveying knowledge and information.

- Cultivation shall result in safe foods.
- Working conditions among growers shall be good.
- Farming methods shall preserve soil fertility and biodiversity.
- Fertilizer use shall not lead to nutrient leaching into river systems.
- Concentrations of heavy metals and unwanted organic substances shall not rise.
- Plant nutrients shall be recycled.
- Cultivation shall not contribute to an adverse climate impact.
- Cultivation methods shall be economically profitable in the long term.

Organic and conventional

Both conventional and organic farming face several challenges to being sustainable, for example, with regard to plant nutrients, preservation of soil fertility and the use of fossil fuels. Lantmännen works with products for and from both conventional and organic farming. Sharing experiences, advising and product development will enable Lantmännen to help hasten developments in a sustainable direction. Read more on Lantmännen's website www.lantmannen.com

Like the share of organic in the market, the demand for organic agricultural products continues to rise in large parts of the entire food production chain, though at a slower pace than before.

Share of organic products in Lantmännen's product lines

%	Conventional		Organic	
	2009	2008	2009	2008
Seed, tonnes	93.0	94.0	7.0	6.0
Feed, tonnes	95.3	96.1	4.7	3.9
Grain, tonnes	97.3	97.2	2.7	2.8
Food, SEK	97.0	98.0	3.0	2.0
Plant nutrients, SEK	95.6	-	4.4	-

Conventional cultivation continues to predominate. However, the organic share of the market is growing throughout the food production chain.

Developments in plant nutrition

Precision cultivation reduces fertilizer leaching

To tailor fertilizer application to the real need as much as possible saves money and spares the environment. Lantmännen offers both advice and products for precision cultivation and optimized fertilization. Plant cultivation advisers and forums for information and sharing experiences are found across Sweden and on the Web.

Lantmännen is also developing technical solutions for optimized use of plant nutrients. During the year, sales of Yara N-sensor rose. The sensor is placed on the tractor roof and reads the crop's nitrogen content, controlling fertilizer application exactly according to how much the crop needs.

Lower threshold for cadmium

For many years, Sweden has had a restrictive stance toward cadmium, and the authorities have approved a number of measures to reduce cadmium contamination of farmland, for example by requiring low cadmium content in phosphorus fertilizer. Even though cereals and vegetables account for most of the cadmium ingested by the non-smoking portion of the population, cadmium levels in Swedish crops are low. In March 2009 the European Food Safety Authority published a new risk assessment of the threshold for weekly ingestion of cadmium from 7 µg/kg body weight to 2.5 µg/kg. During the year, the international demand for fertilizer rose, and there was a shortage of low-cadmium fertilizer. The cadmium content thus began to rise in the fertilizer available on the market. Lantmännen has long analyzed cadmium levels and informs customers of the cadmium class of all products containing phosphorus. Lantmännen needs to continue to pay attention to developments and to work for minimal levels.

Plant nutrients in cycles

A vital nutrient for plants, phosphorus is also a finite and costly resource. To return this nutrient from treatment plant

sludge to the fields, without increasing levels of other unwanted substances, is an important sustainability issue. According to the Riksdag environmental targets, at least 30 percent of the phosphorus in wastewater sludge must be returned to farmland by no later than 2015. In 2009 the Swedish Environmental Protection Agency proposed a new regulation for the use of sludge in agriculture and forestry, aimed at increasing the return of phosphorus.

Spreading sludge on arable land has been debated for a number of years. The benefit of a cycle is set against the knowledge that the sludge may contain substances posing environmental and health risks. There is a certification system for wastewater sludge, REVAQ, which requires full traceability, protection against contagion, and systematic improvement work regarding heavy metals and other undesirable substances.

Since Lantmännen wants verification and traceability for the sludge spread on farmland, in its view, only REVAQ-certified sludge should be returned to arable soil. For the grain used for Lantmännen's food products, sludge-free cultivation is required in the markets where sludge-free grain is available.

Supporting and constantly urging the tightening of REVAQ standards is a way for Lantmännen to take long-term responsibility for a sustainable return of plant nutrients to farmers' fields.

Sustainable crop protection

Lantmännen is a major player in the market for crop protection products, with a responsibility to contribute to sustainable pesticide use. In Sweden the use of chemical agents has risen in recent years, due in part to a change in the selection of crops and crop rotations. This is not a desirable development.

In 2009 Lantmännen adopted a new pesticide policy based on sustainable crop protection from three perspectives: ecological, economic and social. The policy includes guidelines for selecting pesticides, use and handling of chemical pesticides to minimize risks and adverse effects on human health and the environment.

Lantmännen continues to focus on biological treatment of seed as an alternative to chemical agents. Biological treatment means that no foreign substances are released into nature. Biological seed treatment is growing on the international

We must keep within the earth's limits!

Along with an international team of researchers*, Professor Johan Rockström has formulated limits that describe, on the basis of current knowledge, how much human activity the Earth's most important systems can cope with. The researchers believe that there are thresholds that may result in dramatic changes if they are crossed. The nine biophysical processes identified and studied are atmospheric aerosol loading, chemical pollution, climate change, ocean acidification, ozone, nitrogen and phosphorus, fresh water use, land system change and biodiversity loss.



“ Functioning agriculture is directly dependent on our keeping within the limits of these processes. At the same time, the agricultural sector currently has an adverse environmental impact with regard to chemical toxins, leaching of nutrients, soil fertility and impacts on biodiversity, among others.

With the knowledge of what the Earth actually tolerates, humanity now needs to find a way to live within these system limits. And quickly.

“ Even now we estimate that the limits have been transgressed in three areas - carbon emissions, biodiversity loss and nitrogen and phosphorus discharges. Lantmännen has a responsibility and an opportunity to affect developments in these three critical issues.

*Professor Johan Rockström
Head of the Stockholm Resilience Centre
Stockholm University*

* The report "Planetary boundaries: Exploring the safe operating space for humanity" was published in the journal Nature in September 2009.

Share of biologically treated seed



The spring seed was healthy, with little need of seed treatment. The share of biologically treated seed unchanged.

Cadmium in phosphorus fertilizer



Increase due to greater international demand for fertilizer and shortages of low-cadmium phosphorus fertilizer during the 2008-2009 cultivation year.

market. In 2009 the product Cerall was approved in the U.K. This product is now approved in eleven European countries. During the year, Lantmännen helped develop a national action plan for integrated crop protection in accord with the EU framework directive on the sustainable use of pesticides. The focus on biologically treated seed is well in line with this.

Plant breeding

Developing new plant varieties with better resistance against disease, for example, makes it possible to raise yields while lessening the need for inputs. In 2009 Lantmännen SW Seed launched the meadow fescue variety Minto and the tall fescue Swaj, which have better yields and drought tolerance.

Goodwill compensation for complaint-plagued new oilseed rape
A new variety of spring oilseed rape began to be sold in 2009. Following bad weather conditions in the spring, Lantmännen received a number of complaints regarding this variety. Lantmännen chose to offer the affected growers “goodwill compensation.”

Gene technology and product safety

Lantmännen has a favorable view of the potential that gene technology developments in plant breeding have for contributing to a sustainable society. At the same time, we are aware that there are risks and some members of the public are uneasy.

During the year, Lantmännen SW Seed updated its quality assurance program, which is meant to ensure that conventional and GM seed are kept strictly apart. With regard to feeds, the customer is always right, and Lantmännen ensures the supply of GMO-free feeds. Lantmännen’s food products contain no raw materials from genetically modified crops.

Involuntary contamination with GMO commodities

In 2009 Lantmännen had two cases where consignments of commodities classed as GMO-free had traces of GMOs. A self-inspection showed that a shipment of corn (maize) had an excessive content of GMOs. Affected customers were informed and all further use of the corn as GMO-free was stopped. During the fall, Lantmännen Cerealia recalled a shipment of crushed linseeds that proved to contain traces of a genetically modified

linseed variety. Beyond government inspections, Lantmännen conducts its own verifications to further ensure the quality of products from a GMO perspective, among others.

Sustainable commodities - soybeans and palm oil

Most of Lantmännen’s commodities are grown in Sweden and Northern Europe. Two important exceptions are soybeans and palm oil, inputs for feed and food production. World production of soy and palm oil is growing sharply, and in certain places their cultivation is threatening important rainforest areas. Since 2008 international certification has existed for palm oil production according to criteria from the Round Table for Sustainable Palm Oil (RSPO). By buying certificates under RSPO criteria, Lantmännen assures itself that the corresponding volume is sustainably produced. Lantmännen will buy the first certificates as early as 2010, and the goal is to buy certificates for 100 percent of volumes in 2011.

Lantmännen is a member of the ongoing international Roundtable process for developing criteria for sustainable soybean production and since 2009 only buys soy from the companies participating. Within two years after criteria are adopted for sustainable soybean cultivation, at least 50 percent of Lantmännen’s purchases of soybean meal will meet them. During the year, in a dialog with SwedWatch, Lantmännen contributed to their investigation leading to the report on soy planned for publication in 2010.

Actions carried out

- New policy for sustainable crop protection.
- Climate calculations for all feed products.
- Method for calculating climate impact of grain at farm level, for customers with specific requirements.

Ongoing efforts

- Changeover to certified palm oil and soy ingredients
- Phase out chemical seed treatment and switch to heat treatment or treatment with naturally occurring microorganisms.
- Carry out feed tests and evaluate the climate impact of feed use.

Remaining challenges

- Develop a strategy for sustainable use of plant nutrients to reduce the problem of nutrient leaching.
- Develop the strategy for sustainable use of pesticides to reduce the risk posed by chemical residues.
- Increase awareness of how water issues will affect operations going forward.

Share of Swedish feed commodities



The increase is due to greater availability of draff from ethanol production in Sweden as well as a low price for oilseed rape compared with soy.

Transportation

The chain from field to fork is linked by transportation. Lantmännen is one of Sweden's five biggest purchasers of freight services, accounting for around one percent of all truck shipments on Swedish roads. This makes transportation and logistics a priority area in environmental and sustainability work. One of Lantmännen's targets is reducing carbon dioxide emissions by 20 percent from 2006 to 2010. The sustainable logistics effort also addresses the health and safety of those affected by the shipments.

Our responsibility - Transportation

- Efficient logistics
- Increasing the share of renewable fuels from sustainable feedstocks
- More shipments by rail
- Fewer empty shipments
- Safe shipments
- Drivers trained in Heavy Ecodriving
- A good, safe working environment

GreenLine - integrated program for sustainable logistics

Since 2007 Lantmännen's effort to move its logistics work in a sustainable direction has been united under the Green Line concept. Key to this effort is reducing greenhouse emissions. Lantmännen's 2010 target is to reduce carbon dioxide emissions by 20 percent (compared with 2006); in concrete terms, 16,100 tonnes in absolute figures is to be saved. Reaching this target requires an emissions cut of 9,000 tonnes in 2009-2010. There are plans and activities to achieve this. Climate work is an ongoing effort where all business areas and sectors do their part.

Improved planning

Working more closely with forwarders results in fuller trucks overall, lowering the environmental impact. The single most important event in 2009 in terms of the environmental performance of shipping is that Lantmännen now operates the central transportation department, which was previously outsourced. This creates better opportunities for realizing synergies, utilizing unused capacity and eliminating unneeded shipments.



Programs for efficient truck transportation

Lantmännen works systematically to make its truck shipments more environment-friendly. In GreenLine there is a program of activities involving training in Heavy Ecodriving, traffic attitudes, vehicle computer upgrades and installation of alco-locks. The aim is more economical transportation, lower emissions, better traffic safety and a better working environment for drivers. A pilot test of the project was carried out in 2007-2008. At the end of 2009 the next phase began, covering around 140 drivers who transport feeds and fuel pellets for Lantmännen.

There is an ongoing effort to replace some of the fossil fuels currently used with renewable biodiesel, RME. The

GreenLine - concept for sustainable logistics

- Ecodriving
- Fewer emergency deliveries
- Partnerships
- Rail
- IT systems
- Load securing
- Frequency
- Renewable energy
- Speed
- Seat belt use
- Handling hazardous goods
- Driving and rest periods
- Alco-locks
- Fuller trucks

number of vehicles affected depends on the make of the truck and local distribution of RME.

During 2009-2010 25 vehicles will be equipped with intelligent speed adaptation (ISA) systems to improve traffic safety, reduce stress, cut fuel consumption and reduce wear on engines and tires. The Swedish Road Administration assisted with the devices, and their measurements show 10-13 percent lower fuel consumption from keeping to the legal speed limit.

Improvement efforts for truck transportation are estimated to reduce emissions by at least 3,000 tonnes of CO₂ per year.

Partnership with forwarders yields results

The transportation policy was updated in 2009 to support efforts to reduce the climate impact. Environmental efforts pervade the entire supply chain, purchasing, production and logistics. The policy and "Guidelines for providers of freight transportation services" are important documents already in connection with invitations to tender. A specific example is: what is the environmental impact of the bid, what action plans exist for reducing the climate impacts and in what time frame. Another example connected with the purchase is evaluating and follow-up of the supplier code of conduct.

In the production segment constant improvements of planning and efficient unloading are essential, that is, loading as much volume as possible and reducing the percentage of emergency deliveries.

The logistics area is engaged in improvement projects along the entire supply chain. Some specific examples are warehouse design, international shipments and management of the GreenLine project.

A close dialog with forwarders gives results. This is evident in our annual follow-ups of emissions from Lantmännen's shipments. The effort is to increase the reliability of measurement results each year. To attain more reliable data we constantly adjust the formulations of questions and discuss with transportation providers in connection with audits.

More shipments by rail

Lantmännen is striving to increase its use of rail shipments. At the end of 2009 the fixed rail link to Lantmännen's feed plant and logistics center in Västerås was restored.

The measure is estimated to reduce CO₂ emissions by the equivalent of 900 tonnes per year initially. The potential is substantially greater and depends to a certain extent on other strategic points.

There is also an ongoing effort to increase the number of intermodal/co-modal shipments, that is, running certain segments by rail in combination with vehicles has great potential for cutting emissions. Here the challenges are costs, new types of freight car and possible loading/unloading platforms and collaborations with neighbors who share sidings with Lantmännen. Segments by truck should be as short as possible, and "free" time on the tracks should be exploited.

External collaborations to reduce emissions

Collaborating on various networks boosts opportunities to work together with external parties outside the Lantmännen Group to reduce fossil emissions from our shipments. External partners are welcome in order to improve performance overall.

- The Government's Logistics Forum is a network where Lantmännen shares its expertise and ambition to begin cross-company collaborations. The forum's members come from business and industry.
- Lantmännen has a cooperation agreement with the Swedish Road Administration and through it participates in various round table forums. Here inspiration is shared between the agency and forum members. Important contacts are made.
- KNEG - a network for carbon-neutral freight transportation by road is yet another network of which Lantmännen is a member, along with 15 other enterprises, from academic researchers, rail and road shippers, truck manufacturers, governments and goods owners. KNEG's vision is carbon-neutral shipments by 2050. Here there are opportunities for unique partnerships that make a difference.

No empty vehicles thanks to a new collaboration

One example of collaboration with a positive outcome is Lantmännen Kronfågel's new purchases of transportation. Cooperation with transportation providers and customers resulted in better "occupancy" with no empty vehicles. Fuller trucks mean lower CO₂ emissions by 1,170 tonnes on an annual basis.

Actions carried out

- New policy for freight shipments.
- Guidelines for Swedish forwarders.
- Insourcing of load planning and transportation management.
- ISA equipment for Lantmännen Cerealia and Lantmännen Lantbruk (2009-2010).

Ongoing efforts

- Program truck transportation - eco-driving, alco-locks, attitudes in traffic.
- ISA (intelligent speed adaptation) equipment (2009-2010).
- Development of rail shipments - intermodal shipments, rail freight and alternative fuels.

Remaining challenges

- Increase the share of shipments by sea and rail.
- More efficient transportation within the Group and in external partnerships.
- Improved packaging.

Processing - foods

To promote consumers' health and well-being, food from Lantmännen is to be produced with care. Lantmännen's processing facilities comprise mills, bakeries, feed plants and slaughterhouses, etc. Operations involve a responsibility for good working conditions, animal welfare and reducing their own environmental impact.



Our responsibility - Food

- Safe foods
- Healthy foods
- A good working environment
- Good animal welfare
- Energy efficiency
- Functional and eco-friendly packaging

Safe food of high quality

For years Lantmännen has engaged in a systematic effort for the food it produces to be safe and of high quality. All production of food and feed is inspected on the basis of high quality and hygiene standards. All food production facilities are certified according to an international standard for food safety, e.g. ISO 22000 or BRC, and are therefore scrutinized by independent third parties. New plants have two years to meet the standards.

Incidents with glass fragments in frozen chicken products

In spring 2009, Lantmännen Kronfågel received several complaints of glass being found in frozen chicken products. In order not to jeopardize consumers' health, large quantities of the affected products were recalled. No cases of injury or health problems from the chicken products were reported.

The incident was reported to the police, and a police investigation was conducted. However, the investigation was unable to establish how the bits of glass ended up in the chicken. Glass is strictly prohibited in production plants.

Lantmännen Kronfågel has further reinforced its safety work, for instance by installing scanners for safety inspections of products. In connection with the incidents, all segments of Lantmännen focused on consumer safety. Surveys show that consumer confidence in the company and its products has been retained.

Traceability

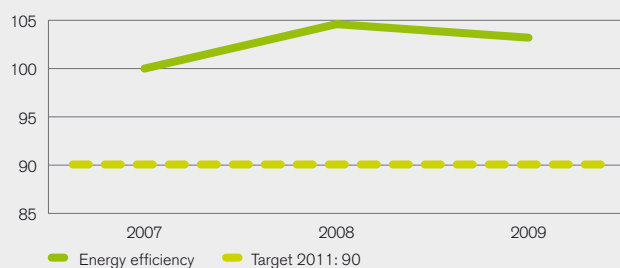
With operations and control along the entire chain from field to fork, Lantmännen has a unique opportunity to ensure good product quality. The ability to trace products to individual farms, such as for chicken, is invaluable. More and more customers are demanding specific information on the origin of products and their ingredients.

Additives

In recent years, food additives and their impacts on health and the environment have been frequently debated, while demand has risen for foods without unnecessary and controversial substances, such as trans fats and azo dyes.

Energy efficiency in production

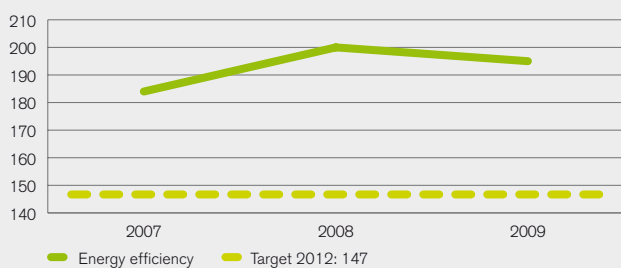
kWh/production volume



Energy efficiency improved in 2009 despite lower production volumes.

Carbon dioxide emissions

kg CO₂/production volume



Carbon dioxide emissions are being cut through greater efficiency and conversion to renewable energy.

Lantmännen's foods are to be as free as possible from additives, while aspects such as flavor, nutritional quality and product safety are all-important. To meet the new consumer demands, a survey was done in 2009 of all additives used at Lantmännen. Many of the most controversial additives, such as trans fats, azo dyes and monosodium glutamate are not found at all in any of Lantmännen's foods.

While for most people, additives have a negative ring to them, there are many "good" additives that can enrich foods from a nutritional or health standpoint, such as vitamins, minerals and active bacterial cultures.

Eco-friendly and efficient processing

Food processing is almost always an energy-intensive activity. Lantmännen works for sustainable energy use in part through systematic energy economizing in all operations and in part by gradually changing over to renewable energy sources and phasing out fossil fuels.

In 2009 Lantmännen continued its successful efforts in energy efficiency, including by integrating it into the Group program for improvement efforts (LEAD). In grain operations, measures implemented reduced electricity use by 25 percent in the period 2005 to 2009.

Several efforts were also made to phase out the use of fossil fuels. For instance, measures at Lantmännen Doggy, Lantmännen Lantbruk's new feed plant in Lidköping and Lantmännen Agroenergi's plant in Bankeryd all together reduce oil use at Lantmännen by 2,500 m³ per year, corresponding to around 6,600 tonnes of CO₂.

There are also efforts for constant improvements in the areas of waste management, chemical use and packaging materials.

Climate declarations on the international market

During the year, Lantmännen Unibake had climate declarations for four products that are sold in several countries, like Denmark, Russia, Spain, the U.K. and the U.S.



“As a food producer it is vital to show that we take responsibility along the entire chain. That is why it makes sense for us to be open about our products' climate performance. Being able to report the products' carbon dioxide emissions is essential for us if we want to remain competitive.

*Bent Pulz Larsen,
Business Area Manager, Lantmännen Unibake*

Focusing on the climate

An important objective is reducing products' climate impact. Lantmännen performs calculations for climate declarations of its products, as a basis for implementing measures that improve climate performance. ▶ pp. 55 and 66

Good animal welfare

Swedish consumers are eating more and more chicken. Good animal welfare is a vital issue for Lantmännen Kronfågel and for consumers. Lantmännen Kronfågel is working for lawful and ethical treatment of animals in accordance with European animal welfare legislation. In Sweden, the requirements and the Swedish Poultry Meat Association's animal welfare program are among the world's strictest in the area of animal welfare. For instance, chickens must be able to range freely in the barn, be handled carefully and transported properly. Inspections are done of all poultry-raising facilities. Animal welfare is also a key issue in our feed development work, and also characterizes the work at our Nötcenter Viken facility.

Activities requiring a permit

Lantmännen is engaged in activities requiring notification under the Swedish Environmental Code (SFS 1998:899) in 143 plants and activities requiring permits in 41 plants. These activities include mills, workshops and factories for manufacturing feeds, ethanol, fuel pellets and food. The environmental impact primarily takes the form of noise, emissions to air and water and temporary storage of hazardous waste. In 2009 Lantmännen Agroetanol reported a single nonconformance regarding high BOD values in the process waste water. An independent investigation was done to improve routines in the monitoring program for waste water discharges.

Actions carried out

- All food products are free of trans fats, azo dyes and glutamates.
- Contents of Doggy products to follow WWF and MSC list of approved fish.

Ongoing efforts

- Climate declarations for foods in several product categories.
- Energy economizing and phasing out of fossil fuels.
- Developing packaging.

Remaining challenges

- Tighten commodity standards in grain cultivation for food products regarding the most important sustainability aspects.
- Meet requirements for better environmental performance for food products.

Processing - energy

One of the greatest challenges of our time is to meet growing global energy needs, while reducing dependence on finite energy sources and their environmental impacts. Arable land is a valuable resource for production of bioenergy, which is part of the solution. Lantmännen will take an active part in the transition to renewable energy sources and is, among other things, Sweden's only major producer of fuel ethanol.

Our responsibility - Energy products

- Sustainable feedstocks
- Energy production processes
- Efficient use of by-products
- Optimal use of farmland with regard to competing aims such as the production of food, feed and energy feedstocks

Bioenergy a part of the solution

Achieving sustainable energy use requires a combination of greater energy efficiency and changeover to a number of renewable energy sources. Bioenergy from forest fuels and energy crops plays a key role in this changeover, and already helps reduce greenhouse gas emissions. This assumes, however, that bioenergy feedstocks meet important sustainability criteria.

In recent years the energy debate has been intense, particularly concerning liquid biofuels, with regard to climate benefits, impact on food prices, energy efficiency and biodiversity. For example, harvesting forest fuel incorrectly may pose a threat to biodiversity, and illegal cutting is a common problem in many parts of the world. There is also a discussion about competition for agricultural land for food and feed production versus energy crops. Taken together, this means a large number of aspects to take into consideration to ensure that produced biofuels perform well from a sustainability standpoint.

EU renewable energy directives

The most relevant set of rules for biofuels are the EU Renewable Energy Directive and Fuel Quality Directive. The Renewable Energy Directive sets targets for a greater share of renewables and contains sustainability criteria that cover climate benefits, biodiversity and cultivation on carbon-rich soil. The directive will now be implemented in national legislation in all member states. At the same time there is an effort at the EU-level to

clarify and define sustainability criteria and examine whether the same sustainability requirements shall be set for solid biofuels and how indirect soil effects should be handled.

The EU's ambition to increase the share of renewables may create big opportunities for green industries. At the same time, the industry is closely following developments, since there is a tendency for regulations to be interpreted so strictly that in practice they impede and drive up the cost of producing and using bioenergy. The overall outcome will have a significant impact on the bioenergy sector for years to come.

Lantmännen is Sweden's largest ethanol producer

Lantmännen Energi develops, produces and markets bio-based energy products such as ethanol, pellets and briquettes. Lantmännen is Sweden's largest producer of fuel ethanol, and in 2009 a new ethanol plant in Norrköping went into full operation. Producing ethanol from grain is an important step toward sustainable transportation in the future. Ethanol production has a number of other positive effects. One is a by-product with a high protein content, called draff, which is used as animal feed and reduced the need for imported soy protein. Another useful by-product is surplus heat. Lantmännen ethanol has up to an 80 percent lower climate impact than petrol.

Focus on sustainable ethanol

Lantmännen Energi has begun work to develop sustainability criteria for its own ethanol production. This is to turn the coming statutory requirements into a competitive advantage and help boost the profitability of the production of liquid biofuels, on the basis of political and commercial requirements. Several independent studies show that Swedish locally produced ethanol is equivalent to Brazilian from a climate and environmental standpoint.

Actions carried out

- New plant for manufacturing fuel ethanol.

Ongoing efforts

- In 2010 a plan will be drawn up for the sustainability criteria to be applied to operations on the basis of the EU Renewable Energy Directive.

Remaining challenges

- Analysis of long-term global issues like effects of competition for agricultural land for production of food, feed and bioenergy feedstocks.

Customers and consumers

Consumers are increasingly interested in food that is healthy, locally produced and natural. The food should be without unnecessary additives, be easily available and simple to prepare. At the same time, price is decisive for many. Lantmännen continuously refines its product range and product information to make it easier for consumers to make conscious choices that promote health and protect the environment.

Our responsibility - Consumer safety

- Healthy foods
- Traceability, verified content
- Transparent and objective information
- Developing and disseminating knowledge about good food
- Dietary advice for better health
- Product development that promotes health and protects the environment

Customer and consumer trends

Interest in what we eat is growing among many consumers. This is evident in greater awareness of and greater demand for healthy food produced under responsible conditions. Consumers want to know where and how their food is produced, what it contains and how it will affect their health. They also want to be able to trust the information they receive.

To keep itself up-to-date on customer and consumer attitudes and expectations, Lantmännen conducts various kinds of customer and consumer surveys on an ongoing basis.

For example, in 2009 a focus group survey was done among the consumer group “managers.” They are defined as female, health-conscious, well-educated and employed consumers aged 25-49. The survey showed that for these consumers, “good food” primarily involves four areas: labeling, nutritious, no additives and locally produced. Many spontaneously recognize Lantmännen and perceive the company’s image as honest, genuine and local. At the same time, there is a potential to raise consumer’s awareness of the values Lantmännen represents, with regard to what good food means and taking responsibility from field to fork.

Campaign to raise awareness of Good Food

Lantmännen is continuing its communication campaign with the message “Good food from Lantmännen” and “Responsibility from field to fork.” An evaluation showed that the communi-



cation achieved the aim of raising consumer awareness of Lantmännen and strengthening the association between the sprout symbol and sustainable food production.

Traceability along the entire chain

Being able to trace products backwards along the chain is essential for guaranteeing origin and quality and is a reassurance to consumers. For persons with allergies or intolerances, for example, traceability is especially crucial for ensuring uncontaminated contents. An example is Lantmännen’s product Ren Havre (pure oats) aimed at persons with gluten intolerance and for that reason does not contain any other kind of grain. Ren Havre can be traced back to the individual farm, with high quality standards at every stage. Lantmännen works continuously to improve traceability of other products as well.

Conscious consumers seek knowledge

Louise Ungerth of the Stockholm Consumer Cooperative Society sees a growing demand for environment- and health-related food information. Climate declarations may be a step, but more information is needed for consumers to be able make simple, informed choices.



“ I see climate declarations primarily as an aid for internally defining and dealing with weak links in the food product chain. To the outside they may be a positive signal that the producer is working on the issue, but we consumers want labels that weigh more environmental factors than climate impact.

Louise Ungerth points out the importance of all information and marketing regarding food being credible and fact-based. Consumers need to feel secure and know what the products contain and that environmental and health claims comply with current laws and regulations. It is also important that a player like Lantmännen can offer products to consumers with special needs, such as allergies.

“ I am confident that Lantmännen is committed to giving us consumers good food. Lantmännen’s efforts towards products aimed at those with gluten-intolerance are invaluable! I hope these efforts continue.

*Louise Ungerth,
Stockholm Consumer Cooperative Society*

Objective and transparent product information

Lantmännen’s product brands and the Sprout symbol are to be a promise to consumers of good food produced in a sound manner. Lantmännen also strives at all times to improve its product information to meet a growing demand for knowledge and information.

Product declarations

Content declarations with nutritional values appear on Lantmännen’s consumer packaging. Lantmännen is also working to do more to label the origin of its products. The added value in the form of health-promoting characteristics is communicated only when they are well documented and scientifically attested. Of course, all marketing of Lantmännen’s products should be correct and follow current legislation and guidelines.

Between Doggy and a multinational player there is a dispute before the Swedish Market Court concerning the marketing of

dog food. The dispute concerns whether it is compatible with proper marketing practice to use expressions in marketing such as “locally produced,” “Swedishness” and various environmental attributes.

Products with climate labels

In 2008 Lantmännen was the first to have food with climate declarations. In 2009, the number of products with climate declarations rose to 13. Lantmännen is continuing to develop climate declarations for more products, while working with the industry for uniform climate labeling.

Products with climate declarations

Products with climate declarations	kg CO ₂ /kg
Kungsörnens Kärnvetemjöl (whole wheat flour)	0.52
Kungsörnens Matkorn (pearled barley)	0.59
Kungsörnens Matvete (pearled wheat)	0.59
Kungsörnens Gammaldags idealmakaroner (macaroons)	0.66
Axa Havregryn (oatmeal)	0.87
Kungsörnens Mathavre (pearled oats)	0.88
Kungsörnens pannkakor, fryst (frozen pancakes)	1.3
Small French bread buns (Lantmännen Unibake)	1.3
Hotdog buns (Lantmännen Unibake)	1.3
Vanilla Crown, Danish pastry (Lantmännen Unibake)	1.5
Kronfågel chicken, fresh*	1.7
Kronfågel chicken, frozen*	1.8
Maple pecan, Danish pastry (Lantmännen Unibake)	2.7

* Calculation method differs from the others, update to take place in 2010.

Customers demand climate declarations

Several corporate customers are requesting product-specific environmental and climate information when purchasing ingredients for their own products. One example is a multinational company that manufactures breakfast cereals and has clear requirements for climate information, environmental performance and traceability.

Lantmännen contributes to greater knowledge

Making good decisions and choosing good food for health and the environment requires knowledge. Lantmännen can contribute to more sustainable food consumption by spreading knowledge and working to raise consumer awareness.

Lantmännen offers knowledge and inspiration about food, health and the environment through various channels. On the Web there are experts and advisers, blogs and Twitter. The latter also make possible a real-time dialog with customers and consumers. Lantmännen also publishes several magazines aimed at various customer groups.

Foods for better health

Promoting good health is the key to Lantmännen and characterizes its entire operations. To strengthen this perspective further, in 2009 Lantmännen adopted a new nutrition policy.



Lantmännen has long had a prominent position in food research for better health. Two examples are foods with a low glycemic index for stable blood sugar levels and high-fiber foods that can counteract widespread diseases.

After two years in product development, in 2009 Lantmännen launched Axa Fiber Hjärta och Mage, a product series with added value for the heart and digestion. The reason is that more than one in two Swedes suffer from stomach problems, while they eat substantially less fiber than recommended. The new products contain specially designed fiber blends with scientifically attested characteristics.

For the heart

The importance of the Nordic diet on cardiovascular health continues to be investigated in the NORDIET study. 90 participants have been eating food stemming from Nordic ingredients such as whole grains, rapeseed oil, fatty fish, low-fat dairy products, root vegetables, etc. The first results of this research were presented at the 2009 medical association conference, and the first scientific publications are on the way. The study shows that a calorie-balanced diet based on Nordic foods and the right kind of carbohydrates and fats lowers LDL (“bad”) cholesterol while other risk markers for heart disease such as blood pressure also drop.



Recharge ▶ www.lantmannen.se

Lantmännen provides information about diet and health through “Uppladdningen” (recharge), where dietary advice is provided on the basis of various target groups’ specific needs. Lantmännen also disseminates knowledge about diet and health through AXA Sports Club, one of the Nordic region’s largest athletic associations, with 38,000 members.

Actions carried out

- Provide consumers with information facilitating conscious choices.
- Spread “Uppladdningen” to more target groups.

Ongoing efforts

- Launch an organic product line.
- Increase organic product lines’ share of revenues to 5 percent by 2012.
- Raise awareness about a healthy Nordic diet.

Remaining challenges

- Meet the growing demand for clearer origin labeling of products.
- Step up the development of sustainable and efficient packaging solutions.

GRI reporting

Below is an overview of the performance indicators that Lantmännen has chosen to report on to fulfill GRI Application Level C. More information about the GRI and a complete description of guidelines and indicators is to be found at www.globalreporting.org

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

Description	Status	See page	Description	Status	See page
1. Strategy and analysis			4. Governance, commitments and engagement		
1.1 Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	●	5-7	4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	●	118-127
2. Organizational profile			Economic		
2.1 Name of the organization	●	129	EC1 Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	●	49
2.2 Primary brands, products, and/or services.	●	22-45	EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change.	◐	21
2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	●	3, 22-45	EC3 Coverage of the organization's defined benefit plan obligations.	●	104-105
2.4 Location of organization's headquarters.	●	129	EC4 Significant financial assistance received from government.	●	108
2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	●	95	Environmental		
2.6 Nature of ownership and legal form.	●	12	EN1 Materials used by weight or volume.	◐	57
2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	●	22-45	EN3 Direct energy consumption by primary source.	◐	62
2.8 Scale of the reporting organization, including: number of employees, net sales, total capitalization, quantity of products or services provided.	●	79-81, 95	EN4 Indirect energy consumption by primary source.	◐	62
2.9 Significant changes during the reporting period regarding size, structure, or ownership.	●	109	EN5 Energy saved due to conservation and efficiency improvements.	◐	62
2.10 Awards received in the reporting period.	●	50	EN6 Initiatives to provide energy-efficient or renewable energy based products and services.	◐	33
3. Report parameters			EN16 Total direct and indirect greenhouse gas emissions by weight.	◐	60
3.1 Reporting period (e.g., fiscal/calendar year) for information provided.	●	69	EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved.	◐	60-61
3.2 Date of most recent previous report (if any).	●	69	EN23 Total number and volume of significant spills. Comment: No significant spills were reported.	●	
3.3 Reporting cycle (annual, biennial, etc.)	●	69	EN28 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations. Comment: In 2009 Lantmännen was not fined significant amounts.	●	
3.4 Contact point for questions regarding the report or its contents.	●	69	EN29 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	◐	60-61
3.5 Process for defining report content.	●	69			
3.6 Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	●	69			
3.7 State any specific limitations on the scope or boundary of the report. If boundary and scope do not address the full range of material economic, environmental, and social impacts of the organization, state the strategy and projected timeline for providing complete coverage.	●	69			
3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	●	69			
3.9 Data measurement techniques and the bases of calculations	●	69			
3.10 Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	●	69			
3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	●	69			
3.12 Table identifying the location of the Standard Disclosures in the report.	●	70			


Description	Status	See page
Labor practices and decent work		
LA1 Total workforce by employment type, employment contract, and region.	●	95
LA7 Rates of injury, occupational diseases, lost days, and absenteeism.	●	53
LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	●	53, 96
Human rights		
HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	●	54
HR4 Total number of incidents of discrimination and actions taken. Comment: No cases of discrimination were reported.	●	
Society		
SO2 Percentage and total number of business units analyzed for risks related to corruption. Comment: 0%. In 2011 an effort will be carried out related to the code of conduct.	●	
SO3 Percentage of employees trained in organization's anti-corruption policies and procedures	●	48
SO4 Actions taken in response to incidents of corruption. Comment: No incidents reported.	●	
SO7 Total number of legal actions for anticompetitive behavior, antitrust, and monopoly practices and their outcomes. Comment: No legal actions were taken against Lantmännen.	●	
SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. Comment: In 2009 Lantmännen was not fined significant amounts.	●	

Description	Status	See page
Product responsibility		
PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling. Comment: No non-compliance with regulations or voluntary codes were identified.	●	
PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	●	65
PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications.	●	65-66
PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications.	●	66
PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. Comment: We are unaware of any substantiated complaints regarding breaches of customer privacy and losses of customer data.	●	
PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services. Comment: In 2009 Lantmännen was not fined significant amounts.	●	

GRI Application Levels

The Global Reporting Initiative (GRI) is an independent organization that develops global frameworks for sustainability reporting. Applying the GRI reporting framework ensures relevant and clear disclosure of sustainability work.

For this fifth sustainability report, Lantmännen has chosen to report according to GRI Level C and integrate it into the financial annual report. The aim moving forward is to expand the report to Level A+, with in-depth information about Lantmännen's sustainable development.

		C	C+	B	B+	A	A+
Obligatory	Self-declared						
	Externally assured						
Optional	GRI-checked						

Additional reporting information

- The report pertains to 2009, unless stated otherwise.
- The report is annual, and the previous one was completed in February 2009.
- The contact person for the report is Claes Johansson, Head of Sustainable Development. ▶ claes.johansson@lantmannen.com
- The report refers primarily to the Lantmännen Group, including its sectors. Associated companies and joint ventures are not included. A more detailed description of sustainability-related indicators and definitions and calculations for them are found in more developed format at www.lantmannen.com.
- Disclosures are regarded as significant for Lantmännen and its stakeholders. However, limitations on both data compilation and work on sustainable development mean that more significant information could have been presented if it had been possible.
- The contents of this report were compiled in an iterative process in which the Lantmännen Department for Sustainable Development and external specialists in the area of sustainable development determined the content together. Last year's sustainability report was sent out to a substantial number of external stakeholders, including industry representatives, customers, authorities, policymakers, the trade press, et al., to give them the opportunity to voice their views and make comments.

Annual Report

Board of Directors' report 71

The Group

Income statement	79
Balance sheet	80
Changes in equity	82
Cash flow statement	83

Parent Company

Income statement	84
Cash flow statement	84
Balance sheet	85
Changes in equity	86

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

The income statement shows revenues and costs

The balance sheet shows assets and liabilities including equity

Change in equity shows the change in equity/net assets

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

Group notes and accounting policies 87

Note 1	Acquisitions and disposals	93
Note 2	Segment reporting	93
Note 3	Breakdown of revenue	95
Note 4	Fees and reimbursement of expenses to auditors	95
Note 5	Employees and payroll expenses	95
Note 6	Depreciation, amortization and impairment of intangible and tangible fixed assets	98
Note 7	Income from other securities and receivables classified as fixed assets	98
Note 8	Special items that affect Income after financial items	98
Note 9	Exchange rate differences that affected earnings	98
Note 10	Taxes	99
Note 11	Intangible fixed assets	100
Note 12	Tangible fixed assets	101
Note 13	Investment properties	101
Note 14	Participations in associated companies	102
Note 15	Long-term financial assets	103
Note 16	Inventories	103
Note 17	Accounts receivable	103
Note 18	Current financial assets and investments	103
Note 19	Other current assets	103
Note 20	Equity	104
Note 21	Pensions	104
Note 22	Negative goodwill	105
Note 23	Other provisions	105
Note 24	Financial liabilities	106
Note 25	Financial instruments and financial risk management	106
Note 26	Other current liabilities	108
Note 27	Leasing commitments	108
Note 28	Customer financing	108
Note 29	Transactions with related parties	108
Note 30	Government grants	108
Note 31	Discontinued operations	109
Note 32	Pledged assets and contingent liabilities	109
Note 33	Notes to cash flow statement	110

Notes to Parent Company 111

Note 34	Breakdown of revenue	111
Note 35	Fees and reimbursement of expenses to auditors	111
Note 36	Operating income	111
Note 37	Income from participations in Group companies and associated companies	111
Note 38	Income from other securities and receivables classified as fixed assets	111
Note 39	Exchange rate differences that affected income	111
Note 40	Taxes	112
Note 41	Intangible fixed assets	112
Note 42	Tangible fixed assets	113
Note 43	Investment properties	113
Note 44	Participations in Group companies	114
Note 45	Inventories	115
Note 46	Prepaid expenses and accrued income	115
Note 47	Year-end appropriations, untaxed reserves	115
Note 48	Pensions	115
Note 49	Other provisions	115
Note 50	Other current liabilities	115
Note 51	Accrued expenses and prepaid income	115
Note 52	Pledged assets and contingent liabilities	115

Audit Report 117

Board of Directors' report

The Board of Directors and President of Lantmännen ek för, Corporate Identity No. 769605-2856, hereby present the Annual Report for the 2009 financial year. The earnings and financial position of the Parent Company and Group are stated in the following income statements and balance sheets with associated comments and notes.

The Group's business and organization

Lantmännen is one of the largest groups in the food, energy and agriculture industries in the Nordic region. Its main markets are in northern Europe. The starting point for Lantmännen's activities is arable land and its possibilities, where the Group is active in all links of the value chain, from field to fork.

The Lantmännen Group has been organized as four sectors since October 2009. The purpose of the new Group structure is to create a more competitive and efficient Lantmännen focusing on customers.

Basic operations aimed at farmers are conducted through the Agriculture Sector. Besides the cooperative business in Lantmännen ek för the sector includes the plant breeding and seed operations of SW Seed, the building and installation operations of Lantmännen Bygglant and the feed operations of Lantmännen Krafft. The Agriculture Sector also includes the Group's international associated companies in the ag sector.

The other operations are organized in the Machinery, Energy and Food Sectors.

The Machinery Sector corresponds to the previous Lantmännen Anläggnings- och Lantbruksmaskiner business area.

In addition to the previous Energy business area, the new Energy Sector includes Lantmännen Reppe.

Lantmännen has chosen to coordinate all food operations in a single sector, the Food Sector. In addition to the previous Cerealia, Unibake and Kronfågel business areas the sector also includes Lantmännen Doggy. In Lantmännen's opinion there are major advantages to grouping the food operations in a single sector. In addition to utilizing synergies across operational lines the change will make it possible to coordinate actions not only further back in the value chain but also in relation to communicating and interacting with consumers.

Changes in the Group structure

The sale of Lantmännen Färskröd in Sweden, which was described in the previous Directors' Report, was completed in mid-January after Lantmännen Cerealia AB sold all of its

shares in Lantmännen Färskröd AB to Fazer Bageri AB. The effect on earnings was taken into account through a provision in the 2008 year-end closing. The revenue and operating income of the sold business amounted to MSEK 1,257 and MSEK -123, respectively, in 2008. Total assets at year-end 2008 amounted to MSEK 811.

In the first quarter, Lantmännen Lantbruk and the Dutch company Agrico formed a joint-venture company, Agrico Nordic, to produce and market seed potatoes in Sweden.

During the second quarter Lantmännen Unibake increased its holding in Bakehouse from 25 percent to 63 percent, thereby securing majority ownership of the U.K.'s leading distributor of Danish pastries, croissants and specialty breads. Bakehouse was consolidated as a subsidiary in May and was reported as an associated company prior to that. The company acts as an agent in the British market and its full-year revenues amounted to approximately MSEK 160, of which most refers to Unibake's products.

During the second quarter, Lantmännen Cerealia sold all its shares in the Latvian milling company JSC Rezekne Dzirnavnieks to Scandinavian Farmers AB, an associated company co-owned by Lantmännen and the Danish company DLG.

In the third quarter SW Seed established a company together with a French and a British plant breeding company to breed, produce and market winter oilseed rape for the European market. SW Seed is the majority owner of the company, SW Winter Oilseed AB.

The acquisition balances prepared for all acquisitions made during the year are preliminary.

The acquisition and divestments carried out are in line with the Group strategy adopted in 2007.

Other important events

Trading in contribution issues was introduced in February. Contribution issues are the part of a member's equity that is not paid in but is allocated instead to the member through a transfer from the collectively owned non-restricted equity of the Association. Trading may be done only between members. During the year 8 trade sessions were carried out and total trading of contribution issues amounted to TSEK 4,657.

A Group-wide capital rationalization project was started in the first quarter. Called Cash Race, the project comprises many different activities, all aimed at optimizing the handling of the Group's working capital. The project includes all operations in the Group and the goal was to free up MSEK 1,500 in 2009. The effort has been successful and as a result the Group's cash flow from changes in working capital amounted to MSEK 2,417.

During the second quarter all members and employees in most countries were given an offer to invest in subordinated debentures in the Association. Subordinated debentures are a special form of capital that is a cross between debt and equity. It is possible to trade the subordinated debentures in the second-hand market without restrictions as to buyers in the countries where Lantmännen has decided to issue debentures. The subordinated debentures paid in on issued shares amounted to MSEK 56. Among other factors, the return on the subordinated debentures depends on the Group's earnings performance. For 2009 only the guaranteed return of 3 percent will be paid. During the year three trade sessions were carried out without any shares being traded.

During the third quarter Lantmännen signed an agreement to acquire the Sopps pasta brand from Riber & Søn, a Norwegian food company. Through the acquisition Lantmännen's Food Sector will become the market leader in pasta in Norway. The deal went into effect at the beginning of 2010.

In the third quarter Lantmännen decided to build a bakery for pastries in the U.K., Unibake's biggest market. Unibake's bakery in Fristrup, Denmark, will be closed when the new bakery opens.

In the third quarter Lantmännen also decided to invest MSEK 65 in Lantmännen Doggy's plant in Vårgårda. The investment represents increased production of dog and cat food products in Tetra Recart packaging.

Lantmännen decided in the third quarter to transfer production at Kronfågel's plant in Kristianstad to the facility in Valla. 175 employees in Kristianstad are affected by the decision. The closure of the plant in Kristianstad will be implemented in 2010-2011.

During the third quarter Lantmännen's potato processing operation was sold to a group of growers. Lantmännen Solanum continues to receive, store and sort potatoes for external customers.

Introduced on October 1, the new sector structure is part of a major organizational overhaul, which led to a comprehensive efficiency program called Shape. Under the program, approximately 400 sales and administrative employees will have to leave Lantmännen. The total cost of currently adopted structural changes amounts to MSEK 150, all of which will be charged against 2009 earnings. Once the program is completely implemented in 2012 the annual savings will total an estimated MSEK 400.

In the fourth quarter Lantmännen decided to commence negotiations to close Lantmännen Cerealia's plant in Mjölby, with closure planned for 2010. Production will be reassigned to Cerealia's other facilities.

Group net sales and earnings

Net sales in the Lantmännen Group amounted during the year to MSEK 35,101 (42,868), a decrease of 18 percent. Adjusted for group changes, which above all refer to the divestment of Granngården and Lantmännen Färskröd in Sweden and the acquisition of Euro-Bake, Eurobuns and Baco, net sales

declined 15 percent. Among other reasons, the decrease in revenues is due to lower grain prices and lower year-on-year sales volumes of fertilizer and feed in the Agriculture Sector. In the Machinery Sector sales of machinery plummeted owing to the weak economy.

Operating income in the Lantmännen Group amounted during the year to MSEK 305 (1,136).

Operating income was affected by items affecting comparability totaling MSEK -150 (104). The figure includes the MSEK -150 cost of the ongoing efficiency program, Shape, other restructuring costs totaling MSEK -58 and MSEK +58 in capital gains. Adjusted for these items affecting comparability operating income amounted cumulatively to MSEK 455 (1,032).

The primary reasons for the deterioration in earnings were lower sales and leasing of construction machinery, considerable volume decreases and inventory write-downs relating to fertilizer, plus costs related to the low quality of the 2008 grain harvest.

Moreover, the incident involving bits of glass found in frozen chicken products in the spring of 2009 negatively impacted the Group's earnings by approximately MSEK 70. The amount refers to the costs for the recalled volumes as well as the costs for increased scanning of products and the earnings impact of lost sales.

For further comments on the income statement see [p. 79](#)

Significant items affecting comparability

MSEK	2009	2008
Recognized operating income	305	1,136
<i>Items affecting comparability in operating income:</i>		
Capital gains from		
- sale of properties	58	235
- sale of operations, equities	-	350
Reversal of salmonella reserve	-	181
Impairment of fixed assets, etc.	-	-371
Impairment and restructuring costs, sale of Lantmännen Färskröd in Sweden	-	-291
Restructuring costs, Shape	-150	-
Restructuring costs, other	-58	-
Total items affecting comparability in operating income	-150	104
Operating income adjusted for items affecting comparability	455	1,032
Recognized income after financial items	-65	702
Items affecting comparability in operating income according to above	-150	104
<i>Items affecting comparability in financial items:</i>		
Impairment of loan receivables	-	-24
Income after financial items adjusted for items affecting comparability	85	622
Return on equity, excluding items affecting comparability %	0.4	6.0
Return on operating capital, excluding items affecting comparability %	2.2	5.1
Operating margin, excluding items affecting comparability %	1.3	2.4

Sectors' net sales and operating income

MSEK	Net sales ¹		Operating income	
	2009	2008	2009	2008
Agriculture Sector	10,749	14,154	-140	361
Machinery Sector	7,101	9,529	35	376
Energy Sector	3,258	4,867	67	-83
Food Sector	15,109	15,501	598	574
Other and eliminations ²	-1,116	-1,183	-255	-92
Total	35,101	42,868	305	1,136

¹ Net sales for the sectors include intercompany sales

² Includes capital gains from property sales. 2008 includes revenues and earnings from the divested business Gnångården and reversal of the salmonella reserve

Agriculture Sector

Net sales for the year amounted to MSEK 10,749 (14,154), a decrease of 24 percent. Compared with 2008, the MSEK 1,500 decrease in fertilizer sales was the primary reason for the lower net sales. Revenues were also affected by lower feed volumes along with lower grain and feed prices.

In September, sales of fertilizer ground to halt after the Government announced its plan to abolish the fertilizer tax from January 1, 2010. However a substantial portion of the lost sales is expected to have a positive impact on sales in early 2010. Fertilizer sales were also impacted because farmers purchased much of their 2009 need for fertilizer already in 2008 in anticipation of higher fertilizer prices in 2009.

Sales of grain were negatively affected by the prevailing state of the market and by customers' efforts to cut capital tied up in inventories. Grain sales recovered to certain extent in the latter part of the year, albeit at a lower price level. Cattle feed sales fell due to the decline in the number of dairy cows. At the same time the weak profitability of milk producers drove a demand for lower priced feed. Lantmännen's new Vida range consequently won market share in the latter part of the year. All in all, however, Lantmännen lost market share in the feed market in 2009.

The revenues of the SW Seed and Bygglant business units were largely on par with the previous year.

Operating income for the year amounted to MSEK -140 (361). Operating income was negatively impacted by the lower net sales of fertilizer, grain and feed. The combined decline in fertilizer and feed sales caused an earnings shortfall of approximately MSEK -200, of which the effect of the fertilizer tax amounted to MSEK -50. In addition, earnings were negatively impacted by a total of MSEK -230 through the write-down of existing fertilizer stocks, downgrading of grain due to the low quality of the 2008 harvest and sharply higher logistics costs for transporting and importing goods relating to these quality problems. Earnings were also affected by the MSEK 15 in compensation paid to farmers concerning the germination problem with the Ritz variety of oilseed rape. In the Agriculture Sector the cost for the year regarding actions taken under the Shape efficiency program amounted to MSEK 46.

Operating income for the sector includes total earnings of MSEK 64 (163) from shares in the international associated companies, primarily HaGe Kiel in Germany and Scandinavian Farmers in the Baltic countries. The previous year's earnings were affected by MSEK 81 in capital gains from the divestment of shares in Hedegaard A/S.

In addition to the Shape program the Agriculture Sector implemented a number of action programs to improve profitability during the year. They include the new business plan for fertilizer and seed sales and the implementation of the LEAD productivity program at all feed plants. It is estimated these measures will improve cost levels by approximately MSEK 120 annually when the measures are fully implemented in 2010.

Earnings in Lantmännen Lantbruk's cooperative operations are not satisfactory and the measures carried out were insufficient. Further action will be needed to achieve a satisfactory result.

Machinery Sector

Net sales during the year amounted to MSEK 7,101 (9,529), down 25 percent. The sharp decline is firstly due to Swecon, where the weak economy impacted sales and leasing of construction machinery. Sales of farm machinery also declined as a consequence of the weak agricultural economy. The situation is particularly troubling in Denmark where the financial turmoil is restricting farmers' access to external financing of machinery purchases. Sweden and Norway saw some improvement in demand and sales in the remaining months of the year.

On the other hand, the aftermarket for parts and service has been stable for both Swecon and Lantmännen Maskin and was at the level of the previous year.

Operating income during the year amounted to MSEK 35 (376), corresponding to a decrease of 91 percent. The poor result is chiefly related to the lower revenues. In Lantmännen Maskin the weakening of the Swedish krona also had a highly negative impact on earnings since it has been very difficult to implement compensating price increases on imported machinery in a market in overall decline. In Swecon, the comprehensive rationalization measures implemented during year positively impacted earnings by a considerable amount. The total costs for the sector's Shape program amounted to MSEK 47 for the year.

Energy Sector

Net sales during the year amounted to MSEK 3,258 (4,867), a decrease of 33 percent. Of the revenue decrease, most, MSEK -900, is due to sales of diesel and fuel oil being reported only by the Agriculture Sector starting in 2009. The Energy Sector has previously acted as an intermediary between suppliers and the Agriculture Sector, which is responsible for sales to external customers. Revenues were also affected by the decline in trading externally produced ethanol, which was not fully compensated by higher production of ethanol at Lantmännen Agroetanol's plant in Norrköping.

Operating income for the year amounted to MSEK 67 (-83). With improved earnings, the majority of operations contributed

to the overall increase compared with the previous year. Operations in solid biofuels were positively impacted by successful work on productivity and quality-raising measures at sites including the plant in Latvia, and by higher overall sales owing to lower temperatures than in the previous year. The improvement in Agroetanol is mainly related to the 2008 start-up costs for the new line in Norrköping being followed this year by a positive earnings performance in step with higher capacity utilization and production. Production now functions as planned, with the line running at 88 percent of capacity in the fourth quarter. Higher prices for ethanol and higher volumes of alkylate petrol sold contributed heavily to the sector's improved earnings. MSEK 11 will be charged against earnings for the cost of the sector's Shape program.

Food Sector

Net sales during the year amounted to MSEK 15,109 (15,501), a decrease of 3 percent compared with the previous year. Adjusted for acquisitions and disposals, net sales grew by 4 percent.

Volumes and net sales in the frozen bread business increased slightly in most markets despite the weak economy. Higher sales in Lantmännen Doggy also contributed to an increase in the sector's net sales. At the same time net sales were negatively impacted by severe price pressure in the flour market and lower volumes in primarily the bakery and industry segment. This is in part a result of decreased sales of fresh bread throughout Scandinavia.

While Lantmännen Kronfågel lost sales in the beginning of the year due to the glass incident, sales have now recovered to about the same level as before the incident. Overall, however, net sales in Sweden were somewhat lower than in the previous year.

Operating income for the year amounted to MSEK 598 (574). Adjusted for items affecting comparability and acquisitions and disposals carried out, operating income fell 4 percent compared with the previous year.

In the bread business operating income was negatively impacted by the recession, with low-margin products increasing as a consequence of a change in consumption patterns. Both the Danish chicken and milling operations negatively impacted earnings due to the strong price pressure on the operations' products. At the same time, operating income was positively impacted by the efficiency measures carried out in the frozen bread operation and at Lantmännen Doggy. The cost of the sector's Shape program amounted to MSEK 16 during the year.

The glass incident in Swedish chicken operation affected the sector's net income for the year by approximately MSEK 45.

Financial position and investments

See the comments to the balance sheet, [▶ p. 81](#)

Cash flow and liquidity

See the comments to the cash flow statement, [▶ p. 83](#)

Environmental information

Lantmännen is engaged in activities requiring notification under the Swedish Environmental Code in 143 plants and

activities requiring permits in 41 plants in Sweden. These activities include mills, service centers and factories for manufacturing feeds, ethanol, fuel pellets and food. The environmental impact primarily takes the form of noise, emissions to air and water and intermediate storage of hazardous waste.

In 2009 Lantmännen Agroetanol itself reported a single permit non-compliance regarding high BOD values in the process waste water. An independent investigation was done to improve routines in the monitoring program for waste water discharges. The matter has been submitted to the prosecutors, but has not reached the courts.

Production units in other countries adapt their operations, apply if necessary for licenses and report to the authorities in accordance with local laws.

For further information about the Group's environmental work see the section about environmental information in the Sustainability Report [▶ pp. 46-69](#)

Human resources

The average number of employees in the Lantmännen Group decreased by just over 2,000 compared with the previous year and totaled 10,552 (12,671). The decrease is mainly due to the sale of Lantmännen Färskröd in Sweden at the beginning of 2009 and Granngården in August 2008. Of the average number of employees 5,051 (6,958) are employed in Sweden.

Lantmännen's goal is to be viewed as an attractive employer known for a healthy working climate where expertise is nurtured and fostered throughout the entire Group. Among other things, Lantmännen's equal opportunity and diversity policy states that the Group shall safeguard and value the expertise, qualities and experience of all employees regardless of gender, age, ethnicity, religion or other beliefs, sexual orientation, disability or other individual differences. In addition, it states that the Group will not tolerate any bullying, harassment and discrimination.

For further information about personnel work in Lantmännen see the section about Employees in the Sustainability Report [▶ pp. 51-53](#)

Senior executives

The guidelines for remuneration of senior executives in 2009 are stated in Note 5. The General Meeting adopts remuneration guidelines on the basis of Board proposals. At the Extraordinary General Meeting in October 2009 a decision was made concerning guidelines for remuneration of senior executives in 2010. These guidelines are in conformity with those that applied for 2009 concerning fixed pay, pensions, other benefits and severance pay.

Variable pay shall only be paid for performance beyond what can normally be expected. Decisions about target groups and guidelines for variable salary are made annually by Lantmännen's Remuneration Committee and Board of Directors. For 2010 the program consists of quantitative and qualitative targets. The quantitative targets represent 3/4 of maximum variable pay and are linked to operating units' Earnings After

Capital Charge (EAC). EAC, i.e., economic value added, is calculated by charging Lantmännen's cost of operating capital, currently 8 percent of average operating capital, to operating income. The cooperative operations in the Agriculture Sector are not included in the calculation basis for variable pay. The result does not include non-recurring costs and revenues beyond what is contained in the budget. The remainder, i.e., 1/4 of maximum variable pay, is linked to individual targets depending on the position held. The results do not include costs and revenues of a non-recurring nature beyond that built into the budget. Maximum variable salary that can be paid to Lantmännen's Group Management for 2010 is 30 percent of fixed salary. No variable pay is paid when financial targets are not met. No variable pay is paid to the manager of the Agriculture Sector.

Significant risks and uncertainty factors

Risks in the Group's activities can mainly be divided into strategic risks, operating risks relating to business activities and risks relating to financing activities. The operating risks are normally handled by the operating units in the Group while financial risks are mainly dealt with by the corporate finance function. The financial risks are described in further detail in Note 25 and the paragraph on risks and uncertainty factors also describes other risks, see [▶ pp. 20-21](#)

Being exposed to risks is part of doing business. It is part of the daily work of Lantmännen to identify and handle risks, to prevent these risks from becoming a reality and taking steps on an ongoing basis to reduce potential risks.

Strategic risk

Risks associated with business trends and long-term planning are primarily handled through Group Management discussion of decisions of a strategic nature followed by Board action plus an annual strategic planning process. The strategic plan is discussed and questioned within the Group on the basis of external and internal considerations. All units and levels are involved in the strategic process, which ensures that plans and approaches are well thought through.

The activities of the Group are subject to regulation and oversight. Future amendments of Swedish laws, regulations and other rules as well as amendments of EU regulations may impact Lantmännen's activities, earnings and financial position. Material changes in operating conditions, such as the imposition or elimination or raising or lowering of tariffs and taxes and other political decisions, can take place in individual markets and operations.

Operating risks

Lantmännen's ability to increase profitability and returns for its owners largely depends on how well the Group succeeds in developing new products and maintaining cost-effective production while also expanding operations. Handling price fluctuations and structural measures are also important factors in maintaining and increasing profitability. Lantmännen's

ambition in selected areas of business is to grow through a combination of organic growth complemented by selected acquisitions in certain areas of operations. Integrating acquired businesses in the organization is an extensive process that can entail higher than expected costs.

Lantmännen is active in competitive markets that are mature in most cases. This means that demand is relatively stable at the same time as price competition is strong in the majority of product categories. Lantmännen is particularly sensitive to fluctuations in the price of grain, soybeans and oilseed rape. Rising prices for these commodities represent increasing costs, which, if they cannot be passed on to the customer, lead to lower earnings. Within Lantmännen, fluctuating commodity prices particularly affect the Agriculture Sector's operations, the Food Sector's milling operations and the operations of the Energy Sector's ethanol production unit, Lantmännen Agroetanol. Volatility in the commodity markets has been very high in recent years. Since the record high grain prices in early 2008 prices have fallen considerably, dropping in 2009 to the same levels as before the sharp price rise in 2007. Taking milling wheat as an example, this has meant a price difference of approximately 50 percent between the highest price in 2008 and the lowest price in 2009.

Material regulatory changes, such as the elimination or lowering of tariffs and taxes and other political decisions, can take place in individual markets and operations, potentially affecting Lantmännen's operations and profitability.

Salmonella constitutes a significant risk for Lantmännen, since contamination is constantly present in the surrounding environment. To limit the risk, Lantmännen has an extensive internal control to constantly monitor and prevent salmonella contamination in feed plants and livestock production.

Other significant risks such as a breakout of avian flu can materially change the market by reducing demand, lowering the prices of Lantmännen's products.

Swedish ethanol production

The decision to invest in the ethanol plant in Norrköping was founded on the assumption of continued tariffs on ethanol imported from countries outside the EU. The volatility of grain prices and uncertainties regarding the price of ethanol and changes in tariff rules, represent significant risk factors that can alter the operating conditions for Swedish production of fuel ethanol.

In the medium-term, international trade negotiations in the WTO are expected to lead to a gradual reduction of EU-wide tariffs on ethanol. However, it is believed that rising global demand will lead to a parallel and compensating increase of world market prices.

Should the operating conditions for Swedish ethanol production change in coming years to the disadvantage of Lantmännen the value of the investment in the ethanol plant in Norrköping will be reviewed, which could entail a write-down of the value of the facility. The operating conditions for ethanol production were satisfactory in 2009.

Trademark risks

Expectations are increasing for Lantmännen to conduct its business in a manner that is sustainable in the long term from an economic, ecological and social perspective. All activities not conducted within these parameters run the risk of damaging stakeholders' faith in the "Lantmännen" brand name.

Food safety is a priority area in safeguarding consumers' continued faith in Lantmännen. The precautionary principle is vital for ensuring food safety through the entire chain from field to fork. In those cases where incidents still take place, it is important for Lantmännen to have a functioning system for taking remedial action. A strategy for clear and open communication is also a prerequisite for minimizing brand risks. One example of this in 2009 was the incident involving glass bits in frozen chicken products from Lantmännen Kronfågel.

Many crop production issues also have a major impact on how stakeholders view the Lantmännen brand name. The use of GMOs (genetically modified organisms), sludge, commercial fertilizers and crop protection products must be done in an open and responsible manner so as not to jeopardize faith in Lantmännen's ability to produce food in a long-term, sustainable manner.

Furthermore, good animal health and animal ethics are an area in which the demands and expectations of consumers are growing. The risks from Lantmännen's perspective mainly concern negative attention concerning questions about the production of animal feed, livestock farming practices and the issue of rapid weight gain in chicken production.

Environmental risks

Future climate change represents increasing risks for Lantmännen on several fronts. Extreme weather situations such as storms and floods can impact Lantmännen facilities in exposed sites such as ports and other near-shore sites. Weather-related damage can also result in higher insurance premiums in the long term. In the longer term, climate change may indeed lead to higher yields in many areas, but with an increased risk of crop failure some years. Political decisions leading to stringent legislation or tighter economic controls such as a carbon tax, can radically affect operating conditions. Finally, climate issues can also lead to changed market conditions arising from changes in consumer preferences.

Many of Lantmännen's facilities require environmental permits stipulated in environmental legislation. These facilities must be operated in a responsible manner so that Lantmännen does not risk losing permits for strategically important activities.

Insurance risks

The Group's operations are exposed to insurable risks to property and goods. Lantmännen has a special Risk Management function whose goal is to minimize the total cost of the Group's insurable risks. This is partly done by continuously developing risk prevention and risk-limiting efforts in operations and partly through Group-wide insurance solutions. Insurable risks are placed with large Swedish and inter-

national direct insurance companies and with a Group-owned captive company that purchases reinsurance in the international reinsurance market.

Financial risks

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

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

The need is great and well-functioning payment readiness is crucial for reducing financial risk. Lantmännen's objective is to have sufficient liquidity or credit facilities to minimize the risk of financing drying up or being inadequate when needed and to ensure a high degree of payment readiness. On December 31, 2009 Lantmännen's total payment capacity, including cash and bank balances, amounted to MSEK 2,639 (747). The average remaining fixed credit period on this date was 3.7 years (3.9).

Financial handling of risk is basically centralized in the Group's corporate finance function, which continuously monitors and controls the Group's financial risks. These risks are followed up monthly at meetings of the Group's Risk Committee. The Group's handling of financial risks is centralized to make the most of economies of scale and synergies and to minimize handling risks. In addition to functioning as the Group's internal bank, the Group's corporate finance function is responsible for Group borrowing, currency and interest rate risk management and controls all the Group's commodity, electricity and gas risks.

Credit risk in accounts receivable is handled through a policy for special credit rating investigations. Lantmännen checks the credit of its customers by collecting information about the financial position of customers from various credit-rating agencies. In some cases the risk of credit losses is limited through credit insurance of certain large accounts receivable.

Research and development

R&D costs for the year were MSEK 318 (266). Expenditure on R&D includes all expenses that can be attributed directly to R&D activities or that reasonably and consistently can be allocated to the activities.

Responsibility for R&D in the Group lies with the respective sectors and companies. The corporate function Lantmännen Food R&D is responsible for coordinating external contacts, but with its special expertise in food technology, nutrition and quality assurance is also a resource for business

operations. Lantmännen also supports external research through three of its own research foundations.

For further information on Lantmännen's R&D see

▶ pp. 9-10

Outlook

Lantmännen's machinery and agriculture operations have been hard hit by the recession that has rocked the world economy this past year. However, the fourth quarter saw some signals of a nascent improvement in the economic situation. For Lantmännen, the recovery was the most evident in machinery operations, where new orders for both construction and farm machinery improved.

There are also signs in the farm economy of improvement compared with 2009 when profitability, above for all milk and grain producers, plummeted in the wake of low settlement prices and high prices for production inputs. Profitability in Swedish agriculture is of major importance to Lantmännen's ag-related operations. In particular the affect of a decreased number of beef and dairy farms on feed sales can be mentioned. Continued streamlining of operations in the Agriculture Sector to reduce costs and strengthen competitiveness for both Lantmännen and customers is therefore a priority area in 2010.

Traditionally, arable land has been an important resource for the production of food and has also become an increasingly significant resource in the production of bioenergy. Given the substantial investments Lantmännen has made to produce liquid biofuels and other products, it is extremely important for public policy to have a long-term view.

Even food operations have been affected by the recession, albeit to a lesser extent. The biggest impact has been in the frozen bread business, where sales in most of the product categories were directly affected by less travel. Costs were quickly adjusted, successfully counteracting the earnings impact of the recession and providing a good platform for the coming financial year.

The demand for healthy and wholesome food continues to gather strength. Health and convenient food solutions are strong consumer trends. Lantmännen's food business enjoys a strong position in both of these areas.

There is great uncertainty about the speed at which the economy will recover during the year to come. The savings already achieved in the three ongoing Group-wide action programs are an important platform on which to build in the years to come. Focusing on continuous improvements and cost-savings frees up resources that provide opportunities for future investments and stronger competitiveness.

The process of optimizing work methods and working in a more customer-oriented manner, which is being carried out under the Shape project, will continue in 2010. The new sector structure is one of many changes that are being implemented, which taken together are expected to lead to annual savings of MSEK 400 when the program is fully carried out in 2012.

The Group's work on continuous improvements of the supply chain under the LEAD program will continue. So far,

the production process has been in focus, but during the coming year the program will be broadened to also include administrative processes including logistics and purchasing.

The successful work on optimizing and reducing the Group's tied-up working capital continues. Called Cash Race, the program was a major contributor to the Group's improved cash flow in 2009.

In other respects, operations in 2010 will be characterized by the work of establishing operations in the new sectors and the continuing work on realizing Lantmännen's strategy, where a major focus will be placed on developing the Group's core businesses and divesting non-core businesses.

Changes to accounting policies

There were no new or changed recommendations or other rules affecting Lantmännen's reporting in 2009.

The Board of Lantmännen has decided that beginning 2010 Lantmännen will prepare its consolidated financial statements and reports according to the same rules that apply to listed companies in the EU. This means that Lantmännen will apply International Financial Reporting Standards (IFRS), as adopted by the EU.

The annual report for 2009 will be the last annual report prepared pursuant to recommendations of the Swedish Financial Accounting Standards Council. The comparative year of 2009 will be updated according to IFRS rules in all reporting for 2010. The interim report for first quarter 2010 and 2010 annual report will contain a detailed reconciliation between the 2009 balance sheets and income statements according to IFRS and current accounting policies.

The major differences between IFRS and current policies concern reporting of

- goodwill, which will no longer be amortized and will instead be tested for impairment
- negative goodwill, which does not exist under IFRS
- financial instruments, where more instruments will be recognized at fair value in the balance sheet and the criteria for permitting hedge accounting will be tightened.

Events after the balance sheet date

Lantmännen has decided to close down the operations of Lantmännen Solanum from the summer of 2010. Nine employees are affected.

In February, the decision was made to close the Lantmännen Unibake bakery in Glostrup, Denmark in early summer 2010. Production will be moved to Unibake's facilities in Finland and Germany. Forty-six employees are affected.

The decision has been made to initiate negotiations under the Co-determination Act for the closure of Lantbruk's feed plant in Norrköping. Eleven employees are affected.

PARENT COMPANY LANTMÄNNEN ek för

Organization

In the Parent Company, Lantmännen's core business activities are conducted in the Agriculture Sector. The Parent Company also has corporate functions and handles property management.

Number of members

The number of members on December 31, 2009 totaled 37,451 (39,350).

Net sales and operating income

Net sales during the year amounted to MSEK 10,130 (13,252). The lower revenues are mainly a result of lower sales volumes for fertilizer and feed.

Operating income amounted to MSEK -455 (242). Of the lower operating income MSEK -402 is attributed to the Agriculture Sector. Beside lower volumes, earnings were also affected by inventory write-downs for fertilizer and additional costs related to the poor quality of the 2008 harvest. The difference in the year-on-year earnings is also due to capital gains from property sales, which amounted to MSEK 61 in 2009 compared with MSEK 222 in 2008.

Income after financial items

Income after financial items totaled MSEK 223 (671). Net financial items for the year include MSEK 63 (301) in capital gains from the sale of shares and MSEK 488 (566) in dividends, primarily from subsidiaries.

Investments

Investments for the year in tangible and intangible fixed assets totaled MSEK 332 (416). In 2009 the Agriculture Sector continued to invest in the new feed plant in Lidköping and the new seed plant in Eslöv, which also opened for operation during the year. Lantmännen's investment in new IT infrastructure also continued in 2009.

Equity ratio

The equity ratio was 36.6 percent (32.3).

Human resources

The average number of employees totaled 1,228 (1,317).

ALLOCATION OF PROFIT

Refund and final price adjustment

The Board of Directors has decided not to pay any refund or final price adjustment for 2009.

In 2008, 1 percent was paid in refunds for members' purchases of feed, fertilizer, seed, pesticides, grain and petroleum products and 0.5 percent for purchases from the Machinery Sector. The final price adjustment in 2008 amounted to 1 percent on delivered grain and oilseeds. The actual outcome for the 2008 refund and final price adjustment was MSEK 122, compared with the MSEK 121 provision in the 2008 year-end closing.

Contribution dividend

The Board proposes that the Annual General Meeting approve the payment of a contribution dividend of 5 percent (5) on paid-in and issued contributions to direct members and 5 percent (3.7) to organization members and local associations. MSEK 63 (57) is allocated for this.

Contribution issue

The Board of Directors proposes that the Annual General Meeting approve a contribution issue of MSEK 100 (110). The issued capital will be distributed as follows: 75 percent based on the members' paid-in and issued contributed capital and 25 percent on the members' 2009 contribution-based turnover with the Association. The turnover is calculated on the same basis used for the distribution of refunds and final price adjustments.

In all, the contribution dividend and contribution issue resulted in a return on the contributed capital totaling 13 (14) percent for 2009.

Subordinated debentures

The Board of Directors proposes that the Annual General Meeting approve a 3 percent dividend on subordinated debentures. The dividend on subordinated debentures will thus amount to MSEK 1.

Proposal for allocation of profit

Non-restricted equity in the Group amounts to MSEK 5,550, of which it is proposed that MSEK 100 be deposited into the statutory reserve in the Parent Company.

The Board of Directors proposes that the Parent Company's unappropriated earnings of TSEK 4,894,334 be allocated in the following manner:

Contribution dividend	TSEK 63,314
Contribution issue	TSEK 100,000
Dividend on subordinated debentures	TSEK 1,007
Provisions for statutory reserve	TSEK 100,000
Carried over to new account	TSEK 4,630,013
Total	TSEK 4,894,334

As a result of the trading in contribution issues, the Board has decided that the date on which the holding entitles the holder to a dividend, in the form of either a contribution dividend or a contribution issue, will be the date of the Annual General Meeting, May 5, 2010.

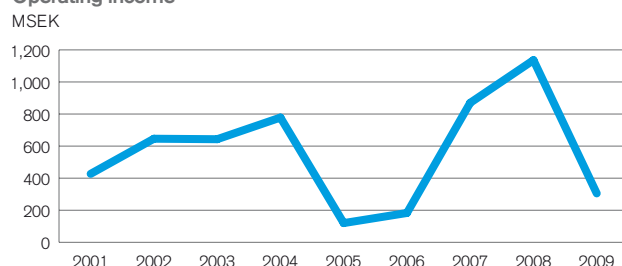
The dividend is calculated on the basis of the membership roll as updated on December 31, 2009. The contribution dividend and contribution issue amounts may be changed as a result of changes in the membership roll up to May 5, 2010.

The annual accounts are adopted by Lantmännen ek för's Annual General Meeting. The 2009 accounts will be presented for a decision at the Annual General Meeting on May 5, 2010.

Consolidated Income statement

MSEK	Note	2009	2008
Net sales	2, 3	35,101	42,868
Less excise duties		-151	-276
Change in products in progress, finished goods and work in progress for third party		12	86
Other operating revenue	3	654	958
		35,616	43,636
Operating expenses			
Raw materials and consumables		-13,464	-18,396
Goods for resale		-8,104	-9,884
Other external costs	4	-6,460	-6,431
Payroll expenses	5	-5,851	-6,053
Depreciation, amortization and impairment of intangible and tangible fixed assets	6	-1,550	-1,910
Reversal of negative goodwill	22	71	46
Other operating expenses		-50	-44
Total operating expenses		-35,408	-42,672
Share of income of associated companies		97	172
Operating income	8, 9	305	1,136
Income from financial items			
Income from other securities and receivables classified as fixed assets	7	29	27
Other interest income and similar income items		168	228
Interest expenses and similar income items		-567	-689
Total financial items		-370	-434
Income after financial items	8, 9	-65	702
Refund and final price adjustment		-1	-122
Income before tax		-66	580
Tax on net income for the year	10	13	-36
Minority's share of net income for the year		-20	14
NET INCOME FOR THE YEAR		-73	558

Operating income



COMMENTS ON THE INCOME STATEMENT

Net sales

Net sales declined by 18 percent to MSEK 35,101 (42,868). Adjusted for group changes, which above all concern the divestment of Grangården and Lantmännen Färskröd in Sweden and the acquisition of Euro-Bake, Eurobuns and Baco, net sales declined 15 percent. Among other reasons, the decrease in revenues is due to lower grain prices and lower year-on-year sales volumes of fertilizer and feed in the Agriculture Sector. In the Machinery Sector sales of machinery plummeted owing to the weak economy.

Operating income

Operating income amounted to MSEK 305 (1,136) a decrease of MSEK 831 compared with 2008. Earnings were affected by items affecting comparability totaling MSEK -150 (104), of which MSEK +58 pertained to capital gains from sales of properties and MSEK -208 for restructuring costs. Items affecting comparability in 2008 consisted of MSEK 235 in capital gains from the sale of properties, MSEK 350 in capital gains from the sale of operations and equities, MSEK 181 for the reversal of the salmonella reserve and MSEK -662 in impairment and restructuring costs. Adjusted for these items, operating income amounted to MSEK 455 (1,032).

The main reasons for the deterioration of earnings were lower sales and leasing of construction machinery, considerable volume decrease and inventory write-down of fertilizer, costs related to the low quality of the 2008 grain harvest plus the incident involving glass bits in certain chicken products in the spring of 2009. The glass incident is estimated to have affected earnings by approximately MSEK -70.

Net financial items

Net financial items amounted to MSEK -370 (-434). The previous year's net financial items included an item affecting comparability amounting to MSEK -24. Adjusted for this item net financial items last year amounted to MSEK -410. The main explanation for the MSEK 40 improvement is not only decreased borrowing thanks to reduced tied-up capital in the Group, but also lower interest rates in 2009 compared with the previous year. The reduction in tied-up capital is partly a result of the capital rationalization measures carried out in the Group, and partly an effect of lower prices for grain and production inputs along with lower sales volumes.

Net income for the year

Refund and final price adjustment affected earnings by MSEK -1 (-122). No refund or final price adjustment will be paid for 2009. The amount for 2009 is an adjustment of the amount for 2008.

Tax on net income for the year amounted to MSEK 13 (-36).

The minority's share of the net income for the year amounted to MSEK -20 (14). The positive minority share in the previous year was primarily a result of the then minority owner's share of Svalöf Weibull's negative earnings. Svalöf Weibull has been wholly owned by Lantmännen since November 2008.

Net income for 2009 thus amounted to MSEK -73 (558).

Consolidated Balance sheet

MSEK	Note	2009	2008
ASSETS			
Fixed assets			
Intangible fixed assets			
Goodwill	11	3,078	3,386
Other intangible assets		391	459
		3,469	3,845
Tangible fixed assets			
Land and buildings	12	3,856	3,681
Investment properties	13	347	300
Plant and machinery		5,251	5,571
Other tangible fixed assets		1,213	1,422
		10,667	10,974
Financial assets			
Holdings in associated companies	14	1,174	1,195
Long-term financial assets	15	1,824	1,774
Deferred tax asset	10	282	136
Other long-term assets		33	35
		3,313	3,140
Total fixed assets		17,449	17,959
Current assets			
Inventories	16	5,646	7,059
Accounts receivable	17	3,992	5,631
Current financial assets	18	563	476
Current tax assets	10	70	93
Other current assets	19	662	912
		10,933	14,171
Short-term investments	18	124	154
Cash and bank balances		385	269
Total current assets		11,442	14,594
TOTAL ASSETS		28,891	32,553

MSEK	Note	2009	2008
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Member contributions	20	1,266	1,157
Subordinated debentures		56	-
Restricted reserves		3,276	3,071
		4,598	4,228
Non-restricted equity			
Retained earnings		5,623	5,742
Net income for the year		-73	558
		5,550	6,300
Total equity		10,148	10,528
Minority interests			
		69	56
Provisions			
Provisions for pensions	21	1,514	1,544
Provisions for deferred tax	10	95	132
Negative goodwill	22	223	294
Other provisions	23	374	401
		2,206	2,371
Long-term liabilities			
Long-term financial liabilities	24, 25, 32	6,930	8,219
Other long-term liabilities		21	1
Total long-term liabilities		6,951	8,220
Current liabilities			
Current financial liabilities	24, 25, 32	3,741	4,565
Accounts payable		3,102	3,863
Current tax liabilities	10	131	45
Other current liabilities	26	2,543	2,905
Total current liabilities		9,517	11,378
TOTAL EQUITY AND LIABILITIES		28,891	32,553
Pledged assets			
	32	1,344	1,737
Contingent liabilities			
	32	639	603

COMMENTS ON THE BALANCE SHEET

Assets

Total assets decreased by MSEK 3,662 to MSEK 28,891 (32,553). The decrease is primarily an effect of the reduced tied-up working capital.

Intangible fixed assets declined by MSEK –376 after currency effects decreased the value of goodwill by MSEK 262. The investments amounted to MSEK 5.

Tangible fixed assets fell by MSEK –307 to MSEK 10,667 (10,974). Investments in 2009 amounted to MSEK 1,533. The single biggest ongoing capital investments are the construction of a new feed plant in Lidköping and a new seed plant in Eslöv. Other major investment projects in the Group include phase two of the mill in Vejle, Denmark, a new Gooch plant in Järna and the rebuilding of the chicken slaughterhouse in Aars, Denmark.

Inventories fell by MSEK –1,413 to MSEK 5,646 (7,059) and accounts receivable decreased by MSEK –1,639 to MSEK 3,992 (5,631). The decrease is an effect of the capital rationalization program carried out in the Group, and lower prices for grain and production inputs in combination with lower sales volumes.

Equity and liabilities

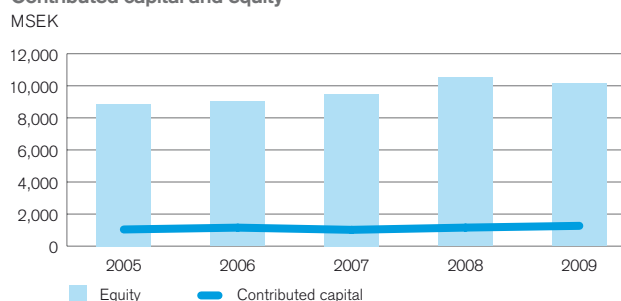
Equity at December 31, 2009 amounted to MSEK 10,148, a decrease of MSEK 380 compared with MSEK 10,528 at the beginning of the year. Of the decrease, MSEK –73 comes from the net income for the year and MSEK –305 from negative translation differences from translation of foreign subsidiaries. Payment of contributed capital from members increased capital by MSEK 52 and the issue of subordinated debentures added MSEK 56 to equity. Payment of contribution dividends of MSEK 57 and repayment of MSEK 53 in contributed capital reduced equity.

The equity ratio was 35.4 percent (32.5).

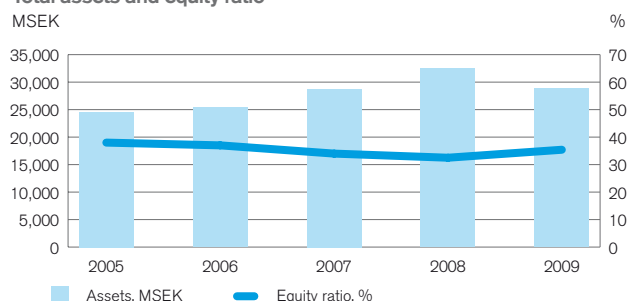
The Group's **net debt** amounted to MSEK 9,289 (11,654) and is broken down as follows:

MSEK	2009	2008
Liabilities to credit institutions	8,461	10,848
Savings and deposit accounts, members et al.	2,048	1,292
Pension liabilities	1,514	1,544
Other interest-bearing liabilities	162	644
Total interest-bearing liabilities	12,185	14,328
Customer financing via Lantmännen Finans AB	1,623	1,463
Other interest-bearing assets	764	788
Short-term investments	124	154
Cash and bank balances	385	269
Total interest-bearing assets	2,896	2,674
Group's net debt	9,289	11,654

Contributed capital and equity



Total assets and equity ratio



Consolidated Changes in equity

MSEK	Member contributions	Subordinated debentures	Restricted reserves	Non-restricted equity	Total equity
Equity Dec. 31, 2007	1,017	-	2,467	5,999	9,483
Translation differences			739	-191	548
Transfer between restricted and non-restricted equity			-305	305	0
Net income for the year				558	558
Contribution dividend paid				-50	-50
Contributions paid in by members	52				52
Contributions paid to members	-63				-63
Allocation of profit	151		170	-321	0
Equity Dec. 31, 2008	1,157	-	3,071	6,300	10,528
Translation differences			-397	92	-305
Transfer between restricted and non-restricted equity			447	-447	0
Net income for the year				-73	-73
Contribution dividend paid				-57	-57
Contributions paid in by members	52				52
Contributions paid out to members	-53				-53
Allocation of profit	110		155	-265	0
Capital contributed through subordinated debentures		56			56
Equity Dec. 31, 2009	1,266	56	3,276	5,550	10,148

Please see Note 20 for more information about equity.

Of the contributed capital paid out MSEK 25 (37) refers to refunds resulting from changed assumptions relating to the obligation of members to invest in the association, while MSEK 28 (26) refers to refunds to members who have left the association.

In 2010, an estimated MSEK 39 in contributed capital will be refunded to members. MSEK 25 refers to refunds to members who have left the association and MSEK 14 to refunds to members resulting from changed assumptions relating to the obligation of members to invest in the association.

Member contributions, MSEK	Dec. 31, 2009	Dec. 31, 2008
Paid-in member contributions	606	593
Issued member contributions	660	564
Total	1,266	1,157

Consolidated Cash flow statement

MSEK	Note	2009	2008
OPERATING ACTIVITIES			
Income after financial items		-65	702
Adjustment for items not included in cash flow ¹⁾		1,249	670
		1,184	1,372
Paid tax		-46	-219
Cash flow from operating activities before change in working capital	33:1	1,138	1,153
<i>Cash flow from changes in working capital</i>			
Change in inventories		1,366	-1,156
Change in operating receivables		1,901	717
Change in operating liabilities		-850	-291
		2,417	-730
Cash flow from operating activities		3,555	423
INVESTING ACTIVITIES			
Acquisition of operations	33:2	-172	-1,592
Divested operations	33:3	181	532
Investment in intangible fixed assets		-5	-44
Investment in tangible fixed assets	33:4	-1,533	-2,656
Sale of fixed assets		210	416
Change in financial investments		36	145
Cash flow from investing activities		-1,283	-3,199
Cash flow before financing activities		2,272	-2,776
FINANCING ACTIVITIES			
Paid-in contributed capital		52	52
Capital contributed through subordinated debentures		56	-
Refunded capital contribution		-53	-63
Change in loans		-2,131	2,607
Dividend paid		-65	-53
Cash flow from financing activities		-2,141	2,543
Cash flow for the year		131	-233
Liquid funds at beginning of the year		269	484
Exchange rate difference in liquid funds		-9	18
Liquid funds at year-end	33:5	391	269

¹⁾ **Adjustment for items not included in cash flow**

Depreciation and impairment of fixed assets	1,550	1,910
Less share of income in associated companies	-97	-172
Payments concerning previously made provisions	-43	-220
Capital gains on the sale of fixed assets and operations	-106	-591
Other items	-55	-257
Total	1,249	670

COMMENTS ON THE CASH FLOW STATEMENT

Cash flow from operating activities

Operating activities contributed a positive cash flow of MSEK 3,555 (423). Lower restricted working capital, including the effect of the ongoing "Cash Race" capital rationalization project, was the primary reason for the improvement.

Cash flow from investing activities

Cash flow from investing activities amounted to MSEK -1,283 (-3,199).

Investments in intangible and tangible fixed assets totaled MSEK -1,538 (-2,700) while sales of tangible fixed assets generated a positive cash flow of MSEK 210 (416), yielding in total a net outflow of MSEK -1,328 (-2,284) related to the Group's intangible and tangible fixed assets. The previous year's cash flow includes expenses for the strategic investments in the ethanol plant in Norrköping and the mill in Vejle totaling approximately MSEK 925.

Investments in new operations affected cash flow in the amount of MSEK -172 (-1,592) and the divestment of businesses generated a cash flow of MSEK 181 (532), netting MSEK 9 (-1,060). The year's investments in operations mainly pertain to the acquisition of Bakehouse and Agrico Nordic while the divestments mainly concern Lantmännen Färskröd in Sweden and JSC Rezekne Dzirnavnieks.

Net financial investments were reduced, thereby contributing a positive cash flow of MSEK 36 (145).

Cash flow before financing activities

Cash flow before financing activities amounted to MSEK 2,272 (-2,776).

Cash flow from financing activities

Financing activities yielded a negative cash flow of MSEK -2,141 (2,543) mainly due to amortization of borrowings and reduced use of credit.

Of the MSEK -65 (-53) paid out in dividends, MSEK 57 (50) refers to contribution dividends paid and MSEK 9 (3) to minority owners of Group companies.

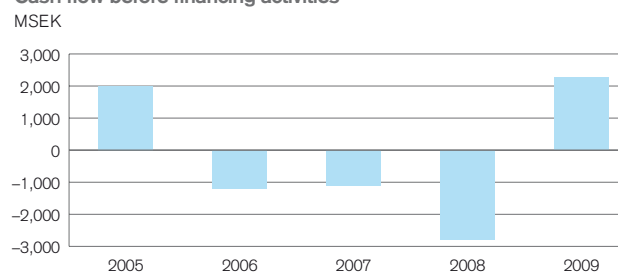
Cash flow for the year

Cash flow for the year thus amounted to MSEK 131 (-233).

The Group's liquid funds at the end of the period amounted to MSEK 391 (269).

Total payment readiness, including cash and bank balances, amounted to MSEK 2,639 (747). Among other things the increase is an effect of a granted, unused line of credit increasing as a result of amortizations.

Cash flow before financing activities



Parent Company Income statement

MSEK	Note	2009	2008
Net sales	34	10,130	13,252
Less excise duties		-84	-238
Change in products in progress, finished goods and work in progress for third party		96	22
Other operating income	34	374	495
		10,516	13,531
Operating expenses			
Raw materials and consumables		-5,300	-6,871
Goods for resale		-2,897	-3,844
Other external costs	35	-1,713	-1,606
Payroll expenses	5	-910	-831
Depreciation, amortization and impairment of intangible and tangible fixed assets		-151	-137
Total operating expenses		-10,971	-13,289
Operating income	36	-455	242
Income from financial items			
Income from participations in Group companies	37	537	497
Income from participations in associated companies	37	1	156
Income from other securities and receivables classified as fixed assets	38	12	213
Interest income from Group companies		371	425
Other interest income and similar income items		0	90
Interest expenses to Group companies		-43	-75
Interest expenses and similar income items		-200	-877
Total financial items		678	429
Income after financial items	39	223	671
Refund and final price adjustment		-1	-122
Income before tax		222	549
Tax on net income for the year	40	132	133
NET INCOME FOR THE YEAR		354	682

Parent Company Cash flow statement

MSEK	2009	2008
OPERATING ACTIVITIES		
Income after financial items	223	671
Adjustment for items not included in cash flow ¹⁾	28	-386
	251	285
Paid tax	0	0
Cash flow from operating activities before change in working capital ²⁾	251	285
Cash flow from changes in working capital		
Change in inventories	691	-423
Change in operating receivables	780	-2,322
Change in operating liabilities	-929	219
	542	-2,526
Cash flow from operating activities	793	-2,241
INVESTING ACTIVITIES		
Investment in intangible fixed assets	-3	-31
Investment in tangible fixed assets	-329	-385
Sale of fixed assets	160	30
Change in financial investments	434	-211
Cash flow from investing activities	262	-597
FINANCING ACTIVITIES		
Paid-in contributed capital	52	52
Refunded capital contribution	-53	-63
Paid-in subordinated debentures	56	-
Change in loans	-1,048	2,902
Dividend paid	-57	-50
Cash flow from financing activities	-1,050	2,841
Cash flow for the year	5	3
Liquid funds at beginning of the year	78	75
Liquid funds at year-end ³⁾	83	78
1) Adjustment for items not included in cash flow		
Depreciation and impairment of fixed assets	151	137
Capital gains on the sale of fixed assets and operations	-123	-523
Total	28	-386
2) Interest paid and dividend received		
Dividends received	488	566
Interest received	371	1,021
Interest paid	-243	-1,427
Total	616	160
3) Liquid funds		
Cash and bank balances	83	78
Short-term investments, maturity less than 3 months	0	0
Total	83	78

Parent Company

Balance sheet

MSEK	Note	2009	2008
ASSETS			
Fixed assets			
Intangible fixed assets			
Intangible fixed assets	41	188	207
		188	207
Tangible fixed assets			
Land and buildings	42	236	268
Investment properties	43	443	507
Plant and machinery		575	387
Other fixed assets		266	299
		1,520	1,461
Financial assets			
Participations in Group companies	44	5,621	5,692
Participations in associated companies	14	820	797
Long-term financial assets		509	536
Deferred tax asset	40	297	231
Other long-term assets		12	7
		7,259	7,263
Total fixed assets		8,967	8,931
Current assets			
Inventories	45	2,041	2,732
Accounts receivable		1,245	2,690
Receivables from Group companies		10,321	9,509
Receivables from associated companies		81	92
Tax assets	40	0	30
Other current receivables		38	61
Prepaid expenses and accrued income	46	234	317
		13,960	15,431
Cash and bank balances		83	78
Total current assets		14,043	15,509
TOTAL ASSETS		23,010	24,440

MSEK	Note	2009	2008
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Member contributions		1,266	1,157
Subordinated debentures		56	-
Restricted reserves		1,990	1,835
		3,312	2,992
Non-restricted equity			
Non-restricted reserves, retained earnings		4,541	3,996
Net income for the year		354	682
		4,895	4,678
Total equity		8,207	7,670
Untaxed reserves			
Provisions	47	311	311
Provisions for pensions	48	731	731
Other provisions	49	177	167
Total provisions		908	898
Long-term liabilities			
Long-term liabilities to credit institutions		6,628	7,688
Other long-term liabilities		40	28
Total long-term liabilities		6,668	7,716
Current liabilities			
Current liabilities to credit institutions		1,110	1,501
Accounts payable		1,304	1,559
Liabilities to Group companies		2,511	2,378
Liabilities to associated companies		0	28
Other current liabilities	50	1,348	1,609
Accrued expenses and prepaid income	51	643	770
Total current liabilities		6,916	7,845
TOTAL EQUITY AND LIABILITIES		23,010	24,440
Pledged assets			
	52	934	1,262
Contingent liabilities			
	52	1,460	1,455

Parent Company

Changes in equity

MSEK	Member contributions	Subordinated debentures	Restricted reserves	Non-restricted equity	Total equity
Equity Dec. 31, 2007	1,017		1,665	4,397	7,079
Net income for the year				682	682
Contribution dividend paid				-50	-50
Contributed capital paid in by members	52				52
Contributed capital paid out to members	-63				-63
Allocation of profit	151		170	-321	0
Group contributions				-42	-42
Tax effect of Group contributions				12	12
Equity Dec. 31, 2008	1,157	0	1,835	4,678	7,670
Net income for the year				354	354
Contribution dividend paid				-57	-57
Contributed capital paid in by members	52				52
Contributed capital paid out to members	-53				-53
Allocation of profit	110		155	-265	0
Capital contributed through subordinated debentures		56			56
Group contributions				251	251
Tax effect of Group contributions				-66	-66
Equity Dec. 31, 2009	1,266	56	1,990	4,895	8,207

Of the contributed capital paid out MSEK 25 (37) refers to refunds resulting from changed assumptions relating to the obligation of members to invest in the association, while MSEK 28 (26) refers to refunds to members who have left the association.

In 2010, an estimated MSEK 39 in contributed capital will be refunded to members. MSEK 25 refers to refunds to members who have left the association and MSEK 14 to refunds to members resulting from changed assumptions relating to the obligation of members to invest in the association.

Notes with accounting policies

Amounts in MSEK unless otherwise stated

Lantmännen ek för operates as an economic association and has its head office in Stockholm, Sweden. The address of the main office is S:t Göransgatan 160 A. Its corporate identity number is 769605-2856.

ACCOUNTING POLICIES

BASIS OF PREPARATION

The Lantmännen Group's Annual Report has been prepared in accordance with the Swedish Annual Accounts Act and the recommendations of the Swedish Financial Accounting Standards Council (RR 1-RR 29) and Emerging Issues Task Force statements (URA 1-URA 41).

There were no new or changed recommendations or other rules affecting Lantmännen's reporting in 2009.

The Board of Lantmännen has decided that beginning 2010 Lantmännen will prepare its consolidated financial statement and reports according to the same rules that apply to listed companies in the EU. This means that Lantmännen will apply international accounting standards pursuant to IFRS (International Financial Reporting Standards), as adopted by the EU.

The annual report for 2009 will be the last annual report prepared pursuant to recommendations of the Swedish Financial Accounting Standards Council. The comparative year of 2009 will be updated according to IFRS rules in all reporting for 2010. The interim report for first quarter 2010 and 2010 annual report will contain a detailed reconciliation between the 2009 balance sheets and income statements according to IFRS and current accounting policies.

The major differences between IFRS and current policies concern reporting of

- goodwill, which will no longer be amortized and will instead be tested for impairment
- negative goodwill, which does not exist under IFRS
- financial instruments, where more instruments will be recognized at fair value in the balance sheet and the criteria for permitting hedge accounting will be tightened.

Lantmännen measures its assets, provisions and liabilities at cost unless otherwise indicated below.

Fixed assets, long-term liabilities and provisions essentially consist only of amounts expected to be recovered or paid after more than twelve months reckoned from the balance sheet 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 balance sheet date.

In certain cases, the Parent Company, primarily for tax reasons, applies other policies in its annual financial statements than that which is the case for the Group. In those cases, the policies applied by the Parent Company will be described under a special heading.

USE OF ESTIMATES

To be able to prepare the financial statements in accordance with generally accepted accounting principles, estimates and assumptions must be made that affect reported asset and liability items and income and expense items as well as information otherwise provided. Actual outcome may differ from these estimates.

The areas where estimates and assumptions have the greatest impact on carrying amounts in Lantmännen include pension liability, provisions, deferred taxes and fixed assets in operations where impairment testing is done. Measurement of inventories, particularly grain inventories, is also based on estimates.

CONSOLIDATED FINANCIAL STATEMENTS

The Group's financial statements comprise the financial statements for the Parent Company and all subsidiaries in accordance with the definitions laid down in the Swedish Annual Accounts Act.

Subsidiaries

All companies in which Lantmännen, directly or indirectly, holds or controls more than 50 percent of the votes or otherwise exercises control over their operational and financial management, are consolidated as subsidiaries. A subsidiary is consolidated as of the date the Group has control over the company, and divested subsidiaries are included in the Group's financial statements up to and including the date the Group still controls the company.

The Group's consolidated financial statements are prepared according to the purchase method. The purchase method means that an acquisition of a subsidiary is considered to be a transaction through which the Parent Company indirectly acquires the subsidiary's assets and assumes its liabilities. The cost of the asset is constituted by the cash amount, or the fair value of a different form of purchase consideration, paid as well as any expenses that can be directly attributed to the acquisition. The value of the acquired net asset, the equity, is determined by measuring acquired assets and liabilities at their fair value. In cases where such a measurement yields values of assets and liabilities other than the book value in the acquired company, this fair value will constitute the Group's cost.

If the cost of the participations in the subsidiary exceeds the fair value in the acquired company's identifiable net assets, the differential amount is recognized as consolidated goodwill. Negative goodwill arises when the cost is less than the fair value of the acquired company's identifiable net assets. Negative goodwill is recognized as a provision in the balance sheet.

All receivables and liabilities, income and expenses as well as unrealized earnings and Group contributions in intercompany transactions are eliminated in their entirety.

Associated companies

Associated companies are companies in which the Group has a long-term holding and a significant influence but not control over their operational and financial management. This is normally the case when the Group holds no less than 20 percent and no more than 50 percent of the votes.

Holdings in associated companies are recognized normally according to the equity method and measured originally at cost. The Group's income statement recognizes the Group's share of associates' income after financial income and expenses, adjusted for any depreciation or reversals of acquired surplus and deficit values, as "Share of income of associated companies." The Group's share of the associates' reported taxes is included in the Group's tax expense. Profit-sharing accumulated after the acquisition, which has not yet been realized through dividends, is allocated to the equity reserve, which constitutes a part of

the Group's restricted equity. The equity method means that the book value of shares in the associates recognized by the Group corresponds to the Group's share of the associates' equity with the addition of any residual value of the consolidated surplus and deficit values.

If the Group's share of any accumulated losses exceeds the cost of the participations in the company, the book value will be zero, and the recognition of continued losses ceases insofar as the Group is not restricted by guarantees or other commitments vis-à-vis the associated company.

Unrealized gains on transactions between the Group and its associates are eliminated in proportion to the Group's holding in the associate. Unrealized losses are also eliminated in the same manner as unrealized profits insofar as no impairment loss exists.

In cases where an associate has little activity, the company is not reported according to the equity method but at cost adjusted for any impairment loss in the Group as well. Dividends and similar measures from these companies are recognized in the Group's income statement as income from other securities.

Joint ventures

Companies in which Lantmännen together with other parties have contractual joint control over the entity known as a joint venture are recognized as associates according to the equity method.

Translation of foreign subsidiaries

The current method is applied to foreign currency translation of the income statements and balance sheets of independent non-Swedish companies. This method entails that all assets, provisions and liabilities are translated at the closing rate and that all items in the income statement are translated at the average exchange rate for the year. Any translation differences are recognized directly in equity, as is the translation difference on financial instruments held as a currency hedge for these net assets.

When an independently run foreign company is divested, accumulated translation differences attributable to the entity are recognized, after deduction for the effect of any currency hedging of the net investment, in the Group's income statement.

Minority interest

The minority interest share of the Group's net profit or loss is recognized in the Group's income statement on a special line after the tax expense for the year. In the balance sheet, the minority interest share in the net assets of subsidiaries is recognized as a special item, outside the Group's equity.

REPORTING BY SEGMENT

Lantmännen's primary segment reporting format is business segments. A business segment is a part of an operation that provides products and services that are subject to risks and opportunities different from those of other business segments. Since 2009 Lantmännen's internal governance has been based on a division of its activities into sectors. The sectors correspond to the operations' business segments and comprise the Group's primary segment. The comparative year has been restated according to the new segment division.

Geographical areas constitute the Group's secondary segment. A geographical area provides products and services within a particular economic environment that is subject to risks and opportunities that are different from those of other economic environments.

For descriptions of the various segments see Note 2.

INTANGIBLE FIXED ASSETS

An intangible fixed asset is recognized when the asset is identifiable, the Group controls the asset, and it is expected to yield future financial benefits.

Goodwill

Goodwill is the amount by which the acquisition price exceeds the fair value of the net assets acquired by the Group in conjunction with a company acquisition or net assets purchase. Goodwill arising through the acquisition of associated companies is included in the carrying amount of the associated company.

Goodwill is carried at cost less accumulated amortization and any impairment loss. Goodwill is amortized on a straight-line basis over the asset's useful life, which currently varies between 5 and 20 years. Goodwill related to strategic acquisitions, in accordance with the Group's long-term vision, is calculated to have a useful life of 20 years.

Negative goodwill arises if the fair value of acquired net assets exceeds the acquisition price.

Negative goodwill is recognized under provisions in the balance sheet. Negative goodwill relating to expectations of future losses in the acquired company is reversed as these losses occur. Other negative goodwill is reversed over the average remaining useful life of depreciable assets in the acquired company.

Research and development

Lantmännen's expenditure on research is recognized as an expense in the period in which it is incurred. Research costs refer to expenditure on research for the purpose of obtaining new scientific or technical knowledge.

In the Group, expenditure on development is recognized as an intangible asset on the condition that it is technically and commercially feasible to complete the asset and that it is deemed to yield future financial benefits. A further precondition is that the value of the asset can be calculated in a reliable manner. In respect of development of seed grain, this means that costs can be capitalized only after an official variety test has shown potential success for the variety. With regard to the development of fuels, costs are capitalized only after the product can demonstrate technical acceptance and commercial potential and political decisions have been made. Currently, all expenditure on development of commercial products and similar items is expensed.

Expenditure on development of business-related IT systems is capitalized if the general preconditions according to the above are met and the total expense is calculated to exceed MSEK 3.

Other intangible assets

Other intangible fixed assets comprise trademarks, patents and licenses. The assets are carried at cost less accumulated amortization and impairment losses. Amortization is straight-line over the expected useful life of the asset and is between 5-20 years.

Trademarks that are part of strategic acquisitions and that are deemed to be retained indefinitely are amortized over 20 years.

Expenditure on internally generated trademarks as well as internally generated goodwill is recognized as an expense when it is incurred.

Subsequent expenditure

Expenditure attributable to an intangible asset added after the date of acquisition is added to the cost if the expenditure increases the future economic benefits from the asset. All other expenditure is expensed when it is incurred.

TANGIBLE FIXED ASSETS

Tangible fixed assets, mainly consisting of plant, property and equipment, are carried at cost less accumulated depreciation according to plan and any impairment losses.

Cost includes expenditure that can be directly attributed to the acquisition of the asset. For major investments, in which the total investment

value is at least MSEK 100 and the investment term lasts at least 6 months, interest during construction is included in the cost of the asset.

Depreciation principles for tangible fixed assets

Scheduled depreciation is based on the original cost less calculated residual value. Depreciation is straight-line over the asset's estimated useful life. Land is assumed to have an indefinite useful life and is therefore not subject to depreciation.

The following depreciation schedules are applied:

Buildings	14–100 years
Grain elevators	30–33 years
Property fixtures	10–25 years
Production equipment	10–20 years
Cars and trucks	5–10 years
Office equipment	5–10 years
Computers	3–5 years

Investment properties

Investment properties are recognized in the balance sheet at cost less accumulated depreciation and any impairment loss. The fair value of investment properties is given as supplemental information in Note 13.

In Lantmännen investment properties are found mainly in the Parent Company. The properties that are leased out and used by other Group companies have been recognized as operating properties in the consolidated financial statements. In the Group's balance sheet properties that are leased out at more than 90 percent to entities other than Group companies are classified as investment properties.

Impairment losses

The carrying amount of the Group's fixed assets is reviewed on an ongoing basis. At each balance sheet date an assessment is made as to whether there is any indication that the assets' value is reduced so that there is a need for recognizing an impairment loss. If that is the case, the asset's recoverable value is calculated. The recoverable value is the higher of the value in use and the net selling price. An impairment loss is recognized if the recoverable value is less than the carrying amount.

The net selling price is considered to be the most likely price when sold in a normally functioning market, less selling costs. Value in use is considered to be the present value of the estimated future cash flows that are expected by using the asset and the calculated residual value at the end of its useful life. When calculating the value in use, future cash flows are discounted at an interest rate before tax intended to take into account the market assessment of risk-free interest and risk involved with the specific asset. In Lantmännen the risk premium is estimated in relation to the proximity of the operation to the farmer. Operations close to the farmer have a lower risk premium level.

An asset that depends on other assets is considered not to generate any independent cash flows. Such an asset is instead transferred to the smallest possible cash-generating unit, based on an impairment test.

A reversal of impairment losses takes place when the reason for the impairment, fully or partially, has lapsed.

Subsequent expenditure

Subsequent expenditure on a tangible fixed asset increases the cost of the asset until that part of the asset's performance is improved in relation to the level that applied when it was originally acquired. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCIES

Receivables and liabilities in foreign currencies are translated at the closing rate. Exchange rate differences for operating receivables

and operating liabilities are included in operating income, while differences in financial receivables and liabilities are recognized among financial items.

INVENTORIES

Inventories are valued according to the lower value principle; that is, the lower of historical cost or the net selling price on the balance sheet date. The historical cost is calculated by applying the FIFO method (First In/First Out) or weighted average prices. The historical cost for 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 inventory values.

CONSTRUCTION CONTRACTS AND SIMILAR ARRANGEMENTS

In the consolidated financial statements the "percentage of completion method" is applied to the construction contracts where the outcome can be calculated in a satisfactory manner. Income and expenses are recognized in the income statement in relation to the engagement'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 engagement. Expected losses are expensed immediately.

FINANCIAL ASSETS AND LIABILITIES

– FINANCIAL INSTRUMENTS

Financial instruments recognized in the balance sheet include, on the asset side, cash and cash equivalents, accounts receivable, shares and other equity instruments, loan receivables and bond receivables as well as derivatives. Financial liabilities include accounts payable, loans and derivatives. Derivative instruments include forward contracts, futures and swaps used primarily to cover risks of exchange rate fluctuations and exposure to interest-rate risks. Accounts receivable are recognized in the balance sheet when the invoice has been issued. Accounts payable are recognized when an invoice is received. Other financial assets and financial liabilities are recognized in the balance sheet on the settlement day.

A financial asset or part of the asset is derecognized on the settlement day or when it expires. A financial liability or part of a financial liability is derecognized on the settlement day or when it is extinguished in another manner.

Financial assets

Equities and fixed-income securities acquired for continuing use in the business are classified as financial assets and are measured at cost or amortized cost. Financial assets consisting of shares are recognized at cost after any impairment write-downs to fair value. The review is done per holding and an impairment write-down to fair value is done when the impairment is deemed to be permanent.

Accounts receivable

Accounts receivable are recognized at the amount expected to be paid based on an individual assessment of doubtful accounts receivable.

Short-term investments

Short-term investments mainly include short-term investments in banks with a maturity exceeding 3 months but 12 months at the most or, alternatively, instruments that are directly tradable on the market.

Short-term investments are measured at the lower of cost and fair value on the balance sheet date. The measurement is performed at the portfolio level. This means that, for instruments that are included in the same portfolio, unrealized gains are charged against unrealized losses. Excess losses are recognized as a financial expense. Excess gains are not recognized but are disclosed in Note 25.

Liquid funds

Liquid funds comprise cash, immediately available bank deposits as well as other money market instruments with an original maturity less than three months. The investments are measured at the lower of cost and fair value on the balance sheet date.

Interest-bearing liabilities

Interest-bearing liabilities include mainly loans from credit institutions and members. Also included are deposits from the public in Lantmännen Finans AB.

Interest-bearing loans are initially recognized at cost corresponding to the fair value of the performance received. The transaction costs are deferred and amortized over the term of the loan. After the date of acquisition the loan is measured at the amortized cost according to the effective interest method.

Transaction exposure

Currency exposure relating to future currency flows (upon order or projected flows) is hedged through forward exchange contracts. Forward contracts that protect the currency flow are not recognized in the balance sheet. Changes in the value of forward contracts are recognized in the same period as the currency flow occurs.

Translation exposure

Investments in foreign subsidiaries (net assets including goodwill) are hedged through taking out loans in foreign currencies. These are recognized at the closing rate on the balance sheet date. In the Parent Company, recognized exchange rate differences attributable to these loans (after taking tax in account) are recognized in equity in the consolidated financial statements to offset translation differences from net assets in subsidiaries.

DERIVATIVES AND HEDGE ACCOUNTING

Holdings of financial derivative instruments comprise interest rate and currency swaps, currency forward contracts, commodity derivatives and electricity derivatives. 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. Hedges are designed so that they can be expected to be effective. A hedge is effective if the change in fair value of the hedged item and hedging instrument approximately offset each other concerning the risk that is hedged.

Currency derivatives are normally used to hedge assets or liabilities against currency risk. Exchange differences attributable to currency derivatives that hedge net investments in foreign operations are recognized in the Group under equity. The change in the value of derivatives is recognized in the same period as the projected flow occurs. The interest component is accrued over the term of the contract and is recognized under financial items.

Currency exposure relating to future currency flows (by order or projected flows) is hedged through a forward contract. The forward contract that protects the currency flow is not recognized in the balance sheet. Changes in the value of the contracts are recognized in the same period in which the currency flow occurs.

The fair value presented is based on official market quotations on the balance sheet date or generally accepted methods for estimating the market value of financial instruments. Translation to SEK was done at the quoted exchange rate on the balance sheet date.

Assets and liabilities in foreign currencies

To hedge an asset or liability against exchange rate risk, currency forward contracts are used and accounting is performed according to recommendation BFN R 7 of the Swedish Accounting Standards

Board. Exchange rate differences that arise in translating operating receivables and liabilities are recognized in operating income while exchange rate differences that arise in translating financial assets and liabilities are recognized in financial items. Fair value of outstanding forward exchange contracts is the value of the difference between contracted forward rate and actual forward rate on the balance sheet date. Disclosure of the fair value is made in Note 25.

Interest rate risk

Interest rate derivatives are used for the purpose of changing the fixed-rate period of underlying financial assets and liabilities.

Interest rate swaps are used to hedge against interest rate risks. Amounts payable or receivable according to the interest rate swap agreement are recognized on an ongoing basis as interest income or interest expense. Fair value of outstanding derivatives is based on market conditions existing at the balance sheet date. Disclosure of the unrealized fair value is made under Off balance in Note 25.

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 effects on income from the commodity derivative are recognized in the income statement in the same period as the commodity costs regarding hedged commodity purchases are recognized in the income statement. Outstanding commodity derivatives that do not meet the criteria for hedge accounting are stated at market value and unrealized losses are recognized in income. Fair value of outstanding derivatives is based on market conditions existing at the balance sheet date. Disclosure of the unrealized fair value is made under Off balance in Note 25.

Electricity price risk

Electricity derivatives are used for the purpose of reducing earnings fluctuations caused by variations in the price of electricity. Fair value of outstanding derivatives is based on market conditions existing at the balance sheet date. Disclosure of the unrealized fair value is made under Off balance in Note 25.

Ethanol price risk

Ethanol derivatives are used for the purpose of reducing earnings fluctuations caused by variations in the price of ethanol. The capacity to hedge price risk via derivatives in the ethanol market is limited. Liquidity in the derivative market is very weak. Hedging therefore takes place through regular sales to the majority of counterparties. The ethanol is priced in EUR or USD. The basis for the Group's risk 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 is attributable to the Energy Sector.

PROVISIONS

Provisions are recognized when Lantmännen has or is considered to have a formal or informal commitment as a result of recent events and it is likely that payments will be required to honor the commitment. An additional condition is that it is feasible to make a reliable estimate of the amount that needs to be paid out. For significant amounts, a present value calculation is performed to take into consideration the temporal aspect.

Provisions for guarantee obligations are made on the basis of previous years' guarantee expenses and an assessment of the future guarantee risk. Provisions are made when the product or service has been sold.

Provisions for restructuring are made when a detailed, formal plan for with accounting policies 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.

Derivatives and delivery agreements that will not be completed with deliveries and that can not be subject to hedge accounting are tested on the balance sheet date to see if the derivative/delivery agreement can be considered nonperforming. Provisions are made for nonperforming contracts.

EMPLOYEE BENEFITS

Pensions

In Sweden the majority of employees are covered by defined benefit pension plans through PRI Pensionstjänst AB (PRI). There are also defined benefit plans in Norway, Germany and the Netherlands. In other countries all employees are covered by defined contribution plans.

In defined contribution plans the company pays fixed fees to a separate legal entity and has no obligation to pay further fees. The Group's earnings are charged with costs as the benefits are earned.

In defined benefit plans benefits are paid to employees and previous employees based on the salary upon retirement and the number of years in service. The Group bears the risk of paying out promised benefits. The defined benefit plans are both funded and unfunded. Plan assets in funded plans can only be used to pay benefits under the pension agreement.

The calculated present value of the defined benefit plan obligation and the fair value of the plan assets associated with the obligation are netted in the balance sheet as a provision. Offsetting of a surplus in a plan against a deficit in a different plan occurs only if the company has a right to use the surplus in one plan to adjust a deficit in a different plan or if the intention is to adjust the obligations on a net basis.

Pension costs and pension obligations for defined benefit plans are calculated according to the Projected United Credit Method. This method allocates the costs for pensions as the employees carry out services for the company that increase their entitlement to future benefits. The company's obligation is calculated annually by independent actuaries. The obligation comprises the present value of the expected future payments. The discount rate that is used corresponds to the interest rate for high-quality corporate bonds or treasury bonds with a maturity that corresponds the average term for the obligations and the currency.

When establishing the defined benefit obligation's present value and fair value of plan assets actuarial gains and losses may occur. These either occur when the actual result deviates from the previously calculated assumption or the assumption is changed. The portion of the accumulated actuarial gains and losses over the previous year-end that exceeds 10 per cent of the larger of the obligation's present value and the plan assets' fair value is recognized in the income statement over the expected average remaining service period for the employees who are included in the plan.

A special payroll tax is calculated on the difference between pension costs established according to RR 29 and pension costs established according to the rules that are applied to legal persons. The calculated future payroll tax is recognized in the balance sheet as "Other provisions." The present value of the provision is not calculated.

Parent Company

The Parent Company applies the Pension Obligations Vesting Act and the Swedish Financial Supervisory Authority's rules relating to defined benefit pensions. This is a requirement for tax deductibility. The financial statements follow FAR recommendation No. 4, Accounting of pension liabilities and pension costs. The most significant differences vis-à-vis the rules in RR 29 are how the discount rate is set, that the calculation of defined benefit obligations occurs from the present

salary level and that actuarial gains and losses are recognized as soon as they arise. Pension obligations are recognized as a provision for pensions in the balance sheet insofar as it is permitted by the Pension Obligations Vesting Act.

Other long-term remuneration to employees

The same principles are applied as for defined benefit plans, in addition to the fact that all actuarial gains and losses are recognized immediately.

Termination benefits

A provision for costs in connection with termination of personnel is recognized only if the company is demonstrably committed to ending an employment situation before the normal date or when benefits are provided as an incentive to encourage voluntary termination. If the company terminates personnel, a detailed plan is created which, at the very least, contains workplace, positions and approximate number of affected persons as well as the benefits for each personnel category or position and the time for the plan's implementation.

Variable pay

Provisions for variable pay 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, in which case the associated tax is also recognized in equity with the exception of contribution dividend, where the tax effect is included in the income statement's tax amount. Current tax is tax that must be paid or received for the current year. Current tax also includes adjustments to current tax attributable to previous periods.

Deferred tax is calculated according to the balance sheet method for all temporary differences that arise between the tax-related value and the carrying amount of assets and liabilities. Deferred tax is calculated by applying the tax rates and tax rules decided or declared on the balance sheet date. In connection with company acquisitions temporary differences arise between the consolidated value of assets and liabilities and their tax-related value. Temporary differences related to non-deductible goodwill are not taken into consideration in calculating deferred taxes. Deferred taxes related to temporary differences attributable to participations in subsidiaries and associates are not recognized, since in each case Lantmännen can control the date for the reversal of these, and it is not deemed probable that a reversal will occur within the near future.

Deferred tax assets related to deductible temporary differences and loss carryforwards are recognized only in so far as it is deemed probable that these will result in lower tax payments in the future.

Parent Company

Because of the connection between accounting and taxation, the Parent Company recognizes untaxed reserves including deferred tax liabilities. However, in the consolidated financial statement untaxed reserves are divided into deferred tax liabilities and equity.

REVENUE

Revenue is recognized exclusive of VAT and, in the present case, has been reduced by the value of discounts provided.

Revenue from the sale of goods and services is recognized in connection with deliveries to the customer and in accordance with applicable accounting policies terms of sale, i.e., when all significant risks and benefits of the ownership are transferred to the customer. Rental income is recognized in the period the renting out occurs.

In the consolidated financial statements the "percentage of completion method" is applied to the construction contracts where the outcome can be calculated in a satisfactory manner. Revenue is recognized in the income statement in relation to the contract's stage of completion.

Remuneration in the form of interest/royalties/dividends is recognized as revenue once it is likely that the financial benefits associated with the transaction accrue to the company and that they can be calculated in a reliable manner.

Interest income is recognized on a time-proportion basis using the effective interest method.

Royalties and similar revenue are recognized on an accruals basis in accordance with the substance of the relevant agreement.

Dividends are recognized when the right to receive the dividend is deemed certain.

REVENUE RECOGNITION - GRAIN

Lantmännen applies the percentage-of-completion method for revenue recognition of grain. The entire harvest that Lantmännen buys according to the agreement for a single harvest year is considered one project. The project starts on July 1 of the harvest year and ends when the grain for this harvest year has been sold out, though no later than September of the following year. The result of the entire project is distributed in this manner evenly over the lifetime of the project, regardless of fluctuations in actual sale and purchase prices during the term. Whenever a loss is deemed to arise, at any time, it is recognized directly in the income statement.

Valuation of current grain inventories is done on the basis of the purchase prices attributable to the percentage-of-completion method.

REFUND AND FINAL PRICE ADJUSTMENT

Members of Lantmännen ek för 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 year-end/beginning of the next year. The refund and final price adjustment, which is part of the economic association's dividend to its members, is recognized as an expense in the income statement. The item is recognized after financial income and expenses and it is not accrued on a current basis during the year but is instead recognized in its entirety in December.

LEASING

The Group acts both as lessor and lessee. The Group acts as a lessor only with respect to goods that are normally sold by the Group, i.e., in conjunction with customer financing.

Leasing is classified in the consolidated financial statement either as finance or operating leasing. Finance leasing is present when the financial risks and rewards incident to ownership are substantially transferred to the lessee. If not, the leasing is considered operational.

For the lessee, recognition of finance leasing means that the fixed asset is recognized as an asset item in the balance sheet and that a corresponding liability is initially recognized. The fixed asset is depreciated according to plan over the asset's useful life while the lease payments are recognized as interest and amortization of the original recognized liability. The Group's liability to the lessor is recognized as Other interest-bearing liabilities and allocated between a short-term and a long-term portion.

With operating leasing the lessee does not recognize an asset in the balance sheet and the total lease payment is expensed on a straight-line basis over the term of the lease.

When the Group is the lessor, the leased asset for operating leasing is recognized as a fixed asset in the balance sheet and is depreciated in accordance with the Group's principles. The lease payments are included in operating income and allocated on a straight-line basis over the term of the lease. In the case of finance leasing the transaction is recognized as a sale by which a receivable is created, which is recognized as a finance lease receivable. Payments received in connection with finance leasing are recognized as interest income and amortization of the finance lease receivable.

Parent Company

All lease agreements in the Parent company are recognized according to the rules for operating leasing. The Parent Company is solely a lessee.

GOVERNMENT GRANTS

Government grants are recognized in the balance sheet and the income statement when there is reasonable certainty that the terms associated with the grant will be met and that the grant will be received. Grants are accrued systematically in the same manner and over the same periods as the costs for which the grant is intended to compensate.

GROUP CONTRIBUTION AND SHAREHOLDER CONTRIBUTION

Parent Company

Group contributions and shareholder contributions are recognized in accordance with the statement from the Swedish Financial Accounting Standards Council's Emerging Issues Task Force, UFR 2.

Shareholder contributions are capitalized in shares and participations to the extent impairment is not required. The recipient charges the shareholder contribution directly to equity.

Group contributions are recognized according to economic substance. This means that Group contributions made so as to minimize the Group's total tax are charged directly to retained earnings less the current tax effect. A Group contribution that is equal to a shareholder contribution is recognized, taking the current tax effect into account, as an investment in participations in Group companies to the extent impairment is not required. The recipient charges this form of Group contribution directly to retained earnings.

RELATED PARTIES

Through its control the Parent Company is a related party to its subsidiaries and subsidiaries' subsidiaries. Through their significant influence both the Group and the Parent Company are related parties to their associated companies, which accordingly comprise directly as well as indirectly owned companies.

Pricing for the delivery of goods and services between companies within the Group is set at market prices.

Through their right to participate in the decisions that concern the Parent Company's strategies, Board members have significant influence over the Parent Company and are therefore considered related parties. An economic association's purpose is to promote its members' economic interests through the economic activities in which its members participate. In accordance with this, purchasing and selling of goods and services during the financial year has occurred between the Parent Company and individual Board members who are members of the Association. In the same manner, individual Board members participate in the financing of the Association. Transactions between Board members and the economic association, in their capacity as owners, have occurred in accordance with the Association's objectives. The Association's general pricing and terms have been applied. Information about amounts is not disclosed regarding these transactions.

Notes to the consolidated financial statements

NOTE 1 ACQUISITIONS AND DISPOSALS

During the year the following major acquisitions and disposals were made concerning subsidiaries:

Acquisitions

Company	Operation	Acquisition date	Purchase price, MSEK	Goodwill, MSEK	Annual revenues, MSEK	Number of employees	Acquired share	Holding after acquisition
Bakehouse Ltd	Food	May 09	125	106	157	51	38%	63%

Apart from the acquisition of Bakehouse smaller acquisitions have been made.

The acquisition balance sheets are preliminary for all acquisitions made in 2009. The companies are consolidated as subsidiaries according to the purchase method. There are no plans to dispose of any parts of the acquired companies.

The agreement to acquire 38 percent of Bakehouse contains an option by which Lantmännen is obligated to buy out current minorities at a price set in advance. A payment of MGBP 2, which is to be made in June 2010, remains concerning the acquisition of the 38 percent stake in 2009.

Disposals

Company	Operation	Sales date	Consolidated revenues 2009, MSEK	Average no. of employees 2009	Disposed of share	Holding after disposal
LM Färskröd AB	Food	Jan 09	0	0	100%	0
Rezekne Dzirnavnies AS	Food	Jun 09	20	13	100%	0

NOTE 2 SEGMENT REPORTING

PRIMARY SEGMENT – BUSINESS SEGMENTS

Financial Year 2009

MSEK	Agriculture Sector	Machinery Sector	Energy Sector	Food Sector	Other operations	Eliminations	Total Group
Net sales							
External sales	9,676	7,090	3,073	15,070	192	-	35,101
Internal sales	1,073	11	185	39	431	-1,739	0
Total net sales	10,749	7,101	3,258	15,109	623	-1,739	35,101
Income							
Income per business segment	-140	35	67	598	-190	-65	305
Operating income	-140	35	67	598	-190	-65	305
Of which share of income of associates	64	-	4	28	1	-	97
Financial income							197
Financial expenses							-567
Refund and final price adjustment							-1
Tax expense for the year							13
Minority interest							-20
Net income for the year	-140	35	67	598	-190	-65	-73
Other disclosures							
Assets	4,954	2,645	3,013	12,121	2,679	-942	24,470
Equity share of associates	804	-	9	157	204	-	1,174
Unallocated assets							3,247
Total assets	5,758	2,645	3,022	12,278	2,883	-942	28,891
Liabilities	1,915	1,084	480	2,265	1,181	-942	5,983
Unallocated liabilities							12,760
Equity							10,148
Total liabilities and equity	1,915	1,084	480	2,265	1,181	-942	28,891
Investments	298	84	120	713	323	-	1,538
Depreciation, amortization and impairment	-141	-155	-185	-957	-112	-	-1,550

Note 2 continued

Financial Year 2008

MSEK	Agriculture	Machinery	Energy	Food	Other operations ¹	Eliminations	Total Group
Net sales							
External sales	12,711	9,517	3,825	15,397	1,418	-	42,868
Internal sales	1,443	12	1,042	104	362	-2,963	0
Total net sales	14,154	9,529	4,867	15,501	1,780	-2,963	42,868
Income							
Income per business segment	361	376	-83	574	107	-199	1,136
Operating income	361	376	-83	574	107	-199	1,136
Of which share of income of associates	82	-	3	33	54	-	172
Financial income							255
Financial expenses							-689
Refund and final price adjustment							-122
Tax expense for the year							-36
Minority interest							14
Net income for the year							558
Other disclosures							
Assets	7,148	3,242	3,243	13,883	2,518	-1,579	28,455
Equity share of associates	786	-	7	187	215	-	1,195
Unallocated assets							2,903
Total assets	7,934	3,242	3,250	14,070	2,733	-1,579	32,553
Liabilities	2,134	1,433	638	2,468	1,680	-1,579	6,774
Unallocated liabilities							15,251
Equity							10,528
Total liabilities and equity	2,134	1,433	638	2,468	1,680	-1,579	32,553
Investments	310	276	780	1,008	326	-	2,700
Depreciation, amortization and impairment	-146	-154	-121	-892	-597	-	-1,910

¹⁾ Granngården is included in Other operations until the disposal date in August 2008.

SECONDARY SEGMENT - GEOGRAPHICAL AREAS

MSEK	2009			2008		
	Net sales	Assets	Investments	Net sales	Assets	Investments
Sweden	19,351	35,647	991	27,048	38,570	1,719
Denmark	4,887	5,972	258	5,049	6,572	508
Norway	2,511	1,288	50	2,483	1,133	76
Germany	2,238	1,613	109	3,217	1,301	203
U.K.	1,478	511	8	1,039	310	6
Belgium	642	728	48	508	922	66
Poland	461	296	19	549	318	43
Baltic countries	371	458	20	661	626	51
Rest of Europe	2,361	4,017	15	1,644	4,225	18
U.S.	479	542	20	335	608	9
Rest of world	322	39	0	335	32	1
Eliminations	-	-22,220	-	-	-22,064	-
Total	35,101	28,891	1,538	42,868	32,553	2,700

The primary basis for division by segment is the Group's sectors. In the business organization, the Group's focus is on product and business development. Starting October 2009, the Group's operating structure and internal reporting to the Group Management and the Board of Directors are based on reporting of sectors. The division of the sectors is based on business segments and comprises the Group's primary segment. Intercompany selling between segments is based on a market-based internal price, which is based on the arm's length principle, i.e., between parties who are independent of each other, well-informed and with an interest in carrying out the transaction.

The assets, liabilities and provisions that are used in the segment's operating activities are included in the sectors. The assets and liabilities that are included are intangible and tangible fixed assets, current assets, operating liabilities and provisions attributable to the sale of goods and services, i.e., operating capital.

Financial assets and liabilities as well as provisions for pensions have not been allocated to the respective sectors. Assets, liabilities and provisions are attributed directly to the sectors or allocated to the segment in a reasonable and reliable manner. The segment's investments include all tangible and intangible investments, but not acquisitions of companies.

Business segments

The Group consists of four sectors with different concentrations.

The Agriculture Sector is the Group's core business with grain, feed and crop production as its key areas. It also includes SW Seed, a plant breeding and seed production company, and Lantmännen Bygglant, which designs and constructs farm buildings and installations.

Note 2 continued

The Machinery Sector imports, markets and sells tractors, implements, combines, and construction machinery. Service and spare part sales are also part of its operations.

In energy, the Energy Sector, which in addition to producing and selling biofuels and grain-based ethanol, also operates the largest spirits distillery in the Nordic countries and processes wheat into various products for the food industry.

The Food Sector combines the Group's food production and consumer product units. It includes:

- Lantmännen Cerealia, which develops, manufactures and markets flour, flour mixes, breakfast cereals and pasta for wholesalers, food industries and bakeries in Northern Europe. It also develops new meal concepts.
- Lantmännen Unibake, Northern Europe's largest manufacturer of fresh and frozen bread products for both the food service and grocery sectors.
- Lantmännen Kronfågel, the largest producer of fresh, frozen and processed chicken products in the Nordic countries.
- Lantmännen Doggy, producer of dog and cat food.

Geographical areas

Geographical areas constitute the Group's secondary basis for segment reporting. The information presented regarding the segment's revenue is related to the geographical areas grouped according to where the customers are located.

Information relating to the segments' assets and the period's investments in tangible and intangible fixed assets is based on geographical areas grouped according to where the assets are located, i.e., where the company produces the goods and services.

NOTE 3 BREAKDOWN OF REVENUE		
MSEK	2009	2008
Net sales		
Sales of goods	33,883	41,667
Construction contracts	326	350
Service assignments	594	464
Royalties	161	124
Leasing	104	242
Other	33	21
Total	35,101	42,868
Other operating income		
Services	52	83
Capital gains	106	585
Government grants	11	6
Leasing	232	53
Other	253	231
Total	654	958

The Group's capital gains include MSEK 90 (235) in gains from the sale of fixed assets and MSEK 16 (350) from the sale of operations.

NOTE 4 FEES AND REIMBURSEMENT OF EXPENSES TO AUDITORS		
MSEK	2009	2008
Ernst & Young		
Auditing services	14	13
Non-auditing services	6	6
Other auditors		
Auditing services	1	1
Non-auditing services	0	1
Elected representatives		
Auditing services	1	1

Other services refer mainly to audit-related consultations in connection with acquisitions and taxes.

NOTE 5 EMPLOYEES AND PAYROLL EXPENSES				
Average no. of employees	2009	of which women	2008	of which women
The Group				
Sweden	5,051	29%	6,958	31%
Denmark	2,373	33%	2,529	35%
Germany	578	38%	576	39%
Poland	518	32%	511	35%
U.K.	446	19%	402	14%
Norway	382	36%	396	35%
Belgium	365	35%	369	38%
Ukraine	239	58%	294	59%
U.S.	212	29%	213	29%
Latvia	133	29%	155	31%
Russia	129	50%	133	56%
Finland	49	16%	53	21%
Estonia	36	19%	37	19%
Lithuania	16	19%	17	18%
Spain	8	50%	8	63%
Japan	7	29%	8	38%
Netherlands	6	0%	6	0%
Korea	4	25%	4	25%
France	0	0%	1	100%
Canada	0	0%	1	0%
Group, total	10,552	31%	12,671	33%
Parent Company				
Sweden	1,228	32%	1,317	30%
Parent Company, total	1,228	32%	1,317	30%

Note 5 continued

Salaries and remuneration

MSEK	2009		2008	
	Boards and CEOs	Other employees	Boards and CEOs	Other employees
Subsidiaries				
Sweden	36	1,396	35	1,861
Denmark	3	1,448	9	1,339
Norway	6	180	6	209
Germany	7	232	7	205
Belgium	17	195	13	149
Poland	4	74	6	78
U.K.	10	137	4	77
U.S.	0	55	1	33
Latvia	1	22	1	23
Finland	1	30	1	20
Ukraine	1	13	1	18
Russia	0	13	0	13
Estonia	1	6	1	7
Japan	2	4	1	3
Spain	2	2	2	3
Netherlands	1	3	1	3
Lithuania	0	2	0	2
Korea	-	1	-	1
Subsidiaries, total	92	3,813	89	4,044
<i>Of which variable component</i>	<i>4</i>		<i>4</i>	
Parent Company				
Sweden	11	573	9	497
Parent Company, total	11	573	9	497
<i>Of which variable component</i>	<i>0</i>		<i>1</i>	
Group, total	103	4,386	98	4,541
<i>Of which variable component</i>	<i>4</i>		<i>5</i>	

MSEK	Group		Parent Company	
	2009	2008	2009	2008
Salaries and remuneration	4,489	4,639	584	506
Social security expenses	811	868	201	190
Pension costs ¹⁾	336	286	95	82
Other payroll expenses	215	260	30	53
Total	5,851	6,053	910	831

¹⁾ Of the Group's pension costs MSEK 8 (11) relates to the category boards of directors and CEOs. The outstanding pension obligations for these persons amount to MSEK 17 (12). Of the Parent Company's pension costs, MSEK 2 (2) relates to the category boards of directors and CEO. The outstanding pension obligations for these persons amount to MSEK 0 (0).

Gender breakdown in executive management

Share of women, %	Group		Parent Company	
	2009	2008	2009	2008
Boards of Directors	14	15	21	20
Other senior executives	24	24	50	27

Sick leave in the parent company

Sick leave is stated in percent of normal working hours.

Total sick leave for the year was 2 percent (5). For women sick leave was 2 percent (6) and for men 3 percent (4). Of the total sick leave, 54 percent (57) was related to long-term sick leave, i.e., sick leave of 60 days or longer. Long-term sick leave for women was 1 percent (2) and for men 1 percent (2). Total sick leave in the age group up to 30 was 2 percent (2), in the age group 30-49, 2 percent (3), and in the age group over 49, 3 percent (4).

SALARIES AND REMUNERATION OF SENIOR EXECUTIVES

Senior executives

Senior executives as referred to in this note include Group Management consisting of the President and CEO, business area managers until the end of September 2009, sector managers from October 2009 and heads of corporate functions. Members of the Group Management may be employed by the Parent Company or by subsidiaries. During 2009 the composition of senior executives changed. At the beginning of the year, Group Management consisted of 14 individuals. During the year five people left the Group Management, all as a result of the organizational change by which eight business areas were replaced by four sectors. During the fourth quarter the President and CEO also functioned as the manager of one of the sectors, which is why the Group Management consisted at year-end of 9 people including the President and CEO.

Lantmännen's Remuneration Committee

Lantmännen's Board of Directors has a special Remuneration Committee. Among other tasks, the Remuneration Committee is charged with preparing the Board's decision in salary matters and other remuneration for the President and CEO, as well as approving other Group executives' salaries and other remuneration.

Lantmännen's remuneration policy

The objective of Lantmännen's remuneration policy is to offer compensation that promotes Lantmännen's ambition to attract and retain qualified expertise.

The fundamental guidelines are to:

- ensure that employees at Lantmännen receive market-level, competitive compensation and promote conduct in line with Lantmännen's shared values: openness, a holistic view and drive.
- offer a salary structure based on individual performance, duties, qualifications, experience and position, which means that it is neutral with regard to gender, ethnicity, disability, sexual orientation, etc.

Remuneration structure, 2009

Lantmännen's remuneration structure has the following components:

- Fixed salary
- Variable salary
- Pension benefits
- Other benefits and severance pay

Fixed salary

Salaries of members of Lantmännen's Group Management are reviewed annually at January 1. The review takes into consideration performance, pay developments in the market, changes in area of responsibility, the company's performance as well as local agreements and rules.

Variable salary

Lantmännen has had a common structure for variable salary for a defined target group since 2006. The target group consists of Group Management, key staff who report to members of Group Management, members of the senior management of sectors, business areas or large subsidiaries and the CEOs of smaller companies. Decisions about target groups and guidelines for variable salary are made annually by the Annual General Meeting in the case of the Group Management and by the Board of Lantmännen in other cases. For 2009 the program consists of quantitative and quality targets. The quantitative target represents between 70- 75 percent of maximum variable salary and is linked to the Group's income after net financial items and to operating income per business area. Maximum variable salary that may be paid to Lantmännen's Group Management for 2009 is 30 percent of fixed salary with full achievement of targets. Total maximum variable salary that may be paid for 2009 amounted to approximately MSEK 36, excluding social security expenses. In all, MSEK 3.5, excluding social security expenses, has been reserved for variable salaries for 2009.

Pensions

Lantmännen offers its employees occupational pensions unless otherwise regulated by local agreements or in other regulations. In Sweden the majority of employees are included in defined benefit pension plans (ITP) through PRI Pensions tjänst AB. Defined benefit schemes also exist in Norway, Germany and other countries. There are currently two different pension guidelines for Lantmännen's Group Management: earning of occupational pension according to the

Note 5 continued

ITP agreement with pensionable salary maximized at 30 income base amounts where sickness benefits are paid according to the ITP agreement and a premium-based pension where the premium is equal to 25-35 percent of the pensionable salary. Within the premium framework, the employee personally selects the subdivision between old-age, survivor and sickness benefits. The President and CEO will receive a defined contribution pension with a premium of 30 percent of pensionable salary, with a retirement age of 65 years.

Terms for pensions before the age of 65

Two senior executives are accruing entitlement to a pension from 60-62 to 65 years. One has a defined benefit pension plan equivalent to 70 percent of pensionable salary and the other has a defined contribution pension plan with a premium of 33 percent of pensionable salary. Pensionable salary corresponds to the ITP agreement's definition with or without a ceiling. All pension entitlements are accrued on a straight-line basis and guaranteed through insurance. Other senior executives have no entitlement to a pension before the age of 65.

Terms for pensions after the age of 65

Seven senior executives are accruing in principle an occupational pension in accordance with ITP, with pensionable salary maximized to 30 income base amounts. Seven people are accruing a defined contribution pension with an allocation for insurance corresponding to 25-35 percent of pensionable salary, which is the fixed salary with or without a ceiling. Within the premium framework,

the employee personally selects the subdivision between old-age, survivor and sickness benefits. All pension entitlements are accrued on a straight-line basis and guaranteed through insurance. Sickness benefits are payable in accordance with ITP, in which two people have supplemental health insurance.

Other benefits and severance pay

Other benefits

In addition to the fixed salary, pension and benefits in the case of long-term illness, Lantmännen offers insurance in the case of occupational injuries as well as job-related group insurance in accordance with local agreements and rules. In addition, senior executives are entitled to private health insurance.

Severance pay/termination

Between Lantmännen and the President and CEO a notice period of six months applies on the company's part and six months on the employee's part. If Lantmännen terminates employment, severance pay is received corresponding to the fixed salary and other benefits (including occupational pension and insurance during the notice period), in addition to severance pay of 18 months' fixed salary, with full deduction of any salary from a new employer. Other senior executives have a notice period of 6-12 months if leaving at their own request and 6-12 months at Lantmännen's request. If terminated at Lantmännen's request, severance pay is paid for 12-18 months of which all but two persons have full deduction for income from other employment during the period severance pay is paid.

Salaries and remuneration of senior executives TSEK	Directors' fees	Fixed pay ⁵⁾	Variable pay ¹⁾	Pension ⁵⁾	Other benefits	Total 2009	Total 2008
Elected board members of Lantmännen ek för, according to specification below ²⁾	4,007					4,007	4,455
President & CEO Per Strömberg ³⁾		5,200	0	1,560	363	7,123	8,181
Executive Vice President Clas Eriksson		3,080	0	849	104	4,033	5,883
Group Management, other ⁴⁾		24,159	381	5,290	786	30,616	40,219
	4,007	32,439	381	7,699	1,253	45,779	58,738

¹⁾ Estimated variable pay for 2009, to be paid in 2010.

²⁾ This includes remuneration from both Lantmännen ek för and other Group companies.

³⁾ Through waiver of pay the President is entitled to waiver-of-premium insurance that will cover the payment of a monthly premium for occupational pension in the event of illness lasting longer than 90 days. The benefit is limited to a maximum amount equal to his fixed salary in 2009. The right to waiver-of-premium insurance ceases when either party terminates the employment. The cost of the insurance is included in Other benefits.

⁴⁾ The rest of the Group Management numbered 12 people at the beginning of the year and 7 at year-end. Disclosures regarding the Group Management only apply to people who make up the management of the Lantmännen Group.

⁵⁾ Certain members of the Group Management are entitled to alternate between fixed pay and pension within the framework of current tax legislation.

Fees to the Board of Directors	2009	2008
Thomas Bodén, Chairman of the Board	829	858
Elisabet Annell ⁶⁾	109	349
Paul Bergqvist	359	348
Birgitta Carlander	341	661
Bengt-Olov Gunnarson, Vice Chairman	512	537
Nils Lundberg	389	381
Thomas Magnusson	424	469
Anitra Steen ⁷⁾	245	-
Hans Wallemyr	379	417
Björn Wallin	420	175
Olle Nilsson	-	260
Total	4,007	4,455

⁶⁾ Up to and including April 28, 2009.

⁷⁾ Up to and including April 28, 2009.

NOTE 6 DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF INTANGIBLE AND TANGIBLE FIXED ASSETS

MSEK	2009	2008
Goodwill	254	588
Other intangible assets	66	62
Subtotal	320	650
Land and buildings	220	242
Plant and machinery	882	855
Equipment, tools, fixtures and fittings	128	163
Subtotal	1,230	1,260
Total	1,550	1,910

For further details see also Notes 11, 12 and 13.

Impairment losses

Lantmännen tests the value of assets in predefined cash-generating units when there are earnings performance indications that are essentially negative and are not deemed to be temporary for the affected units. The recoverable value of the cash-generating units is determined by estimating the value in use. The estimates are based on adopted budgets for the following year and adopted strategic plans for the subsequent two years. Budgets, strategic plans and forecasts for upcoming years are based on market assumptions and cover anticipated cash flows for the existing operations during these three years and during their estimated remaining life. The discount factor that is used for present value calculation of the anticipated future cash flows equals in that case the long-term return requirements, before tax, that Lantmännen sets for operations in the cash-generating units.

Impairment testing for the year resulted in a reversal of earlier impairment of fixed assets in SIA Latvia in the amount of MSEK 8. Smaller adjustments of the carrying amount of goodwill had a negative effect of MSEK 14. In all, the negative effect on earnings in 2009 amounted to MSEK 6.

In 2008 fixed assets mainly relating to the fresh bread operations in Lantmännen Unibake were written down, with tangible assets written down by MSEK 165 and goodwill by MSEK 340.

NOTE 7 INCOME FROM OTHER SECURITIES AND RECEIVABLES CLASSIFIED AS FIXED ASSETS

MSEK	2009	2008
Dividends	29	26
Capital gains on disposal of participations	0	8
Impairment losses	0	-9
Other	0	2
Total	29	27

In the Group, most of the dividends received were for shares in VK-Mühlen, Swedbank and the InTrade companies.

Income from Participations in Accent Equity 2003 KB is reported under Other.

NOTE 8 SPECIAL ITEMS THAT AFFECT INCOME AFTER FINANCIAL ITEMS

The Group's earnings are affected by certain items affecting comparability. An overview of these items is presented in the table below. See also the Board of Directors' Report on page 72.

MSEK	2009	2008
Special items under Other operating income		
Capital gains on sale of properties	58	235
Capital gains on sale of operations	-	350
Total	58	585
Special items in Operating expenses		
Impairment of fixed assets		
- Lantmännen's fresh bread operation	-	-505
- Other operations	-	-31
Restructuring costs	-208	-126
Reversal of salmonella reserve		181
Total	-208	-481
Total special items in Operating income	-150	104
Special items in Income from financial items		
Other	-	-24
Total	0	-24
Total special items in Income after financial items	-150	80
Tax effect of special items	39	28
Total special items in Net income for the year	-111	108

Special items included in the Group's operating income are distributed across Lantmännen's segments and other operations according to the following summary:

MSEK	2009	2008
Agriculture Sector	-46	81
Machinery Sector	-47	-
Energy Sector	-11	-17
Food Sector	-74	-15
Other operations	28	25
Total	150	104

Of the restructuring costs for the year MSEK 150 refers to the Group's efficiency program in connection with the introduction of the new sector structure. Most of the costs are personnel-related. The remaining restructuring costs refer to the closure of operations in the Food Sector.

Restructuring costs for 2008, MSEK 126, refer to the Swedish fresh bread business, which was divested in the beginning of 2009. Approximately 40 per cent of the costs were personnel-related.

NOTE 9 EXCHANGE RATE DIFFERENCES THAT AFFECTED INCOME

MSEK	2009	2008
Exchange differences that affected operating income	-51	82
Exchange differences in financial items	-6	2
Total	-57	84

NOTE 10 TAXES

Tax on net income for the year		2009		2008		Reconciliation of effective tax				
MSEK						2009		2008		
		Percent		MSEK		Percent		MSEK		
Current tax expense (-)/tax income(+)										
Tax expense/income for the period		-103		-127						
Adjustment of tax attributable to previous years		-11		-1						
Total current tax		-114		-128						
Deferred tax expense (-)/tax income (+)										
Deferred tax from changes in temporary differences		99		-174						
Deferred tax income in capitalized loss carryforward		68		381						
Utilization of previously capitalized loss carryforwards		-10		-59						
Other deferred taxes		14		-7						
Total deferred tax		171		141						
Tax on share of income of associated companies ¹⁾		-44		-49						
Total reported tax expense		13		-36						
						Income before tax	-66		580	
						<i>Anticipated tax according to applicable Swedish tax rate</i>	26.3%	17	28%	-162
						Amortization of consolidated goodwill	-76%	-50	-247%	-163
						Other non-deductible expenses	-48%	-32	-50%	-33
						Negative goodwill recognized in income	29%	19	20%	13
						Tax-free capital gains	33%	22	205%	135
						Other non-taxable income	27%	18	47%	31
						Capitalization of previously uncanceled loss carryforward	21%	14	241%	159
						Utilization of previously uncanceled loss carryforward	26%	17	24%	16
						Contribution dividend deductible for tax purposes	24%	16	23%	15
						Tax attributable to previous years	-59%	-39	-2%	-1
						Other	17%	11	-70%	-46
						Effective tax	20%	13	219%	-36

¹⁾ Of which MSEK 28 (-) refers to tax attributable to previous years

MSEK	2009			2008		
	Deferred tax asset	Deferred tax liability	Net	Deferred tax assets	Deferred tax liability	Net
Intangible assets	-	44	-44	-	68	-68
Land and buildings	68	177	-109	68	180	-112
Machinery and equipment	138	314	-176	150	382	-232
Accounts receivable	25	-	25	14	-	14
Pension provisions	14	-	14	7	-	7
Other provisions	13	-	13	5	-	5
Loss carryforwards	454	-	454	390	-	390
Other	56	46	10	86	86	0
Total	768	581	187	720	716	4
Offsetting of assets/liabilities	-486	-486	0	-584	-584	0
Total, net, deferred tax liability	282	95	187	136	132	4

Deferred tax assets and deferred tax liabilities referring to the same tax authority have been offset against each other.

Change in deferred tax in temporary differences and loss carryforwards

2009, MSEK	Amount at beginning of year	Recognized in income statement	Changes in acquisition/disposal of companies	Translation differences	Amount at end of year
Intangible assets	-68	24	-	-	-44
Land and buildings	-112	3	-	-	-109
Machinery and equipment	-232	53	6	-3	-176
Accounts receivable	14	11	-	-	25
Pension provisions	7	4	1	2	14
Other provisions	5	-9	17	-	13
Loss carryforwards	390	68	-	-4	454
Other	0	17	-7	-	10
Total	4	171	17	-5	187

Loss carryforwards

At the end of the year the Group had loss carryforwards of MSEK 2,014, of which MSEK 1,713 was included in the computation of deferred tax, since they are deemed usable against future profits.

The loss carryforwards not included mainly refer to the loss carryforward in Svalöf Weibull's German operation. They have not been assigned any value since they currently cannot be used.

The loss carryforwards not included in the computation of deferred tax total MSEK 301 (317) and have unlimited life.

NOTE 11 | INTANGIBLE FIXED ASSETS

MSEK	Goodwill		Brands		Patents, licenses		Capitalized expenditure for development work, internally generated	
	2009	2008	2009	2008	2009	2008	2009	2008
Accumulated cost	5,962	6,225	458	458	251	298	173	146
Accumulated amortization	-2,450	-2,381	-214	-199	-178	-171	-84	-55
Accumulated impairment losses	-434	-458	-	-	-15	-18	-	-
Book value	3,078	3,386	244	259	58	109	89	91
Book value at beginning of the year	3,386	2,510	259	274	109	91	91	76
Investments	-	1	-	-	1	1	4	42
Company acquisitions	183	1,163	-	-	-	39	-	-
Company disposals	-	-9	-	-	-	-	-	-1
Sales and disposals	-	0	-	-	-5	-	-	-1
Amortization for the year according to plan	-254	-248	-15	-15	-25	-26	-29	-25
Impairment losses for the year	-	-340	-	-	-	-	-	-
Impairment losses reversed during the year	-	-	-	-	3	4	-	-
Reclassifications	25	0	-	-	-25	0	23	-
Translation differences	-262	309	-	-	0	0	0	0
Book value	3,078	3,386	244	259	58	109	89	91
Allocation of goodwill and brands per sector								
Machinery Sector	5	16	-	-				
Energy Sector	184	209	47	52				
Food Sector	2,889	3,161	197	207				
Total	3,078	3,386	244	259				

NOTE 12 TANGIBLE FIXED ASSETS

MSEK	Land ¹⁾		Buildings		Plant and machinery		Equipment, tools fixtures and fittings		Construction in progress	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Accumulated cost	780	772	6,183	6,286	14,240	14,753	1,901	2,011	739	924
Accumulated depreciation	-116	-123	-2,718	-3,009	-8,557	-8,652	-1,413	-1,476	-	-
Accumulated revaluations	7	7	24	31	1	1	-	-	-	-
Accumulated impairment losses	-16	-14	-288	-269	-433	-531	-14	-37	-	-
Book value	655	642	3,201	3,039	5,251	5,571	474	498	739	924
Book value at beginning of the year	642	528	3,039	2,664	5,571	3,567	498	480	924	1,605
Investments	20	113	36	606	565	1,750	89	184	823	0
Company acquisitions	1	10	2	73	-	326	6	2	-	1
Company disposals	-6	-26	-94	-19	-85	-31	-23	-25	-36	-6
Sales and disposals	-1	-1	-11	-19	-81	-103	-8	-15	0	0
Depreciation for the year according to plan	-11	-7	-172	-233	-898	-767	-123	-138	-	-
Impairment losses for the year	-2	-	-25	-2	-1	-93	-5	-25	-	-
Impairment losses reversed during the year	-	-	-	-	17	5	-	-	-	-
Reclassifications	13	4	525	-213	280	683	58	12	-956	-717
Translation differences	-1	21	-99	182	-117	234	-18	23	-16	41
Book value	655	642	3,201	3,039	5,251	5,571	474	498	739	924
Tax assessment values of properties in Sweden										
Tax assessment values	563	520	2,211	2,386						
Leasing										
Assets held under finance leases are included with a carrying amount of	-	-	76	149	84	118	19	22	-	-
Capitalized interest										
Interest capitalized in opening balance	0	0	18	-	73	0	0	-	2	32
Interest capitalized in investment amount for the year	-	-	-	-	-	-	-	-	-	61
Reclassifications	-	-	-	18	-	73	-	-	-	-91
Total capitalized interest in cost of assets	0	0	18	18	73	73	0	0	2	2

¹⁾Including land facilities.

For further information about leasing, see Note 27 regarding leasing commitments and Note 28 regarding customer financing.

During the year the interest rate of 3.25 percent was applied in computing the cost of the loan capitalized as part of the cost of the investment.

Government grants have reduced the investments for the year in equipment by MSEK 0 (9) and construction in progress by MSEK 0 (0).

NOTE 13 INVESTMENT PROPERTIES

MSEK	Land		Buildings		Total investment properties	
	2009	2008	2009	2008	2009	2008
Accumulated cost	78	68	513	529	591	597
Accumulated depreciation	-15	-19	-229	-278	-244	-297
Book value	63	49	284	251	347	300
Book value at beginning of the year	49	22	251	49	300	71
Sales and disposals	-3	-	-2	-	-5	-
Depreciation for the year according to plan	-1	-1	-4	-3	-5	-4
Reclassifications	18	28	39	205	57	233
Book value	63	49	284	251	347	300
Tax assessment values	134	111	328	300	462	411

Properties where less than 10% of office space is used for the Group's own activities are classified as investment properties in the Group. Reclassification of properties to investment properties in the Group in 2008 is mainly an effect of the sale of Granngården.

Note 13 continued

Fair value and changes therein

MSEK	2009	2008
Fair value at beginning of the year	779	215
New acquisitions	-	-
Investments in properties	25	22
Disposals	-29	-11
Changes in value	-34	81
Reclassifications	75	472
Fair value at year-end	816	779

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.
- Discounted cash flows valuation, where the properties' future net operating income and estimated residual value have been calculated.
- In certain cases 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	2009	2008
Rental income	85	81
Direct costs, including costs for repair and maintenance	-39	-40
Net operations	46	41

NOTE 14 PARTICIPATIONS IN ASSOCIATED COMPANIES

MSEK	Group		Parent Company	
	2009	2008	2009	2008
Accumulated cost	1,175	1,196	822	799
Accumulated impairment losses	-1	-1	-2	-2
Book value	1,174	1,195	820	797
Book value at beginning of the year	1,195	991	797	628
Purchases	22	514	23	505
Sales	-4	-573	-	-336
Year's share of income of associated companies after tax	53	123	-	-
Dividend for the year	0	-6	-	-
Reclassifications	-11	-	0	-
Translation difference	-81	146	-	-
Book value	1,174	1,195	820	797

Investments in associated companies for the year mainly refer to capital contributions to already owned companies.

Impairments and reversed impairments are recognized in the income statement on the line "Share of income of associated companies."

Parent Company and Group holdings of participations in associated companies, December 31, 2009

Company name	Corp. Ident. No.	Domicile	Number of shares	Share of capital %	Carrying amount in Group, MSEK	Carrying amount in Parent Company, MSEK
<i>Associated companies owned by Parent Company:</i>						
Agrico Nordic AB	556276-6252	Stockholm	4,900	49	1	2
Dimela AS		Estonia	500	25	1	1
Fastbol. Märten Persson HB	916752-3654	Åhus		50	1	1
Raiffeisen Hauptgenossenschaft Nord AG (HaGe Kiel AG)	DE134852742	Germany	9,101,395	38	681	552
Mackmyra Svensk Whisky AB	556567-4610	Mackmyra		(19% of votes) 26	19	19
Piteå Spannmåls AB	556090-8187	Piteå	1,500	30	0	0
Rural Patent Svenska AB	556530-9654	Stockholm	50	50	0	0
Scandinavian Farmers AB	556009-3121	Stockholm	85,000	50	77	42
Sveriges Djurproducenters Tillväxt AB	556155-9831	Stockholm	135,000	50	25	24
Svenska Pig AB	556779-6858	Stockholm	230	23	0	0
SweDane Crop Protection A/S	21538388	Denmark	250	50	0	0
SweDane Fertilizer A/S	20296372	Denmark	250	50	0	0
SweDanNo Trade A/S	26207177	Denmark	180	36	0	0
Vegolia AB	556020-6574	Stockholm	500	50	0	0
Viking Malt Oy	FI 0802004-9	Finland	1,381,387	38	201	178
Åhus Stuveriinteressenter AB	556039-8256	Åhus	5,987	50	1	1
					1,007	820
<i>Other associated companies in the Group:</i>						
<i>Agriculture Sector</i>						
Satec Handelsgesellschaft GmbH		Germany		20	2	-
<i>Energy Sector</i>						
Aspen-Produkte Handels GmbH		Germany		50	8	-
<i>Food Sector</i>						
Struer Brød AS		Denmark		33	8	-
Leibur AS	10224864	Estonia		45	130	-
Farmfood AS		Denmark		33	18	-
Bosarpkyckling AB	556673-6608	Bosarp		35	1	-
Total					1,174	820

NOTE 15 LONG-TERM FINANCIAL ASSETS

MSEK	2009	2008
Receivables from associated companies	27	78
Other shares and participations	431	412
Bonds	8	9
Receivables via Lantmännen Finans AB	1,069	964
Other long-term financial assets	176	170
	1,711	1,633
Finance leasing (Note 28)	113	141
Total	1,824	1,774

**Change in long-term financial assets,
 excluding finance lease receivables**

MSEK	2009	2008
Accumulated cost	1,789	1,706
Accumulated impairment losses	-78	-73
Total	1,711	1,633
Book value at beginning of the year	1,633	1,076
Assets added	114	725
Assets removed	-20	-188
Impairment losses for the year	3	-33
Reclassifications	-18	35
Translation difference	-1	18
Book value	1,711	1,633

The largest individual holdings of Other shares and participations are holdings in Swedbank, LRF and VK Mühlen GmbH.

The change for the year is mainly attributable to Lantmännen Finans AB and Bakehouse Ltd.

Impairment losses and reversals of impairment losses are recognized in the income statement in the item "Income from other securities."

NOTE 16 INVENTORIES

MSEK	2009	2008
Raw materials and consumables	2,133	2,871
Products in progress	12	18
Finished goods and goods for resale	3,500	4,152
Advance payments to suppliers	1	18
Total	5,646	7,059

NOTE 17 ACCOUNTS RECEIVABLE

MSEK	2009	2008
Receivable not yet due	3,217	4,667
Receivables due		
< 30 days	477	566
31-60 days	176	303
61-90 days	22	
> 91 days	271	242
Total	4,163	5,778
Provision for bad debts	-171	-147
Total	3,992	5,631

Actual bad debts for the year amounted to MSEK 17.

NOTE 18 CURRENT FINANCIAL ASSETS AND INVESTMENTS
Current financial assets

MSEK	2009	2008
Receivables from associated companies	81	89
Finance leasing in Lantmännen Finans AB	79	40
Installment receivables in Lantmännen Finans AB	362	318
Interest-bearing receivables	32	17
Other current financial assets	9	12
Total	563	476

Receivables with a maturity period of up to one year are recognized as current financial assets.

Short-term investments

MSEK	2009	2008
Time deposits	113	144
Other short-term investments	11	10
Total	124	154

Interest-bearing liquid investments with a maturity of up to one year are recognized as short-term investments.

Short-term investments essentially have a fixed interest rate for less than three months and thus have a very limited interest rate risk.

NOTE 19 OTHER CURRENT ASSETS

MSEK	2009	2008
Operating receivables from associated companies	9	20
Other current receivables	236	305
Prepaid expenses and accrued income	417	587
Total	662	912

Prepaid expenses and accrued income

MSEK	2009	2008
Prepaid rent	18	19
Receivable relating to bonus and discounts	6	4
Prepaid insurance premiums	25	21
Other prepaid expenses	214	303
Other accrued income	154	240
Total	417	587

NOTE 20 EQUITY

Translation differences in equity

MSEK	2009	2008
Cumulative translation difference at beginning of the year	780	232
Translation difference for foreign subsidiaries for the year	-370	724
Income from currency hedging of net investments in foreign subsidiaries, after tax	65	-176
Cumulative translation difference in equity	475	780

Equity method reserve

MSEK	2009	2008
Opening balance	205	185
Net income for the year from associated companies transferred to equity method reserve	96	98
Dividends received	-9	-6
Disposals of associated companies		-72
Translation difference	-89	0
Equity method reserve at year-end	203	205

Equity in Lantmännen ek för

Equity in the Parent Company consists of contributed capital, restricted reserves and non-restricted equity. The contributed capital consists of paid-in contributed capital and contribution issues.

The obligation to invest for the individual member is determined by the member's turnover value with the Association. Each year the obligation to invest is calculated and excess contributions are disbursed.

Contribution issues are non-restricted equity transferred to member contributions. When a member leaves, both paid-in contributed capital and contribution issues are paid to the member.

According to the Board's decision an amount corresponding to contribution issue undertaken shall be transferred from non-restricted equity to restricted reserves in the Parent Company in addition to the statutory provision. That amount in 2009 was MSEK 100 (151).

NOTE 21 PENSIONS

Defined benefit obligations and value of plan assets in the Group.

Defined benefit plans

MSEK	2009	2008
<i>Defined benefit obligations</i>		
Present value of defined benefit obligations	2,006	2,015
Fair value of plan assets	-95	-118
Net value	1,911	1,897
Unrecognized actuarial losses	-397	-360
Unrecognized actuarial gains	0	7
Provisions for pensions, net value	1,514	1,544

The Group has a number of defined benefit plans under which the employees are entitled to post-employment benefits based on their final salary and years of service. The largest plans are unfunded and are found in Sweden. These plans are insured through the Swedish PRI/FPG system. Norway has funded plans.

Plan obligations are as follows:

	2009	2008
Obligations according to Swedish PRI/FPG plans	1,791	1,786
Other unfunded obligations	90	88
Funded obligations	125	141
Total	2,006	2,015

The net amount is distributed

across plans in the following countries:

	2009	2008
Sweden	1,427	1,458
Norway	56	54
Germany	30	31
Netherlands	1	1
Total	1,514	1,544

Pension cost

	2009	2008
<i>Defined benefit plans</i>		
Cost of pensions accrued during the year	55	42
Interest expense	73	83
Expected return on plan assets	-8	-7
Amortization of actuarial gains and losses	6	0
Curtailments and settlements	-7	-5
Cost of defined benefit plans	119	113
Cost of defined contribution plans	282	249
Total cost relating to pensions	401	362

The cost is recognized on the following lines in the income statement

	2009	2008
Payroll expenses	336	286
Financial expenses	65	76
Total cost relating to pensions	401	362

Note 21 continued

The following summary explains how the net amount has changed during the year.

Reconciliation of net amount for
pensions in balance sheet

MSEK	2009	2008
Opening balance	1,544	1,642
Cost of defined benefit plans during the year	134	125
Payment of remuneration	-71	-79
Fees paid-in by employer	-10	-7
Effects of acquired/divested operations	-72	-128
Curtailments and settlements	-7	-5
Expected return on plan assets	-8	-7
Other	-1	3
Translation difference	5	0
Closing balance, pension liability	1,514	1,544
Of which unfunded plans	1,461	1,492
Of which funded plans	53	52
Return on plan assets		
Actual return on plan assets	-20	6
Expected return on plan assets	8	6
Actuarial result for plan assets during the year	-28	0
Actuarial assumptions		
Discount interest rate	4.0%	4.0%
Future salary increases	3.2%	3.2%
Inflation	2.0%	2.0%
Expected return on plan assets	6.0%	5.8%

For certain employees in Sweden insurance premiums are paid to Alecta regarding commitments according to what is called the traditional ITP (individual supplementary pension) plan. This ITP plan is a defined benefit plan that comprises several employers. At present, Alecta is unable to disclose the information that is required to recognize these benefits as defined benefit plans. Accordingly, the ITP plans that are secured through insurance in Alecta are reported as a defined contribution plan. Of the above cost for defined contribution plans MSEK 36 (30) refers to Alecta premiums for traditional ITP. Alecta's surplus may be distributed to the policyholders and/or the insured. At year-end Alecta's surplus in the form of its collective funding ratio amounted to 141% (112). 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 comply with RR 29.

NOTE 22 | NEGATIVE GOODWILL

MSEK	2009	2008
Accumulated cost	794	794
Accumulated reversals	-571	-500
Book value	223	294
Book value at beginning of the year	294	340
Recognized as income against losses and costs	-24	
Recognized as income according to specific plan	-47	-46
Book value	223	294

Reversal of negative goodwill is recognized on a separate line in the income statement.

Negative goodwill not recognized against reported costs was recognized in items according to a specific plan. This was calculated on the basis of the remaining average useful life of the assets that are depreciable/amortizable in the operation in which the negative goodwill arises.

Lantmännen will apply IFRS rules in its consolidated financial statements from 2010. Because negative goodwill does not exist in IFRS, the 2008 closing balance will be transferred directly to retained earnings. No further reversal of negative goodwill will subsequently take place.

NOTE 23 | OTHER PROVISIONS

MSEK	Provision for warranties	Actuarial provisions	Structural measures	Other	Total
Carrying amount at beginning of period	113	44	221	23	401
Provisions made during the period	48	36	116	17	217
Amounts utilized during the period	-75	-51	-18	-25	-169
Reclassifications			-9	9	0
Effects of divested/acquired operations			-38		-38
Reversed during the period	-8			-23	-31
Translation differences	-5			-1	-6
Carrying amount at end of period	73	29	272	0	374

Increases in previously existing provisions are included in the period's provisions.

In corporate groups the size of Lantmännen, there are normally a number of ongoing disputes. Lantmännen has made an assessment of the most likely outcome of the disputes that are currently at issue and recognizes, in those cases a payment is deemed likely, a corresponding amount as a provision.

Of the provisions for the year for structural measures, the majority are attributed to the ongoing efficiency program in connection with the new sector organization. The program is expected to run in 2010-2011.

NOTE 24 FINANCIAL LIABILITIES

Long-term financial liabilities		2009	2008
MSEK			
Long-term liabilities to credit institutions	Note 25	6,834	7,933
Financial liabilities relating to leases	Note 27	78	258
Other financial liabilities		18	28
Total		6,930	8,219
Current financial liabilities		2009	2008
Current liabilities to credit institutions	Note 25	1,627	2,915
Liabilities to members relating to savings		827	845
Liabilities to members relating to deposit accounts		478	335
Deposits from the public in Lantmännen Finans AB		743	112
Financial liabilities relating to leases	Note 27	31	50
Liabilities to associated companies		-	28
Other financial liabilities		35	280
Total		3,741	4,565

Deposits from the public in Lantmännen Finans AB come from companies, members, employees and other individuals. Accounts offer free withdrawal, interest from the first krona and are covered by the state deposit guarantee of SEK 500,000.

NOTE 25 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Lantmännen is exposed to various types of financial risks through its international operations. By financial risk is meant fluctuations in the Group's earnings and cash flow as a result of changes in prices in commodities markets, exchange rates, interest rates and refinancing as well as credit and counterparty risks. Within its corporate finance function, Koncern-finans, Lantmännen consequently conducts internal banking activities through its main office in Sweden and via its subsidiary, Lantmännen Finance Ireland, whose main task is to support the management and group companies in accordance with the stipulated finance policy. The Group's financial policy is established annually by Lantmännen's Board of Directors. The finance policy governs how financial risks shall be handled and specifies the mandate, limits and which financial instruments may be used. The Group's Risk Committee receives regular reports on changes to the Group's financial risks.

The main task of the finance function is to provide cost-effective financing, identify and efficiently minimize financial risks to which the Group is exposed in its daily business operations and optimize the Group's net financial items and tied-up capital.

The internal bank also handles the company's netting system and is responsible for handling the Group's liquidity via cash pools in banks.

Only banks with a good credit rating are accepted as counterparties in financial transactions with Lantmännen.

CURRENCY RISK

Through its business activities, Lantmännen is exposed to currency risk through changes in exchange rates and how they affect the Group's income statement and balance sheet. The Group's currency exposure includes both transaction exposure and translation exposure. The goal of the Group's currency exchange risk management is to minimize the short-term effect of fluctuations in exchange rates and their effect on the Group's earnings and financial position.

Transaction exposure

Under the Group's financial policy, the sectors' sales and purchases in foreign currencies must be hedged against rate fluctuations by the corporate finance function at the time the currency risk arises. Currency hedging of future currency cash flows is done either by order or through up to 12-month rolling forecasts. The corporate finance function then takes over the currency risk and covers the risks externally.

Translation exposure

Translation exposure is the effect of changes in exchange rates when foreign subsidiaries' assets and liabilities are translated into the Parent Company's functional currency (SEK). Currency hedging of investments in foreign subsidiaries (net assets including goodwill) is handled by taking out loans in foreign currencies. These are recognized at the closing rate on the balance sheet date. In the Parent

Company, recognized exchange rate differences attributable to these loans (after taking tax in account) are recognized in equity in the consolidated financial statements to offset translation differences from net assets in subsidiaries.

Currency breakdown and payment structure, operating forward contracts

The currency derivatives that are used are forward exchange contracts. The average remaining maturity of the forward contracts is just under six months. At year-end, the Group's outstanding forward contracts were broken down by currency as follows:

MSEK	2010	2011	2012	2013
DKK	406	6		
NOK	-324	-		
GBP	-311	4		
EUR	220	-61		
LVL	-73	-		
USD	-27	-36		
CHF	-5	-		
Total	-114	-87	-	-

The nominal net amount is shown in the table above in MSEK per currency. Negative amounts represent sales of corresponding currency and positive amounts purchases. Approximately 40 percent of the forward contracts (net amount) consists of currency futures with a different counter currency than SEK.

COMMODITY PRICE RISK

Lantmännen is subject to price risk primarily for the commodities wheat, malting barley, oilseed rape and soybeans. The pricing of commodities varies over time owing to international supply and demand. Commodity risks are primarily attributable to Lantmännen Lantbruk's activities and to Lantmännen Cerealia's milling operations along with Lantmännen Agroetanol's ethanol production. In addition to hedging prices via delivery agreements it is possible, particularly in wheat and soybean trading, to hedge prices via exchanges such as CME Group, Matif and banks. Many commodities are priced either in USD or EUR. The basis for Lantmännen's financial policy is that the currency is part of the transaction's pricing and shall therefore be hedged no later than when the transaction is made.

Energy price risk

Through its energy-intensive operations Lantmännen is subject to risks associated with price changes for energy, primarily electricity and gas. If the energy price risk is not hedged, the price changes in the energy market will have a direct impact on the Group's operating income.

The majority of the Group's electricity consumption is hedged via NordPool. Risk management of electricity prices is aimed at creating predictability in power purchasing costs. Electricity derivatives are priced in EUR. Currency risk in electricity contracts is to be normally at least 70 percent hedged in connection with the setting of the budget price for the next year's electricity consumption.

Electricity price hedging

Maturity year	2010	2011	2012
Hedged share of forecast annual need	58%	33%	7%

The Group's total electricity consumption for Lantmännen's operations in the Nordic countries amounted in 2009 to 580 GWh (559). The total hedged volume for 2010 is 356 GWh.

Electricity certificates have been price hedged at 100 percent of 2010's need.

The Group's 2010 gas need for Denmark and Sweden has been hedged through forecast hedging at an average rate of approximately 60 percent.

Ethanol price hedging

Ethanol derivatives are used for the purpose of reducing earnings fluctuations caused by variations in the price of ethanol. The capacity to hedge price risk via derivatives in the ethanol market is limited. Liquidity in the derivative market is very weak. Hedging therefore takes place through regular sales to the majority of counterparties. The ethanol is priced in EUR or USD. The basis for the Group's financial policy is that currency is part of the transaction's pricing and shall therefore be hedged no later than when agreements are made.

Ethanol price risk is attributable to Lantmännen Agroetanol AB in the Energy Sector.

Note 25 continued

INTEREST RATE RISKS

Interest-bearing borrowing means that the Group is exposed to interest rate risks. Interest rate risk means that there is a risk of a negative impact on the Group's earnings and cash flows as a result of changes in the market rate. How quickly a lasting change in interest rates is reflected in the Group's net financial items depends on the borrowing's fixed-rate period.

The Group's fixed-rate period is normally 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.

As of December 31, 2009, the Group's outstanding liabilities to credit institutions, including outstanding interest rate swaps have a weighted average fixed-rate period of just over 8 months.

The weighted average term at year-end was 3.7 years.

Maturity structure of liabilities to credit institution

MSEK	Group		Parent Company	
	2009	2008	2009	2008
2009	-	2,915	-	1,501
2010	1,627	85	1,100	45
2011	5,056	6,001	5,015	5,969
2012	14	15	-	-
2013	515	515	500	500
2014-	1,249	1,317	1,113	1,174
Total	8,461	10,848	7,728	9,189

Currency breakdown and payment structure, liabilities to credit institutions

MSEK	Total	2010	2011-2012	2013-2014	> 2014
DKK	4,097	477	2,392	22	1,206
EUR	1,788	102	1,663	4	19
SEK	1,307	469	326	504	8
GBP	718	68	650	0	0
USD	209	173	36	0	0
LVL	157	154	3	0	0
NOK	118	118	0	0	0
PLN	65	65	0	0	0
UAH	3	3	0	0	0
Total	8,461	1,628	5,070	530	1,233

The table includes currency swaps. Costs of loans, in addition to interest expenses, are deferred and amortized over the term of the respective loan.

Other current liabilities, savings and deposit accounts

Other current liabilities include members' savings of MSEK 828 (845). Deposits via deposit accounts amounted to MSEK 1,221 (447), of which MSEK 743 (112) was via Lantmännen Finans AB.

REFINANCING RISK, LIQUIDITY RISK AND PAYMENT READINESS

Refinancing risk refers to the risk that the costs will be higher and opportunities for financing limited when loans and other credit are renewed. Liquidity risk is the risk that payment obligations cannot be met. Lantmännen limits its refinancing risk by having a well-diversified group of counterparties and maturities for its loans. By constantly keeping liquid assets or, alternatively, unutilized credit facilities, the Group ensures a sound level of payment readiness, thereby reducing the liquidity risk.

The Group's total payment readiness at year-end was MSEK 2,639 (747).

In credit agreements with banks Lantmännen made binding financial covenants that mean that Lantmännen's equity ratio shall always be more than 25 percent and that the Group's interest coverage ratio (defined as EBITDA/net financial items) shall amount to at least 3.5. Should Lantmännen default the bank is entitled to terminate the credits ahead of time. On December 31, 2009 the equity ratio amounted to 35.4 percent and the interest coverage ratio to 5.0 calculated on full-year 2009.

CREDIT AND COUNTERPARTY RISK

Credit and counterparty risk refers to the risk that the counterparty in a transaction cannot fulfill its obligations and thereby imposes a loss on the Group.

Counterparty risk is limited by only accepting counterparties with high credit-worthiness according to the established financial policy and by minimizing the commitment per counterparty.

Customer credit risk

The credit risk in accounts receivables is handled through special credit rating investigations. Lantmännen checks the credit of its customers by collecting information about the financial position of customers from various credit-rating agencies. In Lantmännen Unibake A/S in the Food Sector, the risk of credit losses is limited through credit insurance of certain major customers. In LM Kronfågel AB and LM Cerealia AB parts of the accounts receivable are resold to Nordea Finans Sverige AB without recourse. At year-end sold receivables amounted to MSEK 54.

FINANCIAL DERIVATIVES

Lantmännen uses financial derivatives to manage and hedge currency risks, commodity risks and interest rate risks that occur in its operations. The financial derivatives related to hedging contracted payment flows are subject to hedge accounting, which means that unrealized income is recognized off-balance until the underlying flow is recognized in the income statement.

Currency derivatives are used to hedge contracted or forecast payment flows and hedge balance sheet exposure.

Electricity forward contracts are used to hedge purchases of electricity and create predictability for dealing with power purchasing costs. This trading takes place on the Nordic electricity exchange NordPool.

Lantmännen uses commodity derivatives to hedge forecast purchases or sales of commodities. Outstanding commodity derivatives that do not meet the criteria for hedge accounting are stated at market value and unrealized losses are recognized in income.

FAIR VALUE

The table below shows the book and fair value broken down by type of financial instrument. The fair value of liabilities to credit institutions is calculated as the discounted present value of future payments and fair value of derivative instruments at market price. Unlisted equity investments are valued individually at the lower of cost or estimated market value.

The difference between carrying amount and fair value is explained by the fact that assets and liabilities are not stated at market value in the balance sheet but recognized at the lower of cost and market value.

Financial instruments	Carrying amount		Fair value	
	2009	2008	2009	2008
Assets, MSEK				
Shares and participations listed	280	266	337	330
unlisted	151	146	151	146
Bonds	8	9	8	9
Other long-term financial assets	1,385	1,353	1,385	1,353
Accounts receivable	3,992	5,631	3,992	5,631
Current financial assets	563	476	563	476
Short-term investments	124	154	124	154
Cash and bank balances	385	269	385	269
Liabilities, MSEK				
Liabilities to credit institutions	8,461	10,848	8,475	10,841
Other long-term financial liabilities	96	286	96	286
Other current financial liabilities	2,114	1,650	2,114	1,650
Accounts payable	3,102	3,863	3,102	3,863
Off-balance, MSEK				
Currency derivatives	-8	-42	2	-38
Interest rate derivatives	-12	-31	-20	-30
Commodity derivatives	-3	0	-39	39
Electricity derivatives	0	0	-61	-143

NOTE 26 OTHER CURRENT LIABILITIES

MSEK	2009	2008
Operating liabilities to associated companies	13	9
Other current liabilities	789	1,092
Accrued expenses and prepaid income	1,741	1,804
Total	2,543	2,905
Accrued expenses and prepaid income	2009	2008
Accrued personnel-related costs	567	654
Liability relating to discounts, bonus	69	86
Other accrued expenses	961	995
Prepaid income	144	69
Total	1,741	1,804

NOTE 27 LEASING COMMITMENTS

The Group is both a lessor and a lessee. The Group as lessor is reported in Note 28, Customer financing. In this note, the Group's lease commitments as a lessee are reported. The Group has both operating and finance lease commitments.

Operating leasing

Recognized cost of operating leases, MSEK	2009	2008
Minimum lease payments	138	121
Contingent rent	2	6
Total	140	127

Future commitments relating to non-cancelable operating leases are recognized below.

Minimum lease payments fall due for payment, MSEK

	2009	2008
Within one year	17	33
Between one and five years	27	33
Later than five years	0	0
Total	44	66

Financial leasing

Liabilities related to finance leases are recognized as interest-bearing liabilities in the Group's balance sheet. Amortization that comes due within one year is recognized as a current financial liability, and amortization later than within one year as a long-term financial liability.

Future minimum lease payments broken down by amortization and interest as well as due dates are indicated below:

Due date	2009			2008		
	Amor-tization	Inte-rest	Total charge	Amor-tization	Inte-rest	Total charge
Within one year	31	3	34	50	10	60
Between one and five years	43	8	51	72	36	108
Later than five years	35	6	41	186	12	198
Total	109	17	126	308	58	366

During the year a total of MSEK 20 (68) was paid in minimum lease payments and MSEK 0 (3) in contingent rent related to finance leasing. Of the minimum lease payments MSEK 4 (15) is recognized as interest and the remaining part as amortization of debt. The carrying amount as of the balance sheet date related to the leased assets' value is indicated in Note 12, Tangible fixed assets.

NOTE 28 CUSTOMER FINANCING

Customer financing chiefly refers to financing of Lantmännen's sales of farm and construction machinery to end customers. Financing mainly takes place through repayment and lease contracts via Lantmännen Finans AB.

Lantmännen Finans AB's outstanding receivables regarding repayment contracts amounted at December 31, 2008 to MSEK 1,456 (1,111), of which MSEK 492 (305) falls due for payment during the nearest calendar year.

Finance leases

For assets that are rented out on finance leases, the following future lease payments and due dates apply:

MSEK	2009		2008	
	Gross invest-ment	Present value of future lease payments	Gross invest-ment	Present value of future lease payments
Within one year	68	41	43	40
Between one and five years	116	79	137	69
Later than five years	7	6	7	2
	191	126	187	111
Unearned financial income		65		76
Total	191	191	187	187

Net income for the year includes MSEK 6 (9) in contingent rents. Total reserve for doubtful receivables amounted to MSEK 0 (0) as of the balance sheet date.

NOTE 29 TRANSACTIONS WITH RELATED PARTIES

In this context, transactions with members in accordance with the Association's objectives are not considered transactions with related parties. Salaries and similar compensation of senior executives are reported in Note 5. Dividends from subsidiaries and associated companies are shown in Note 37.

Receivables from and liabilities to associated companies are shown in Notes 15, 18, 24 and 26.

	2009	2008
Intercompany purchases of total purchases, %	12	17
Intercompany sales of total sales, %	8	12
Purchases of goods and services from associates, MSEK	411	404
Sales of goods and services to associates, MSEK	37	94

NOTE 30 GOVERNMENT GRANTS

MSEK	2009	2008
Received contributions recognized as revenue	11	8
Received contributions that reduced expenses	10	17
Total	21	25
Contributions received during the year that reduced the value of fixed assets	0	9

NOTE 31 DISCONTINUED OPERATIONS

As part of Lantmännen's strategy of focusing on its core businesses two major divestments were decided in 2008. The Lantmännen Granngården business area was divested in the third quarter and an agreement was made to sell Lantmännen Färskbröd in Sweden in the fourth quarter. The divestment of the Swedish fresh bread operation was completed in January 2009.

The overview below shows the impact of these operations on the Group and the Group excluding the operations in 2008.

Income statement, MSEK	Continuing operations 2008	Operations, discontinued/ discontinuing 2008	Income from discontinuance 2008	Total 2008
Revenue	41,200	2,522	0	43,722
Operating expenses	-39,618	-2,677	-291	-42,586
Operating income	1,582	-155	-291	1,136
Financial income and expenses	-392	-18	-24	-434
Refund and final price adjustment	-122	0	0	-122
Income before tax	1,068	-173	-315	580
Tax expense for the year	-77	41	0	-36
Minority's share of income	14	0	0	14
Net income for the year	1,005	-132	-315	558
Balance sheet, MSEK				
Total assets	31,931	811	-189	32,553
Total liabilities and provisions	21,283	560	126	21,969

NOTE 32 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets, MSEK	For own financial liabilities	Other commitments	Total pledged assets	
			2009	2008
Real estate mortgages	1,313	-	1,313	1,552
Chattel mortgages	10	-	10	13
Bank accounts	-	21	21	88
Other	-	-	-	84
Total	1,323	21	1,344	1,737

For the liabilities of the Parent Company real estate mortgages have been furnished in the amount of MSEK 1,113, of which MSEK 201 refers to properties belonging to subsidiaries.

Contingent liabilities

MSEK	2009	2008
Guarantees for		
- associated companies	70	91
- other	274	265
Other contingent liabilities	295	247
Total	639	603

The divested Swedish fresh bread business conducts part of its operations in a leased property in Umeå. Together with the sold company, Lantmännen ek för is a party to this lease. The aim of the buyer is to continue operations in the property. All lease payments are paid directly by the sold company, Lantmännen subsidizes the lease payment as part of the sales agreement. A reserve for this subsidy has been recognized in the consolidated and Lantmännen ek för's balance sheets. In Lantmännen's opinion there is no longer any risk that Lantmännen will be required to pay lease payments for the property. No further reserves or contingent liabilities have been recognized for this reason.

NOTE 33 NOTES TO THE CASH FLOW STATEMENT

MSEK	2009	2008
1) Interest paid and dividends received		
Dividends received	28	26
Interest received	165	242
Interest paid	-431	-555
Total	-238	-287
2) Acquisition of operations		
<i>Acquired assets and liabilities</i>		
Intangible fixed assets	183	900
Tangible fixed assets	9	440
Financial assets	53	364
Inventories	4	44
Operating receivables	35	188
Liquid funds	0	2
	284	1,938
Minority	16	-
Provisions	-	49
Loans	44	141
Operating liabilities	52	154
	112	344
Purchase price paid	172	1,594
Liquid funds in acquired operations	0	-2
Effect on liquid funds	172	1,592
3) Disposals of operations		
<i>Divested assets and liabilities</i>		
Intangible fixed assets	0	9
Tangible fixed assets	236	92
Financial assets	16	428
Inventories	28	604
Operating receivables	468	159
Liquid funds	2	5
	750	1,297
Minority	0	15
Provisions	198	122
Loans	160	213
Operating liabilities	225	382
Capital loss	-16	-72
	567	660
Purchase price received	183	537
Liquid funds in divested operations	-2	-5
Effect on liquid funds	181	532
4) Investments		
During the year investment in tangible fixed assets through finance leases amounted to MSEK 13 (4).		
5) Liquid funds		
Cash and bank balances	385	269
Short-term investments, maturity less than 3 months	6	0
Total	391	269

Notes to the Parent Company financial statements

NOTE 34 BREAKDOWN OF REVENUE

MSEK	2009	2008
Net sales		
Sales of goods	8,552	11,344
Other	1,578	1,908
Total	10,130	13,252
Other operating income		
Capital gains	61	224
Government grants	1	1
Leasing	221	203
Other	91	67
Total	374	495

The Parent Company's capital gains include MSEK 61 (222) in gains from the sale of properties.

NOTE 35 FEES AND REIMBURSEMENT OF EXPENSES TO AUDITORS

MSEK	2009	2008
Ernst & Young		
Auditing services	3	3
Non-auditing services	1	2
Elected representatives		
Auditing services	1	1

Other engagements refer mainly to audit-related consultations in connection with acquisitions and taxes.

NOTE 36 OPERATING INCOME

Transactions with related parties

Transactions with related parties are included as follows in the Parent Company's operating income.

In this context, transactions with members in accordance with the Association's objectives are not considered transactions with related parties. Salaries and similar compensation of senior executives are reported in Note 5. Dividends from subsidiaries and associated companies are shown in Note 37.

	2009	2008
Intercompany purchases of total purchases, %	9	14
Intercompany sales of total sales, %	14	13
Purchases of goods and services from associates, MSEK	399	400
Sales of goods and services to associates, MSEK	27	25

Leasing commitments

Operating expenses includes MSEK 6 (4) in operating lease costs. Future commitments relating to non-cancelable operating leases are recognized below.

Minimum lease payments fall due for payment

MSEK	2009	2008
Within one year	2	4
Between one and five years	8	8
Later than five years	6	8
Total	16	20

NOTE 37 INCOME FROM PARTICIPATIONS IN GROUP COMPANIES AND ASSOCIATED COMPANIES

Income from participations in Group companies

MSEK	2009	2008
Dividends	475	552
Capital gains on disposal of participations	62	0
Capital loss on disposal of participations	0	-51
Impairment losses	-	-4
Total	537	497

In 2009 dividends were received from Arips AB, MSEK 185, Swecon AB, MSEK 153, Lantmännen Invest AB, MSEK 65, and Lantmännen Finance, MSEK 68.

The capital gain mainly pertains to the divestment of ReCere Försäkrings AB.

Income from participations in associated companies

MSEK	2009	2008
Capital gains on disposal of participations	-	165
Capital loss on disposal of participations	0	-9
Share of income in partnership	1	0
Total	1	156

The 2008 capital gains were from the sale of equities in Svenska Foder AB and Hedegaard A/S.

NOTE 38 INCOME FROM OTHER SECURITIES AND RECEIVABLES CLASSIFIED AS FIXED ASSETS

MSEK	2009	2008
Dividends	12	14
Capital gains on disposal of participations	0	197
Other	0	2
Total	12	213

The majority of the dividends were received from equities in the InTrade companies. Income from participations in Accent Equity 2003 KB is reported under Other.

NOTE 39 EXCHANGE RATE DIFFERENCES THAT AFFECTED INCOME

MSEK	2009	2008
Exchange differences that affected operating income	-47	50
Exchange differences in financial items	153	-299
Total	106	-249

NOTE 40 TAXES

Tax on net income for the year

MSEK	2009	2008
Current tax expense (-)/tax income(+)		
Tax expense/income for the period	66	-12
Total current tax	66	-12
Deferred tax expense (-)/tax income (+)		
Deferred tax related to temporary differences	-	-58
Deferred tax resulting from changes in tax rates and tax rules	-	-11
Deferred tax income in tax value of loss carryforward	66	214
Total deferred tax	66	145
Total recognized tax income	132	133

Reconciliation of effective tax	2009		2008	
	Percent	MSEK	Percent	MSEK
Income before tax		222		549
Anticipated tax according to applicable Swedish tax rate	26.3%	-58	28%	-154
Non-deductible expenses	2%	-4	1%	-7
Tax-free capital gains	-12%	26	-26%	142
Tax-free dividend	-57%	126	-28%	156
Contribution dividend deductible for tax purposes	-7%	16	-3%	15
Effect of changed tax rates and tax rules	0%		3%	-15
Other	-12%	26	1%	-4
Effective tax	-59%	132	-24%	133

Tax items charged directly to equity

MSEK	2009	2008
Current tax in received/paid Group contributions	66	-12
Total	66	-12

Deferred tax asset

MSEK	2009	2008
Land and buildings	3	4
Other provisions	11	21
Loss carryforwards	280	214
Other	3	-8
Total, net deferred tax asset	297	231

Change in deferred tax in temporary differences and loss carryforwards 2009

MSEK	Amount at beginning of year	Recognized in income statement	Amount at end of year
Land and buildings	4	-1	3
Other provisions	21	-10	11
Loss carryforwards	214	66	280
Other	-8	11	3
Total	231	66	297

Loss carryforwards

At the end of the year there were loss carryforwards of MSEK 1,064, all of which were included in the computation of the deferred tax asset.

NOTE 41 INTANGIBLE FIXED ASSETS

MSEK	Patents, licenses and trademarks		Capitalized development costs	
	2009	2008	2009	2008
Accumulated cost	247	247	51	48
Accumulated amortization	-87	-75	-23	-13
Book value	160	172	28	35
Book value at beginning of the year	172	185	35	15
Investments	-	-	3	31
Sales and disposals	-	-	0	-2
Amortization for the year according to plan	-12	-13	-10	-9
Book value	160	172	28	35

NOTE 42 TANGIBLE FIXED ASSETS

MSEK	Land ¹⁾		Buildings		Plant and machinery		Equipment, tools fixtures and fittings		Construction in progress	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Accumulated cost	114	127	850	947	2,696	2,503	594	602	178	201
Accumulated depreciation	-51	-59	-623	-702	-1,977	-1,969	-505	-503	-	-
Accumulated revaluations	-	-	0	5	-	-	-	-	-	-
Accumulated impairment losses	-	-	-54	-50	-144	-147	-1	-1	-	-
Book value	63	68	173	200	575	387	88	98	178	201
Book value at beginning of the year	68	64	200	171	387	322	98	98	201	161
Investments	1	3	25	45	109	149	9	21	188	40
Sales and disposals	-5	-1	-80	-6	-5	-5	-2	-2	-	-
Depreciation for the year according to plan	-2	-1	-9	-9	-93	-79	-17	-19	-	-
Impairment losses for the year	-	-	-	-4	-	-	-	-	-	-
Impairment losses reversed during the year	-	-	-	-	3	3	-	-	-	-
Reclassifications	1	3	37	3	174	-3	-	-	-211	0
Book value	63	68	173	200	575	387	88	98	178	201
<i>Tax assessment values</i>	<i>179</i>	<i>200</i>	<i>982</i>	<i>1,097</i>						

¹⁾ Including land facilities

NOTE 43 INVESTMENT PROPERTIES

MSEK	Land ¹⁾		Buildings		Total investment properties	
	2009	2008	2009	2008	2009	2008
Accumulated cost	101	124	868	1,021	969	1,145
Accumulated depreciation	-40	-49	-486	-589	-526	-638
Book value	61	75	382	432	443	507
Book value at beginning of the year	75	76	432	306	507	382
Investments	3	2	92	132	95	134
Sales and disposals	-10	0	-23	0	-33	0
Depreciation for the year according to plan	-1	-1	-6	-6	-7	-7
Intercompany transfers ²⁾	-6	-	-112	-	-118	-
Reclassifications	0	-2	-1	-	-1	-2
Book value	61	75	382	432	443	507
<i>Tax assessment values, MSEK</i>	<i>174</i>	<i>229</i>	<i>471</i>	<i>654</i>	<i>645</i>	<i>883</i>

¹⁾ Including land facilities.

²⁾ During the year properties were transferred from Lantmännen ek för to a new property group within the Lantmännen Group.

Properties where less than 10% of office space is used for the Parent Company's own activities are classified as investment properties.

Fair value and changes therein

MSEK	2009	2008
Fair value at beginning of the year	1,403	1,093
Investments in properties	35	139
Disposals	-78	-13
Intercompany transfers	-283	-
Changes in value	-24	176
Reclassifications	33	8
Fair value at year-end	1,086	1,403

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.
- Discounted cash flows valuation, where the properties' future net operating income and estimated residual value have been calculated.
- In certain cases 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	2009	2008
Rental income	171	160
Direct costs, including cost of repair and maintenance	-75	-80
Net operations	96	80

NOTE 44 PARTICIPATIONS IN GROUP COMPANIES

MSEK	2009	2008
Accumulated cost	5,911	6,007
Accumulated revaluations	200	200
Accumulated impairment losses	-490	-515
Book value	5,621	5,692
Book value at beginning of period	5,692	6,019
Purchases	1	435
Impairment losses for the year	-	-4
Sales	-72	-758
Book value	5,621	5,692

Sales for the year include the disposal of ReCere Försäkrings AB. Sales for the year include MSEK 40 relating to holdings transferred within the Group.

Impairments and reversed impairments are recognized in the income statement on the line "Income from participations in Group companies."

Parent Company and Group holdings of participations in Group companies, December 31, 2009

This summary comprises directly-owned subsidiaries as well as indirectly-owned subsidiaries with revenues exceeding MSEK 200.

Company name	Corp. Ident. No.	Domicile	Number of shares	Share in %	Carrying amount, MSEK
<i>Shares and participations in Swedish subsidiaries</i>					
AB Skånefågel	556056-1457	Sölvesborg	1,000	100.0	1
Arips AB	556413-4293	Stockholm	6,111,289	100.0	6
Conagri AB	556294-4701	Malmö	102	51.0	5
Dooftmas & Co AB	556547-7394	Stockholm	3,400,000	100.0	238
Fastighets AB Tre Skåne	556044-1031	Malmö	39,500	79.0	38
Gyllebo Gödning AB	556179-2911	Lidköping	2,000	66.7	0
Lantmännen Agroenergi AB	556215-0606	Huskvarna	30,000	100.0	231
Lantmännen Agroetanol AB	556028-0611	Norrköping	50,000	100.0	266
Lantmännen AS-Faktor AB	556530-9720	Enköping	100	100.0	0
Lantmännen BioAgri AB	556056-1283	Enköping	20,000	100.0	3
Lantmännen Cerealia AB	556017-2222	Malmö	200,000	100.0	512
Lantmännen Schulstad A/S	10 245 613	Copenhagen		100.0	
Lantmännen Cerealia A/S	69 120 717	Vejle		100.0	
Lantmännen Axa PL Sp.z.o.o.	KRS8038	Poznan		100.0	
AS Rigas Dzirnarnieks, JSC	400 030 266	Riga		93.7	
Lantmännen Energi AB	556118-3954	Stockholm	400	100.0	54
Aspen Petroleum AB	556329-9519	Gothenburg		100.0	
Lantmännen Fastigheter AB	556017-8443	Stockholm	3,000	100.0	4
Lantmännen Fastigheter i Göteborg KB	969685-9074	Stockholm		100.0	8
Lantmännen Finans AB	556664-8118	Stockholm	3,000,000	100.0	300
Lantmännen Invest AB	556003-3192	Stockholm	440,000	100.0	95
Lantmännen Bygglant AB	556301-2771	Örebro	47,500	95.0	
Lantmännen Doggy AB	556055-5129	Värgårda	103,625	100.0	
Lantmännen Reppe AB	556000-1538	Växjö	25,000	100.0	
Lantmännen Kronfågel Holding AB	556529-6372	Stockholm	15,000,000	100.0	305
Lantmännen Kronfågel AB	556145-4223	Stockholm		100.0	
Lantmännen Danpo A/S	31 241 316	Farre		100.0	
Lantmännen Maskin AB	556005-7639	Malmö	10,000	100.0	10
Lantmännen Maskin AS	914 109 981	Asker		100.0	
Akerhus Traktor AS	947 340 204	Jessheim		70.0	
LMB Danmark A/S	75 297 319	Brøndby		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	6,000	66.7	3
SeedGard AB	556668-7546	Stockholm	5,100	51.0	5
Svalöf Weibull AB	556001-5272	Svalöv	298,667	100.0	238
Swecon Baumaschinen GmbH	HR B1403	Düsseldorf		100.0	
Swecon Anläggningsmaskiner AB	556575-1137	Eskilstuna	488,150	97.6	372
Valtra Traktor AB	556070-1897	Eskilstuna	140,630	57.4	0
Åhus Foder HB	969723-3394	Åhus		70.0	0
<i>Shares and participations in foreign subsidiaries</i>					
Cerealia Bakeries Holding A/S	26 864 097	Denmark	5,000	100.0	1
Lantmännen Finance Ireland	162531	Dublin	9,292,703	100.0	1,104
Dirual AG	CH-0203002	Zurich	199,997	100.0	22
Lantmännen Cerealia AS	910629085	Oslo	17,968,129	100.0	221
Lantmännen Unibake Denmark A/S	37 249 211	Horsens	3,000,000	100.0	1,518
Lantmännen Unibake GmbH & Co KG	HRA121351	Verden		100.0	
Unibake Poland Sp.z.o.o.	KRS000089367	Nieporęt		100.0	
Lantmännen Unibake USA, Inc	36-4034179	U.S.		100.0	
Eurobuns Limited	3315763	U.K.		100.0	
Lantmännen Unibake Benelux NV	0461025063	Londerzeel		100.0	
Lantmännen Unibake Norge AS	989 135 082	Oslo	3,405,694	100.0	34
Total, Parent Company					5,621

NOTE 45 INVENTORIES

MSEK	2009	2008
Raw materials and consumables	1,293	1,837
Products in progress	0	1
Finished goods and goods for resale	748	876
Advance payments to suppliers	0	18
Total	2,041	2,732

Of the total value of inventories, MSEK 76 (63) relates to goods measured at net realizable value.

NOTE 46 PREPAID EXPENSES AND ACCRUED INCOME

MSEK	2009	2008
Prepaid expenses	147	164
Accrued income	87	153
Total	234	317

NOTE 47 YEAR-END APPROPRIATIONS, UNTAXED RESERVES

Untaxed reserves, MSEK	2009	2008
Accumulated depreciation in excess of plan		
- Intangible assets	111	111
- Machinery and equipment	200	200
Total	311	311

NOTE 48 PENSIONS

Pension liability, MSEK	2009	2008
FPG/PR, credit insured	727	727
Other	4	4
Total	731	731

NOTE 52 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets, MSEK	For own financial liabilities	Other guarantees	Total pledged assets	
			2009	2008
Real estate mortgages	913	-	913	1,174
Bank accounts	-	21	21	88
Total	913	21	934	1,262

Contingent liabilities, MSEK	2009	2008
Guarantees for		
- Group companies	1,094	1,096
- associated companies	70	91
Other contingent liabilities	296	268
Total	1,460	1,455

NOTE 49 OTHER PROVISIONS

MSEK	Structural measures
Carrying amount at beginning of period	167
Provisions made during the period	45
Amounts utilized during the period	-17
Reversed during the period	-18
Carrying amount at end of period	177

Increases in previously existing provisions are included in the period's provisions.

Most of the provisions for the year concern structural measures under the framework of Shape, the Group's efficiency program.

NOTE 50 OTHER CURRENT LIABILITIES

Other current liabilities include liabilities to members relating to savings and deposit accounts amounting to MSEK 1,306 (1,292).

NOTE 51 ACCRUED EXPENSES AND PREPAID INCOME

MSEK	2009	2008
Accrued personnel-related costs	125	156
Accrued interest	48	85
Other accrued expenses	449	515
Prepaid income	21	14
Total	643	770

The Board of Directors and the CEO give their assurance that, to their knowledge, this Annual Report has been prepared in accordance with generally accepted accounting principles for co-operative societies, the information submitted is in accordance with actual circumstances and nothing of material importance has been omitted that could affect the view of the company created by this Annual Report.

Stockholm, February 18, 2010



Thomas Bodén
Chairman



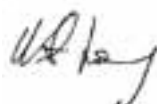
Bengt-Olov Gunnarson
Vice chairman



Paul Bergqvist



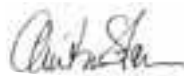
Birgitta Carlander



Nils Lundberg



Thomas Magnusson



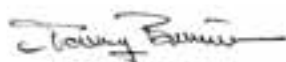
Anitra Steen



Hans Wallemyr



Björn Wallin



Tommy Brunsärn



Gert Gustavsson



Görgen Kier



Per Strömberg
President & CEO

Our auditors' report was submitted on February 18, 2010

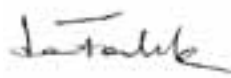
Ernst & Young AB



Lars Träff
Authorized Public Accountant



Torvald Carlsson



Lars Falck



Anders Åbyhammar

The Group's income statement and balance sheet as well as the Parent Company's income statement and balance sheet will be subject to the approval of the Annual General Meeting.

Audit Report

To the Annual General Meeting of Lantmännen ek för
Corporate identity number 769605-2856

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Lantmännen ek för for the year 2009. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 71-116. These accounts and the administration of the company and the application of the Annual Accounts Act when preparing the annual accounts and the consolidated accounts are the responsibility of the board of directors and the managing director. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the association of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the co-operative societies act, the annual accounts act or the articles of association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the annual accounts act and give a true and fair view of the association and the group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The report of the board of directors is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the Annual General Meeting that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent association be dealt with in accordance with the proposal in the report of the board of directors and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm, February 18, 2010

Ernst & Young AB

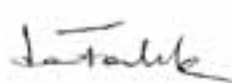


Lars Träff

Authorized Public Accountant



Torvald Carlsson



Lars Falck



Anders Åbyhammar

Corporate Governance Report

The Corporate Governance Report has not been reviewed by the Association's auditors.

Lantmännen ek för is a Swedish co-operative society headquartered in Stockholm, Sweden. The governance of the Group is based inter alia on the Association's Articles of Association, the Swedish Co-operative Associations Act, the code of governance for agricultural cooperatives and association enterprises (hereinafter referred to as the Association Code) as well as other applicable laws and rules.

The aim of Lantmännen's Board of Directors and executive management is for the enterprise to meet the demands placed on the enterprise by owners, employees and other stakeholders in the best possible manner.

Association Code

The Association Code is modeled on the 2004 "Swedish Code of Corporate Governance." Like the "Swedish Code of Corporate Governance," the Association Code is intended to create the proper conditions for an active and accountable ownership role, the proper balance between owners, the Board of Directors and executive management, contribute to a clear division of responsibility between the Association's management and control bodies and to create the greatest possible transparency vis-à-vis owners, the market and society in general. The Association Code is also intended to help ensure

that the Swedish Co-operative Association Act's principles regarding member participation in the management of the Association are applied in practice.

According to the Association Code the Board of Directors shall submit a report about how well the internal control relating to financial reporting functioned during the past financial year. Lantmännen's Board of Directors has chosen to make a statement only about the organization of the control. This is in line with the simplifications adopted in the revised corporate governance code that came into effect on July 1, 2008.

Owners

The Group's Parent Company is Lantmännen ek för, a co-operative enterprise owned by around 37,000 farmers in Sweden. The owners, i.e., the members of the Association, shall engage in farming or food production in the Association's area of operation. The owners have the opportunity at various owner and district meetings to express their views to the Board of Directors and management through motions and other means. See also the descriptions under Development of the ownership model and Benefits to owners. ▶ pp. 12-14

Owner relations

During the year the Owner Relations Department had nine staff members: six member services staff, the editor of The Sprout, one member administrator and one member manager. The financial outcome for the department and its activities in 2009



amounted to approximately MSEK 34, of which approximately MSEK 10 pertains to the costs of the department itself. District costs amounted to approximately MSEK 15 of the MSEK 34, of which fixed fees approved by the General Meeting accounted for approximately 33 percent and 36 percent were variable fees, with the remaining 31 per cent referring to the costs of the districts' various activities. Together with district meetings and owner meetings mandated by the Articles of Association, approximately 130 activities were carried out in the districts during the year. Training costs amounted to nearly two million and the General Meeting cost the department almost two million. Other activities handled by the department include the Delegates' Meeting, Council of Trustees, District Board Conference, General Meeting Nomination Committee and the owners' newsletter The Sprout. The cost of these activities amounts to approximately MSEK 6.

Contributed capital and voting rights

Each member of the Association has one vote regardless of the size of his or her investment. The members' obligation to invest (contribution liability) is based on the turnover value of purchases from and deliveries to the Association. The Board of Directors decides the product areas that are to comprise the basis of the obligation to invest. The investment obligation of the individual member after the Articles of Association amendment adopted by the Annual General Meeting on April 28, 2009 is 15 percent of the average turnover value with the Association over the last five years. However, the obligation to invest ranges from a low of

SEK 10,000 to a high of SEK 450,000. Of the total contributed capital of MSEK 1,266, MSEK 606 has been paid in and the rest issued from distributable capital in the Association.

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. The districts elect one delegate for every 500 members (or fraction thereof) in the district. In connection with the Annual General Meeting the principles for the distribution of representatives were amended and the decision was made at the same time that the number of delegates could not fall below 100. Delegate seats are distributed on the basis of a divisor in proportion to the number of persons entitled to vote in the district and organization members. The chairmen of district boards and chairmen of the boards of organization members are to be delegates. Each delegate has one vote at the Meeting. The General Meeting has a quorum when more than half of the full number of delegates is in attendance. Each member is entitled to have business considered by the General Meeting.

The Annual General Meeting shall be held within six months of the end of the financial year. The Association's Board of Directors, Nomination Committee and auditors are elected at the Annual General Meeting. Other obligatory business to be considered by the Meeting includes adoption of the income statement



and balance sheet, 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 audit fees.

The 2009 Annual General Meeting

The Annual General Meeting was held April 28, 2009 in Stockholm. Board members of Lantmännen ek för are elected for two-year terms. The office terms of Bengt-Olov Gunnarson, Birgitta Carlander, Elisabet Annell, Nils Lundberg and Hans Wallemyr expired. The Meeting resolved that the Board of Directors of Lantmännen ek för shall consist of nine members elected by the General Meeting as well as the President of the Association. At the Meeting Bengt-Olov Gunnarson, Birgitta Carlander, Nils Lundberg and Hans Wallemyr were reelected, and Anitra Steen was elected as a new member of the Board. The Meeting resolved that the number of auditors should be four, one authorized public accountant and three elected auditors. The auditors are elected for one year at a time. The accounting firm Ernst & Young AB with the authorized public accountant Lars Träff as principal auditor was elected the authorized auditor of the Association. Torvald Carlsson, Lars Falck and Anders Åbyhammar were reelected as auditors. The Meeting also passed a resolution on fees for the Board of Directors and other elected representatives, fixed annual remuneration as well as per diem and travel compensation. The Meeting also appointed nine members to the Nomination Committee for the time up to and including the 2010 Annual Meeting.

The Meeting approved a contribution dividend totaling MSEK 57 to be distributed on paid-in and issued contributed capital and a contribution issue totaling MSEK 110 to be distributed as follows: 25 percent on contribution-based turnover and 75 percent on paid-in and issued member contributions. In addition to the contribution dividend and issue, the Board decided to pay MSEK 121 in refunds and final price adjustments. In total, MSEK 288 was refunded to members in 2009. Furthermore, the Meeting adopted new Articles of Association and passed a motion concerning a basis for contribution-based turnover along with guidelines for variable compensation for senior executives in 2009.

The total number of delegates was 93, of whom 92 were present at the Meeting. With the exception of Elisabet Annell, all Board members and elected auditors were present at the Meeting.

Extraordinary General Meeting

On October 1 an Extraordinary General Meeting and District Board Conference was held. The Meeting considered a proposal concerning variable compensation for senior executives in 2010.

Council of Trustees

The Association has a Council of Trustees. The board chairmen of the districts and organization members shall sit on the Council of Trustees. In addition to this, the Board of Directors may appoint additional members. The role of the Council of Trustees is to advise the Association Board on development

issues of a more long-term nature as well as communicate information between the Board of Directors and the districts. The Council of Trustees is also charged with taking part in matters of principle and to nominate members to the Association's Nomination Committee.

Council of Trustees in 2009

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. The Association Board, the Association's elected auditors and a representative of the Nomination Committee also attend meetings of the Council of Trustees. The Council of Trustees had three recorded meetings during the year.

Nomination Committee

The Nomination Committee is tasked with preparing and presenting nominations for members of the Association Board and election of auditors as well as their fees and other remuneration and making recommendations for fees and other remuneration for other elected representatives. The Nomination Committee shall have 7-13 members and be elected by the Annual General Meeting. The Nomination Committee elects a chairman from among its members.

The Nomination Committee's work is, in view of the Association's current situation and future direction, to assess whether the Board of Directors is appropriately composed with regard to expertise. This assessment is based in part on an evaluation of the Board's work methods and decision processes performed by an independent party at the behest of the Chairman of the Board and in consultation with the Nomination Committee. Any new recruitment to the Board is then made according to a requirement specification produced by the Nomination Committee.

In 2009 Nomination Committee consisted of nine people: Lars Reyier, chairman, Per-Olof Malm, vice chairman and Magnus Aaby-Ericsson, Håkan Christensson, Kjell Eriksson, Anders Hansson, Kerstin Mood, Karola Reuterström and Christer Samuelsson.

Board of Directors

The Board of Directors' task is, on behalf of the Association's members, to manage the Association's affairs in a manner that best serves the members' economic interests. The Board is responsible for the Association's organization and the management of the Association's affairs as well as for the satisfactory oversight of the Association's accounting, the management of its funds and its financial affairs. The Board decides on the Group's overarching goals, strategic plans and significant policies as well as monitors whether or not they are being complied with and updated. The Board also decides on acquisitions, disposals and major investments as well as approves the annual report and interim reports. The Board is also tasked with overseeing the President and assessing the performance of Group

Management on an ongoing basis. The Board shall ensure that there is an effective system for follow-up and control of the Association's operations and financial position, that information to the outside is characterized by transparency and objectivity, that there is adequate monitoring of compliance with laws and regulations and that the necessary ethical guidelines are laid down.

The work of the Board is directed by a work plan that governs the division of work and responsibility among the Board of Directors, the Chairman and the President. The work plan is updated and adopted no less than once per year, normally at the statutory meeting of the Board.

The Board of Directors of Lantmännen shall consist of no fewer than seven and no more than thirteen members as well as the President. The Board elects a chairman from among its members. The Board has an Audit Committee, a Remuneration Committee and an Owner Committee. The purpose of the committees is to develop and streamline the Board's work as well as prepare business within the respective areas. The committees have no decision-making power. Members of the committees are appointed by the Board at the statutory Board meeting. Instructions for the committees are included in the Board's work plan.

The work of the Board of Directors in 2009

Since the Annual General Meeting on April 28, 2009, the Board has consisted of nine members elected by the Meeting, three employee representatives and the President. There are no alternates. The head of the corporate function Legal Affairs serves as the Board's secretary. None of the Board members elected at the General Meeting has an employment-like relationship with Lantmännen. Thomas Bodén was elected Chairman of the Board. The composition of the Board is shown in the presentation. ▶ pp. 124-125

During the year the Board held 18 meetings, of which 6 by telephone and two per capsulam. The table below shows the Board's attendance at the meetings.

Attendance at 2009 Group Board meetings

	Jan 26 Tele- mtg	Feb 5 Tele- mtg	Feb 19	Apr 1	Apr 15 Tele- mtg	Apr 28 Statutory board mtg.	Apr 28	May 7	May 20 Per capsulam	Jun 2 Per capsulam	Jun 15 Tele- mtg	Jun 22-23	Jul 24 Tele- mtg	Sep 1-2	Sep 20 Tele- mtg	Sep 30	Nov 4	Dec 17-18
Thomas Bodén	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Elisabet Annell	●	●	●	●	—	—												
Paul Bergqvist	●	●	●	●	●	●	●	●	●	●	—	●	●	●	—	●	●	●
Tommy Brunsärn	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Birgitta Carlander	—	●	●	●	●	●	●	●	●	●	●	●	●	●	—	●	●	●
Bengt-Olov Gunnarson	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Gert Gustavsson	—	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Görgen Kier	—	●	●	—	—	●	●	●	●	●	●	●	●	●	●	●	●	●
Nils Lundberg	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Thomas Magnusson	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Anitra Steen						●	●	●	●	●	●	●	●	●	●	●	●	●
Hans Wallemyr	●	●	●	●	●	●	●	●	●	●	●	●	●	●	—	—	●	●
Per Strömberg	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Björn Wallin	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

● Present — Not present

Elisabet Annell stepped down as a member of the Board on April 28, 2009.
Anitra Steen was elected to the Board on April 28, 2009.

During the year the Board made decisions including the acquisition of the pasta brand Sopps in Norway. Furthermore, the Board decided to build a new bakery for producing pastries in the U.K. and close the bakery in Fristrup. Decisions were also made to transfer the production at Kronfågel's slaughterhouse in Kristianstad to the facility in Valla in 2010-2011 and close the mill in Mjölby. Two meetings were attended by the Association's auditors.

Audit Committee

The Audit Committee is tasked with preparing matters relating to risk assessment, internal control, financial reporting and auditing. The committee's work is to ensure that risks are handled in the correct manner, that established principles for financial reporting and internal control are being complied with and that proper relations are maintained with external auditors. The committee shall ensure that external auditors' independence is maintained, evaluate the audit and inform the Nomination Committee of the results. The Group's internal auditors report directly to the Audit Committee.

The committee consists of Birgitta Carlander, chairman, and Nils Lundberg and Hans Wallemyr. The head of the internal audit is the 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 reports on all important issues orally at the following Board meeting. The committee had four recorded meetings during the year.

Remuneration Committee

The Remuneration Committee is tasked with preparing matters related to pay and other terms of employment for company management. The committee drafts principles for remuneration and other terms of employment for Group Management. These principles must be approved by the General Meeting. The committee submits its recommendations in this regard to the Board of Directors concerning the President and to the President regarding the other members of Group Management.

The committee consists of Thomas Bodén, chairman, Paul Bergqvist, Anitra Steen and President Per Strömberg as a co-opted member. The Group's HR manager serves as secretary. Members are appointed for one year at a time.

In addition to distributing the minutes of the Remuneration Committee meetings to the Board, the committee chairman reports on all important issues orally at the following Board meeting.

The committee had six recorded meetings during the year.

Owner Committee

The Owner Committee is tasked with dealing with issues concerning ownership and the owner organization in the Group. The committee's work is aimed at ensuring that owner issues are dealt with in accordance with the Co-operative Associations Act and Articles of Association. Its further aim is for the development of Articles of Association, organization and the relationship to elected representatives and owners to take place in a manner that over time adapts to changes in society and business.

The committee consists of Bengt-Olov Gunnarson, chairman, Thomas Magnusson, Björn Wallin and Lantmännen General Counsel Lena Weman. The Group's head of membership is the secretary. Members are appointed for one year at a time.

In addition to distributing the minutes of the Owner Committee meetings to the Board, the committee chairman reports on all important issues orally at the following Board meeting. The committee had six recorded meetings during the year.

President and Group Management

The President and CEO is appointed by the Board and is responsible for the day-to-day management of the Association. Distribution of work between the Board and the President is regulated in the Board's work plan. Lantmännen's Group Management currently consists of 10 members, namely the President, sector managers and all heads of corporate functions. During the year the eight business areas were reorganized into four sectors. The composition of the Group Management is shown in the presentation.

Group Management normally convenes once a month. Group Management has the overarching responsibility for coordinating the Group.

Internal Audit

With regard to the rest of the Group, the Internal Audit is an independent activity engaged in objective safeguarding and advisory efforts. The Internal Audit shall systematically and in a structured manner assess, and thus help to streamline the Group's risk management, governance and oversight as well as its management processes.

The Internal Audit reports material observations and suggestions for improvements to the Group Board via the Audit Committee and also to business operations. The Internal Audit examines the entire Group and is also the independent review function for Lantmännen Finans AB as required by Finansinspektionen, the Swedish Financial Supervisory Authority. In addition to the examination that is carried out according to the Internal Audit plan, the function supports the Group Board and management with analyses and advice.

In 2009 the Internal Audit identified overarching risks in the Group, carried out a number of investigations both in business areas and in corporate functions, and prepared an audit plan for 2010. The Internal Audit also participates in various steering groups and committees to obtain essential information and serve as a consultee on issues concerning risk management and internal governance and control.

External audit

There are four regular auditors of which one is authorized and the other three are elected representatives. All auditors are elected by the General Meeting. The authorized auditors are the accounting firm Ernst & Young and the authorized auditors' work is led by authorized public accountant Lars Träff. The elected representative auditors are Torvald Carlsson, Lars Falck and Anders Åbyhammar. All auditors are elected by the General Meeting for one year at a time.

Board of Directors' report on internal control

The Board of Directors' report on internal control has not been reviewed by the Association's auditors.

The responsibility of the Board and President for internal control is governed by the Swedish Co-operative Associations Act. The Board's responsibilities are also governed by the Swedish governance code for agricultural cooperatives and association enterprises (Association Code). According to the Association Code the Board shall submit a report about how well the internal control relating to financial reporting functioned during the past financial year. As stated under the section in the Corporate Governance Report on [p. 118](#) Lantmännen's Board has chosen to make a statement only about how the internal control is organized.

Below is a description of the most important elements of the Association's system for internal control and handling of risks concerning financial reporting.

The internal control concerning financial reporting is a process involving the Group Board, the Audit Committee, President, management and other employees and is designed to provide assurance of the reliability of financial reporting. The overarching aim of the internal control is to protect the investments of the owners and the Association's assets.

The control environment comprises the basis of the internal control and includes the values and ethics the Lantmännen Group communicates and practices along with the Group's organizational structure, management, decision-making, actions, responsibilities 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 ambition for its slogan, "responsibility from field to fork," to permeate all internal and external actions. In 2008 the Board prepared, adopted and communicated a code of conduct for the Group. In 2009 its implementation continued with extensive training efforts to ensure that all employees and other parties covered by the code of conduct, such as suppliers, participate in it and understand it.

The Board has the overarching responsibility for the internal control concerning financial reporting. The Board has adopted a written work plan that clarifies the responsibilities of the Board and governs the division of the work between the Board and its committees. An Audit Committee regularly reports to the Board.

The Lantmännen Group works continuously on ensuring the appropriate expertise in key positions for both the corporate functions and within the various business areas. In addition, there are policies for important areas that define responsibilities, obligations and procedural guidelines. The policy is available on the Group's intranet. A financial manual has also been prepared for the Group's financial reporting.

Follow-up to ensure the efficiency of the internal control concerning financial reporting is done regularly. The follow-up includes analysis of regular financial reports compared with historical experience, budgets and forecasts as well as follow-up of reporting activities. Follow-up is done at the company, business area, sector and Group level.

Board of Directors



Thomas Bodén

Chairman
Noraström
Born: 1947
Member since 2000
Other functions at Lantmännen:
Lantmännen Lantbruk, Scandinavian Farmers, Viking Malt Oy
Education: Business administration, education, sociology, Air Force officer training
Main occupation: Farmer, 120 ha
Production: Beef and lamb, course fodder
Contribution issues: SEK 211,406
Contribution issues related parties: SEK 11,245
Subordinated debentures: SEK 100,000



Bengt-Olov Gunnarson

Vice Chairman
Borensberg
Born: 1951
Member since 2005
Other functions at Lantmännen:
Scandinavian Farmers, Owner Committee
Education: Agricultural technologist
Main occupation: Farmer
Production: Crop production, forestry and wind power
Other directorships: Foundation for Agricultural Research
Contribution issues: SEK 146,798*
Subordinated debentures: SEK 100,000
Subordinated debentures related parties: SEK 50,000



Paul Bergqvist

Vikbolandet
Born: 1946
Member since 2006
Other functions at Lantmännen:
Remuneration Committee
Education: Economist
Main occupation: Consultant/Directorships
Other directorships: Trygg Vesta A/S, Nova Linja (Kiev), Björk Eklund Group AB, chairman of Svenska Returpack AB, Sveriges Bryggerier, East Capital Explorer AB, HTC, Pieno Zvaigzdes (Vilnius)



Birgitta Carlander

Lerdala
Born: 1952
Member since 2000
Other functions at Lantmännen: Audit Committee, SL Foundation, chairman of VL Foundation and Cerealia Foundation
Education: Agronomist
Main occupation: Farmer
Production: Production of piglets with 500 own sows plus recruitment
Other directorships: Länsförsäkringar Livs, Försäkringsföretagarförening, vice chairman of Skaraborgs Läns Sjukhem
Contribution issues: SEK 171,072

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 5, 2010.



Per Strömberg

President & CEO
Stockholm
Born: 1963
Member since 2007
Education: Master of Business Administration with International focus
Other directorships: DLF (Grocery Manufacturers of Sweden), Almond AB
Subordinated debentures: SEK 200,000



Hans Wallemyr

Falköping
Born: 1956
Member since 2007
Other functions at Lantmännen: HaGe Kiel, Audit Committee
Education: Agriculture and economics
Main occupation: Farmer
Production: Wind power, potato cultivation, forestry, breeding and training jumping and dressage horses
Other directorships: Flyinge AB, Åsle Vind AB, Källeberg Vind AB
Contribution issues: SEK 133,410*



Björn Wallin

Vattholma
Born: 1964
Member since 2008
Other functions at Lantmännen: Lantmännen Lantbruk, HaGe Kiel
Education: M.Sc. in agriculture
Main occupation: Farmer
Production: Crop production
Other directorships: Hauptgenossenschaft Nord AG
Contribution issues: SEK 258,946*



Nils Lundberg

Skivarp
 Born: 1958
 Member since 2007
Other functions at Lantmännen: Audit Committee, Scandinavian Farmers, HaGe Kiel
Education: Agronomist
Main occupation: Farmer, 600 ha
Production: Cultivation of sugar beets, grain and oilseed rape
Other directorships: Betodlarna (beet growers' cooperative), Ljusterö Golf AB
Contribution issues: SEK 768,148*
Subordinated debentures: SEK 100,000*
Subordinated debentures related parties: SEK 90,000



Thomas Magnusson

Tävelsås
 Born: 1950
 Member since 2005
Other functions at Lantmännen: Lantmännen Lantbruk, Owner Committee
Education: Agriculture and economics
Main occupation: Farmer
Production: Milk, beef
Other directorships: Federation of Swedish Farmers board, Cogeca Presidium
Contribution issues: SEK 99,802
Subordinated debentures: SEK 20,000



Anitra Steen

Torps Gärd, Södermanland
 Born: 1949
 Member since 2009
Education: B.A. in behavioral and social sciences
Main occupation: Consultant/Directorships
Other directorships: SAS AB, Svensk Handel, chairman Telge Inköp AB, CEO of Systembolaget until April 2009

Auditors

Elected representatives

Torvald Carlsson
 Gamleby. Born 1951
 Auditor since 2000
Education: Agronomist
Main occupation: Farmer
Production: Crop production, forestry, integrated hog production
Contribution issues: SEK 122,869*

Lars Falck
 Kristianstad. Born 1962
 Auditor since 2007
Education: Agricultural technologist
Main occupation: Farmer
Production: Crop production
Contribution issues: SEK 179,185**
Subordinated debentures: SEK 20,000**

Anders Åbyhammar
 Fellingsbro. Born: 1956
 Auditor since 2005
Education: Agricultural technologist
Main occupation: Farmer, Accounting consultant, LRF Konsult
Production: Crop production, forestry, lamb, electricity/hydropower
Contribution issues: SEK 97,061

Authorized Public Accountant
Lars Träff
 Ernst & Young, Stockholm



Tommy Brunsärn

Södertälje
 Born: 1959
 Member since 2007
 Representative of Unionen
Main occupation: Head of purchasing, Lantmännen Cerealia, Järna



Gert Gustavsson

Falkenberg
 Born: 1951
 Member since 2002
 LO representative
Main occupation: Operator, feed plant



Görgen Kier

Kristianstad
 Born: 1959
 Member since 2008
 LO/Livs representative
Main occupation: Food industry worker

Board secretary

Lena Weman
 General Counsel
 Born: 1960
 Hired: 2006
Education: Law degree and Master of Laws, Amsterdam University
Subordinated debentures: SEK 20,000

* Through wholly or partly owned subsidiary
 ** of which part through wholly or partly owned company

Group Management

Lantmännen's Group Management consists of ten members: President, heads of sectors and heads of Group-wide corporate functions (CF).



Per Strömberg

President & CEO
Born: 1963
Hired: 2007
Education: Master of Business Administration with International focus
Outside directorships: DLF (Grocery Manufacturers of Sweden), Almony AB
Subordinated debentures: SEK 200,000



Clas Eriksson

Executive Vice President and Senior Vice President & Head of Machinery Sector
Responsible for Strategy & Business Development
Born: 1949
Hired: 1991
Education: Law degree
Subordinated debentures: SEK 30,000



Anna Elgh

Vice President & Head of CF Supply Chain
Born: 1963
Hired: 2006
Education: M. Sc. in Mechanical Engineering, Executive MBA Instituto de Empresa Madrid
Outside directorships: LfV - Luftfartsverket
Subordinated debentures: SEK 50,000



Arne Rantow

Senior Vice President & Head of Agriculture Sector
Born: 1955
Hired: 1992
Education: Master of Business Administration
Subordinated debentures: SEK 100,000



Anette Rosengren

Vice President & Head of CF Communication
Born: 1966
Hired: 2008
Education: Master of Business Administration
Subordinated debentures: SEK 50,000



Johan Karlström

Senior Vice President &
Head of Food Sector
Born: 1965
Hired: March 2010
Education: Master of Business
Administration, with a major in Marketing
& Organizational development
Subordinated debentures: 0



Monika Lekander

Senior Vice President &
Head of Energy Sector
Born: 1953
Hired: 2005
Education: M. Sc. Chemical Engineering
Subordinated debentures:
SEK 100,000



Per Olof Nyman

Senior Vice President, CFO &
Head of CF Finance
Born: 1956
Hired: 2008
Education: M. Sc. Industrial and
Management Engineering
Outside directorships: LRF Samköp
Subordinated debentures:
SEK 200,000



Elisabeth Wallin Mononen

Vice President & Head of CF Human
Resources
Born: 1959
Hired: 2005
Education: Law degree and Master of
Business and Administration, Chicago
Outside directorships:
Arbetslivsresurs AR AB
Subordinated debentures: SEK 20,000



Lena Weman

General Counsel &
Head of CF Legal Affairs
Born: 1960
Hired: 2006
Education: Law degree and Master of
Laws, Amsterdam University
Subordinated debentures: SEK 20,000

Glossary and definitions

Antioxidants • Antioxidants is a collective term for vitamins and other nutrients that destroy free radicals. Free radicals have a damaging effect on the body's cells and are formed not only through the food we eat but also as a result of stress, air pollution, smoking etc. Examples of antioxidants are vitamin C, vitamin E, beta-carotene and selenium.

Average capital • Average capital is computed on the opening balance and closing balance each month included in the accounting period, i.e. thirteen periods for the full year. All average capital targets are computed in this manner.

Azo dyes • A large group of substances that contain the azo function, which provides color. It is used to dye fabrics and leather but is also used in food production.

B2B • Business to business, non-consumer-related sales.

B2C • Business to consumer sales.

Bioenergy • Made from continuously forming biomass. Biomass is biological material that is not transformed chemically or biologically to any extent. Bioenergy is a renewable resource whose share of total energy use has increased in recent decades.

Biodiversity • 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.

BOD • Biochemical Oxygen Demand. Water discharge factor that describes the quantity of oxygen consumed by the breakdown of organic material in wastewater, without specifying the substances present. A high BOD value means that the normal oxygen content in the aquatic environment may fall.

Capital turnover rate • Net sales in relation to average operating capital.

Carbon dioxide-equivalents • Unit that makes it possible to compare the impact of various greenhouse gases on the climate.

Cash race • Project to improve the Group's working capital.

Cholesterol • A normally occurring substance in the body. It is needed as insulation around nerve cells and as a raw material for the body's production of certain hormones such as estrogen and testosterone. High cholesterol is a common cause of cardiovascular disease.

EAC (Earnings After Capital Charge) • Operating income minus cost of operating capital.

Ecosystem • An ecosystem consists of all the living components (plants, animals and microorganisms) in an area functioning together with all of the non-living physical factors of the environment (water, wind, minerals).

Employer branding • Creating a company brand that makes the company attractive as an employer.

Equity ratio • Total of equity and minority interests as a percentage of total assets.

FAME • Fatty acid methyl ester, which is also called biodiesel.

Financial assets • Financial receivables, short-term investments and cash and bank balances.

Fossil fuels • Non-renewable sources of energy such as coal, natural gas and oil. The burning of fossil fuels forms carbon dioxide, which builds up in the atmosphere. The net surplus formed is contributing to an enhanced greenhouse effect.

GI • Glycemic index; indicates how quickly carbohydrates are metabolized in the body.

Global Compact • An international framework for companies working according to universally accepted principles for human rights, labor rights, environmental protection and against corruption.

GMO • Genetically modified organisms; plants with characteristics added with the aid of gene technology.

GreenLine • A Lantmännen project to ensure sustainable, safe and profitable logistics.

GRI • GRI 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.

Ground level ozone • Ozone near the surface of the earth formed by nitrogen oxides and oxygen in the air under the influence of hydrocarbons and ultraviolet rays and heat.

Heavy metals • Heavy metals are important components in ensuring that animals and plants can live and function normally but in high concentrations they are highly toxic and therefore harmful. Lead and cadmium are examples of harmful heavy metals.

IFRS • International Financial Reporting Standards.

Interest coverage ratio • The interest coverage ratio equals operating income plus interest income divided by interest charges.

Intervention price • The guaranteed price that the EU pays for milling wheat, barley and maize (corn).

LDL cholesterol • (Low Density Lipoprotein) otherwise known as the bad cholesterol. Too much LDL is a risk factor in cardiovascular disease.

LEAD • (Learn, Engage, Analyze, Do). Lantmännen's method for systematic and long-term change management.

Net debt • Net debt comprises interest-bearing liabilities, including pension liabilities and accrued net interest, less financial assets.

Net debt/equity ratio • Net debt in relation to total equity and minority interests.

Omega 3 • Omega 3 is the designation of a group of polyunsaturated and useful fatty acids that the body does not produce itself and must be supplied by diet. Consequently, they are very important to our health. Fish contains high levels of polyunsaturated fatty acids.

Operating capital • Operating capital equals non-interest-bearing assets minus non-interest-bearing liabilities. Tax assets and tax liabilities are not included in operating capital's assets and liabilities.

Operating margin • Operating margin equals operating income divided by net sales for the year.

Organic eco-toxins • Substances that have properties that can damage living organisms. Eco-toxins are often divided into organic and inorganic toxins. High concentrations of metals, ozone and nitrogen oxides count as inorganic eco-toxins.

Organic farming • In organic farming, the use of mineral fertilizer or chemical pesticides is not permitted. Instead, cultivation uses natural processes to preserve the fertility of the soil and resist attacks on plants. A well-planned system of crop rotation is important and often requires livestock on the farm.

Payment readiness • Cash, bank deposits and lines of credit that can be used in accordance with current borrowing agreements.

Performance Management • Empowering employees by means of active management and follow-up to reach their full potential, thereby helping the company to achieve its goals.

Profit margin • Profit margin equals net income for the year divided by net sales for the year.

Renewable sources of energy • Examples of these continuously renewed sources are sun, wind, water and biofuels.

Return on equity • Return on equity equals net income for the period, adjusted for opening refund and final price adjustment, divided by average shareholders' equity.

Return on operating capital • Return on operating capital equals operating income divided by average operating capital.

RME • Rapeseed methyl ester, also referred to as biodiesel.

Shape • Project to increase the efficiency of the Group's way of working.

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.

Trans fats • Trans fats are formed when vegetable oils are "hydrogenated." Hydrogenation is a technique used in the food industry to harden fat so the products have the desired spreadability, firmness and melting point for cooking and baking purposes.

Addresses



Lantmännen ek för

S:t Göransgatan 160 A
Box 30192
SE-104 25 Stockholm
Tel: +46 8 657 42 00
Corporate Identity No: 769605-2856
info@lantmannen.com
www.lantmannen.com

Agriculture Sector

Von Troils väg 1
SE-205 03 Malmö
Tel: +46 40 22 54 00

Lantmännen Direkt
tel: +46 771 111 222

www.lantmannen.com

Lantmännen Lantbruk Sverige

Von Troils väg 1
SE-205 03 Malmö
Tel: +46 40 22 54 00
www.lantmannen.se/lantbruk

Lantmännen Lantbruk Internationellt

Von Troils väg 1
SE-205 03 Malmö
Tel: +46 40 22 54 00
www.lantmannen.com

Lantmännen Bygglant

Skvadronvägen 11
Box 1743
SE-701 17 Örebro
Tel: +46 19 605 17 00
www.bygglant.se

Lantmännen SW Seed

Onsjövägen 13
SE-268 81 Svalöv
Tel: +46 418 66 70 00
www.swseed.com

Lantmännen Krafft

Kvarngatan 2
SE-311 31 Falkenberg
Tel: +46 20 30 40 40
www.krafft.nu

Machinery Sector

S:t Göransgatan 160 A
Box 30192
SE-104 25 Stockholm
Tel: +46 8 657 42 00
www.lantmannen.com

Lantmännen Maskin

Bjurögatan 26
Box 174
SE-201 21 Malmö
tel: +46 771 38 64 00
www.lantmannenmaskin.se

Swecon

Böлиндervägen 100
Box 55, SE-631 02 Eskilstuna
Tel: +46 16 42 95 00
www.swecon.com

Energy Sector

S:t Göransgatan 160 A
Box 30192
SE-104 25 Stockholm
Tel: +46 8 657 42 00
www.lantmannenenergi.com

Lantmännen Agroetanol

Hanolmsvägen 69
Box 932
SE-601 19 Norrköping
Tel: +46 11 15 52 00
www.agroetanol.se

Lantmännen Reppe

Stora Råppevägen 73
SE-352 20 Växjö
Tel: +46 470 704 100
www.reppe.se

Lantmännen Agroenergi

Datorgatan 4
Box 5
SE-561 21 Huskvarna
Tel: +46 36 38 93 00
www.agroenergi.se
www.agrol.se

Lantmännen Aspen

Iberovägen 2
SE-430 63 Hindås
Tel: +46 301 23 00 00
www.aspen.se

Food Sector

S:t Göransgatan 160 A
Box 30192
SE-104 25 Stockholm
Tel: +46 8 657 42 00
www.lantmannen.com

Lantmännen Cerealia

S:t Göransgatan 160 A
Box 30192
SE-104 25 Stockholm
Tel: +46 8 657 42 00
www.lantmannen.com

Lantmännen Unibake

Emil Möllers Gade 41
DK-8700 Horsens
Danmark
Tel: +45 7628 5000
www.lantmannen-unibake.com

Lantmännen Kronfågel

S:t Göransgatan 160 A
Box 30174
SE-104 25 Stockholm
Tel: +46 8 685 42 00
www.kronfagel.se
www.danpo.com

Lantmännen Doggy

Doggyvägen 1
SE-447 84 Vårgårda
Tel: +46 322 66 65 00
www.doggy.se



**CLIMATE
COMPENSATED
PAPER**
www.mapsverige.se



Design & production: Wildecø.
Photos: Cover: Desirée Börjesdotter, p 10: Science Photo Library/IBL,
Jonas Engström, Magnus Mårding, Åsa Pelli, Lantmännens bildbank.
Printing: Printed on environmentally approved paper at Jernström Offset. Coccoon is
a common wood-free paper of virgin fiber made of 100% wood-free recycled paper.
Return paper is deinked and cleaned in an environmentally friendly process using the
very latest technology. All carbon emissions produced in connection with this publica-
tion have been offset by tree planting in Mozambique. Production is environmentally
certified in accordance with Eco Mark (www.jernstrom.com/ecomark).
Total CO₂: 277 kg. Total energy consumption: 868 kWh.
Translation: Amesto Translations AS, Oslo, Norway.

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.

