

2008

Lantmännen Annual Report
and Sustainability Report



Lantmännen

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Financial Reporting

Interim Report Q1	April 29, 2009
Interim Report Q2	July 24, 2009
Interim Report Q3	November 5, 2009

Notice of Annual Association Meeting

The Annual Association Meeting will be held at Clarion Hotell, Ringvägen 98, Stockholm, on Tuesday, April 28, 2009, at 10:00



The Group in brief

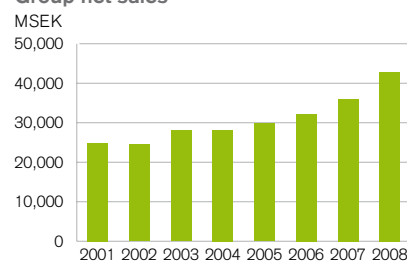
Lantmännen is one of the largest food, energy and agriculture groups in the Nordic region. Lantmännen is owned by around 40,000 Swedish farmers. The basis of Lantmännen's operations is arable land and its possibilities. The Group operates throughout the value chain, from field to fork.

Key figures

MSEK, Definitions, see page 120.	2008	2007	2006
Net sales	42,868	35,989	32,256
Operating income	1,136	870	183
Operating margin, %	3	2	1
Income after financial items	702	822	244
Net income for the year	558	588	332
Return on equity, %	7	7	4
Return on operating capital, %	6	5	-
Total assets	32,553	28,743	25,343
Net debt	11,654	8,413	6,581
Equity ratio, %	33	34	37
Investment in fixed assets	2,700	2,259	1,726
Number of members	39,350	41,951	44,249
Average number of employees	12,671	12,830	12,833
of which women, %	33	34	34
Carbon dioxide, CO ₂ , thousand tonnes*	132.5	124.5	-

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

Group net sales



Income after financial items



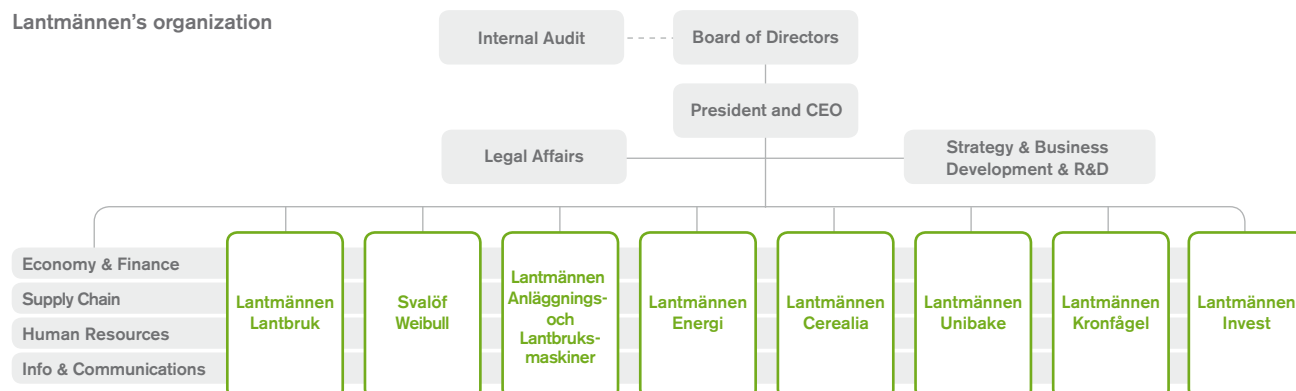
Sales by market

MSEK	2008	2007	2006
Sweden	27,048	21,876	20,668
Denmark	5,049	4,875	4,120
Germany	3,217	2,691	2,203
Norway	2,483	2,570	2,286
U.K.	1,039	764	558
Baltic States	661	740	429
Poland	549	346	255
Belgium	508	563	328
Rest of Europe	1,644	1,225	1,138
Rest of world	670	339	271
Total	42,868	35,989	32,256

Employees in the Group



Lantmännen's organization



Year in brief

Net sales for the Group amounted to MSEK 42,868 (35,989), an increase of 19 percent compared with the previous year. Adjusted for changes in Group composition, net sales rose by 24 percent.

Operating income increased by 31 percent compared with the previous year and totaled MSEK 1,136 (870). Adjusted for items affecting comparability, operating income for the period amounted to MSEK 1,032 (718).

Income after financial items was MSEK 702 (822) and financial items were MSEK -434 (-48). Adjusted for items affecting comparability, income after financial items in the period was MSEK 622 (470).

Net income for the year after tax and minority interests amounted to MSEK 558 (588).

Dividend. The Board of Directors has decided from 2008 to pay a refund also on purchases from Lantmännen Anläggnings- och Lantbruksmaskiner. The refund on these purchases will be 0.5 percent. Other dividends in the form of refunds and final price adjustments were paid out in the amount of 1 percent. Total refunds and final price adjustment amount to MSEK 121 (83, actual outcome 84). The Board of Directors proposes that the Annual General Meeting approve a 5 percent (5) dividend on member contribution, a total of MSEK 57 (50) as well as a contribution issue of MSEK 110 (150, actual outcome 151).

Investment amounted to MSEK 2,700 (2,259), of which the mill in Vejle, Denmark, MSEK 165 and the new ethanol plant in Norrköping, MSEK 760. Both plants went into operation during the year; the total investment in Vejle was MSEK 560 and the invested amount in Norrköping at year-end just under MSEK 1,400.



Important events

First quarter 2008

- Lantmännen Cerealia was formed through the merger of Lantmännen Axa and Lantmännen Mills.
- Lantmännen acquired 50 percent of GoGreen and 28 percent of JSC Rigas Dzirnavnieks from the Finnish company Raisio, which assumed Lantmännen's 25 percent stake in Melia.
- Lantmännen divested its holding in Svenska Foder.
- Lantmännen Unibake acquired Baco OY, Finland.
- Svalöf Weibull divested Weibull Trädgård.
- The Supreme Court ruled that Lantmännen is not liable for what the Swedish Board of Agriculture paid out to farmers whose farms were affected by feed infected with salmonella in 2003.
- Lantmännen's Code of Conduct was adopted.

Second quarter 2008

- Lantmännen increased its holding in HaGe Kiel, Germany, to 38 percent.
- Lantmännen Unibake acquired the U.S. bakery Euro-Bake and the U.K. bakery Eurobuns.
- Lantmännen divested the Group's shareholding in the Danish company Hedegaard A/S.

Third quarter 2008

- Lantmännen Granngården and its subsidiary Nordpost were divested to EQT.
- Lantmännen acquired a minority stake in Bosarpsyckling AB, Sweden.

Fourth quarter 2008

- An agreement was reached with Fazer on the sale of Lantmännen Färskröb in Sweden.
- Lantmännen and BASF carried out an exchange of shares whereby Svalöf Weibull became a wholly-owned subsidiary of Lantmännen and the Group's part ownership of BASF Plant Science ended.
- An Extraordinary General Meeting voted to amend the Articles of Association to permit trading in contribution issues.
- Lantmännen began its long-term brand-building efforts for "Good food".
- Operations began on Lantmännen Energi's new ethanol line at the plant in Norrköping, Sweden.

After the end of the financial year

- The sale of the Swedish fresh bread business to Fazer was completed in January.

Lantmännen's business areas



Key figures	Lantmännen Lantbruk	Svalöf Weibull	Lantmännen Anläggnings- och Lantbruksmaskiner	Lantmännen Energi	Lantmännen Cerealia	Lantmännen Unibake	Lantmännen Kronfågel	Lantmännen Invest
Net sales, MSEK	12,980	550	9,529	4,574	4,544	8,228	2,856	2,028
Operating income, MSEK	172	1	376	-110	206	212	149	59
Return on operating capital, %	5	0	17	-5	8	3	40	15
Average number of employees	1,074	246	1,664	286	1,452	5,000	1,381	434
of which women, %	24	41	10	22	39	33	44	34
Share of women in executive management, %	43	43	33	50	27	0	15	25
CO ₂ , own energy use, thousand tonnes	31.6	1.2	-	9.2	16.4	51.7	6.8	15.5

Lantmännen Lantbruk is the core of the Group and is oriented towards farmers, both grain growers and livestock producers. Lantmännen Lantbruk purchases grain and sells feed and products for crop production. Grain is sold to customers, both in Sweden and abroad.

► p. 23

Svalöf Weibull is an international plant breeding and seed company that develops and markets new varieties of cultivars and produces seed. The most important seed types are grains, oilseeds and pasture and forage crops.

► p. 27

Lantmännen Anläggnings- och Lantbruksmaskiner consists of two units: Lantmännen Maskin and Swecon. Both work in the sale and servicing of machinery: Lantmännen Maskin to the agricultural market in Scandinavia, and Swecon to the construction industry in Sweden, the Baltic States and parts of Germany.

► p. 29

Lantmännen Energi brings together Lantmännen's operations in the energy sector and is one of Sweden's leading energy companies. The business includes ethanol, biodiesel, district heating, heating pellets, salix (willow), lubricants, alkylate petrol and credit and payment cards for fuel.

► p. 32

Lantmännen Cerealia develops, produces and markets grain-based products such as flour, flour mixes, meal, muesli and pasta as well as ready-to-eat meals. Products are distributed through grocery stores, restaurants, bakeries, wholesalers and the food industry.

► p. 34

Lantmännen Unibake is one of Europe's largest producers of frozen bakery products for the fast food, bake-off and frozen food sector. Its product range is vast: from hotdog buns to sandwich bread to Danish pastry. Products are marketed to the catering/food service and retail trade.

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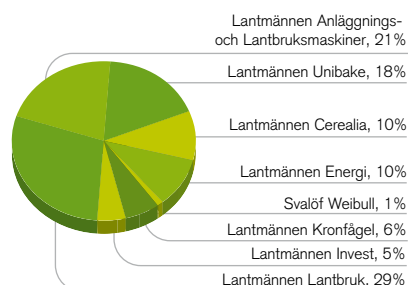
Lantmännen Kronfågel is the Nordic region's largest producer of foods based on chicken and markets fresh and frozen chickens and processed chicken-based products.

► p. 40

Lantmännen Invest covers companies that engage in business related to farmland. Among the companies, except for Bygglant, grain is used in various ways as the primary raw material in production.

► p. 42

Net sales by business area



A need for new solutions



2008 was yet another year of development for Lantmännen. Work on the new strategy has meant that Lantmännen is now in part a different company than it was at the beginning of the year. The company is leaner, stronger, more outward-looking, and not least, more profitable!

The fact that we divested Svenska Foder and Grangården may not have been unexpected by some, but the decisions were absolutely in line with our strategy. If Lantmännen is to progress and help to develop Swedish agriculture in the future, we need to dare to think in a different way.

An area that performed very well is Lantmännen Lantbruk, where international partnerships with DLG and HaGe Kiel yield numerous advantages and greater shared purchasing power.

Developing ownership

Questions as to how, what and who is to own Lantmännen in the future have been vigorously debated in recent years. Through the Owner Forum we owners and elected delegates have had numerous opportunities to make our views known on the Group's development and focus. To summarize the conclusions from the Owner Forum: Lantmännen Lantbruk is to be run as an economic association, utilization is to be the basis of ownership in Lantmännen, and owners will be able to share in the Group's future value growth. I wish to thank those of you who were involved in the Owner Forum. Thanks to your efforts and views, the Board has a clearer mandate from owners. This is now the basis of our strategies.

As an outcome of the Owner Forum and in order to develop och Lantmännen's ownership model, the Board approved two new instruments – issuing capital contributions and permitting trade in contribution issues. The aim of the Board is to strengthen the role of owners, enable them to share in the company's growth in value and offer a beneficial investment in Lantmännen. I am convinced that it will

be even more exciting to be an owner of Lantmännen going forward.

Business environment

Providing a picture of 2008 without mentioning the financial turmoil and slowdown in the world economy is not possible. It is natural to ask how Lantmännen will be affected. The financial crisis is certainly affecting Lantmännen, but not as much as other companies. To operate in the areas of agriculture and food production is to serve a mature market. We do not earn spectacular profits in good times, but we do not suffer nosedives in bad times, either.

It was a tough fall for many of us farmers. A protracted harvest of poor quality can affect the most optimistic. In 2008 we also saw the effects of the market's clear impact in the agricultural sector, from 2007's historically high prices to 2008's more modest levels. It has been said many times before that we will be living with wildly fluctuating prices, but this bears repeating. That is when farmers need a reliable business partner who, with their best interests at heart, will seek out the new solutions the market demands. This is where, through Lantmännen Lantbruk, we as farmers benefit most.

The commitment to long-term sustainability is a factor affecting Lantmännen in many ways. Our expanded ethanol plant in Norrköping went into operation towards the end of the year. There high-quality ethanol is produced from owners' grain that is both green and yields a high energy return. It feels good that Lantmännen is actively taking part in society's necessary conversion to renewable energy. That Kronfågel in its fresh product

line and Cerealia under the AXA and Kungsörnen brands presented products with climate declarations during the year is also a way to show the Group's expertise and contributions to sustainable food production.

Wanting to be visible

Lantmännen's initiatives and investments are aimed at boosting earnings, both to ensure continued growth and to secure dividends and returns. One of the year's most exciting projects was our major market communication initiative. I believe that our message, that buying "Good food" from a company controlling the entire value chain from field to fork is safe, is a concept that benefits our bottom line, but also results in prouder employees and owners.

I would like to thank all our committed and knowledgeable employees who are contributing to our good performance. Lantmännen's CEO and Group President Per Strömberg has clearly and committedly helped to move earnings and the Group forward.

During the summer, Lantmännen and the Board were affected by the tragic news of the death of Olle Nilsson. Olle will be sorely missed for his commitment and experience.

There are many challenges ahead, but with a clear and long-term strategy we have every chance of delivering good products, services and earnings in the future.

Noraström, February 2009

*Thomas Bodén
Chairman of the Board, Lantmännen*

An eventful and successful year

It was a both an eventful and gratifying year for Lantmännen. Income after financial items, adjusted for items affecting comparability, is the best ever for the Lantmännen group. Our continuous efforts at improvement have yielded the desired results, our new ethanol plant is in operation, new ownership instruments have been developed, the communication concept was launched, new businesses were acquired and others divested. Our journey towards a more successful, leaner and stronger Lantmännen continues at full speed.

Lantmännen's positive earnings performance is good news. Income after financial items, adjusted for items affecting comparability, ended up at MSEK 622, compared with MSEK 470 in 2007, an increase of 32 percent. Our positive earnings stem from an increase in sales due in part to higher grain prices, but also to underlying volume growth and the attainment of our savings targets.

It is gratifying that practically all of Lantmännen's business areas achieved better earnings than in 2007, where Lantmännen Lantbruk and Lantmännen Kronfågel account for most of the earnings growth. We have our work cut out to attain profitability in Lantmännen Energi. A lot of time and effort went into

getting our ethanol plant in Norrköping into operation.

Our focused strategy efforts have been fruitful, and during the year we saw numerous positive effects, financial as well as in terms of quality. If we carry on doing things in approximately the same way as before, we will achieve more or less the same result. So to be even better we need to do things in a new way, continually focusing on improving and streamlining our overall business. This will be Lantmännen's key to success.

Intense effort to deal with the downturn

The global economic slowdown during the last months of 2008 affected Lantmännen's earnings, and in the fourth quarter we saw a substantial weakening. Lantmännen Maskin and Swecon saw a marked fall-off in orders, and even our less cyclically-sensitive operations in food noticed a slow down. Financing costs rose, due to investments such as the new mill in Vejle and the ethanol plant in Norrköping and a number of acquisitions of food companies.

Despite this, we posted very positive earnings this past year. Our efforts at continuous improvement are part of the reason. In 2008 extensive improvement began in Lantmännen's supply chain (purchasing, production and logistics), work that forms a key part of our overall strategy work. Our ambitious savings and quality targets for 2008 were met, and in

2009 we are continuing. There will also be a greater focus on capital rationalization and cost improvements through a number of various programs.

A leaner and stronger Lantmännen

As part of our overall strategy work we will continue to focus on our core areas in order to become sharper, while we continue to work on divestments and acquisitions to become a leaner and more focused company.

Examples of this are that Lantmännen Lantbruk has now increased its part ownership in HaGe Kiel, and the fact that we now own 100 percent of Svalöf Weibull. Lantmännen Unibake also made three international acquisitions. To focus even more on our core businesses, there have also been a number of major divestments. The sale of the Grangården business area to EQT, Svalöf Weibull's sale of all its shares in Weibull Trädgård are two examples. During the year an agreement was signed with Fazer on the sale of the fresh bread business in Sweden, and the transfer was completed in January 2009.

Proactive initiatives despite bad times

Developing strong brands is an obvious part of our strategy efforts. In 2008 we launched our corporate communication concept. The message is focused on "Good food from Lantmännen". Good food is the result of the responsible work



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

we do every day, from field to fork. We are in a unique position as a key player in all links in the chain from field to fork, and now we are raising Lantmännen's visibility. Consumers should know what Lantmännen is, what our products are, and what we stand for. The media attention surrounding the launch speaks volumes: we have chosen the right path.

Few companies have as positive and strong a symbol as Lantmännen – that we have businesses along the entire chain and are owned by Swedish farmers. No matter where they work along the chain – in farming, machinery, foods or energy – employees help to produce the food we eat.

Lantmännen – we will act responsibly

We are an international food manufacturer with great ambitions for long-term sustainable profitability. As you may already have noticed, Lantmännen's annual report and sustainability report for 2008 are being published together. This is a natural step, since our work in sustainable development is to be an integral part of our business and a key part of our long-term competitiveness and profitability.

At Lantmännen we have much to be proud of in terms of taking responsibility from field to fork. But we are not content with that, we intend to be even better. We have sat down and drawn up an action program with targets and activities that we say more about in this report. More and more will be required in order to deliver good food in the future as well, and the action program will, therefore, be developed over time with new objectives and specific initiatives.

Sustainable development – an obvious strategic choice

As a responsible company, it is obvious to us that sustainable development is a corporate strategy. Through it, our focus on sustainability will mean new business opportunities and thus greater revenue. We are also very aware that our customers are demanding suppliers who can demonstrate a systematic effort in the area of ethics. Consumers have these expectations, too. That is why we are also convinced that our sustainability



CEO Per Strömberg and Anna Elgh, Director of Supply Chain, visiting Doggy in Vårgårda for information from Doggy's Deputy CEO Roland Magnusson on a successful LEAD project.

work strengthens our brand and makes us an attractive partner both as customer, supplier and employer. It is with pride that I note that we are the first company in Sweden to offer food with climate declarations, in the form of Kronfågel's fresh product line as well as whole wheat flour, and barley, wheat and oats from Kungsörnen and AXA oatmeal.

Important to minimize environmental impact and costs

The climate issue is important for Lantmännen from a number of perspectives. Which is why it is still important for us to minimize our environmental impact. One example that has helped is the environmental concept Green Line, where we cut the CO₂ emissions of Lantmännen's shipments by around 2,600 tonnes in 2008. By 2012 the target is 20 percent for Lantmännen's entire operations.

Proactive sustainability work also lowers costs. Our energy-efficiency program is thus important for our long-term profitability. In the sustainability area there are also a number of risks regarding trust. That is one reason the Group Board adopted the code of conduct now being rolled out in the organization, one based on the ten

principles of the UN Global Compact. It provides a framework for our efforts and guidance on how we will be perceived as a company.

Keeping our promises

Big changes are taking place in the Group to enable us to keep our promises to customers, suppliers, employees and the world around us. Our consumers should know and feel confident that our products are produced responsibly with tomorrow in mind.

I think that 2008 was incredibly exciting and inspiring. Even though I know we are facing big challenges, a future where we cannot rest on our laurels, I am still confident. We at Lantmännen have shown that we are well prepared and have both committed owners and capable employees, ready to meet the challenges that come our way. A sure recipe for success.

Stockholm, February 2009

*Per Strömberg
CEO and Group President
Lantmännen*

The world around us



Lantmännen's operations cover a wide range of products and market segments. Production and sales units are located in 19 countries, with a preponderance in Northern Europe. The global financial crisis and economic turmoil are impacting Lantmännen's business areas to varying extents.

Global economic anxiety

Agriculture-related operations are primarily affected by changes in commodity prices, which may eventually impact demand.

For the machinery business, Swecon is directly affected by the sharp downturn in Germany and the Baltic countries. Weaker demand is also expected in Sweden. Lantmännen Maskin also expects lower sales, since the machinery orders can be postponed, if the unease grows.

Lantmännen's food business is relatively less cyclically sensitive, owing to its focus on staples such as chicken, pasta and flour.

Farming

Grain harvest and grain price

The world grain harvest in 2008 was considerably bigger than in 2007. The total world harvest was reported in November at 1,770 million tonnes, which was 80 million tonnes higher than the previous season.

Consumption of grain is estimated to continue to grow, while production is forecast to increase even more. For the

2008 harvest year, world production of grain is estimated to exceed consumption by 25 million tonnes, which profoundly affects grain prices, see diagram [▶ p. 9](#)

From its high in March, the price of wheat has almost halved. The ample supply of feed wheat means a price gap between milling wheat and feed wheat of 20-25 percent. The drop in grain prices pushed the oilseed prices in the same direction.

In the EU 27 the total grain harvest for 2008 is expected to be 310 million tonnes. Despite increased use, closing inventories are expected to double compared with the previous year. The fall in grain prices has meant a reintroduction of import duties.

The 2008 Swedish grain harvest is estimated to be 5.2 million tonnes, only 3 percent higher than the year before, despite the increase in grain acreage of 10 percent.

Grain quality

In many parts of the world, the harvest period saw either too much or too little rain. Either way, this led to poorer qual-

ity. For that reason, a lot of quality grain was downgraded for use as feed or for energy purposes.

Imports of milling wheat

In a normal year, Swedish millers import 50,000 tonnes, primarily durum wheat for pasta and other special grades not grown in Sweden. For the 2008/09 harvest year, imports of milling wheat are expected to soar.

For Lantmännen Cerealia the shortage of domestic milling wheat and greatly increased imports led to higher commodity costs than was the case in several neighbouring countries. For that reason the hopes of many food sector players for big price cuts for flour and pasta were not met.

Production inputs for agriculture

The price of mineral fertilizer is set on the global market. In 2008 the price rose steadily, leveling off at year-end. Global fertilizer demand was high until October, when sales came to a halt in the wake of the financial crisis. The year ended with turmoil in the fertilizer market.

Other production inputs such as seed and pesticides also rose in price in 2008.

Feed prices rose in early 2008, but fell after the harvest. The price fall was caused by ample supplies of feed grain and lower demand owing to a cyclical weakness and unstable world economy. The long-range forecast for world livestock production is that it will rise thanks to higher living standards in a number of developing countries, for which reason the demand for feed products is also expected to rise.

Energy

After seven years of continuously rising world market prices of oil and other fossil energy, prices plummeted during the second half of 2008. The decline is clearly linked to the financial crisis and international cyclical weakness. There is a risk that lower prices of fossil energy will in the short term take pressure off efficiency efforts and conversion to renewable energy sources. Even so, the EU remains firm in its primary objectives to reduce CO₂ emissions overall by 20 percent, have 20 percent renewable energy, of which 10 percent in the transportation sector, and enhance energy efficiency by 20 percent by 2020.

Biofuels

Despite falling oil prices, there is still a strong desire among policymakers to increase the use of renewable fuels. But the formulation of targets and instruments has been complicated by the growing

unease about the food supply and nervousness that biodiversity is suffering.

Ethanol from grain and sugar cane, FAME from rapeseed and soybean oil and biogas from manure and other byproducts are expected to dominate the market for at least the next ten years. After that the hope is for commercial technologies to produce various gasoline and diesel replacements from cellulose and a growing fleet of plug-in hybrid vehicles, running on a combination of renewable electricity and biofuels.

The market for Swedish ethanol depends very much on whether the Government's proposal to allow a very low customs duty on low-ethanol blends is approved by the European Commission. If it is, Brazilian ethanol will completely take over the Swedish market, and Swedish ethanol will have to be exported to those EU countries that still have protective tariffs.

Production of rapeseed methyl ester (RME) has fallen in Sweden and in the rest of the EU owing to soaring commodity prices and price-dumping imports from the U.S. Cost estimates improved in 2008, and the market will grow when in a few years' time the EU gives the green light to a gradual increase in blending with diesel by up to 10 percent.

Foods

Trade and industry

Food retailing continues to bolster its position by increasing centralized purchasing, internationalization and

the greater use of own brands. The food industry is a mature sector, with little opportunity for organic growth, which is why mergers have become increasingly common to grow, streamline and achieve economies of scale. The industry is becoming more and more international, a trend that Lantmännen has also followed.

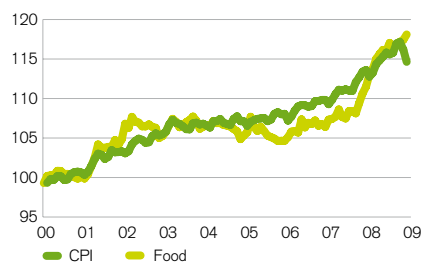
Consumer trends

Health, convenience and enjoyment are the three worldwide food trends. Along with a greater focus on the environment and sustainable development, they have an impact on consumers' preferred choices of products.

Consumers demand high quality and short preparation time. Other key issues are availability and taste. The trend to people being able to eat whenever and wherever they want is becoming more pronounced.

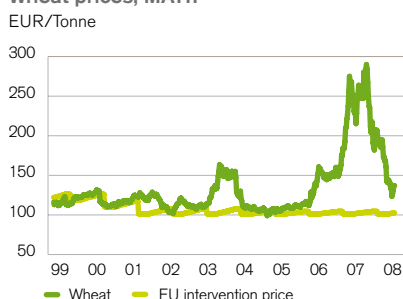
Raw materials and origin are becoming increasingly important to consumers. The farmer and local produce are hotter than ever before. In Denmark the organic trend has made an impact, and organic foods now account for about 6 percent of the food sold in stores. In Sweden, organic sales are half as high as in Denmark, but interest is believed to be growing.

Consumer price index



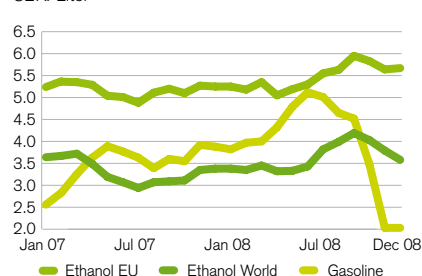
Over a ten-year period, the food index has closely followed the consumer price index.

Wheat prices, MATIF



The high price of wheat in 2007 fell sharply in 2008, owing to larger world grain inventories.

Price of ethanol compared with gasoline



Despite falling oil prices in the second half of 2008, there is still a desire to commit to renewable fuels.

Strategic development

Mission, business concept and values

Mission: Lantmännen aims to contribute to the profitability of our owners' farms and maximize the return on our owners' capital in the association.

To be able to meet our owners' profitability requirement, thus creating growth and competitiveness, we constantly strive to become bigger, more efficient and more profitable.

Business concept: Lantmännen is a company close to its customers, with expertise, control and presence along the entire value chain – from field to fork.

With a focus on customers, we develop and process the resources of arable land in a responsible way. Lantmännen operates in an international market in which Sweden constitutes the foundation of our business activities.

Values: Managing arable land and what grows there in the best possible manner is the basis of Lantmännen's business. The Group operates throughout the value chain, from field to fork. The basis of many advances is innovation, and through extensive research the Group seeks to meet the needs of modern people for new, healthy products.

Lantmännen plays a key role in society's biggest challenges – the changeover to a sustainable energy supply and the development of the agriculture of the future and of healthy new foods. By owning and having influence over the entire chain of production that comprises and encompasses the use of the soil, Lantmännen is uniquely positioned to take responsibility for the origin, contents and characteristics of all its products.

As a leading player in food, energy and agriculture, Lantmännen works constantly to propel development towards a healthy and sustainable society.



Lantmännen's long-term target is a 10 percent return on equity after tax. This target will be reached primarily through focusing on core businesses. In order to reach the target, eight strategies have been adopted.

Lantmännen's Group strategy

Lantmännen's strategy is to boost total profitability and competitiveness, and is based on Lantmännen's mission to its owners. The strategy is divided into eight sub-strategies.

1. Create business opportunities for Lantmännen's owners

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

2. Focus on core businesses

Develop Lantmännen's product portfolio to optimize owner benefits and long-term potential for profitability and growth by actively working on the acquisition and disposal of companies.

3. Higher cost- and capital-efficiency

Increase cost- and capital efficiency by focusing on continuous efforts for improvement. ▶ p. 11

4. Develop strong brands

Develop and invest in Lantmännen's brands for long-term profitability and competitiveness. ▶ p. 12

5. Develop product portfolio through active research and development

Create long-term profitability and competitiveness by increasing the volume, tempo, and quality of research and development work. ▶ p. 14

6. Improve cooperation with our customers

Stimulate increased demand for our products by developing cooperation with our customers.

7. Sustainable development

Develop Lantmännen's work in sustainable development in order to become a responsible player in our business areas. ▶ p. 45

8. Employees and organization

Develop the organization in order to better attract, utilize and develop the competence of employees. ▶ p. 47

Effective supply management

The corporate function Supply Chain has the overall responsibility for Lantmännen's purchasing, logistics and production. Its mission is to optimize the Group supply chain with the focus on customers, while ensuring compliance with laws and policies.



Anna Elgh
Director of
Supply Chain

LEAD – continuous improvements

In spring 2008 Lantmännen performed an analysis of 58 of the Group's 130 production plants. The aim was to identify those efficiency

enhancements that could be carried out using a systematic method (LEAD). The outcome led to four pilot projects at the plants in Vårgårda (Doggy), Kimstad (Feed), Örebro (hotdog bun bakery) and Laholm (Pancakes and minced meat products). The result was very positive from a financial and employee perspective.

In 2009 30 plants will begin their work using LEAD, starting in Lantmännen Unibake, Lantbruk and Cerealia. For 2009 MSEK 50 in gross savings have been identified, and through a long-range effort large savings are expected to be possible.

Sustainable transports

Lantmännen is Sweden's fifth-largest shipper, with transportation costs of SEK 1.5 billion. Creating responsible, long-range and sustainable transports on commercial terms is a key contribution to the

LEAD stands for:

Learn. *To bolster individual skills through ongoing education, training and personal development.*

Engage. *To use the work team's talents, experience and knowledge effectively. To create lasting commitment to the task.*

Analyze. *To find facts, analyze and deal with the root causes of problems.*

Do. *To act. To constantly seek new ways to improvements and growth. To dare to make mistakes.*

Group's vision of making the best of our Earth. The goal is to reduce CO₂ emissions from transportation by 20 percent from 2006 to 2010, which corresponds to 16,100 tonnes of CO₂. In 2008 CO₂ emissions from Lantmännen's shipments were reduced by just under 2,600 tonnes. In its GreenLine concept, Lantmännen brings together the efforts to improve the environmental performance of the entire transportation chain. In addition, the cost of logistics is to be reduced. Read more about GreenLine and Lantmännen's work on sustainable transportation. ▶ p. 57

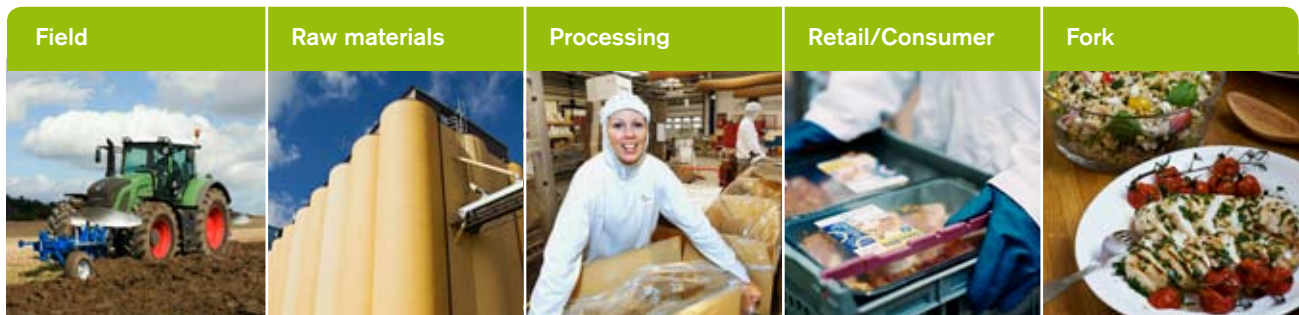
More profitable purchasing

Purchasing goods and services from outside suppliers is an important part of the processing chain for creating competitive products and added value for Lantmännen's customers. In 2008 Lantmännen's work in continuous improvements in purchasing resulted in costs savings of MSEK 286.

Lantmännen's new purchasing data repository structures purchases and provides an overall picture of what, how much and from whom Lantmännen purchases goods and services. This makes it possible to coordinate and prioritize purchasing needs and to measure and follow up agreements with selected suppliers.

Bringing together purchases for packaging and establishing cooperation with production and logistics make possible more efficient supply chains and packaging better suited to consumers.

Ethical and sustainable purchasing is both profitable and helps to ensure Lantmännen's responsibility from field to fork. That is why a systematic method is being introduced to ensure that suppliers live up to Lantmännen's code of conduct.



Good food is sustainable in the long run

The corporate unit Information & Communication helps to develop strong brands for long-term profitability and competitiveness. Consumers are demanding greater accountability from food industry players. Meeting and eventually exceeding these demands strengthens Lantmännen and its brands. Through efforts to comply with Lantmännen's code of conduct and action program, Lantmännen and its brands also become symbols of sustainable food production.



Anette Rosengren
Communication
Director

Lantmännen's three unique values

Safe, tasty and healthy food produced responsibly is becoming increasingly important to consumers. Lantmännen has three

unique attributes that together lay the foundation for influencing and working to provide consumers with good food:

Knowledge of the soil. Lantmännen is owned by around 40,000 Swedish farmers, who have often tilled the soil for generations. By protecting members' assets, knowledge and experience, new, sustainable methods and processing technologies can be developed and consumers can be offered better food.

From field to fork. Lantmännen's strength is that it controls the entire chain, from plant breeding to cultivation to food processing, making it uniquely able to influence the end result. Lantmännen is the only major food company that operates along the entire production chain. This gives it ample opportunities to strive for origin control – how and what ends up in the package – but also the products served at mealtime.

Sustainable development. Lantmännen has made sustainable development a key element of its overarching Group strategy. Long-term profitability depends on arable land continuing to provide raw materials for products yielding high returns, which is why it makes sense to work systematically for more sustainable operations.

Lantmännen stands for Good food

Lantmännen's view of good food is that consumers should not only be able to expect that food is good value, readily available, tasty and healthy, but also to demand that food companies aim for sustainably produced food.

However, good food does not mean the same thing to everyone. It differs depending on the person, situation and needs. But there is one thing in common: the need for trust. It means that consumers are to be able to trust the producers and that the food is produced in a responsible manner. This trust



means that consumers choose brands that carry the message of responsibly produced food, without needing to considering complicated facts.

The green sprout on Lantmännen's packaging is a guarantee of responsibly produced food made in a sustainable way.

Good food is the result of Lantmännen's aims vis-à-vis consumers to take responsibility for the entire chain from field to fork. Consumers are to feel secure and it must be easy for them to make a conscious choice. Good food from Lantmännen stands for:

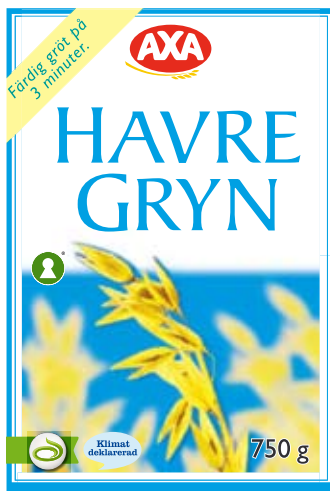
- Food that promotes taste and health
- Food that is inspected and responsibly produced
- Food which no efforts have been spared to produce in a consciously sustainable way.

Long-term sustainable profitability



Lantmännen-owned brands enable consumers to choose foods that are tasty and healthy and that are easy and convenient to eat. The corporate trademark, with the sprout as the symbol, is a promise to consumers that the products have been manufactured responsibly. Together they reinforce one another and help consumers decide. Lantmännen's three unique values help it to achieve long-term sustainable development and create opportunities for long-term sustainable profitability for the Group.

Steps towards Good food



1. Reduce the climate impact of own operations.
2. Reduce the climate impact of the Group's agricultural products.
3. Reduce the climate impact of the Group's food products.
4. Help reduce the problem of eutrophication.
5. Develop the supply of commodities for feed products in a sustainable direction.
6. Work for a poison-free environment.
7. Develop organic products.
8. Work for healthy and sustainable foods.
9. Be a leader in animal welfare work for chicken farming.
10. Communicate openly and transparently with the outside world on the issue of sustainable development.
11. Employees are to have satisfying jobs and a good working environment.

Lantmännen's code of conduct

In 2008 Lantmännen's code of conduct was adopted. The code contains existing and new rules for the way Lantmännen is to work in an ethically, socially and environmentally responsible manner. The code applies to all of Lantmännen's employees and Board members. Relevant portions also apply to suppliers, retailers and other business partners. The code consists of principles and guidelines in five areas: products, environment, business ethics, outside world and working environment and social conditions.

What is new about the code of conduct is that the policies and guidelines of the business are in essence now assembled into overarching guidelines for the Group in a single document. The code, like the policies and guidelines, is to function as a guide for Lantmännen's employees in their day-to-day work. It also makes clear to Lantmännen's stakeholders the responsibility Lantmännen is taking for its operations. Implementation of the code is a matter of ensuring compliance at all levels in the Group through information, training and follow-up. One step in this implementation is the e-training for employees that has been produced. Another measure is the program developed for implementing the code among suppliers.

Compliance with the code of conduct is to be monitored, and when shortcomings are discovered, new routines are to be developed and implemented. Company management will discuss evaluation and follow-up at the management review. The work on the code and sustainable development is compiled every year in an external report. In that way the process is continuous and ensures constant improvements.



Steps towards Good food

Not all parts of the promise are being achieved yet. Lantmännen is aware that there is still a gap between consumer expectations and what has been accomplished so far. But in these cases there are clear goals for the future in the form of an extensive action program. The program is divided into eleven overriding objectives. For each objective a number of actions have been set to be carried out in the coming years, everything from increasing the share of rail shipments to phasing out all trans-fats and azo dyes from Lantmännen food products.

More and more will be required to deliver Good food in the future as well. That is why the action program will be enhanced with new objectives and specific measures. In 2009 the action program will be supplemented by stricter requirements for sustainably produced grain and a policy for product development from a nutritional standpoint.

Lantmännen takes responsibility



Research and development

Research and development will create long-term profitability and competitiveness for Lantmännen by developing the product portfolio and raising the quality of production processes. The corporate function Strategy & Business Development, which includes Lantmännen R&D, is to support Group development efforts and foster innovative projects that are at an early stage with a high probability of being developed commercially.



Clas Eriksson
Deputy CEO,
responsible for
Strategy & Business Development
and R&D

Research-intensive activities

Most of research and product development takes place in the R&D departments of our business areas and subsidiaries.

Svalöf Weibull is one of the leading plant breeders

in Europe, with breeding stations in Sweden, Germany and Holland and an extensive testing network in Europe. Svalöf Weibull engages in advanced efforts to develop new varieties, primarily for Northern and Central Europe.

Lantmännen Lantbruk engages in product R&D in its division for Animal feed, Crop production and Grain. At Nötcenter Viken feeds for dairy cows are developed. In 2008 tests were carried out on dried grain solubles from ethanol distilling as a replacement for imported protein feedstock. To be able to predict harvest grade and volume is important,

and by developing on-line methods, grain can be sorted by grade and products of poor hygienic quality eliminated.

In 2008 Lantmännen Unibake developed a number of new products, often in close collaboration with major customers and tailored to their needs.

Lantmännen Cerealia's product development is primarily focused on the product categories, pasta, muesli/granola, flour and cake/bread mixes. Key areas are fiber, health, processing technology and new functional ingredients.

Joint resources

The corporate unit Lantmännen R&D engages in Group-wide projects and is responsible for coordinating and supporting the entire Group's research and development. In the areas of food there are broad-based research activities aimed at increasing the understanding of the structure, taste and nutritional value of our products. The trend is moving away from studying individual nutrients, dietary components or foods toward

studying an entire meal pattern and how it affects health.

Lantmännen R&D coordinates the activities of Lantmännen's research foundations: SL, VL and Cerealia R&D. During the year the SL and VL foundations granted funds for research projects on breeding malting barley, methods for mapping soil-borne diseases and for increasing knowledge of triticale fiber. The Cerealia R&D foundation promotes research and development and in 2008 funded various projects (see examples below). The foundation also funds *C* magazine, which disseminates knowledge of grain-based foods.



AXA Fiber	Healthy Nordic diet	Biological seed treatment
<p>New from Lantmännen R&D are two fiber blends for healthy digestion and hearts that are part of Lantmännen Cerealia's launch of AXA Fiber in 2009.</p> <p>AXA Fiber Mage is a prebiotic fiber blend that "feeds" the good bacteria in the gut. AXA Fiber Hjärta has a cholesterol-lowering effect. Consumers will be able to enjoy tasty and healthy food without changing their eating habits.</p>	<p>For six weeks in 2008, 88 healthy Bollnäs residents, aged 25-65, with elevated cholesterol, ate a test diet. Several markers showed a varying risk of developing cardiovascular diseases. Total cholesterol and LDL, the "bad" cholesterol, were some of the markers monitored. The vision is to be able to show in a few years that foods of Nordic origin are just as healthy as the Mediterranean diet.</p>	<p>Work continues to develop the biological seed treatments ThermoSeed, Cedomon and Cerall. The goal is to breed seeds by adding function in connection with seed treatment. Studies were conducted with SLU and the Institute for Surface Chemistry to see if it is possible to control germination with the aid of various coatings. The goal is to control germination and emergence in connection with sowing.</p>

Developing the ownership model

The 2008 General Meeting saw the conclusion of the Owner Forum project, whose purpose was to discuss various owner issues. The Owner Forum can be summarized thus: Lantmännen Lantbruk will continue be run as an economic association, that utilization is to be the basis of ownership in Lantmännen, and that owners will be able to share in the Group's future value growth.

As a result of the Owner Forum the Group Board has decided to introduce trading in contribution issues and capital contributions. The purpose is to increase interest in Lantmännen, provide opportunities to share in value growth and offer an interesting investment.

Lantmännen's owners

Along with around 40,000 other farmers a member of Lantmännen is the owner of an economic association. In turn, the Association owns a number of limited companies, which are organized in business areas. A regional district organization is the basis of the member's role as an owner. Membership in Lantmännen requires a person to be engaged in farming or other food production. There are three different membership categories:

- direct member
- local associations
- organization member.

At the beginning of 2009, the number of direct members was 33,979. There were also 3,814 members in 22 affiliated local associations in southern and western

Sweden. The local associations function as local purchasing associations through agreements with Lantmännen Lantbruk. Kalmar Lantmän, with 1,980 members, is an organization member of Lantmännen.

District organization

The districts are the basis of the members' role as owners of Lantmännen, and in 2008 the country was divided into 30 districts. In each district there is a board that works for the overall Lantmännen Group and is responsible for membership issues. To support the district boards, there are regional membership directors employed by Lantmännen's Owner Relations Department.

During the spring all members in the district are called to the district meeting. The district meetings in 2008 were held between March 10 and March 20. At district meetings participants are informed about the most recent year's activities in the district and Group. The district meeting elects the district board and delegates to the Annual General Meeting. For every 500 members (or fraction thereof) in each district, one delegate is elected to the Annual General Meeting.

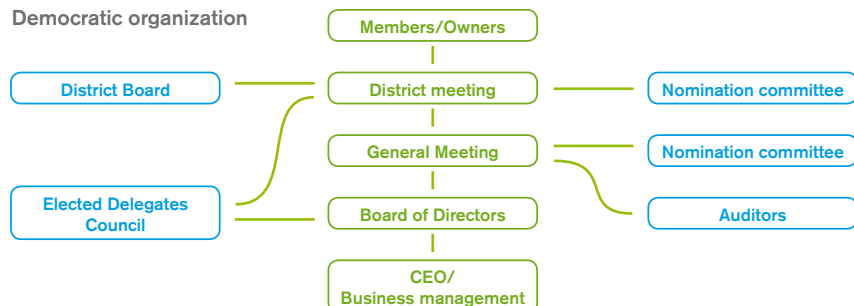
General Meeting

Normally held once a year, the Annual General Meeting is Lantmännen's supreme decision-making body. The AGM reviews the previous year's activities and results, considers motions, elects the Association Board of Directors and determines whether the Board and CEO are to be discharged from liability.

The 2008 Annual General Meeting was held on May 7 in Stockholm. The AGM considered motions on the procedure for electing the Chairman and approved making machinery purchases for contribution-related turnover. At the Meeting the Owner Forum was completed and the assignment of developing the ownership model was presented.

At the Delegates' meeting, May 8, the work on Lantmännen's code of conduct was presented. On October 1 an Extraordinary General Meeting and Delegates' Meeting were held. The Extraordinary General Meeting considered a motion to amend the Articles of Association to permit trading in contribution issues. The motion was carried in its entirety. The Delegates' Meeting considered the matter of gene technology.

Democratic organization



Board of Trustees

The district board chairmen and organization members sit on the Board of Trustees. Two representatives of the local associations, chosen by the Group Board, are also included. The Group Board, the Association's elected auditors and a representative of the nomination committee also attend meetings of the Board of Trustees.

The Board will, together with the Board of Directors, act for the benefit of the association by advising on development issues of a more long-term nature. The Board also provides opportunities for sharing experiences among the districts.

The Board had three recorded meetings in 2008. The statutory meeting is held in conjunction with the General Meeting and other meetings were held in Stockholm on February 27 and November 4-5. A number of meetings were held by telephone, at which the Board was informed about the financial situation in connection with publication of interim reports and meetings in connection with major acquisitions and divestments, such as the divestiture of Lantmännen Granngården.

Owner Forum – dialog on the future

During the year there was great enthusiasm for Lantmännen's Owner Forum, which had two aims: one, to raise awareness of Lantmännen's activities and requirements and, two, to give owners a forum to discuss key owner issues. In April two district board conferences were held at which all of the districts' comments and responses on ownership were discussed, while the Group Board presented ideas on a new owner model.

The Owner Forum can be briefly summarized thus: Lantmännen Lantbruk will continue to be run as an economic association, that utilization is to be the basis of ownership in Lantmännen, and that owners can share in the Group's future value growth. The project ended at the General Meeting in May, when the Group Board presented a new owner model, two key parts of which were the possibility of trading in contribution

issues and the introduction of capital contributions. An Articles of Association committee was appointed to review and modernize Lantmännen's Articles of Association.

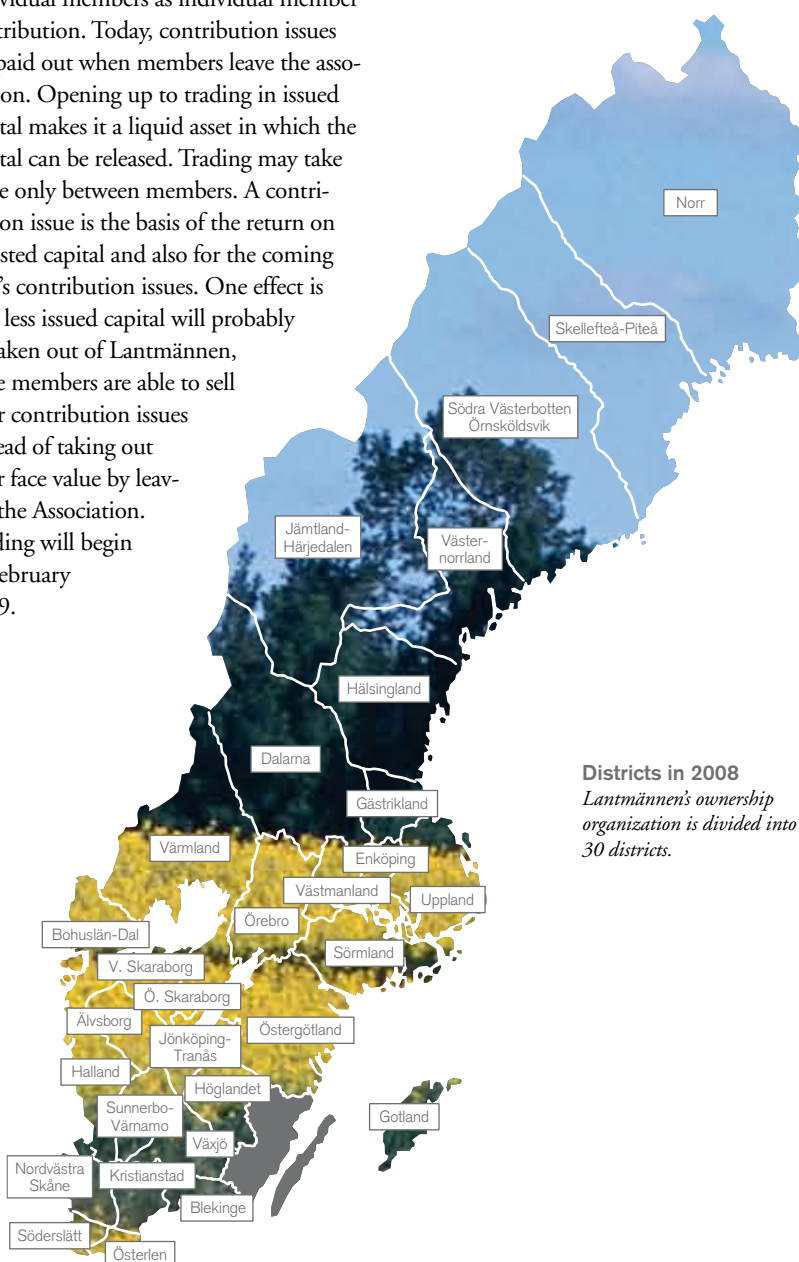
A summary of the Owner Forum was sent out with issue no. 5 of Grodden. A more detailed summary was distributed at year-end to all of Lantmännen's elected delegates.

Trading in contribution issues

Contribution issues are profit allocations whereby collective capital is transferred to individual members as individual member contribution. Today, contribution issues are paid out when members leave the association. Opening up to trading in issued capital makes it a liquid asset in which the capital can be released. Trading may take place only between members. A contribution issue is the basis of the return on invested capital and also for the coming year's contribution issues. One effect is that less issued capital will probably be taken out of Lantmännen, once members are able to sell their contribution issues instead of taking out their face value by leaving the Association. Trading will begin in February 2009.

Capital contributions

Capital contributions are a financial instrument that enables a cooperative to raise risk capital. Lantmännen's capital contributions are aimed primarily at members and employees, but it will also be possible for others to buy a capital contribution. The dividend on Lantmännen's capital contributions is partly a basic interest rate and partly a component based on the Group's earnings. The purpose of issuing capital contributions is to bolster interest in Lantmännen and raise risk capital for the Association.



Districts in 2008
Lantmännen's ownership organization is divided into 30 districts.

Benefits to owners

Lantmännen aims to contribute to the profitability of our owners' farms and maximize the return on our owners' capital in the association.

Member contributions

The members of Lantmännen contribute risk capital through their contributions in the association. At the end of 2008, the member contributions totaled MSEK 1,157. Of this, MSEK 593 was paid-in and MSEK 564 was issued capital. The paid-in and issued member contributions, amount to 11 per cent of Lantmännen's total equity.

The obligation to invest is calculated as ten percent of the value of the member's average sales with Lantmännen for the past five years. The basis is sales with Lantmännen Lantbruk. In 2007 it was decided that petroleum products would also be included in contribution-related turnover and for 2008 it was decided that machinery purchases would be contribution-related. The smallest capital contribution is SEK 5,000 and the ceiling is SEK 150,000, which corresponds to sales with Lantmännen of MSEK 1.5. Those with contribution-related sales in excess of MSEK 1.5 may have their capital contribution adjusted upward to 10 percent of their average sales.

As part of the overhaul of the Articles of Association approved by the 2008 Annual General Meeting, the levels of both the minimum contribution and contribution ceiling were changed.

Dividends

Lantmännen's earnings are the basis for distributions in the form of refunds, final price adjustments, contribution dividend and contribution issue, the individual member's share of the Group's profit.

Another benefit is Lantmännen's commitments to R&D and investment directly benefiting members' interests and helping to grow operations on the farm. Some examples are Lantmännen's stake in Sveriges Djurbönders Tillväxtaktiebolag and investment in Nötcenter Viken.

Lantmännen's dividend policy guides dividend levels. In 2008 the dividend policy was revised as a result of the Owner Forum. The aim is for Lantmännen 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. The target each year is to distribute around 40 percent of Group income before deductions for refund and final price adjustment, excluding extraordinary items.

Refund and final price adjustment are primarily to be based on earnings from contribution-related operations in the agricultural sector. Contribution dividend and contribution issue are primarily to be based on earnings from non-contribution-related industrial operations. Contribution issue are calculated on the basis of paid-in and issued contributions and the member's sales with Lantmännen, 75 percent on contributions and 25 percent on sales.

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

Definitions



The owners receive part of Lantmännen's profits through:

Refund and final price adjustment, paid in proportion to the farmers' sales from and deliveries to the Association and is calculated as a percentage of transaction volume with Lantmännen Lantbruk during the year. The Board decides the product areas on which refund and final price adjustment are to be based.

Contribution dividend or "interest" on member contributions made in proportion to how much paid-in and issued contributions the member has.

A contribution issue involves a transfer of the cooperatively owned unrestricted equity to the members' individually owned member contributions.

Dividends

MSEK	2008	2007	2006	2005	2004	2003	2002	2001
Central refund/final price adjustment	121	84	59	64	134	70	72	75
Local refund/final price adjustment *	-	-	-	75	65	84	89	69
Contribution dividend **	57	50	56	50	49	38	38	23
Contribution issue **	110	151	99	100	39	-	-	171
Total	288	285	214	289	287	192	199	338

* Does not take place after 2005. ** Pursuant to the Board of Directors' proposal for 2008.

Total dividend



Financial performance and risk

The performance of the financial markets in 2008 shows the importance of having a high level of financial readiness and a solid financial position. Lantmännen's operations are capital-intensive and require extensive investment each year. The goal for our financial operations is to ensure a short-term and long-term supply of capital and attain the lowest possible financing costs, while managing financial risk in accordance with the stated guidelines.



Per Olof Nyman
Chief Financial
Officer

Sales, earnings and cash flow

The Group's sales in 2008 totaled MSEK 42,868 (35,989), income after financial items MSEK 702 (822) and income after

tax MSEK 558 (588).

Both sales and income were affected by items affecting comparability. Income after financial items, adjusted for items affecting comparability, in 2008 was MSEK 622 (470). The most important items affecting comparability were capital gains on the disposal of shares and businesses, and impairments and structural costs related to the Group's fresh bread business. A compilation of these items is found in the Board of Directors' Report [▶ p. 71](#)

The Group's cash flow amounted to MSEK -233 (-400). Operating activities contributed a positive cash flow of MSEK 423 (219). Acquisition and disposal of businesses affected cash flow in the amount of MSEK -1,060 (423).

Investment in fixed assets totaled MSEK 2,700 (2,259). The largest capital outlays were for the construction of Lantmännen Cerealia's mill in Vejle, Denmark, and the new ethanol plant in Norrköping, both of which went into operation during the year.

Financial targets and target attainment

Return on equity is the ultimate goal for the management of the Group. This goal is then broken down into two financial key figures; return on operating capital and operating margin as financial goals by business area.

The goal for the Group is a 10 percent return on equity after tax. In 2008 return on equity was 7 percent (7) and the return on operating capital was 6 percent (5). The operating margin in 2008 was 3 percent (2).

The return requirement varies by business area and operating unit and is based on business assessments. Lantmännen Lantbruk has a lower return requirement, on account of its mission of also contributing to the profitability of the owners' farms.

Business environment

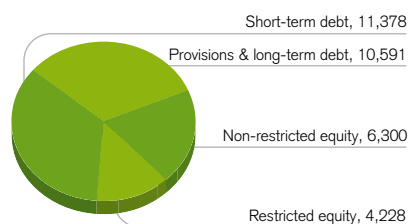
There were dramatic changes in the business environment in 2008. Equities, credit and currency markets fluctuated significantly, and as did prices of production inputs important to Lantmännen, such as grain, soybeans and energy.

During the first half, rising grain and energy prices created inflationary expectations, prompting the Swedish Central Bank to raise the key interest rate. The price of oil peaked in the summer and then fell gradually on account of the deteriorating economy. The bank cut the key interest rate sharply in December to counteract the steep drop in demand in late fall and winter. At the same time the Swedish krona weakened, and the euro and dollar exchange rates rose.

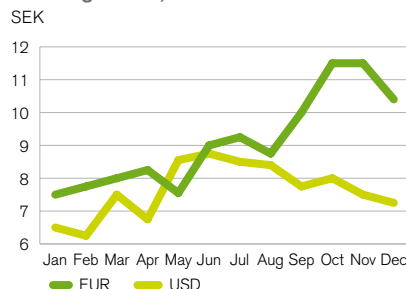
Impacts of price changes and weaker economy

The impact on Lantmännen of the weaker economy and price decreases on commodity markets varies from business area to business area. The machinery business as Swecon was affected during most of 2008

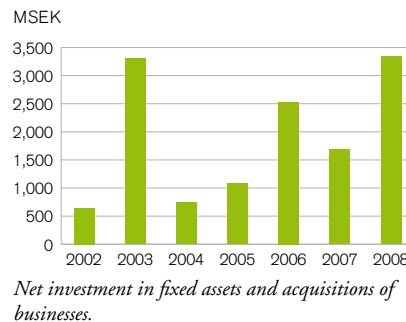
Capital structure



Exchange rates, 2008



Investment



by the slump in the Baltic States, but not until the end of the year by lower demand in Sweden and Germany. Profitability in ethanol production varied sharply in 2008, owing to fluctuating grain and ethanol prices. To some extent the price of ethanol varied in tandem with that of oil, which first rose and then fell in 2008. Lantmännen's food business is relatively less cyclically sensitive, owing to its focus on staples such as chicken, pasta, flour and bread.

Earnings in most business areas are dependent on exchange rates, primarily the euro and the dollar. The weakening of the Swedish krona during the latter half of the year had only a marginal impact on earnings.

Financial strategy and risk management

Lantmännen's treasury function has the task of ensuring a short-term and long-term supply of capital, of attaining the lowest possible financing costs and of managing operational and financial risk in accordance with stated guidelines and policies issued by the Board.

Total assets and equity ratio

At December 31, 2008, the Group's equity totaled MSEK 10,528 (9,483). Amounts owed to banks and credit institutions at December 31, 2008, were MSEK 10,848 (6,105). Lantmännen's net debt was MSEK 11,654 (8,413) at year-end.

Total assets were MSEK 32,553 (28,473). The increase in total assets is primarily due to investment and acquisitions made, higher prices of production inputs, which resulted in more capital tied-up in inventories, and the effects of exchange rate changes when translating foreign subsidiaries balance sheets.

The Group's equity ratio was MSEK 33 (34) at year-end.

New borrowing instrument

During the second quarter of 2009 capital contributions with a maximum face value of MSEK 500 will be issued to members and employees of Lantmännen. These capital contributions will broaden Lant-

Lantmännen's finance policy is based on the following:

- Management according to risk policy set by the Board.
- Identifying where the risks arise.
- Effective management of risk.
- Reliable methods of measuring risks.
- Reporting according to set routines.

männens capital base and enable members and employees to share in the Group's earnings growth. For detailed information on the issuance of capital contributions, see the information material at

▶ www.lantmannen.com

Capital contributions represent a special form of capital investment and according to Swedish accounting principles are considered to be part of the Association's restricted equity. By priority, capital contributions occupy a middle position between member contribution and borrowed capital.

Dividend policy and proposed dividend

The aim is for Lantmännen to generate regular and stable dividends to its owners. Taking financial position, earnings, cash flow, strategic investment needs and expected profitability, etc., into account, the goal is each year to distribute around 40 percent of the Group's income before deductions of refund and final price adjustment, excluding items affecting comparability.

Refund and final price adjustment are primarily based on the contribution-related agriculture-related businesses, while contribution dividend and contribution issue are primarily based on earnings in non-contribution-related businesses.

Dividends

For 2008 the Group Board has decided to pay a 1 percent (1) refund on members' purchases of feed, fertilizer, seeds, plant

protection, grain and petroleum products. During the year the Board also decided that a refund of 0.5 percent (0) will also be paid on purchases from Lantmännen Lantbruks- och Anläggningsmaskiner. A final price adjustment of 1 percent (1) will be paid for delivered grain. In all this amounts to MSEK 121 (83, actual outcome 84).

The Group Board recommends that the General Meeting approve paying a contribution dividend of 5 percent (5) on paid-in and issued contributions to direct members and 3.7 percent (3.6) to organization members and local associations, a total of MSEK 57(50). The Board also proposes a contribution issue totaling MSEK 110 (151), in which the issue capital is to be divided as follows: 75 percent based on the paid-in and issued member contribution and 25 percent based on the member contribution-related turnover. This means a total distribution of MSEK 288 (285).

For an overview of recent years' contribution dividends, contribution issues, refunds and final price adjustments, see

▶ p. 17

Risk management

The following is an overview of certain business-related and financial risks.

This account is not exhaustive. For a more detailed review of risks and risk management, please refer to the Report by the Board of Directors and Note 26

▶ pp. 73, 104

Group-wide risk management

Lantmännen's financial risk management is centralized to more effectively minimize risk and make the most of economies of scale and synergies.

Lantmännen's Corporate Finance function is responsible for the Group's borrowing, manages its currency and interest rate risk and also functions as the Group's in-house bank.

The Finance function continuously monitors the Group's financial risks. These risks are followed up monthly by the Group's Risk Committee. If needed, extraordinary meetings of the Risk Committee are called.

Financial overview – Income statement and balance sheet

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

¹ Including local refund/final price adjustment 2001-2005

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

Business-related risks

Commodity prices

Changes in commodity prices of grain directly or indirectly affect several of the Lantmännen's businesses.

Commodity prices vary over time according to supply and demand on international commodity markets. Lantmännen is particularly sensitive to fluctuations in the price of

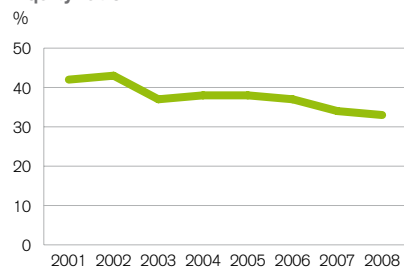
grain, soybeans and oilseed rape. Rising prices for these commodities represents increasing costs, which, if they cannot be passed on to the customer, lead to lower earnings.

Hedging commodity prices takes place directly in agreements with suppliers as well as through financial price hedging on international commodity markets and with various banks.

Energy prices

Through its energy-intensive operations Lantmännen is subject to risks associated with price changes for energy. 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 24 months.

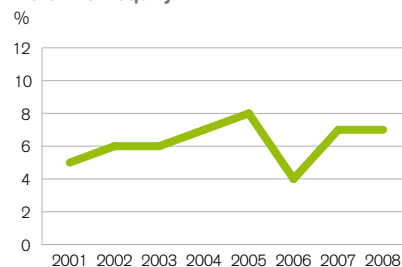
Equity ratio



Operating margin



Return on equity



Financial overview – Key figures and cash flow statement

Key figures	2008	2007	2006	2005	2004	2003	2002	2001
Operating margin, %	3	2	1	0	3	2	3	2
Profit margin, %	1	2	1	2	1	1	1	1
Asset turnover ratio	2	2	-	-	-	-	-	-
Return on equity, %	7	7	4	8	7	6	6	5
Return on operating capital, %	6	5	-	-	-	-	-	-
Return on capital employed, %	6	7	5	5	6	6	7	5
Net debt/income before depreciation, ratio	4	4	4	-	-	-	-	-
Equity ratio, %	33	34	37	38	38	37	43	42
Net indebtedness ratio	1	1	-	-	-	-	-	-
Average number of employees	12,671	12,830	12,833	12,230	11,387	12,178	10,268	10,402

Summary cash flow statement, MSEK	2008	2007	2006	2005	2004	2003	2002
Cash flow from operations before changes in working capital	1,153	1,454	1,317	1,223	1,425	1,216	1,161
Cash flow from changes in working capital	-730	-1,235	-764	1,053	418	-296	527
Cash flow from investment in intangible and tangible assets, net	-2,284	-2,112	-1,427	-1,007	-680	-589	-641
Operational cash flow	-1,861	-1,893	-874	1,269	1,163	331	1,047
Cash flow from acquisitions and disposals of businesses ¹	-1,060	423	-1,108	-77	-62	-2,715	-
Cash flow for the year	-233	-400	-640	552	519	49	92
Liquid funds at year-end	269	484	875	1,539	1,086	513	469
Total dividend ²	288	285	214	289	287	192	199

¹ 2008 including acquisition of Euro-Bake, Eurobuns and Baco and the sale of Weibull Trögård and Granngården. 2007 including acquisition of the minority in Kronfågel and sale of Analycen. 2006 including the acquisition of the Belpan Group and Aspen. 2003 including acquisition of Schulstad.

² Pursuant to the Board's proposal for 2008.

Product liability and damage to property
Lantmännen's operations are exposed to insurable risks to property and products. Lantmännen aims to have adequate insurance coverage for these risks.

Financial risks

Lantmännen's businesses are exposed to various types of financial risks, such as changes in exchange rates, interest rates and credit and counterparty risk. Lantmännen's strategies for managing financial risks are aimed at limiting the adverse impacts of such fluctuations and risks.

Interest rate risk

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.

The extent and speed with which a change in interest rates affects earnings depends on the fixed interest strategy chosen. Lantmännen's strategy is mainly

that loans are taken out with short fixed rate periods, but with relatively long maturity. Hedging using interest rate swaps makes it possible to achieve the desired fixed rate and desired protection of the total interest cost. The combination of loans with short fixed rate periods and interest rate swaps makes great flexibility possible in achieving and maintaining the desired fixed rate period. Lantmännen's average fixed rate period was around six months at December 31, 2008.

Currency risk

Currency risk is the risk that the effect of changes in exchange rates will adversely affect Lantmännen's earning and financial position. The Group's currency risk is managed centrally, and decisions are made periodically on any currency hedging in accordance with the financial policy. The goal of the Group's currency risk management is to minimize the short-term effect of fluctuations in exchange rates and their effect on Lantmännen's earnings and financial position.

Refinancing risk and liquidity risk

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 because of insufficient cash in hand.

Lantmännen limits its refinancing risk by having a well-diversified group of counterparties and maturities on its gross debt. Lantmännen has a facility from five banks with a credit line of MSEK 5,000 and may borrow (excluding member deposits) approximately MSEK 4,800 beyond this. The average remaining fixed credit period at December 31, 2008 was 3.9 years.

Lantmännen aims to have a high level of payment readiness. On December 31, 2008, Lantmännen's total payment readiness was MSEK 747.



Lantmännen Lantbruk



Lantmännen Lantbruk is the core of the Group and is oriented toward farmers - both grain growers and livestock producers - and on buyers of grain in Sweden and abroad. The business area processes and markets grain and oilseeds. Other important parts of the business are developing, manufacturing and selling feed and offering a complete range of products for crop production such as seed, lime, fertilizer, and pesticides.



Arne Rantzow
Business Area
Manager

Sales and earnings

At Lantmännen Lantbruk net sales were up 43 percent, totaling MSEK 12,980 (9,107). Total sales volume rose by 13 percent during the year. It

was primarily grain and crop production inputs that contributed to this increase. Moreover, higher prices for grain, feed and fertilizer also contributed to the increase in sales.

Operating income rose by MSEK 28, amounting to MSEK 172. The improvement compared with the previous year is primarily explained by the larger sales volumes of grain and crop production inputs.

Operations in 2008

Lantmännen Lantbruk is striving to be the farmer's best business partner by offering products and services that create the preconditions for profitable operations on each and every farm. Lantmännen Lantbruk is a market leader in Sweden, with market shares of 50 to 90 percent.

Grain

Lantmännen Lantbruk handles around 2.3 million tonnes of grain and oilseeds during a normal year. The grain is sold to Swedish and international customers. Important export products are mill wheat mainly to southern Europe, oats to Germany and barley to the Middle East. Malting barley is exported to the Netherlands and Belgium and even to Scotland. In 2008 the positive trend continued in which more and

more farmers chose to deliver grain and oilseeds to Lantmännen Lantbruk.

Returns for the year were better than expected. However, the quality of many crops was poor owing to the heavy rains during the harvest, particularly in Central Sweden. Imports of high-grade grains will therefore be noticeably higher than during a normal year.

Drying and storage agreements

The drying agreement introduced in 2007 was appreciated. It enables growers to contract for drying their grain at a fixed price. During the year, additional services were launched to facilitate and offer more choices in grain transactions. The new storage agreement allows growers to deliver at the harvest, but wait to hedge the price until later during the storage period. A new service makes

Brands

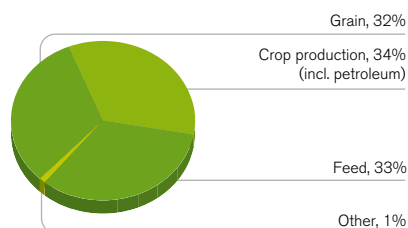
Nötfor Piggfor Pullfor Renfor Fårfor Protect

Key figures

	2008	2007	2006
Net sales, MSEK	12,980	9,107	8,066
Operating income, MSEK	172	144	74
Operating margin, %	1	2	1
Return on operating capital, %	5	7	-
Investment in tangible assets, MSEK	278	159	65
Average number of employees	1,074	1,090	1,165
of which women, %	24	23	-
CO ₂ own energy use, thousand tonnes	31.6	-	-

2007 updated for intercompany reorganizations in 2008

Sales, Lantmännen Lantbruk





it possible to hedge the prices of grain and oilseeds by signing spot or futures contracts via the Internet.

Ahead of the year's harvest analysis capacity increased with the addition of four new Terminal Labs. Now there are twelve, all accredited, and through them growers can obtain their analysis responses via the net right after grain delivery.

Information on grain prices

International market prices matter more and more, making up-to-date market information increasingly crucial. By logging on to the Internet service Lantmännen Direkt, growers gain access to current prices of most major crops. Every day around 80 prices are updated.

Besides the traditional pool price, Lantmännen Lantbruk also offers growers the opportunity to sell their crops at spot or futures prices.

International operations

Lantmännen's strategy is for its agricultural operations to become more international. This is why 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 2008 work continued to improve purchasing operations for input products.

Lantmännen Lantbruk bolstered its position by increasing its stake in HaGe Kiel, Germany's third-largest agribusiness, with operations in northern Germany and Poland. Its holding is now 38 percent, as opposed to the previous 20 percent. HaGe Kiel acquired one of Germany's major agribusinesses, BSL, further strengthening Lantmännen's position in the German agricultural sector.

In line with the strategy of expanding internationally, a decision was made to increase the stake in the Danish company

Hedegaard from 29 percent to a majority holding. For that reason an offer was made on all shares, but when the bidding reached an excessive level, Lantmännen chose to withdraw its offer and divested its holding in Hedegaard A/S.

Scandinavian Farmers is a company owned 50/50 by Lantmännen and DLG (Dansk Landbrugs Grovareselskab). The company operates both owners' agricultural businesses in the three Baltic countries. During the year, the organization was simplified and a new CEO appointed.

Crop production

During the year the organization changed in order to focus more on development efforts and advice in the area of crop production.

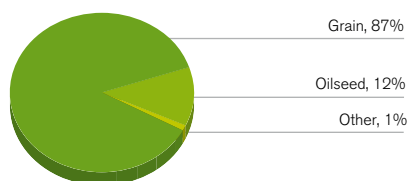
From summer 2008 until the final months of 2008, the fertilizer market was marked by substantial price rises.

In 2008 work continued on the successful venture in biologically treated seed using the biological methods ThermoSeed, Cedomon and Cerall. The international market for these products is growing.

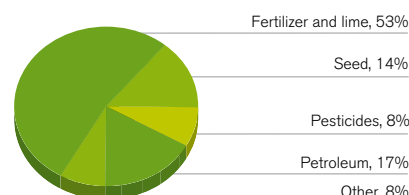
During the year Cerall was approved in France, Holland and Belgium, some of the strategically important markets in Europe. The ThermoSeed method was also launched internationally. This is taking place through a partnership agreement between Lantmännen Lantbruk's subsidiary SeedGard and the Dutch company Inotec.

A new product for bacteria treating seed for peas, spinach, dill and parsley is being tested on a large scale in a collaboration between MASE-Laboratorierna AB

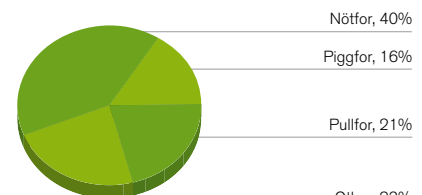
Sales, grain



Sales, crop production



Sales, feed



(Microbial Activity for a Sound Environment) and Findus. Since the end of the second quarter, MASE-Laboratorierna AB has been a part of Lantmännen Lantbruk.

To lower production costs and boost its competitiveness in the seed and forage market, Lantmännen Lantbruk has decided to invest in a new seed cleaning plant. The new plant will replace two older ones and is being built directly adjacent to Lantmännen Lantbruk's seed facility in Eslöv. It will be completed in 2009.

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 apace. The aim is to be able to offer flexible feed solutions for the special needs of every farm.

Lantmännen Lantbruk increased its share of the feed market thanks to intelligent raw material purchasing, active feed development and cost savings.

During the year Lantmännen Lantbruk was the first feed producer to launch an estimated climate value for its feeds. Being able to calculate the climate impact of feed will eventually allow food companies to climate label foods of animal origin.

A key development area is reducing phosphorus levels in the environment. In 2006 the mineral content of Swedish pasture feeds was surveyed. This resulted in a whole new mineral feed range for cattle, where phosphorus content could be cut in real terms. In 2008 the next step was taken to reduce phosphorus added to pig and poultry feed. Adding an enzyme enables the phosphorus occurring naturally in the grain to be utilized better and reduces the need to add phosphorus to the feed.

Prices

Raw materials markets were very turbulent in 2008. The price of feed grain skyrocketed in fall 2007, and then remained high in the first half of 2008. The prices of other commodities rose until summer,



Lantmännen's poultry, sheep, pig and cattle feed is primarily sold in bulk, but also comes in 25 kg bags.

after which there was a declining price trend.

Lantmännen Lantbruk's operations for purchasing feed grain are vital when commodity markets are turbulent. During the year the price models were improved, enabling feed customers to hedge their purchases for three or six months, to reduce risks in an increasingly volatile market.

The long-term trend of increasing farm production of feed continues. This means that feed operations need to be streamlined further. It is estimated that the total savings target set in 2005 will be reached in 2009.

Investment

In 2007 Lantmännen Lantbruk decided to invest in a new high-tech feed plant in Lidköping. Replacing two older plants, it is expected to go into operation in fall 2009. This investment is expected to yield annual cost savings of MSEK 10. There is also a parallel effort to streamline the organization. In fall 2008 LEAD was introduced in the feed division.

Feed development

In 2008 Lantmännen Lantbruk signed a 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 Landbouwbelaag, which is the market-leading feed producer in Holland. The partnership will enable both participants to strengthen their leading positions and lay the groundwork for a continued proactive focus on developing highly cost-effective feeds.

Nötcenter Viken, Lantmännen's successful experimental farm for cattle feed, has posted good results this year as well. With a yield of 11,673 kg milk, it was the dairy herd of over 250 cows that had the highest yield in Sweden in 2008. As a bet on the future, Lantmännen invested MSEK 14 in a barn that will accommodate 520 milking cows and just as many heifers.

Sveriges Djurbönders Tillväxtaktiebolag, Lantmännen Lantbruk's and Scan AB's joint venture to encourage new entrants into Swedish livestock production, was developed further and a CEO for the company was appointed.

Business concepts

The streamlining and specialization of the marketing organization continues. A whole new sales team, Team Special, was

formed, which works with customers who raise vegetables, fruit and berries, both in open fields and as greenhouse crops. Part of the team is Park & Mark, which works in direct sales to companies/contractors, local governments, government agencies and associations.

At the beginning of the year Lantmännen Lantbruk took over the potato business from Weibull Trädgård. This pertains both to seed production and the sale of seed potatoes to professional growers and gardeners.

Value agreements, launched in 2006, continue to be favorably received, and the number of agreements signed rose. The customers who sign agreements commit to do certain business with Lantmännen Lantbruk via the net and in return benefit from a number of discounts and attractive extra services.

Lantmännen Lantbruk continues to develop services to make a farmer's day

easier. Interest in Växt Online, launched during the year, was considerable. The new service enables growers via the web or mobile phone to get relevant advice for growing crops as well as follow-up and documentation.

Lantmännen Direkt

Lantmännen Direkt is Lantmännen Lantbruk's customer service, reachable by phone or the Internet. Lantmännen Direkt gives customers the option of performing a number of transactions.

In 2008 logins to Lantmännen Direkt via the net were up 33 percent, and the number of Internet orders rose by 30 percent compared with the previous year. There was great interest in the market quotations available on Lantmännen Direkt.

Focus on health

There is a clear connection between a broad commitment to fitness and profitability. During the year a fitness program began at Lantmännen Lantbruk began for all employees, and an action plan for fitness efforts was drawn up. The goal is to give employees of Lantmännen Lantbruk information about healthy lifestyles and tools for setting goals for their health and improving their quality of life.

Outlook for 2009

Lantmännen Lantbruk's aim is to be one of Europe's leading enterprises in

its industry in 2009 and to bolster and make clearer its position as the farmer's best business partner.

In 2005 the decision was made to lower Lantmännen Lantbruk's costs by MSEK 500 over a five-year period. To date, the enterprise has succeeded in reaching its intermediate targets, and efforts to streamline and rationalize operations will continue in 2009.

In combination with the substantial savings target, it is important for Lantmännen Lantbruk to be proactive and help inspire confidence in the future of Swedish agriculture. That is why 2009 will also see investments in the future in the form of business strategies, new products and services and flexible operations that are willing to change.

Lantmännen's Group strategy highlights agricultural operations as one of three concentration areas. Part of the strategy is for its agricultural operations to become more international. Work to boost internationalization will continue in 2009.

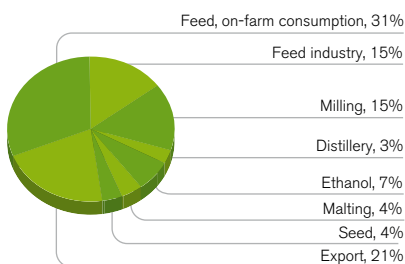
Bondeliv.se

In fall Lantmännen Lantbruk launched bondeliv.se, an Internet community for farmers, agricultural students and others interested in agriculture.



The Swedish harvest in 2008

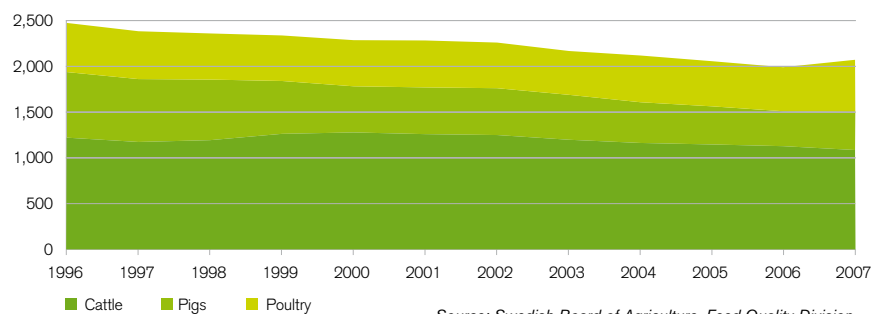
Breakdown in %



Total use of grain in Sweden during the harvest year 2008/2009 is estimated a 4.3 million tonnes.

Manufactured animal feeds in Sweden, 1996-2007

Thousand tonnes



Source: Swedish Board of Agriculture, Feed Quality Division.

In 2007 the total quantity of processed feed for cattle, hogs and poultry was 2,021 thousand tonnes.

Svalöf Weibull



Svalöf Weibull is an international plant breeding and seed company. The business develops and markets new varieties of cultivars and produces seed. In key markets, Svalöf Weibull also represents leading European plant breeders. The most important seed types are grains, oilseeds and pasture and forage crops.



Monika Lekander
Business Area
Manager

Sales and earnings

Svalöf Weibull's net sales were down 40 percent and totaled MSEK 550 (921). The decline is due to the sale of Weibull Trädgård early in the year. Remaining operations' net sales were up 8 percent and totaled MSEK 474 (441). The primary reason for the increase was higher sales of spring seed in Sweden and winter oilseed rape and winter wheat in Germany and Poland. Operating income amounted to MSEK 1 (11). Operating income includes the loss on the sale of Weibull Trädgård of MSEK -33. Earnings from the remaining part of Svalöf Weibull

were impacted favorably as a result of the higher sales of spring seed in Sweden and winter wheat and winter oilseed rape in Germany and Poland.

Operations in 2008

The two most important events in 2008 were the divestiture of Weibull Trädgård and the change in ownership in Svalöf Weibull AB. The divestiture of Weibull Trädgård made the business area a one hundred percent operation in breeding and seed sales to the agricultural sector. Svalöf Weibull AB became synonymous with SW Seed.

Lantmännen, Svalöf Weibull AB and BASF Plant Science agreed in October to a share swap. This resulted in Svalöf Weibull AB becoming a wholly owned

subsidiary of Lantmännen. At the same time, Svalöf Weibull AB relinquished its stake in BASF Plant Science.

Svalöf Weibull has breeding stations in Sweden, Germany and Holland and does variety testing throughout Europe. Seed sales take place through separate companies in Sweden, Germany, Poland and Latvia. In other countries, variety rights are licensed out or seed is sold by local partners. Its main markets are in Northern and Central Europe.

Market and market performance

In 2008 Svalöf Weibull consolidated their position in the European market. New varieties of cultivars were successfully introduced in several countries. Agreements were signed to represent new

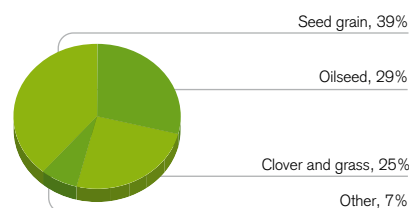
Brands



Key figures

	2008	2007	2006
Net sales, MSEK	550	921	983
Operating income, MSEK	1	11	-96
Operating margin, %	0	1	-10
Return on operating capital, %	0	3	-
Investment in tangible assets, MSEK	25	19	23
Average number of employees	246	443	575
of which women, %	41	37	-
CO ₂ , own energy use, thousand tonnes	1.2	-	-

Sales by crop, Svalöf Weibull



varieties from other leading European breeders. Sales performed positively in most countries. Particularly in Poland, one of Europe's major agricultural nations, growth was robust.

The market for spring seed, especially spring barley, rose sharply in Sweden and Northern Europe, compared with 2007. At the same time, the spring oilseed rape market in Sweden and the Baltic States declined.

In Germany, winter oilseed rape acreage increased by around four percent over 2007. The proportion of hybrids continues to grow in Germany, as in the other main European markets. Due to lower grain prices and high costs for other factor inputs, there was an increase in the use of farm-cleaned seed in Germany.

In Sweden, the market share of spring barley increased through the in-house variety Gustav and the represented malting variety Tipple. At the same time, performance in the oats market was restrained by competition from a German variety.

For winter crops, the new winter oilseed rape Vision was introduced to a favorable reception, while the represented hybrid oilseed rape Excalibur accounted for a rise in the hybrid segment. In the winter seed market, the triticale variety Dinaro retained its position as the leader, and the new bread wheat variety Kranich had a successful introduction thanks to its ability to deal with the trying weather in the fall.

In Germany, market share for winter oilseed rape increased through the introduction of the new varieties Vision, Galileo and Goya. Market share for winter wheat and triticale remained

unchanged or declined somewhat. In Poland Svalöf Weibull strengthened its presence in the winter oilseed rape market.

In the U.K. the winter oilseed rape variety Vision was introduced. The U.K. is a key market, and it was good news that Vision topped the list of official U.K. tests.

New chemical handling

In 2008 Svalöf Weibull began a gradual introduction of chemical handling according to Lantmännen's corporate guidelines. The organizational structure was adjusted and risk assessments began of lab chemicals using the tool Chemssoft.

Breeding and innovation

All of Svalöf Weibull's plant breeding programs are making continuous progress in developing new varieties. One example is the focus on high-yield feed wheat in the Baltic winter wheat program, in which several breeding lines topped the yield tests in Sweden, Denmark and Northern Germany.

In the area of plant breeding, field testing is a necessary and resource-intensive component, where Svalöf Weibull constantly aims for improved efficiency. Harvest capacity improved during the year as a machine was designed to harvest six ears at a time and place the kernels directly in the seeder. Harvest capacity was also improved in that the moisture content measurements of seed grain and oilseeds are made directly in the thresher. Streamlining harvest and moisture content measurement speeds up the processing of test results.

Svalöf Weibull is committing substantial resources to applying new technology, such as genetic markers, which improves the efficiency and reliability of breeding. This year, collaborations were enlarged with companies in Australia to develop new markers for the wheat, triticale and oats program, emphasizing winter hardiness, quality and disease-resistance.

Today, winter oilseed rape breeding is focused on developing competitive hybrid varieties. The use of markers in



breeding hybrids in oilseed rape has grown considerably. Together with substantial improvements in protocols for production of double haploids in winter oilseed rape, there are now excellent methods for efficient breeding efforts.

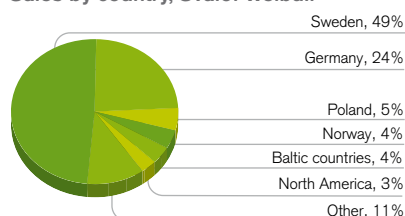
Outlook for 2009

In 2009 Svalöf Weibull will be launching a number of new varieties with better characteristics, strengthening its product portfolio in several markets. Sales of winter oilseed rape in Germany and Poland are expected to rise sharply. Stepped-up sales and testing activities in partnership with seed companies in Eastern Europe will yield growth in this key region. Seeking strategic partners in important markets and crops has a high priority.

A decision was made to set up a supply chain organization to increase the focus on cost-effectiveness and customer service regarding purchases, production and logistics.

Operations in Landskrona, Sweden, will be closed and moved to Svalöv and Eslöv. In 2009 resources will be set aside to modernize the breeding station in Hadmersleben, Germany.

Sales by country, Svalöf Weibull



Lantmännen Anläggnings- och Lantbruksmaskiner

Lantmännen Anläggnings- och Lantbruksmaskiner 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 States and a part of Germany.



Clas Eriksson
Business Area
Manager

The company has market-leading positions for tractors, combines and construction machinery thanks to a close partnership with leading manufacturers, an extensive

service network and efficient spare parts distribution.

Sales and earnings

Net sales at Lantmännen Anläggnings- och Lantbruksmaskiner amounted to MSEK 9,529 (8,456), an increase of 13 percent. A substantial fall-off in the demand for construction machinery was noted in all markets in the latter half of the year. Operating income amounted to MSEK 376 (397). Earnings were affected by higher costs and lower margins on construction machinery.



Lantmännen Maskin

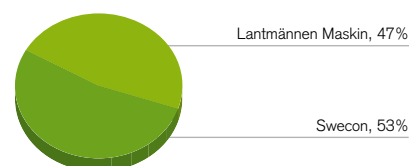
Lantmännen Maskin is an importer and dealer of farm machinery in Sweden, Norway and Denmark. The product line includes tractors, combines and implements for working the soil and harvesting. Examples of brands are Claas,

Fendt, Valtra, JF, Kverneland, Väderstad and Överum. Operations comprise marketing and sales of these products as well as service and supplying spare parts to customers.

Key figures

	2008	2007	2006
Net sales, MSEK	9,529	8,456	7,689
Operating income, MSEK	376	397	340
Operating margin, %	4	5	4
Return on operating capital, %	17	24	-
Investment in tangible assets, MSEK	276	293	256
Average number of employees	1,664	1,623	1,594
of which women, %	10	11	-

Sales, Lantmännen Anläggnings- och Lantbruksmaskiner



Operations in 2008

Efforts at improvement in Swedish operations continued. Machinery administration and the local service organization were reorganized to streamline and centralize administrative routines. For the service unit, this means a flatter organization with clear local leadership and responsibility for earnings.

In 2007 a new transaction and management system was implemented for managing inventories. The system is now running smoothly, and positive effects are beginning to be noticed.

To achieve better coordination of shipments and thus reduce CO₂ emissions, a greater number of spare parts are being kept at the central warehouse.

There was a greater focus on reviewing suppliers to have fewer, but company-wide suppliers, making volume discounts possible. When suppliers are contacted, they are urged to have environmental aspects play a more key role in their product development.

Already in 2007 the decision was made for Lantmännen Maskin and Granngården outlets to be operated as independent chains. Since Granngården has a new owner in 2008, the physical separation in the stores was accentuated, and most of the stores have been separated. As part of this there is an ongoing effort to remodel the stores. At the same time they will have a uniform store layout.

Market performance

The demand for tractors in 2008 was stable in Sweden, while Denmark and Norway was declining. In Sweden the market share for Fendt and Claas tractors rose, while Valtra's market share fell. In Norway and Denmark the market share for Valtra and Claas declined somewhat.

Swedish combine sales showed a major increase in 2008. Implements, too, saw substantial sales growth. The demand for second-hand machinery was stable.

Spare part sales were in line with budget targets. The positive performance in service facility sales continued, showing a clear improvement.

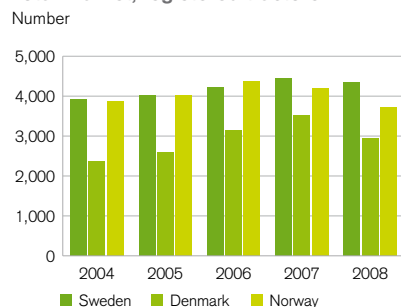
In the fourth quarter of 2008 there were clear signs of weakness in the market linked to the financial nervousness, and the banks were restrictive in granting credit to agriculture. This was particularly evident in Denmark.

Outlook for 2009

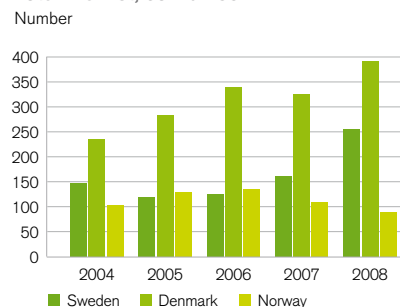
In 2009 the machinery market is expected to weaken in all markets in Scandinavia. Lantmännen Maskin will continue to focus on efforts to improve, with special emphasis on overhauling costs and work methods. Part of these improvement efforts is greater use of synergies in the Scandinavian machinery business, which will bring Lantmännen Maskin closer to its goal of being Europe's strongest machinery company.



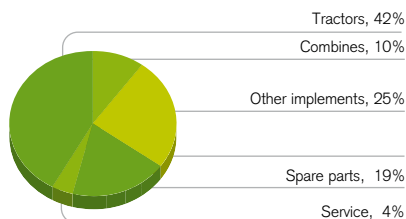
Total market, registered tractors



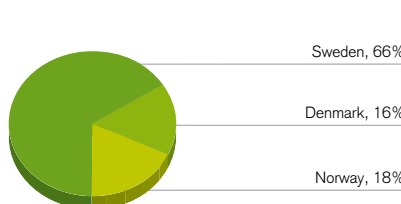
Total market, combines



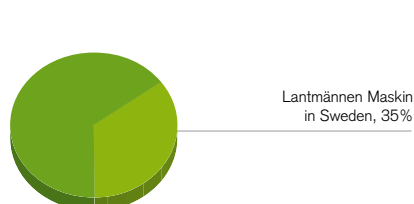
Sales, Lantmännen Maskin



Sales by country



Market share, tractors in Sweden



Swecon

Swecon is an importer and dealer in Volvo Construction Equipment (CE) in Sweden, Estonia, Latvia, Lithuania and parts of Germany. The product line comprises front loaders, dumpers, excavators, road planers, backhoes and compactors. Operations comprise marketing and sales of these products as well as service and supplying spare parts directly to customers.

The key customer segments are construction, forestry and lumber milling, mining, state enterprises and local governments, and agriculture and other manufacturing.

Operations in 2008

In 2008 several projects started at Swecon's service facilities to make them more useful to customers and improve the working environment. In Sweden three facilities were built as part of the improvement program, which will be ongoing over several years. Moreover, at the start of January 2009, ground was broken on a major reconstruction of the Uppsala facility.

In Germany, the facility, built to improve the central warehouse and logistics for spare parts, was completed and was opened in the spring of 2008.

In the Baltic countries, further development of the service structure is being prepared.

Markets

In the first half of 2008 a somewhat deteriorated demand situation was noted, in step with the global economic crisis. Housing construction virtually halted in



the fall, and there was general reluctance in the market to make new investment. Even the mining sector, which performed strongly in 2008, marked time on new investment, owing to falling commodity prices.

In the Baltic States and in Germany, the slowdown began earlier than in Sweden, which led to a sharp falloff in Swecon's orders.

Despite the current situation in all countries, the service market remained stable and Swecon improved its sales towards the end of the year, thanks in large part to a sharp rise in sales in the Swedish market.

Outlook for 2009

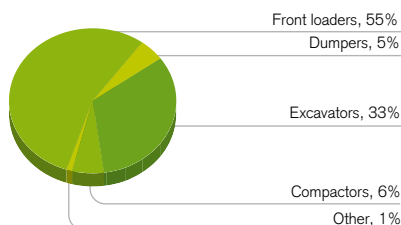
For 2009 demand is expected to fall sharply in all markets after reaching record levels in 2008.

As a result of the economic crisis, an intensive effort is expected in infrastructure in all of Swecon's markets, benefiting the company.

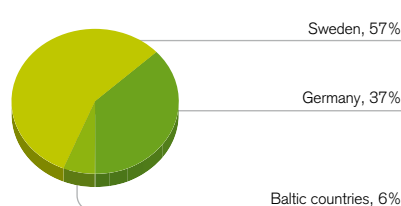
The delivery problems that existed when orders exceeded suppliers' manufacturing capacity will disappear, which is positive for Swecon.

There will be a greater focus on improving service and population control.

Sales, Swecon



Sales by country



Lantmännen Energi



One of Sweden's leading energy companies, Lantmännen Energi combines Lantmännen's energy sector operations. Ethanol, biodiesel, district heating, heating pellets, salix, lubricants, alkylate gasoline and credit and payment cards for fuel are its main businesses. Lantmännen Energi is responsible for Lantmännen's energy efficiency efforts and energy conversion.



Joakim Säll
Acting Business
Area Manager

Sales and earnings
Lantmännen Energi's net sales increased by 48 percent to MSEK 4,574 (3,089). The main reason for the increase is higher sales of externally produced ethanol within

Lantmännen Agroetanol. Operating income amounted to MSEK -110 (2). The deterioration is primarily due to rising raw material prices in the production of solid biofuels, higher grain costs for the 2007/2008 harvest in ethanol production and negative earnings from buying and selling externally produced ethanol.

Liquid biofuels

Lantmännen Agroetanol is Sweden's only large-scale manufacturer and supplier of

grain-based fuel ethanol. Its customers are the major oil companies.

At the beginning of November, operation began of Lantmännen Agroetanol's new ethanol line in Norrköping. Together with the previous line, there is now an annual production capacity of around 200 million liters of ethanol. 175,000 tonnes of protein feed will also be delivered from the plant.

Lantmännen Agroetanol's trading activities grew strongly during the year. The sale of externally produced ethanol pushed up the entire business area's sales – negatively impacting earnings.

In 2008 Lantmännen Energi engaged in intensive lobbying efforts both in Sweden – such as during Almedal Week in Visby – and in Brussels, to keep the current customs duty on ethanol for low blend purposes. The Government sent a

so-called notification of an amendment to the ethanol tax rules to the European. If the EU approves this tax exemption, Sweden risks becoming a transit country for cheap ethanol from countries outside the EU.

Lantmännen EcoBränsle is a supplier of biodiesel based on rapeseed oil, i.e., RME (rapeseed methyl ester). Customers are freight companies, local governments and manufacturers.

During much of 2008 Lantmännen EcoBränsle's own RME production in Karlshamn was suspended, since rapeseed oil was too expensive relative to the price of RME. Towards the end of the year, however, there were positive signs that this price differential is headed towards a more normal one.

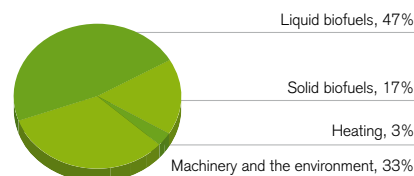
Brands



Key figures

	2008	2007	2006
Net sales, MSEK	4,574	3,089	2,622
Operating income, MSEK	-110	2	73
Operating margin, %	-2	0	3
Return on operating capital, %	-5	0	-
Investment in tangible assets, MSEK	775	744	168
Average number of employees	286	291	258
of which women, %	22	22	-
CO ₂ , own energy use, thousand tonnes	9.2	-	-

Sales, Lantmännen Energi



Solid biofuels, salix (willow) and heat Lantmännen Agroenergi manufactures, markets and sells heating pellets, powders, briquettes, logs and the energy crop shrub willow (salix (willow)). The products, which are manufactured in Sweden and Latvia, are used by district heating stations, local heating stations and homeowners. The refined bio-fuel products are sold under the Agrol brand.

Lantmännen Agroenergi runs around 30 district heating stations in the southern and central parts of Sweden. Customers are local government, manufacturers and house-owners.

Mild winters, high commodity prices and increased competition meant that the fuel and shrub willow business's earnings deteriorated in 2008.

In September 2008 the new unit Lantmännen Agroenergi was formed through a merger of Lantmännen Agroenergi and Lantmännen Agrovärme.

Lubricants and Agrol cards

Lantmännen Energi develops, produces and markets lubricants under the brand name Agrol, many of whose products are environmentally friendly. Agrol is a market leader in Swedish agriculture. Other major customer groups are construction and forestry contractors, industrial companies and state enterprises.

The market for lubricating oils and distillates is a mature one, with slightly declining volumes and squeezed margins. The reason is that customers are looking for more energy efficient and greener products, while construction and forestry machinery are becoming more fuel-efficient.



Lantmännen Aspen's mobile filling station.

Despite a flagging market, sales volumes for Agrol lubricants remained unchanged. In fall the products were introduced in the Danish market in partnership with Lantmännen Maskin. Agrol lubricants have been on the Norwegian market since 2007, and in 2008 sales rose by 25 percent.

During 2008 a new central warehouse for Agrol lubricants opened in Bro outside Stockholm.

The Agrolkortet payment card was 10 years old. Both the Agrol Card and the Lantmännen Company Card increased new sales during the year.

Alkylate gasoline

Lantmännen Aspen develops, manufactures and markets alkylate gasoline under the Aspen brand. The company has 70 percent of the alkylate gasoline market in Europe. Alkylate gasoline is used in small engines as an alternative to ordinary gasoline, and is significantly kinder to people, machinery and the

environment. Sales of Aspen gasoline continued to grow in Sweden as well as in the rest of Europe.

In fall, Lantmännen Aspen celebrated 20 years as a company and opened a new warehouse in Germany.

Lantmännen Aspen signed a three-year contract with STCC (the Swedish Touring Car Championship) for deliveries of both alkylate and ethanol fuels for five competition classes. The launch will be done by mobile filling stations.

A partnership agreement was signed with Husqvarna to take over responsibility for sales throughout the European market.

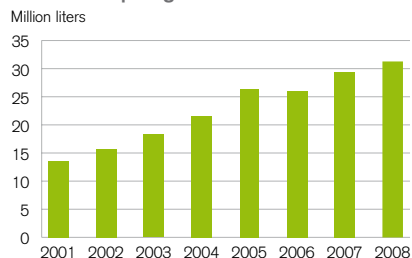
Outlook for 2009

Lantmännen Agroetanol's new ethanol line in Norrköping will be dedicated in 2009. The plant will reach full capacity in 2009, which is why dealing in externally produced ethanol will fall sharply.

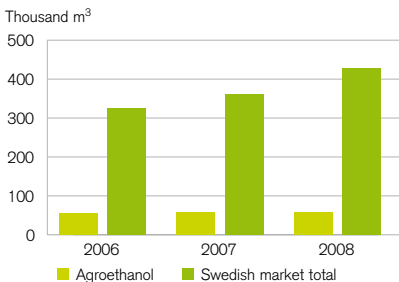
Lantmännen Ecobränsle is planning batch production of RME when margins permit.

At the beginning of 2009, Lantmännen will take over the delivery of bulk diesel and heating oil in bulk that Statoil previously offered. Lantmännen Lantbruk and Lantmännen Energi will be responsible for the entire chain from order handling and purchase of products to arranging transportation. The transaction is strategically important to Lantmännen, since these products are delivered both to the Group's own manufacturers and to its owners.

Sales of Aspen gasoline



Fuel ethanol in Sweden



Lantmännen Cerealia



Lantmännen Cerealia develops, produces and markets grain-based products such as flour, flour mixes, meal, muesli, pasta and ready-to-eat foods. Operations are in Sweden, Norway, Denmark, Latvia, Finland, Russia and Ukraine. Products are distributed through grocery stores, restaurants, catering/food service, bakeries, wholesalers and the food industry.



Magnus Johansson
Business Area
Manager

Sales and earnings

Lantmännen Cerealia increased its net sales by 19 percent to MSEK 4,544 (3,833). The increase was attributable to healthy sales in Norway and Denmark

and to price changes as a consequence of the high grain prices in 2008. Operating income amounted to MSEK 206 (172). The earnings improvement relates to ample sales volumes in the retail segment and a changed product mix in the industry and bakery segment.

Operations in 2008

In May, Lantmännen Axa and Lantmännen Mills were combined to form Lantmännen Cerealia. The primary

aim of the merger was to boost competitiveness in the domestic market and improve chances for international expansion through a shared strategy and focus.

During the year many employees were given new supervisors and new areas of responsibility. Despite this, the business posted robust gains in sales and very strong earnings. The production volume of flour in Kristiansand, Norway, was moved to the mill in Oslo. The mill in Kristiansand was closed in June and part of the facility was divested during the year.

Since the remaining shares in GoGreen were purchased from Raisio, the company is now wholly owned by Lantmännen Cerealia. In connection with this, a decision was made to establish a new platform in Finland and have dedicated personnel in place. In September, Lantmännen Cerealia's new mill in

Veje, Denmark, was opened. The mill is the most up-to-date in Northern Europe, with a strong focus on food safety. The facility has the capacity to mill 900 tonnes of grain per day.

Market and market performance

In 2008 the conditions for a good harvest were favorable, and world grain supplies were generally high. But in some markets, including Denmark and Sweden, difficult harvest conditions led to a shortage of milling wheat owing to poor grain quality.

Sweden

Sales increased in all three customer segments, Retail (retailers such as ICA and Coop), Food Service (restaurants and catering) and B2B (food industry and bakeries).

Brands



Key figures

	2008	2007	2006
Net sales, MSEK	4,544	3,833	3,562
Operating income, MSEK	206	172	197
Operating margin, %	5	4	6
Return on operating capital, %	8	8	-
Investment in tangible assets, MSEK	332	273	331
Average number of employees	1,452	1,389	1,426
of which women, %	39	37	-
CO ₂ , own energy use, thousand tonnes	16.4	-	-

Skolmatsgastro 2008

Skolmatsgastro is a competition for Sweden's school cooks to raise the status of school food, inspire healthy menus and increase respect for the food culture in the schools. Initiator and organizer is Lantmännen Cerealia under the Kungörnen brand.

The launch of Lantmännen Cerealia's new organic product line, AXA Kornkammaren, was a success. Also in B2B under the Nord Mills brand, a number of new organic products were launched during the year. The long-term target is for 10 percent of sales in strategic categories to be organic.

Sales in Food Service increased thanks to new pancake and minced meat products and Frigodan vegetables.

Five consumer products have climate declarations: AXA oatmeal, Kungsörnen whole wheat flour, Kungsörnen wheat, Kungsörnen oats and Kungsörnen barley

▶ p. 62

GoGreen's products showed continued growth in all categories, and sales rose by 20 percent compared with 2007.

Gooh! boosted its sales volume by 44 percent in 2008, primarily through a commitment to, shop-in-shop, solutions in grocery stores.

Norway

The health trend in Norway continues. Sales of whole grain pasta performed very strongly, accounting for 21 percent of the total pasta market. The market share for oatmeal was 99.6 percent, and yet sales grew by 28 percent. In B2B sales were good as well. An area that stood out during the year was organic flour, demand for which rose. GoGreen's sales also grew in line with the health trend. Other products, like cake and bread mixes, muesli and flour performed well.

Denmark

Sales to consumers performed well during the year. With a stronger position and higher sales of products such as flour and oatmeal, the business achieved a volume increase of 12 percent. Thanks to new products, the Danish organic brand Kornkammeret achieved growth of 91 percent.

In B2B sales performance was not as positive, owing to lower demand for

AXA Sports Club



During the year, AXA Sports Club cooperated with the Swedish Equestrian Federation to promote AXA and inspire horse enthusiasts to live a healthy life. Star athlete Jenny Kallur has been hired, and through AXA Sports Club will develop Lantmännen Cerealia's focus on between-meal snacks.

flour from bakeries as well as industry customers.

Latvia

In Latvia flour sales were stable, and the demand for oatmeal rose. The market share for consumer-packaged muesli was 63 percent, and demand was at the previous year's level.

Ukraine

In Ukraine Lantmännen Cerealia began a long-term strategic investment that has begun to pay off handsomely. Sales of breakfast products increased by 50 percent. Exports of breakfast products primarily to Russia performed very well.

Outlook for 2009

Lantmännen Cerealia continues to refine and position its brand portfolio to meet future needs. Ready-to-eat concepts and

ready-to-eat breakfasts, lunches, snacks and dinners are a logical outgrowth of the business model, to go from virtually unprocessed raw ingredients to a finished and easily accessible product.

In 2009 a plant is being built for producing ready-to-eat foods from Gooh! in Järna.

Current positions in home markets are to be bolstered, and positions are to be strengthened internationally, both organically and through acquisitions. A greater focus on product development with an international orientation is becoming increasingly important.

The focus on leadership and business teams will continue in 2009. The target for employee health is to achieve 97 percent healthy attendance.

Lantmännen Cerealia has great ambitions above all streamlining purchasing, logistics and production.

Some consumer products launched in 2008



AXA Kornkammaren

In September the organic brand AXA Kornkammaren was launched in Sweden. Product categories are muesli, dry cereal, flour, flour mixes and pasta. Kornkammaren is an organic brand that has been a success in Denmark for the past 15 years.



Kungsörnen crêpes

In November, two varieties of filled crêpes were launched, one with smoked ham and chopped spinach and the other with ground beef. The crêpes are ready after a few minutes in the microwave – perfect for anyone who wants to spend their time on something else.



Regal buns

Raisin buns are a popular item in stores, gas stations and bakeries in Norway, but new and different as a cake mix. The product was launched on September 1 along with Regal Chocolate Bun cake mix.



Amo “birthday buns”

It's a tradition to bake for birthdays in Denmark. On the occasion of the 80th anniversary of the Amo brand, Amo's classic tea buns were renamed “birthday buns.” As part of the anniversary, three other cake mixes from Amo were also introduced.



AXA whole-grain cranberry smoothie

Perfect for breakfast or snack time. The whole-grain smoothie is a mix of oats, wheat, barley and rye, rich in fiber and low in sugars and fat.



GoGreen kidney beans in chili dressing

Ready to serve, hot or cold. Beans in a chili dressing, ideal in all kinds of salads. You can even pour away the dressing and use the marinated kidney beans in soups, salads or stews.



Instant hot cereal in Latvia

Instant hot cereals in single portions are market favorites in Latvia, and they now also come without sugar and in a buckwheat variety with spices and natural ingredients such as chives.



AXA muesli in Ukraine

In 2008 AXA successfully relaunched muesli in Ukraine. The products are packed in cartons rather than bags and come in three varieties on the basis of consumer preferences for fruit, nuts and berries.



Gooh!

Gooh! had a varied menu during the year, just like at an ordinary restaurant. Several entrees come in different seasonal varieties, with ingredients that are natural to the season. In 2008 one of the fall favorites was boneless ribs in port sauce with mushrooms of the season, pickled onions and potatoes.

Lantmännen Unibake



Lantmännen Unibake is one of Europe's largest manufacturers of frozen bakery products. Products are marketed to the catering/ food service and retail trade. It operates in Sweden, Denmark, Norway, Sweden, Finland, the U.K, Germany, Belgium, Poland, the U.S. and Russia, with sales units in Spain, Korea, Finland and Japan. Lantmännen Unibake also has fresh bread businesses in Denmark and Poland.



Bent Pultz Larsen
Business Area
Manager

Sales and earnings

At Lantmännen Unibake net sales were up 22 percent, totaling MSEK 8,228 (6,751). The increase is primarily due to the acquisitions of Baco, Eurobuns and Euro-Bake

and price changes on account of the high grain prices in 2008, but also due to organic growth. Operating income amounted to MSEK 212 (226). Operating income was adversely impacted by heavy price pressure primarily in the grocery segment and by production disruptions at Färskröd Danmark.

Operations in 2008

What made 2008 an interesting year for

Lantmännen Unibake is an ambitious growth strategy through organic expansion and major international acquisitions. During the year, three profitable bakeries with great potential were purchased in Finland, the U.S. and the U.K.

In February Lantmännen Unibake acquired the bakery Baco in Finland, which specialized in products for the fast food market. The bakery has given Lantmännen Unibake a strong position in Finland and a strategically key link to the Baltic market.

In April the bakery Euro-Bake in Florida was purchased. The bakery has three modern bakery lines that produce European-style bread types. Now that Lantmännen Unibake has its own production unit in the U.S, the ability to meet the needs of American customers has improved.

In May, the large bakery business Eurobuns in the U.K. was purchased, a modern bakery with a broad product line in the fast food market, with a large number of bread products and donuts. With this purchase the U.K. market has become Lantmännen Unibake's single biggest, and continued growth is planned there in the coming years.

Lantmännen Unibake's strong international growth is increasing the need for a common platform across borders, and putting one into place has been stepped up in 2008.

One of the first actions was creating an international sales structure that ensures sales of products between countries and facilitates efficient and smooth handling of major customers operating in more than one market.

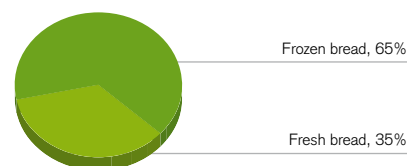
Brands



Key figures

	2008	2007	2006
Net sales, MSEK	8,228	6,751	5,639
Operating income, MSEK	212	226	86
Operating margin, %	3	3	2
Return on operating capital, %	3	4	-
Investment in tangible assets, MSEK	462	483	445
Average number of employees	5,000	4,436	4,027
of which women, %	33	35	-
CO ₂ , own energy use, thousand tonnes	51.7	-	-

Sales, Lantmännen Unibake



Moreover, implementation of a LEAD project began, aimed at lowering costs and boosting efficiency in all units in the organization.

Frozen bread is one of Lantmännen's concentration areas in its portfolio strategy. After a successful turnaround of Färskbröd Sverige, the Swedish fresh bread business was divested to the Finnish company Fazer in October 2008.

Market and product performance

Lantmännen Unibake operates in a number of market segments in various countries, which vary locally in terms of maturity. Even so, in general there was a healthy rise in the consumption of frozen bread, primarily for bake-off, which thanks to its numerous practical advantages, is increasing in several segments. The current financial crisis is likely in the short term to put the brakes on growth in the market, but overall it is not expected to have a large impact.

In 2008 increases were healthy in the Eastern European markets, with expectations that the intensified efforts made in these markets will yield good results.

A number of new markets, such as South Africa and the Middle East, showed a positive trend for bake-off and frozen bread, with excellent future prospects. In the U.K. and U.S. positive performance is expected thanks to the purchase of bakeries in these markets.

Intensive product development continues as an integral part of the partnership with customers and as part of ongoing business development. Product development follows consumer trends towards health, convenience and enjoyment.

Every year, Lantmännen Unibake launches 150 new products, many of which are tailored to specific customer wishes. Among the new products in 2008 were butter-baked Danish pastry for the U.K. market, a relaunch of Rugfler on the Danish market and a number of sandwich products on the German market.

In September 2008 the new "Bakerman concept" was launched at a large customer meeting in Copenhagen. Bakerman is a training and advisory program in the area of bake-off, which helps customers optimize sales and profitability in the bake-off business.

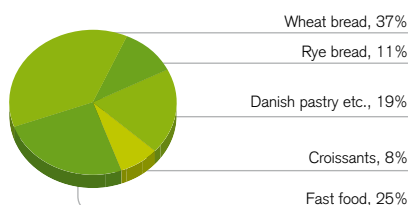
Outlook for 2009

In its role as a strategic concentration area Lantmännen Unibake will take the lead in consolidating its frozen bread business in Europe. In 2008 several competitors merged, and Lantmännen Unibake works diligently to retain its position as one of Europe's leading bakers of frozen bread.

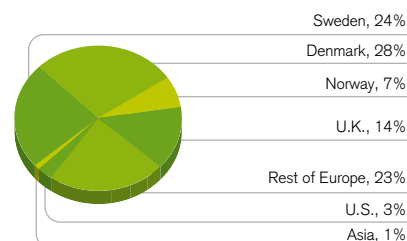
To make the most of the growing internationalization of the organization, a targeted effort will take place to optimize economies of scale in purchasing and production and maximize cross-border sales. A new branding platform will be implemented as the basis for operations and the speed of innovation in product development will be intensified.



Sales by product category



Sales by country



Lantmännen Unibake – new products



Bread stick

Filled with fruit and topped with seeds and nuts. Convenient as a snack or with cold dishes.



Croissant

Contains less butter (17%) and is (60%) lower in weight driven by customer demand for lower-fat product.



High-fiber fast food products

Come in different varieties: Hot dog bun, French hot dog, Sausage roll.



Danish pastry in a whole new shape

An exclusive new shape with lots of possibilities.



Rugfler

Portion-sized bread with fiber content.



Three Cheese Asiago Loaf

With a blend of wheat and semolina meal and three kinds of cheese for optimum flavor.



Butter-baked Danish pastry

A new series of Danish pastry where butter is used instead of margarine.



Lantmännen Kronfågel



Lantmännen Kronfågel is the Nordic region's biggest producer of foods based on chicken with a market-leading position 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 Kronfågel, Danpo, Ivars, Chicky World and Stinas brands.



Jan Klarskov Henriksen
Business Area Manager

Sales and earnings
Lantmännen Kronfågel increased its net sales by 14 percent to MSEK 2,856 (2,507). The higher net sales are primarily the result of price changes

on account of higher grain prices, which were passed along the entire chain to the customer. Operating income, before the reversal of negative goodwill, improved considerably, amounting to MSEK 96 (35). Although demand was stable, earnings improved, driven by higher efficiency in plants and improved product mix. After the reversal of negative goodwill, cumulative operating income was MSEK 149 (71). Jan Klarskov Henriksen assumed

the position as business area manager on January 1, 2009, replacing Peter Rasztar, who was business manager in 2008.

Operations in 2008

In 2008 Lantmännen Kronfågel's sales continued to increase, with earnings exceeding budget. The business area is making a positive contribution to Lantmännen's profitability. Focusing has been a key word in Lantmännen Kronfågel's turnaround. Meticulous planning and follow-up have ensured control over operations, and the performance of business's earnings is positive and stable.

A reorganization of Swedish production resulted in a reduction in slaughtering in Kristianstad and higher production in Valla.

In Denmark the plant in Aars was built to boost capacity and efficiency.

Once Lantmännen Kronfågel's new business system is integrated, Aars will be one of Europe's most modern slaughterhouses.

Focus on organic chicken

In 2008 Lantmännen Kronfågel acquired a minority of the shares in Bosarpkyckling AB, Sweden's only producer of organic chicken, which accounts for just over 0.1 percent of the total chicken market in Sweden. Plans for the company entail substantial volume increases in the coming years.

Market and market performance

Customers are grocery stores, restaurants and food service/catering, as well as the food industry. Lantmännen Kronfågel's biggest customers are ICA, Coop, Axfood, SuperGros and Dansk Supermarked and McDonald's. Production plants are located

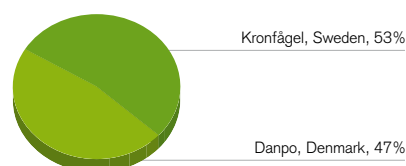
Brands



Key figures

	2008	2007	2006
Net sales, MSEK	2,856	2,507	2,242
Operating income, MSEK	149	71	-312
Operating margin, %	5	3	-14
Return on operating capital, %	40	16	-
Investment in tangible assets, MSEK	168	37	150
Average number of employees	1,381	1,322	1,460
of which women, %	44	45	-
CO ₂ , own energy use, thousand tonnes	6.8	-	-

Sales, Lantmännen Kronfågel



in Valla and Kristianstad in Sweden and in Farre and Aars in Denmark.

Global markets are characterized by stiff competition and imports from low-price countries, which put pressure on prices in the markets in Sweden and Denmark. Price is a key competitive factor, but consumer interest in origin, quality, safety and healthy food is rising. The trends are favoring Lantmännen Kronfågel, which with its animal welfare program and extensive quality system, meets high standards.

Total consumption of chicken continued to rise, and in Sweden, 13.9 kilograms per person was consumed, and in Denmark 18.8 kilograms. Production of Swedish chicken increased, and in 2007 was 78 million kg. Of the total consumption of chicken in Sweden, imported chicken accounted for just over 40 percent.

In Sweden, Lantmännen Kronfågel's share of the consumer market for frozen products rose in 2008, but the share of fresh chicken fell somewhat. The total market for chicken grew by 14.2 percent, while the Swedish chicken volume fell 0.5 percent compared with 2007. Kronfågel in Sweden increased its sales by just under 1 percent, reaching a market share of 56 percent of Swedish volume.

In Denmark, Danpo's frozen products under the Danpo brand have a market share in grocery stores of 30.5 percent and for fresh products 17.1 percent.



Unprompted brand recognition for Danpo in Denmark is 62 percent, and 70 percent for Kronfågel in Sweden. During the year a brand redesign was carried out for Kronfågel in Sweden. The packaging of refrigerated products communicates product origin and traceability and the identity of the farmer.

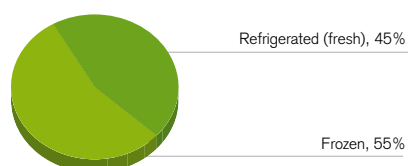
Kronfågel Sweden's fresh products were the first chicken products on the Swedish market with a climate declaration. The packaging contains a climate declaration symbol, which means that a

lifecycle analysis has been performed that discloses the product's impact on the environment from farm to store. [▶ p. 62](#)

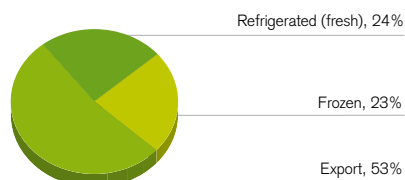
In 2008, Danpo launched Dansk gårdkylling, a salmonella-free and campylobacter-free chicken, traceable to the farm with the aid of an ID number.

Lantmännen Kronfågel wants to satisfy consumers by exploring the possibilities of reducing the number of additives in its products. Flavor enhancer E 621, monosodium glutamate, has not been used in any Swedish products since September 2008.

Sales, Lantmännen Kronfågel, Sweden



Sales, Lantmännen Danpo, Denmark



Outlook for 2009

In 2009 Lantmännen Kronfågel aims to maintain the positive trend posted in 2008. After a few years' total focus on operations, Lantmännen Kronfågel will now be investing more in marketing and product development. Development will continue of specialty chickens, such as organic and heavier whole chickens.

Lantmännen Invest



Lantmännen Invest comprises companies whose operations can in various ways be related to arable land and its utilization, but do not belong in any of the other business areas. Except for Bygglant, the companies use grain in various ways as the primary raw material in their production/feeding of livestock.



Reinhold Svensson
Business Area
Manager

Sales and earnings

Lantmännen Invest's net sales amounted to MSEK 2,028 (2,086), an increase of 14 percent from MSEK 1,772 for comparable units. Last year's net sales included Analycen, which was divested in October 2007. Sales increased most in Lantmännen Bygglant, Lantmännen Reppe and Lantmännen Doggy. Operating income amounted to MSEK 59 (306). The previous year's earnings included a capital gain on the sale of Analycen totaling 269 MSEK. The earnings improvement in comparable units is attributed to improved results in Lantmännen Reppe and Lantmännen Bygglant in particular.

Lantmännen Bygglant

Lantmännen Bygglant engages in the construction and installation of fittings and sales of equipment to the farm sector. It cooperates with leading suppliers in the industry. Lantmännen Bygglant has a flexible array of products and services, providing full or partial engineering, procurement and construction services or working exclusively as a supplier of equipment and materials.

Vis-à-vis owners/customers Lantmännen Bygglant is responsible for the business and develops structures and buildings that improve the economics of operations as well as providing reliable, high-quality solutions.

Lantmännen Doggy

Lantmännen Doggy is a market leader in

pet food in Sweden. Lantmännen Doggy also sells its products to a number of countries, including Norway, Finland, Russia, the U.K. and Germany. In Germany there is the subsidiary Lantmännen Bozita GmbH, which primarily sells products under the Bozita brand. Lantmännen Doggy produces under its own brand as well as under private labels. 2008 saw the launch of several new products, which were well received on the market.

Lantmännen Krafft

For several years Lantmännen Krafft has been a market leader with approximately 75 percent of the commercial Swedish market of horse feed. Krafft is primarily strong in the professional horse business, i.e. breeders and racehorses.

Brands

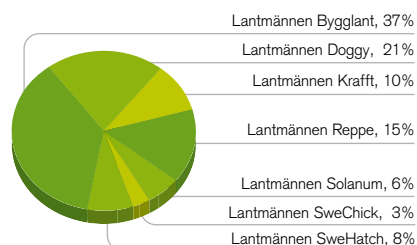


Key figures

	2008	2007	2006
Net sales, MSEK	2,028	2,086	2,011
Operating income, MSEK	59	306	45
Operating margin, %	3	15	2
Return on operating capital, %	15	67	-
Investment in tangible assets, MSEK	57	22	48
Average number of employees	434	807	898
of which women, %	34	52	-
CO ₂ , own energy use, thousand tonnes	15.5	-	-

2007 updated for intercompany reorganizations in 2008

Sales, Lantmännen Invest



The Lantmännen Krafft company is increasingly focusing on exports to France, Finland and Denmark. In 2008 the number of horses in Sweden fell for the first time in many years, resulting in domestic volumes for Krafft remaining unchanged after several years of increases. A number of new products were launched, including new feed for racehorses, containing SPC Flakes developed by AS-Faktor.

Lantmännen Reppe

Lantmännen Reppe extracts and processes various components of wheat for products such as glucose syrup, dextrose solutions, gluten flour, starch, bran and sprouts. These products are primarily intended for the food industry in the production of confectionery, ice cream and beverages. The customer base is primarily the Nordic market.

Lantmännen Reppe is also one of the Nordic region's largest distilleries and produces rectified spirits of the highest quality for distribution worldwide.

Lantmännen Solanum

Lantmännen Solanum contracts with farmers in southern Sweden to grow potatoes, which are then sold as a raw ingredient to Procordia Food AB or processed at the company's own processing plant in Kävlinge. Solanum supplies the food service market, via Lantmän-

nen Cerealía, with peeled or boiled potatoes and baked potato dishes. Baked potato dishes are primarily sold to the consumer market, via a dedicated sales organization.

Lantmännen SweChick

Lantmännen SweChick delivers day-old chicks and eggs for hatching intended as breeding birds for broilers. Production covers about 65 percent of the Swedish market and 100 percent of the Danish, Norwegian and Icelandic markets. Lantmännen SweChick produces 2.3 million breeding birds per year, the basis of around 300 million broilers or four times Sweden's total needs of day-old broiler chicks.

Lantmännen SweHatch

Lantmännen SweHatch, one of Lantmännen SweChick's customers, delivers day-old chicks to broiler breeders in Sweden and for export. Annual production is approximately 50 million day-old chicks.

The chickens from SweHatch have worked well, without any material disruptions in animal health or deliveries during the year.

Outlook for 2009

In 2009 the companies are going to bolster their positions in the Swedish market, but also increase their focus on the various export markets. Lantmännen Doggy

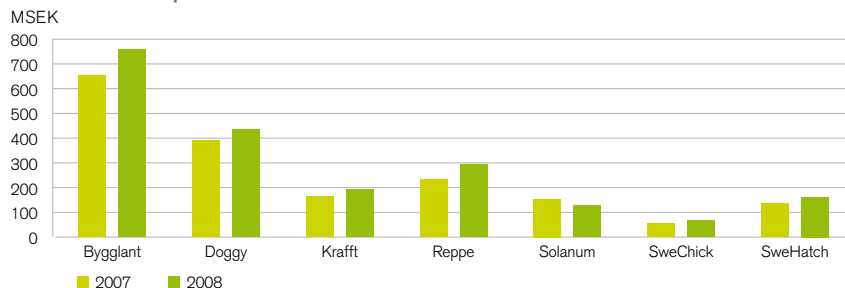
signed a customer contract that will substantially increase volumes towards the end of 2009. To be able to present new products and concepts to the companies' customers in the coming years, product development is also a focus area in 2009.



Two products launched in 2008, Krafft Sport with SPC for racehorses and Doggy Original for dogs.



Sales in the companies in Lantmännen Invest



Associated companies

Reported amounts refer to 100 percent for the companies in question.



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.

Increased internationalization

Especially in its agribusiness activities, Lantmännen has chosen to act internationally in partnership with other companies. These operations are in associated companies, which 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 has between 20 and 50 percent of the votes in a company.

Through its affiliates in Lantmännen Lantbruk, Lantmännen has bolstered its position in markets outside of Sweden. In Germany and in Poland the holding in HaGe Kiel increased in 2008 from 20 to 38 percent. In the Baltic States, Lantmännen grew organically through the operations in Scandinavian Farmers.

During the year the 49-percent participation in Svenska Foder and the 29-percent holding in the Danish listed company Hedegaard A/S were divested. In the second quarter Lantmännen made a bid for all the shares in Hedegaard A/S, but after a bidding war decided to retract its bid and divested its entire 29-percent stake with a capital gain of MSEK 81.

Associated companies in Lantbruk operations

HaGe Kiel

HaGe Kiel, Germany, is 38 percent owned by Lantmännen and 51 percent owned by Dansk Landbrugs Grovvarselskab, DLG, Denmark. HaGe Kiel is Germany's third largest agribusiness. Operations, which includes the sale of crop production inputs and feed and equipment, are primarily in northern Germany, though the company is also a major player in Poland. At the beginning of 2009 HaGe Kiel acquired the agribusiness BSL, with sales of around SEK 4 billion and operations throughout Germany. BSL has pesticides and mineral fertilizer as its core business.

Sales are estimated to be MSEK 21,600 (13,085) and income after financial items MSEK 315 (89).

Scandinavian Farmers AB

Scandinavian Farmers AB is 50 percent owned by Lantmännen and 50 percent owned by Dansk Landbrugs Grovvarselskab, DLG, Denmark. The company develops both the owners' earlier operations in farm supplies and grain in the Baltic market. In 2008 all three Baltic States saw healthy organic growth and captured additional market share.

Net sales were MSEK 1,230 (935) and income after financial items was MSEK 19 (2).

Associated companies in other operations

Viking Malt Oy

Viking Malt Oy is 37.5 percent owned by Lantmännen and 62.5 percent owned by Polttimo Yhtiöt Oy, Finland. Viking Malt carries on malt production in Finland, Sweden and Lithuania.

As a consequence of the sharp rise in malting barley and malt prices, sales rose during the year, amounting to MSEK 1,405 (1,078). Income after financial items was MSEK 163 (67).

Leibur AS

Leibur AS, Estonia, is 45 percent owned by Lantmännen and 55 percent owned by Vaasan & Vaasan Oy, Finland. Leibur AS is Estonia's largest bakery.

Net sales were MSEK 265 (219) and income after financial items was MSEK 56 (38).

Mackmyra

Mackmyra Svensk Whisky AB is 19 percent owned by Lantmännen in terms of votes and 26 percent in terms of capital. Mackmyra develops, distills and markets Swedish malt whisky.

Sales are estimated to be MSEK 66 (42) and income after financial items MSEK 10 (5).

Sustainability Report



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Strategy for Sustainable development

Lantmännen's efforts for sustainable development are based on the vision "We make the most of our land to give everyone the chance of a healthier life." During the past year decisions have been made on key parts of a corporate strategy for sustainable development.

Lantmännen's vision for sustainable food production

Lantmännen aims to be a major force in the transformation of the energy sector, driven and creative in the development of sustainable agriculture and innovative in the development of healthy food products. This ambition requires long-term strategies. Work on sustainable development and a clearly coherent strategy are essential for attaining Lantmännen's vision.

Steps towards Good food

Good food today is not necessarily good food tomorrow. Constantly developing operations and tackling the challenges food production is facing is a vital part of working in the area of good food.

Not all of Lantmännen's promises have been attained – Lantmännen is aware that there is still a gap between consumer expectations and what Lantmännen is doing today. But there are clear goals for the future in the form of an extensive action program. The program

comprises the plans for sustainability work and is divided into eleven overall objectives. For each objective there is a number of specific actions. Read more

[▶ p. 13](#)

Lantmännen's vision for sustainable food production

Each business area has employees who coordinate and manage sustainability work in line with the Group-wide approach. The corporate function is responsible for coordination and follow-up.

Certified management systems

All food-producing operations at Lantmännen are to be certified in accordance with an international standard for food safety.

Lantmännen Lantbruk's grain facilities are certified for food use and their quality certification in accordance with ISO 9001 and GTP includes HACCP principles. Both of Kronfågel's plants were certified according to BRC version

Certified management systems

The table illustrates the business areas' environmental, quality and food safety certifications. The color shows the proportion of production plants that are certified.

Business area	Environment	Quality	Food safety
Lantmännen Lantbruk			
Lantmännen Anläggnings- och Lantbruksmaskiner			Not applicable
Svalöf Weibull			Not applicable
Lantmännen Energi			Not applicable
Lantmännen Cerealia			
Lantmännen Unibake			
Lantmännen Kronfågel			
Lantmännen Invest*			

ISO 14001
 ISO 9001
 ISO 22000
 BRC/IFS

* Lantmännen Doggy holds ISO 14001, ISO 90014 and ISO 22000. Lantmännen Reppe holds ISO 14001 and ISO 9001. Lantmännen SueChick and Lantmännen SueHatch hold ISO 9001.

5 in 2008. To enable exports of organic grain to the U.S. Lantmännen Lantbruk underwent NOP (National Organic Program) certification in 2008.

Strategies for 2009

Lantmännen's overarching strategy is to carry out step-by-step measures that improve profitability, can be developed, and guide operations in a sustainable direction. Many key elements in successful sustainability work are now in place: a code of conduct, an annual sustainability report, the action program and the fact that sustainable development is now part of Lantmännen's corporate strategy.

In 2009 the focus will be on these strategic activities:

- ➔ Reviewing Lantmännen's own and suppliers' operations, to ensure that Lantmännen's standards are being met.
- ➔ Continuing to engage in proactive climate efforts.
- ➔ Uniting all corporate policies and guidelines for sustainable develop-

ment into a common platform.

- ➔ Identifying the most important stakeholders in the environmental area and engage in dialog with them.
- ➔ Continue the development of healthier and more environmentally friendly products.
- ➔ Developing clear environmental standards for the grain used in Lantmännen food products.

Employees



Employees who are motivated and committed, do the right job the right way and constantly strive for improvements, are the cornerstones of a successful Lantmännen. Structured performance assessment interviews are a tool for achieving this.



Leadership

Lantmännen works single-mindedly and systematically so that the Group's employees to find inspiring job tasks and ample opportunities for personal development. The chances of this are good, as we are a large corporate Group with a large number of different business areas. This allows employees and managers to develop by moving between business areas and companies without leaving the healthy business culture that Lantmännen represents. In 2008, 65 percent of the managers appointed in the Group were recruited internally.

A manager supply process started in 2006 aimed at ensuring a good overview of management resources and talent.

When the work began, 17 percent of managers had a planned replacement, which rose to 36 percent in 2007 and 43 percent in 2008.

To attract and retain young employees with motivation and potential for future management tasks in the Group, there is GROW – an international manager development program. In 2008 about two dozen employees took part in the 15-day program. Evaluations show that it was greatly appreciated, and 24 new participants have been selected for the 2009 program.

In 2008 an extensive effort was made to offer an international Group-wide development program for top talent.

Work to improve leadership in the Group proceeds on the basis of common assessments. During 2008 a number of the Group's supervisors took part in some of the following: Manager training,

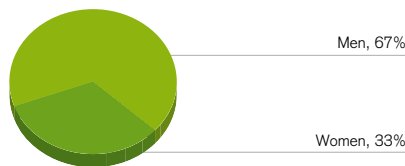
Introduction to new supervisors, Health-promoting leadership, Project management and Coaching leadership.

The employees of the future

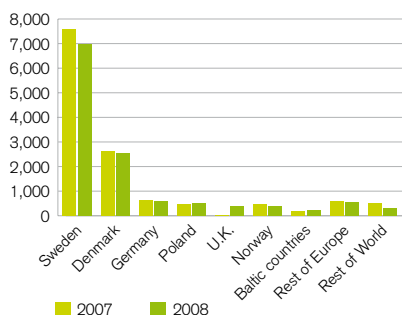
To ensure a strategic and competitive supply of skills, Lantmännen works continuously to strengthen and enhance its "employer brand." Each year, Lantmännen attends a number of selected promotional events to make contact with potential employees. Being an attractive employer is not a goal itself for Lantmännen, but a prerequisite for progress. During the year Lantmännen's efforts in employer branding drew outside attention in various ways.

In September 2008 Lantmännen's second international corporate trainee program began, an investment intended to help ensure a long-term supply of managers and specialists, but also an

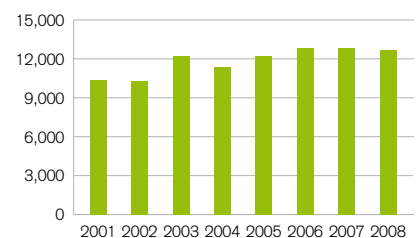
Employees, share of women and men



Number of employees per country



Average number of employees





Startup of trainee program and labor market day.



important step in our employer branding work. 700 candidates applied to the program and 17 were admitted.

Strategic effort for equality

It is Lantmännen policy for all employees to have equal rights and opportunities to develop in the Group. Diversity at Lantmännen involves a mixture of similarities and differences. It is the individual qualifications, the overall experience and ability to do a job that matters, regardless of gender, age, ethnicity, religion or other beliefs, sexual orientation, disability or other individual differences.

One objective is that 30 percent of the underrepresented gender will be represented in the business area management teams and in corporate functions. In 2008 this target was reached in 8 out

of 15 management teams. To ensure a proactive and targeted effort, follow-ups are done through personnel statistics, salary surveys, employee surveys and equality plans.

Working environment and health

A number of projects were conducted in the areas of working environment and health at various levels in the Group in 2008. The clear message was that our employees should lead healthy lifestyles, enjoy good health and have a safe working environment, job satisfaction, collegiality and a balance between work and leisure. Supervisors and managers were offered training in health-promoting leadership to reach this goal.

A quality assured method for health work, “the strategic health planning

process” was adopted. Starting in 2009, Lantmännen’s health status will be followed up through fitness KPIs: *Perceived health, Fitness group and Potential for improvement.*

Local health efforts in the Group have been united under the topic Eat-Train-Live-Work. Creating the health-promoting workplace is at the core. The number of fitness facilitators has increased to around 100, and the number of Healthier Life groups is constantly growing. 1,000 employees took part in a competition to improve exercise habits.

Lantmännen approved a new working environment policy and work was completed on instructional manuals for business areas’ working environment efforts. A simple method for following up and dealing with risk in the working

Sick leave

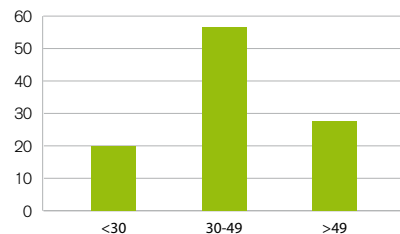
% of total working hours



For the Lantmännen Group total sick leave for 2008 was 4.7 percent, for women 5.7 percent and for men 4.1 percent.

Age distribution

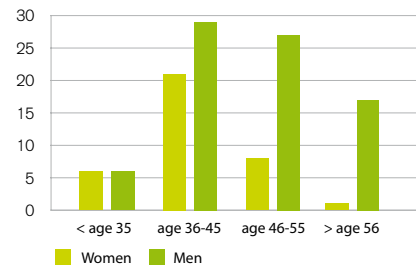
%



20 percent of employees are age 29 or younger, 52 percent between ages 30 and 49 and 28 percent are age 50 or older.

Gender breakdown on management teams *

Number



Women are underrepresented in most management groups. In the youngest age group there are equal numbers of women and men.

* Refers to management groups for the business areas and corporate functions.



Exercising during a break at one of the year's Manager Meetings, part of Lantmännen's health program.

environment area was prepared. There were seminars for management teams during fall to implement the new policy.

A collaboration group drew up corporate routines for rehabilitation according to the new rehabilitation chain to be introduced in 2009.

Insight

Lantmännen conducts regular employee surveys. Planning the next survey took place in 2008, and it is to be conducted in the first quarter of 2009.

Improvement efforts

Every manager's task is to constantly improve and develop his operations. This involves planning, carrying out and following up improvement activities. In each business area and corporate

function the main activities are defined annually, which are the highest priority activities for the coming year. Improvement activities are documented, pursued and followed up in the IT tool Action.

Project work

Lantmännen's change work is largely carried out in project form. To raise the quality of our projects and thus the tempo of change, training is offered for project managers, purchasers and steering groups. These were carried out regularly during the year. The training programs focus on providing an understanding of Lantmännen's project model, i.e. work methods on projects, but also the role of project manager and steering group member. During the year, an effort began to strengthen

and improve control and follow-up of projects.

Manager conferences

For the third year in a row, Lantmännen held manager meetings for all of the Group's supervisors. The topics of the year's meetings were LEAD, Lantmännen's code of conduct and performance management. The manager meetings are an important part of developing managers at Lantmännen. Through these, managers get an overall view of Group operations, the chance to communicate with Group management and meet colleagues from different operations and countries.

Number of reported improvement activities per strategy

Sub-strategy	Number of improvement activities
1. Create business opportunities for Lantmännen's owners	260
2. Focus on core businesses	210
3. Increased cost-efficiency through continuous improvement work	1,600
4. Develop strong brands	310
5. Product R&D	190
6. Improve cooperation with our customers	600
7. Sustainable development	300
8. Employees and organization	1,300
Total	4,770



Dialog with stakeholders



A key to successful sustainability work is being able to listen. It will always be important to engage in active dialog with the outside world in order to identify the sustainability issues that Lantmännen should focus on. In 2008 a model for stakeholder dialog was developed, to improve the dialog process with the most important stakeholders.

Strategy for dialog with stakeholders

Lantmännen's goal is open and transparent communication with the outside world on the issue of sustainable development. In 2008 a model for stakeholder strategies was developed. The model is to support efforts to identify and rank stakeholders by priority and engage in balanced and effective dialog with stakeholders.

Dialogs in 2008

Some of the more extensive dialogs that Lantmännen engaged in during 2008 were:

→ *Climate labeling.* Increasing attention is aimed at the climate impact of food, with more and more consumers demanding climate labeling. Lantmännen engaged in overarching discussions with the Parliament and Ministry of the Environment and in specific efforts to formulate criteria for climate labeling of food. Lantmännen took part in a working group for climate labeling with other food industry players, including KRAV, LRF, Scan, Milko, Skånemejerier and the Swedish Board of Agriculture.

→ *Use of sludge.* In 2008 a dialog on the use of sludge from wastewater treatment plants was carried out. The sludge contains large quantities of nutrients from farm fields. To return these nutrients and thus complete the cycle is one

of the most vital environmental issues for agriculture. However, the sludge also contains a number of unwanted substances, such as heavy metals. A more extensive use of sludge in 2008, in combination with new research in the area, intensified the dialog with such stakeholders as the Swedish Consumers' Association and the Swedish Water and Wastewater Association. Lantmännen participated in the ReVAQ project, which has now led to a certification system with tighter requirements for sludge to ensure the quality of the plant nutrients that are returned to the fields.

▶ p. 54

→ *Code of conduct.* A dialog with labor organizations on the design and implementation of the code of conduct was carried out. Lantmännen was rightly criticized that unions were involved too late in the process, which meant that they had limited opportunity to influence the code. These views will be included in the next major overhaul of the code of conduct.

→ *The Insikt employee survey.* Lantmännen conducts an employee survey every 18 months. The survey is an important tool in finding out more about employee views on the organization's sustainability work. In the survey to be conducted in early 2009, the effort on the new code of conduct will also be followed up.

→ *Sustainability report.* This year's sustainability report has been prepared according to GRI (Global Reporting Initiative) guidelines, Level C, and is a measure for greater transparency and improved communication with stakeholders.

Dialog on the web on Good food

Lantmännen opened up a dialog on its new, consumer-oriented website that was launched in November 2008. Here, visitors can leave comments and views on the new Good food initiative and get answers to their questions on Lantmännen's sustainability work.

▶ www.lantmannen.se

Enhanced dialog with stakeholders in 2009

A strategic objective is to enhance dialog with stakeholders in 2009. During the coming year, Lantmännen will start up a number of proactive dialogs with priority stakeholder groups. The purpose is to establish open dialogs with stakeholders of strategic importance.

Sustainable business



Lantmännen's operations create value for many different stakeholders, such as owners, employees and customers. To be sustainable in the long run, all employees in the organization need to think sustainability and view it as an integral part of the business.

Business perspective on sustainability issues

It is important for all actions toward sustainable development to be profitable. Every action should be possible to motivate from one or all of the following perspectives:

- Will this contribute to new business opportunities and thus higher revenue?
- Will this strengthen the Lantmännen brand in the longer term?
- Will this reduce costs in the business?
- Does this reduce future risk?

Lantmännen's strategies for long-term profitability are to build a strong brand through accountability from field to fork.

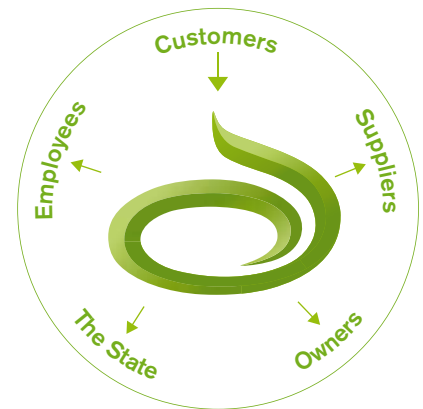
R&D toward sustainability

Working toward a sustainable business – environmentally, financially and socially – requires listening and innovation in terms of work methods and product development. R&D at Lantmännen plays a key role. Through Lantmännen's business areas and various networks, consumer surveys and stakeholder dialogs, Lantmännen's various development departments receive signals on what new research shows and what food consumers want. In 2008 one of the most important projects in the sustainability area was the development of climate declarations for six products.

Lantmännen's economic stakeholders and contribution to society

For Lantmännen's long-term profitability and survival it is imperative that value generated from business activities benefits key stakeholders and society at large. Lantmännen also contributes to society by:

- creating jobs
- engaging in research
- engaging in active environmental work
- developing human resources.



Economic value created for Lantmännen's economic stakeholders

MSEK	Generated value		Distributed value	
	2008	2007	2008	2007
Customers – Net sales	42,868	35,989		
Employees – Payroll expenses			6,053	5,913
Owners – contribution dividend and contribution issue ¹			167	201
Suppliers – Cost of purchasing goods and services			34,625	28,370
State – Taxes paid			219	52

¹ Board's proposal for 2008.

Requirements for baby food led to Lantmännen

The German baby food manufacturer HIPP required organic powdered eggs for its baby food and turned to a Swedish egg powder producer. HIPP's requirements for organic ingredients and traceability in the food production chain led all the way to Lantmännen Lantbruk, the manufacturer of the organic feed for the egg producers.

In 2008 HIPP performed audits of Lantmännen's feed plant to ensure that the standards for the feed are met, and the auditors were very pleased with the outcome. This is an example of business created for Lantmännen thanks to the fact that sustainability work has priority and customers are offered eco-friendly and traceable products.

New business opportunities

Being attentive to society's values and consumer preferences is a key issue for commercial advancement. Social and environmental considerations will be matters of course for future food production. The work for sustainable food production is of great importance for Lantmännen's business opportunities.

Climate impacts

There is no longer any doubt that the climate is changing on account of human impacts. But how fast this is happening and what the consequences will be are still uncertain. Lantmännen needs to prepare its operations for altered production conditions in the food production chain.

Effects of climate change

It is difficult to predict how the Earth's ecosystems will react to global warming,

but some effects on agriculture can be foreseen with relative certainty:

- A drier climate will result in lower agricultural production owing to water shortages.
- A greater risk of crop failures owing to more storms, pests, and plant diseases.
- A warmer climate may result in locally higher yields of crops such as potatoes, clover and maize.

Potential economic impacts

Lantmännen's economic reality is dependent on the Earth's climate and its effects on growing conditions. Some potential economic impacts of climate change are:

- Rising prices and unreliable supplies of food commodities for production.
- Higher prices for fossil fuels.
- Drastically changed customer requirements, for products with a low impact on the climate.

- Greater competitiveness for Lantmännen thanks to its knowledge of sustainable cultivation systems.

An overall handle on the climate issue

Lantmännen's ability to influence food production at every stage from field to fork will be especially valuable with regard to important and complex issues such as greenhouse gas emissions and climate change. Lantmännen's sustainability work includes a number of different measures in all stages that are aimed at reducing greenhouse gas emissions:

- Ascertaining the climate impact of products, done to date for most feed products and six food products.
- Participating in industry collaboration to produce climate labeling of foods.
- Lantmännen's bioenergy products will reduce carbon dioxide emissions by around 1 million tonnes per year when the new ethanol plant is in operation in 2009.
- More sustainable transportation through improvement effort "GreenLine," with the target of reducing carbon dioxide emissions by 20 percent by 2010.
- Energy efficiency efforts with a target of 20 percent reduction in carbon dioxide emissions by 2011.

Coming efforts

In 2009 Lantmännen will appoint a panel to carry out a detailed study of the business consequences that climate change will have on the Group.

Ethical requirements are a prerequisite business

Lantmännen Unibake receives more and more demands from customers to meet their sustainability standards. In February 2008 a third-party audit was conducted on Unibake's plant. On the basis of its ethical guidelines a major customer had formulated requirements for the working environment and employee conditions in its suppliers' operations. After the audit Unibake received a report from the auditor with minor nonconformances that were discovered. Actions were then taken to address them directly, and the customer continues to have confidence in Lantmännen's sustainability work.

Some examples of the aspects examined in the audit:

- Functioning emergency lighting in the event of emergency, escape, etc.
- First-aid materials must be accessible in case of a workplace accident.
- Improved statistics on sick leave and staff turnover.
- Updated employment contracts.
- Agreements with suppliers and contractual pay.
- Job rotation in certain parts of production to improve the working environment.

To a greater extent customers are setting "strict" standards, and Lantmännen may lose business if these are not met.

Responsibility from field to fork



The possibilities of arable land constitute the basis of all of Lantmännen's operations. Lantmännen's mission is to develop and process the resources of the field in a responsible way. The result of this is what Lantmännen defines as Good food. Lantmännen's strength is in having operations along the entire chain, from field to fork. This creates ample opportunities to produce healthy and safe food in a responsible way.

Major challenges in food production

Responsibility for the entire chain from field to fork creates ample opportunities to deal with the biggest challenges facing food production. Some key issues confronting Lantmännen today are:

- ? Are the climate impact of operations and products decreasing fast enough?
- ? Are grain and other commodities such as soybeans and palm oil being grown sustainably?
- ? Is the impact of eutrophication decreasing?
- ? Are we ensuring that the code of conduct is being followed at Lantmännen and by suppliers?
- ? Is genetic engineering being developed in a responsible way?
- ? Are plant nutrients being returned to the fields safely?
- ? Are healthy foods being developed?
- ? Is Lantmännen contributing to non-toxic environment?

Arable land – valuable and threatened

The global demand for food is rising in step with the growing population and rising living standards. Forecasts indicate that the global demand for grain will continue to rise. Climate research shows that extreme weather events are becoming increasingly common, which increases the risk of totally or partially failed harvests. Other threats to food production are reduced access to fresh water and desertification.

Biodiversity is a prerequisite for high productivity in agriculture, but shortsighted cultivation methods lead to an impoverishment of that diversity. In Sweden arable land is also threatened by, for example, being pushed aside by residential development, ground-level ozone and by unwanted spreading of metals and organic eco-toxins.

Maintaining the Earth's ability to produce food with high yields is a vital issue for the future. Lantmännen has a big responsibility for making food production sustainable.

Lantmännen's promise to consumers

Consumer demands and expectations regarding food companies' responsibilities are rising. The demands are that food be produced energy-efficiently, hygieni-

cally and with the least possible use of chemicals. The food should preferably be locally raised and promote biodiversity. Animal welfare and animal health should be good and the level of food safety high. The expectations are for healthy, tasty and fresh food on their plates. Lantmännen's promise to consumers is to simplify their day, guarantee safety and reduce the time spent studying food issues. It should be easy to choose Good food.



Share of organic products in Lantmännen's product lines

%	Conventional	Organic
Seed	94	6
Feed	96	4
Grain	97	3
Foods	98	2

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

Field – sustainable cultivation

Lantmännen Lantbruk is a major player in the Swedish grain market and is also a leading supplier of seed, plant nutrients, feed and other production inputs for agriculture in Sweden. All this entails a big responsibility for helping bring about more sustainable cultivation of Sweden's arable land. Lantmännen Lantbruk has numerous suppliers, ranging from grain growers in Sweden to multinational chemical companies.

Organic and conventional cultivation

Lantmännen's responsibility is to contribute with product development and expertise to move cultivation and animal husbandry in a sustainable direction. Lantmännen Lantbruk also has product liability vis-à-vis farmers.

There are several paths toward sustainable agriculture, where various growing methods individually can help lower environmental impacts. Lantmännen Lantbruk handles products from both conventional and organic production and is working to move forms of cultivation towards greater sustainability. Read more about conventional and organic cultivation at

▶ www.lantmannen.com

Supporting farmers' sustainability work

Optimum nitrogen fertilizing

Lantmännen is developing new techniques and giving advice for optimum use of pesticides and fertilizer in cultivation.

Sales of Yara N-Sensor, a technique for adapted dosing of nitrogen fertilizer, have done very well. There are 50 devices in the country, and they are considered as standard for economically and environmentally suitable fertilizing for major plant cultivation companies.

New products lower environmental impact

Lantmännen's product line includes organically grown seed for most crops, as well as fertilizers and other inputs for organic production. In 2008 the line of organic clover and grass seed mixes was expanded. Acreage of organic pasturage has risen steadily. In 2008 Sweden was for the first time the world's largest producer of organic clover and grass seed.

In 2008 the new feed barley SW Mitja proved to provide superior yields both in Northern Sweden and farther south. The result was more efficient use of both fertilizer and pesticides. Another example is Lantmännen Lantbruk's sales of alternatively treated seed.

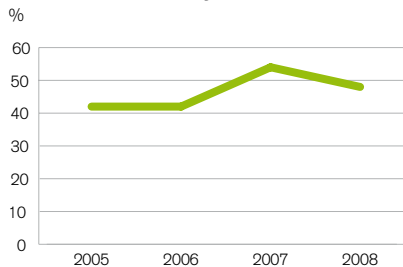


REVAQ – new certification system for wastewater sludge

Phosphorus is an important plant nutrient. Phosphorus is also a finite resource. Via harvesting, foods and human waste, the phosphorus ends up in the sludge of wastewater treatment plants. In addition to nutrients the sludge also contains unwanted substances that have come through the sewers. Returning the nutrient without risk and without increasing the content of unwanted substances in the field is a key sustainability issue.

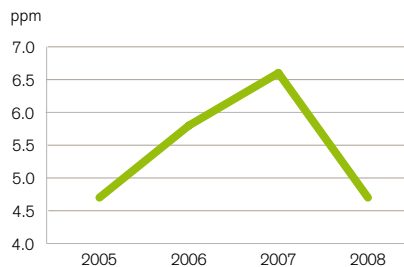
Managing phosphorus resources is a vital issue, and Lantmännen has actively participated in numerous processes and projects to bring the issue forward. Ef-

Share of alternatively treated seed



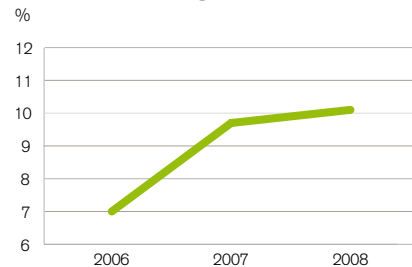
The need for treatment in spring seed was low for the 2008 harvest, which is why the share of alternatively treated seed declined.

Cadmium in mineral fertilizer



The share of Cd in P/PK products has declined in use.

Share of Premium grain



Premium is conventionally grown grain for special customer needs.

Lantmännen's definition of sustainable cultivation:

- The farming methods do not systematically degrade biodiversity but retain the fertility of the soil
- Nutrient leaching from the fields does not lead to eutrophication and acidification
- Heavy metals and unwanted organic substances do not increase in concentration in the field, and the crop results in safe food
- Does not contribute to an adverse climate impact
- The farming methods increase the fertility of the soil
- Nutrients are recycled
- The farming method is economically profitable in the long term
- Good working conditions can be maintained for the growers



forts to improve the quality of wastewater sludge from treatment plants were part of the ReVAQ project from 2002 to 2007. The experience was applied in creating a new certification system for municipal wastewater treatment plants in 2008, now called REVAQ. Sludge from a REVAQ-certified treatment plant must undergo an improvement process regarding content of unwanted substances such as heavy metals. There are also

requirements for full traceability, and adequate protection against contagion is guaranteed. Lantmännen favors stricter regulation and monitoring of sludge use than today in order to achieve sustainable return of plant nutrients from food and human wastes in the long run. Lantmännen wants to see regulations tightened with clearer thresholds in improvement efforts and for an independent scientific panel to assess the risks and inputs in the planned process.

During 2005-2008 Lantmännen Lantbruk formulated a byproduct policy that requires certification as basic level of the residue products used as fertilizer. Byproducts from biofuels such as ethanol and biogas and even wastewater sludge that meets set thresholds for REVAQ are examples of byproducts that can help to close the nutrient cycle. The policy is adapted to the three market concepts for grain: Standard, Premium

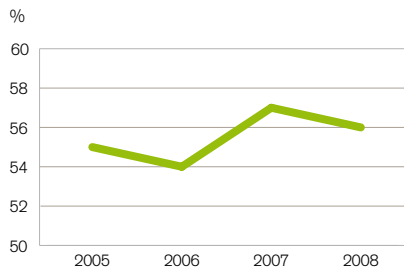
and Eko (organic). This makes it possible in a quality-assured manner to meet the standards set for the grain as feedstock.

Climate assessment of feed

Lantmännen Lantbruk offers customers "calculated climate value" for most feed products. The climate value – stated in carbon dioxide-equivalents per kilogram of feed – is calculated on the basis of determinations of carbon dioxide emissions from cultivation and, transport of the raw materials and from manufacturing.

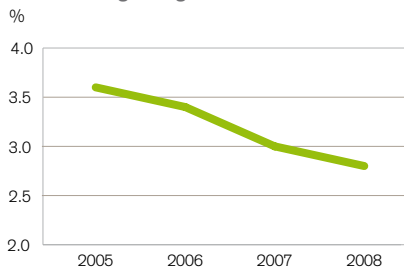
This climate assessment will be used to set measurable targets for reducing climate impacts from the feed and will give Lantmännen Lantbruk a tool for steering feed development toward more climate-friendly products. It also constitutes documentation for the food industry for climate-labeling foods. In November 2008 calculated climate values

Share of Swedish feed commodities



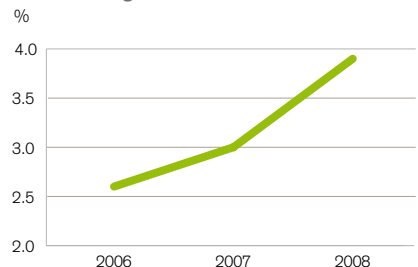
The increase in imported commodities is primarily due to changes in price levels and the fact that more farmers have chosen to purchase soy and mix their own feed.

Share of organic grain



The decline is primarily due to the difficult harvest conditions in 2008.

Share of organic feed



Demand for organic feed is rising, which is required for increasing organic livestock production.

were introduced for all of Lantmännen Lantbruk's standard feeds, and in 2009 the work will continue to calculate climate values of feed supplements as well.

Feed development in partnership with customers focussing on health

An example of how feed development in partnership with customers yields results in the partnership Lantmännen Lantbruk has with egg-packers, scientists and companies to develop unique eggs tailored to various markets. The feed given to hens affects the quality and contents of the eggs they lay with regard to fatty acid composition, antioxidants, selenium and vitamin E.

Gene technology

For years Svalöf Weibull has had a quality assurance program for genetically modified organisms (GMOs), to ensure that conventional seed products are free of GMOs. In 2008 a revision of the program began in order to further reduce the risk of unintended admixture. The aim of the revised program is to involve more key persons in various departments and to disseminate information about Lantmännen's monitoring program.

Sustainability criteria for soybean and palm oil

A majority of the commodities used in Lantmännen's food manufacturing is grown in Northern Europe. Some of the exceptions are soybeans and oil, which are important inputs at several stages of the food production chain. Lantmännen

uses soybeans and oil palm in production of animal feed as well as food for humans. Unfortunately, the great demand has resulted in cultivation taking place under conditions that damage ecosystems and exploit labor.

One step towards sustainability-certified soy is that in 2009 Lantmännen Lantbruk will only deal with companies that participate in international roundtable discussions on sustainable soybean production. Within two years after international criteria are adopted for sustainable soybeans, 50 percent of Lantmännen's purchases will meet them. International certification of palm oil production was developed in 2008, and the first certified palm oil was delivered. The goal is within two years to use palm oil products from certified cultivation in Lantmännen's products.

Continued development of biological treatment methods for seed

Thanks to the sales breakthrough of biological treatment methods for seeds, Lantmännen is now strongly committed to developing new biological products within the framework of the MASE research program. The results of the year's large-scale trials with peas were very positive. 400 ha of peas were treated with Lantmännen's development product in partnership with Findus and others. The results were very good against several fungal diseases, and yields increased an average of 5 percent. Development work has been stepped up to offer more applications for various crops.

Fossil energy in cultivation

The raw materials for Lantmännen's products of own manufacture are renewable, in that they consist largely of grain. Grain cultivation requires substantial inputs of fossil energy in the form of diesel oil, but today there are no renewable alternatives. That is why it is important, but also a major challenge, to develop cultivation in a sustainable direction. The grain used in Lantmännen's total operations in 2008 consumed fossil fuels at the cultivation stage equal to around 150,000 cubic meters of diesel oil.

Plant protection products



As a player in the market for plant protection products, Lantmännen has a responsibility to contribute to the development of sustainable plant protection methods. A key part of this effort is the new plant protection policy drawn up in 2008. The aim is to further reduce the environmental and health risks of using pesticides, while increasing growers' profitability.

Ongoing action program for sustainable cultivation

- Lantmännen will develop a method for offering and marketing grain with its climate impact calculated.
- By 2009 the goal is for 100 percent of feed products to be climate labeled on the product sheet. The labeling will show how much carbon dioxide was emitted, from growing and transporting the commodities, to feed manufacturing.
- Within two years after sustainability criteria are adopted, 50 percent of Lantmännen's soybean purchases will meet them.
- Lantmännen's seed for spring grain produced in-house will be treated with non-chemical methods.

Remaining challenges

- Develop the strategy for sustainable use of plant nutrients to reduce the problem of eutrophication.
- Develop the strategy for sustainable use of plant protection products to reduce the risk posed by chemical residues.
- Further develop efforts toward sustainable protein feed commodities to ensure that environmental and societal standards are met.

Responsibility from field to fork

Transportation

Lantmännen currently accounts for 1 percent of all truck transportation in Sweden each year. Nearly 9 million tonnes of goods are moved around in Lantmännen's operations. The effort toward more sustainable transportation comes under the name "GreenLine," and its goal is to reduce carbon dioxide emissions by 20 percent by 2010.

More sustainable logistics in demand

To link together the chain from field to fork, transportation is required. Lantmännen is a major buyer of freight forwarding services, and along with the forwarder and infrastructure owner is responsible for developing sustainable logistics solutions. Environmental issues are an important part of the transportation sector's sustainability work, primarily owing to the climate impact transportation has. But sustainable logistics also addresses the health and safety of those affected by shipments.

Customers are increasingly demanding more sustainable logistics. Many of Lantmännen's major customers have clearly expressed climate targets, and their use of transportation is important for reaching these objectives. Today Lantmännen has an ongoing dialog with its transportation providers and a close collaboration to achieve more sustainable logistics.

Lantmännen's guidelines for sustainable forwarding

Lantmännen aims to develop more sustainable logistics solutions that reduce environmental impacts, increase transportation safety and optimize resource use. When several equally economical and quality alternatives exist, the greenest mode of transportation should be chosen.



Lantmännen's target: 20 percent lower carbon dioxide emissions

Lantmännen's goal is a 20 percent reduction in carbon dioxide emissions from freight transportation by 2010. This corresponds to 16,100 tonnes, which all parts of the Group are to help reduce. Every business area in Lantmännen is formulating its own goals and action plans for their logistics solutions based on the overarching carbon dioxide target.

GreenLine – the pilot project continues

In 2007 the pilot project GreenLine started at Lantmännen, aimed at making transportation more sustainable. The objective was reducing carbon dioxide emissions by 730 tonnes. At the same time, truck transportation was to become more economical, safer in traffic and offer drivers a better working environment. The project had two elements: Truck and Rail.

The parts of the project carried out as planned achieved greater carbon dioxide reductions than expected, primarily thanks to the focus on EcoDriving, improved fill rate and changes in shipping

frequency. Fuel consumption per tonne of delivered freight fell during the project by 7 percent compared with the same period the previous year, which means that the target of a 10 percent reduction in fuel consumption was nearly reached. By using the experience from the pilot project on a wider scale, the likelihood is that greater savings are possible.

Another important part of the GreenLine project was to move a larger portion of shipments over to rail. Today, only 1 percent of Lantmännen's freight is shipped by rail. Experience from the pilot project indicates that more use of rail requires increased investment in improving rail infrastructure.

Efforts to reduce CO₂ in 2008

Improvement activities	Truck, sea, rail
Economical driving and improved fill rates	1,706 tonnes
Replacing truck with ship	80 tonnes
Replacing truck with rail	809 tonnes
Total reduction	2,595 tonnes



As part of Project GreenLine a competition in EcoDriving was held, and the happy winner was Mattias Bergström.

In the evaluation that was done with drivers, a majority was positive to the traffic safety measures. For that reason, within the framework of GreenLine safety aspects like “alco-locks” and traffic safety training will be included.

GreenLine new concept for sustainable logistics

Lantmännen uses GreenLine as an umbrella term for all measures and initiatives for more sustainable logistics in the Group. GreenLine can be seen as a number of steps toward more sustainable logistics solutions. The first steps primarily comprise measures such as better planning regarding production and shipments, Heavy EcoDriving, higher fill rates, traffic safety training, installation of “alco-locks” and follow-up of fuel consumption in the vehicle computer. Subsequent steps include changing over to alternative fuels and moving more freight to rail and ships.

The goal is for the measures adopted for road transportation in the pilot project to be implemented in all business areas in 2009. This means that a further 80-90

trucks, included all of Lantmännen Lantbruk’s contracted forwarding, are to be driven according to the GreenLine model.

Climate award for the third year

For the third year in a row Lantmännen Cerealia (formerly Lantmännen Mills) in Sweden received a Green Cargo climate certificate. The reason: *“For its effort to control the climate impact of its own transportation, the food producer Lantmännen Mills is now being presented with a Green Cargo Climate Certificate.”* To receive a Green Cargo Climate Certificate, transportation emissions may not

exceed ten grams of carbon dioxide per tonne kilometer. To manage the limit, most of the shipments have to be by rail, on trains powered by electricity from renewable sources. Lantmännen Cerealia is one of 24 companies awarded with the climate certificate in 2008.

Study of shipping

In 2009 a study of Lantmännen’s shipments by sea will be completed. By surveying ship transportation, the report is to identify potential environmental improvements from moving more freight over from trucks.

Ongoing action program for transportation

- ➔ Increase the share of shipments by sea and rail from 1 percent to 3 percent by 2011 .
- ➔ Continue to work for more efficient logistics.

Remaining challenges

- ➔ Continue to work for sustainable transportation to reduce environmental impact and improve traffic safety and the working environment of drivers.

Processing – sustainable foods

More and more consumers are giving priority to safe, healthy and eco-friendly foods. For consumers to be able to make conscious choices they need information. In 2008 an important step was taken through the first products with climate declarations.

Broad-based responsibility at the processing stage

In Lantmännen's processing plants, such as mills, bakeries, feed and ethanol plants and slaughterhouses, raw materials are processed into foods, feed and energy. For example, in our operations this includes responsibility for working conditions and for continually reducing the environmental impact of operations. The foods

Lantmännen produces should be safe for consumers. Responsibility for products includes a responsibility for developing products that add value for customers in the form of *health, convenience and enjoyment*.

Safer food

For years Lantmännen has been working to develop safe products. All production



Prices and awards in 2008

Lantmännen's IT project in the area of transportation administration, the TA project, won first prize in the annual awards for sustainability projects organized by the magazine CIO Sweden. The jury said: "An ambitious project that yields environmental and financial benefits. It also has the potential of being developed further to help provide climate information on various foods. For that reason, this solution has what we call high 'low carbon feedback potential.'"

- In November 2008 the "Gooh!" fast food chain won first prize in the fast food contest "Ready, Set, Fish." The idea behind "Gooh!" is to give more people the chance to eat tasty, healthy and well-made food at reasonable prices. Many of the items have the "keyhole" label and have a low GI.
- For the third year in a row Lantmännen Cerealia (formerly Lantmännen Mills) in Sweden received a Green Cargo climate certificate. To receive a Green Cargo Climate Certificate, transportation emissions may not exceed ten grams of carbon dioxide per tonne kilometer
- Anna Elgh, Supply Chain Director at Lantmännen, was one of four nominees for the Swedish Association of Environmental Managers' "Environmental Manager of the Year" for 2008. Anna Elgh was nominated for having carried out extensive changes in the Group's logistics in which she clearly integrated sustainability as a major part of the business concept.
- Four of Lantmännen's products were nominated for 2008 ToppHälsa award, presented by the magazine ToppHälsa. GoGreen was nominated in two categories: One for dips in various flavors, and the other the snack Soygurt. Schulstad and AXA competed in the bread category; Schulstad for Skovman and AXA Kornkammaren for its country-style bread mix with walnuts.

of food and feed at Lantmännen is controlled on the basis of high quality and hygiene standards. All food-producing plants are to be certified in accordance with an international standard for food safety, such as ISO 22000. This means that food safety is audited by a third party. New plants must be certified within 2 years.

Training in organic baking

Despite the burgeoning interest in organic products, the number of KRAV-certified bakeries has not risen. While more and more bakeries are buying organic flour, they cannot sell their bread as organic unless they are certified themselves. A common misconception is that it is expensive and complicated to be a certified baker, which need not be true. That is why Lantmännen Cerealia offered its customers a training day in organic baking and certification. Course materials were developed in collaboration with KRAV and Aranea. The training program was held in five cities in October and November 2008.

Strict standards for chicken farming

Ethical treatment of animals is a key issue for many consumers. Lantmännen Kronfågel is working for proper ethical

treatment of living animals in accordance with Swedish Poultry Meat Association's animal welfare program. Among other things it involves:

- ➔ Chickens moving freely in barns on floors covered with straw or sawdust.
- ➔ Heavy emphasis on proper transportation of animals.
- ➔ Proper care of the animals, accurate monitoring at all stages and careful handling are the fundamentals.

During the year Lantmännen Kronfågel's plants in Valla and Kristianstad were certified according to BRC ver.5 2008. The certification is an international standard for effective control of hygiene and quality in food plants.

Kronfågel in Sweden is in an ongoing dialog with breeders on bone problems in chickens. Bone problems can be affected by factors such as breed, feed and environment. Lantmännen works continuously to monitor, take action on and follow up suppliers' efforts in this area, and is closely following the latest research results in the area.

Organic chicken production is now a part of Lantmännen

In 2008 Lantmännen acquired part of Bosarpskyckling AB, thereby taking a step into organic chicken production. The only organic chicken producer in Sweden, Bosarpskyckling accounts for 0.1 percent of the total Swedish chicken market. The goal of Lantmännen's

purchase is to improve opportunities for expansion and establishment of more growers.

Health the focus of product development

Lantmännen is developing healthy foods. Lantmännen R&D represents a bridge between research and product development in food production. In 2008 several new healthy products were launched.

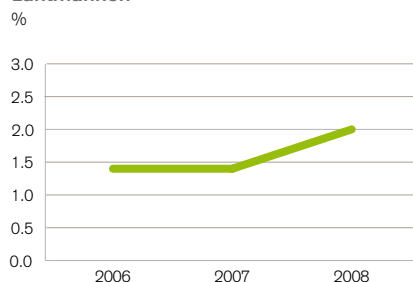
A project launched in 2007 was to develop a healthy Nordic diet and study how it affects cholesterol levels and counter the risks of heart disease.

The hypothesis was that a Nordic diet, correctly composed, can have key health benefits comparable to the Mediterranean diet. Whole grains, rapeseed oil, fatty fish, chicken, root vegetables and berries are some of the foods included in the Nordic diet. ▶ p. 14

Lantmännen foods are to be as free as possible of additives, and overhauls of use are an ongoing process. In 2008 Lantmännen Kronfågel ceased using the flavor enhancer E 621, monosodium glutamate, in all products.



Sales share of organic foods, Lantmännen



Increased sales thanks to new GoGreen concepts and launch of AXA Kornkammaren in Sweden.

Ongoing action program for processing

- ➔ Take an active part in food industry efforts towards a system of climate labeling.
- ➔ Have climate declarations for 20 more food products in 2009.
- ➔ Phase out trans-fats and azo dyes from all food products.
- ➔ Five percent of food product line organic by 2012.
- ➔ Contents of Doggy products to follow WWF and MSC list of approved fish.

Remaining challenges

- ➔ Tighten raw material strategies on the basis of code of conduct requirements to ensure proper environmental and social conditions.
- ➔ Tighten raw material requirements regarding the most important environmental aspects of grain cultivation for food products to reduce environmental impact.
- ➔ Start improvement efforts to meet requirements for improved climate performance for food products.

Processing – sustainable energy

The food production chain - from field to fork - accounts for around 25 percent of global greenhouse emissions. Everyone in the industry has a responsibility to economize on energy use and end their dependence on fossil fuels. After 2009 Lantmännen's sales of bioenergy products will reduce carbon dioxide emissions by 1 million tonnes per year.



The energy policy shows the way
Lantmännen's energy policy describes how efforts are to proceed systematically and over the long term toward sustainable energy use. Each business area is to make its energy use more efficient and phase out fossil fuels. The goal is to reduce Lantmännen's energy consumption by 10 percent by 2011. To reach this goal, a number of measures have been taken.

Energy use is surveyed and analyzed, devices that continuously monitor energy use at the process level installed, and specific efficiency projects started. This refers to measures to increase the output of production processes, reduce unnecessary energy use during downtime, and achieve high levels of system efficiency in investment by choosing equipment with

low lifecycle costs. The goal for 2008 was to reduce Lantmännen's energy use by 3 percent. This was not achieved, but instead energy use rose by 1.6 percent to 1.8 TWh. Moreover, carbon dioxide emissions in 2008 rose by 6.5 percent to around 133,000 tonnes. The deterioration in energy efficiency and carbon dioxide emissions is due to the development of more highly processed products and the fact that planned measures for conversion to renewable energy have not had an effect. For 2008 the share of fossil energy sources in Lantmännen's internal energy use is 22.1 percent (21.7).

Systematic energy efficiency efforts
Lantmännen is highly energy-dependent in its operations and works systematically on sustainable energy use. An important tool is the Swedish Energy Agency's program for improving energy efficiency (PFE). The aim of PFE is to improve the efficiency of electricity use in companies with high consumption. Six business areas/companies, whose electricity use amounts to 49 percent of Lantmännen's total electricity use in Sweden, participate in PFE and more plan to apply to participate. Participating companies have in

all increased the efficiency of their energy use by 16 percent since the start in 2004.

Bioenergy reduces environmental impact

Lantmännen Energi develops, produces and markets bio-based energy products, such as ethanol, pellets, powders, briquettes and logs.

Once Lantmännen's ethanol plant in Norrköping is in full operation in 2009 carbon dioxide emissions will be reduced by 1 million tonnes per year, equivalent to almost 2 percent of Sweden total carbon dioxide emissions.

Growing market for ethanol

Lantmännen Agroetanol is Sweden's largest producer of fuel ethanol. Producing ethanol from grain is an important step toward sustainable fuels in the future. Ethanol production has several positive effects. Lantmännen's ethanol production yields a byproduct in the form of DDGS (Dried Distillers Grains with Solubles), making it unnecessary to import 27,000 tonnes of soy protein for animal feed. Other useful byproducts are straw and surplus heat. Lantmännen ethanol has an 80 percent lower climate impact than gasoline.

Energy – sustainability

	Index		Target
	2007	2008	2012
Total energy efficiency	100	101.6	90
Total CO ₂ emissions	100	106.5	80

Ongoing action program for sustainable energy use

- ➔ Improve efficiency of energy use in plants 10 percent by 2011.
- ➔ Reduce the share of fossil-based energy use in plants 20 percent by 2012.

Remaining challenges

- ➔ Continue efforts toward sustainable energy use to reduce climate impacts.

The brands in the stores

In the stores consumers meet Lantmännen food products. Although a lot of the responsibility then moves over to the grocery chains, Lantmännen's responsibility is to provide clear information on origin and content on the packaging, so that consumers can make conscious choices.

When consumers choose products today, there are three clear trends: health, convenience and enjoyment. Lantmännen works for its products to meet these needs, while being produced in a sustainable way.

Consumer trends in environment and health

Consumer interest is growing in foods that are natural and organically grown, have fewer additives, are simple and readily available and healthy.

Consumer surveys conducted by Lantmännen internationally as well as in Sweden show that there is great demand for the values that Lantmännen represents and that come together under our responsibility - from field to fork.

The product's path along the chain

Consumers want to feel safe about their food. Being able to trace the products back along the manufacturing chain is necessary for guaranteeing origin and quality.

Lantmännen works constantly to take responsibility and improve the traceability of its products. This means that it should be easy to follow the product's path along the entire chain, in certain cases even back to the particular farm where the grain was grown. An example is Lantmännen Cerealia's oats product Ren Havre, aimed at those with gluten allergies and which therefore must be one hundred percent uncontaminated by other grains. By setting high standards for seed, growers, field inspections and special routines at mills, the quality of the oats can be guaranteed.



Products with climate declarations

Lantmännen wants to give consumers the chance to make clever choices for the climate. That is why Lantmännen is working on climate declarations and is collaborating with the food industry to develop climate labeling. In 2008 six Lantmännen products received climate declarations. In 2009 Lantmännen Kronfågel will work to increase the number of products with a climate declaration.

AXA Kornkammaren

– new organic line in Sweden

Lantmännen Cerealia's goal is to increase the share of its organic line to 10 percent. In 2008 AXA launched Kornkammaren in Sweden, a line of products based on organic grain. The products have been sold in the Danish market under the Kornkammeret brand, with sales performing very well in recent years.

Lantmännen's action program for the brands in the stores

- ➔ Launch an organic product line.
- ➔ Increase organic product lines' share of sales to 5 percent by 2012.

Lantmännen's remaining challenges

- ➔ Meet growing consumer demands for clearer origin labeling of products.

Fork – conscious consumers

Lantmännen's responsibility for the food ends on the fork. But to make good decisions for health and the environment, consumers need adequate knowledge. Lantmännen can contribute to a more sustainable food consumption by spreading knowledge and work for more conscious consumers.

Knowledge lets you make the right choice

Lantmännen's website

► www.lantmannen.se is an important tool for raising awareness and increasing knowledge among consumers.

On the website there are facts and discussions concerning sustainable food production, along with recipes for better health and food enjoyment. Lantmännen also wants to raise issues and engage in a debate on “accepted truths” about good food. For example, is organically grown food the real solution for sustainable food production?

Better diet with Uppladdningen

Lantmännen provides information about diet and health through “Uppladdningen” (recharge), which tailors dietary advice to the specific needs of various target groups, such as cross-country skiers, dancers, equestrians and hockey players.

AXA Sports Club is one of the Nordic region's largest athletic associations, with 38,000 members in Sweden, Norway and Denmark. Its aim is to spread information to young people, fitness enthusiasts and athletes on all levels on the importance of diet for results and well-being and to encourage exercise and sports activities.

Healthy food increasingly important

In 2009 a nutrition policy will be developed. The policy will highlight what Lantmännen defines as healthy food and provide guidelines for what such products should contain and not contain. The policy will be based on scientific assessments of health effects of various foods and additives.



In the coming year Lantmännen R&D will also focus on two characteristics of Lantmännen products; fiber content and antioxidant content. More scientific documentation is needed to be able to

communicate with consumers about these issues. Fiber and antioxidants are characteristics that consumers have a very positive attitude toward, but relatively little knowledge of.

Lantmännen's action program for consumers

- Provide consumers with information to facilitate conscious choices.
- Spread “Uppladdningen” to more target groups.
- Raise awareness of healthy Nordic diets.

Lantmännen's remaining challenges

- Step up the development of sustainable and efficient packaging solutions.

Suppliers

It is important for Lantmännen that sustainable development requirements are complied with throughout the production chain, from suppliers all the way to consumers. The new corporate code of conduct is an important way to make suppliers aware of these requirements.

Code of conduct highlights requirements

Lantmännen's supplier code of conduct is a part of the code of conduct adopted in 2008. With the aim of ensuring responsible action, the code lists the requirements Lantmännen makes of its suppliers. The code of conduct applies to all of Lantmännen's suppliers. It is the supplier's responsibility to ensure implementation of the code of conduct in his operations.

Lantmännen reserves the right to conduct inspections to obtain assurance that the code is being complied with. Such inspections may be conducted by an independent third party and take place unannounced. If nonconformances with the terms of the code are discovered and improvements do not take place within the agreed period, Lantmännen may terminate the business relationship.

Risk assessments basis for audits

It is important to Lantmännen that sustainable development requirements are complied with throughout the production chain and for Lantmännen to have open communication with various players on this issue. For that reason Lantmännen

Examples of supplier requirements

→ 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.



will conduct audits of its suppliers, beginning with a focus on high-risk categories.

In principle, Lantmännen has the same requirements for all suppliers.

Suppliers that initially do not meet code standards will receive assistance in meeting them.



Lantmännen's action program for suppliers

- Insert the requirements of the code of conduct in supplier contracts.
- Ensure that the code of conduct is complied with by a number of suppliers, with particular focus on high-risk suppliers by 2010.

Lantmännen's remaining challenges

- Build up active improvement efforts together with suppliers within the framework of code of conduct requirements.

Environmental information

The Group is engaged in activities requiring notification under the Swedish Environmental Code in 148 plants and activities requiring permits in 43 plants in Sweden. The Group's activities requiring notification and permits include grain facilities, mills, workshops, production plants for feed, ethanol, fuel pellets as well as pasta and breakfast foods.

The impact on the external environment is mainly in the form of noise, emissions to air and water, energy consumption, transportation and intermediate storage of hazardous waste. Production units in other countries adapt their operations, apply if necessary for licenses and report

to the authorities in accordance with local laws. No material injunctions were issued in Sweden in 2008 pursuant to the Swedish Environmental Code.

This table reports which parts of the Group have operations that require notifications and permits in Sweden under

the Ordinance (1998:899) concerning Environmentally Hazardous Activities and the Protection of Public Health.

Operations	Operations requiring notification in Sweden	Operations requiring permit in Sweden	Affected operations in Sweden
Lantmännen Lantbruk	28	16	Seed plants (2 ¹ +0), grain elevator (27 ¹ +6), feed plant (1 ¹ +9), fertilizer terminal (0+1) ¹ <i>Klintehamn's notification duty is common to all activity on the site.</i>
Svalöf Weibull	0	0	
Lantmännen Anläggnings- och Lantbruksmaskiner <i>Lantmännen Maskin Swecon</i>	51 21	0 0	Service facilities Service facilities
Lantmännen Energi	25	6	Pond for storage of sludge (1+0), district heating plant (11+0), "Ready Heat" plant (8+1), fuel plant (5+1), ethanol production (0+1), RME production (0+1), lstorage of hazardous and flammable products (0+1), storage of hazardous products (0+1)
Lantmännen Cerealia	0	8	Mills, pasta, ready-to-eat food, peas/beans and breakfast food manufacturing in Sweden (0+8)
Lantmännen Unibake	7	0	Bakeries in Sweden (7+0)
Lantmännen Kronfågel	0	2	Poultry slaughterhouse with cutting operations in Sweden (0+2)
Lantmännen Invest <i>Lantmännen Doggy Lantmännen Solanum Lantmännen Reppe Lantmännen SweChick Lantmännen SweHatch</i>	1 0 0 8 7	1 1 2 0 7	Animal feed manufacturing (1+1) Washing of potatoes, handling of wash water (0+1) Production of starch products, glucose syrup, gluten and ethanol (0+2) Breeding farm (2+0), production farm for hatching (6+0) Breeding farm (6+0), production farm for hatching (1+4), hatchery waste (0+3)
	148	43	

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.	●	6-7	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.	●	112-119
2. Organizational profile			4.2 Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	●	116, 118
2.1 Name of the organization	●	121	4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members. State how the organization defines "independent" and "non-executive." This element applies only for organizations that have unitary board structures. See the glossary for a definition of "independent."	○	
2.2 Primary brands, products, and/or services.	●	23-44	4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	◐	112
2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	●	2, 23-44	4.14 List of stakeholder groups engaged by the organization.	◐	50
2.4 Location of organization's headquarters.	●	121	4.15 Basis for identification and selection of stakeholders with whom to engage. This includes the organization's process for defining its stakeholder groups, and for determining the groups with which to engage and not to engage.	◐	50
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.	●	91	Economic		
2.6 Nature of ownership and legal form.	●	15	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.	●	51
2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	●	23-44	EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change.	●	52
2.8 Scale of the reporting organization, including: number of employees, net sales, total capitalization, quantity of products or services provided.	◐	77-79, 91	EC3 Coverage of the organization's defined benefit plan obligations.	●	106
2.9 Significant changes during the reporting period regarding size, structure, or ownership.	●	109	EC4 Significant financial assistance received from government.	●	109
2.10 Awards received in the reporting period.	●	59	Environmental		
3. Report parameters			EN4 Indirect energy consumption by primary source.	◐	61
3.1 Reporting period (e.g., fiscal/calendar year) for information provided.	●	67	EN16 Total direct and indirect greenhouse gas emissions by weight.	◐	61
3.2 Date of most recent previous report (if any).	●	67	EN28 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.		
3.3 Reporting cycle (annual, biennial, etc.)	●	67	Comment: In 2008 Lantmännen was not fined significant amounts	●	66
3.4 Contact point for questions regarding the report or its contents.	●	67	EN29 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	◐	57-58
3.5 Process for defining report content.	●	67	Labor practices and decent work		
3.6 Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	●	67	LA1 Total workforce by employment type, employment contract, and region.	◐	91
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.	●	67	LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	◐	48, 92
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.	●	67	Human rights		
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).	●	67	HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.		
3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	●	67	Comment: 0% Work to screen suppliers on human rights etc. will begin in 2009.	●	66
3.12 Table identifying the location of the Standard Disclosures in the report.	●	66-67			

Description	Status	See page
Society		
SO2 Percentage and total number of business units analyzed for risks related to corruption. Comment: 0%. In 2009 there an effort will be carried out related to the code of conduct.	●	67
SO3 Percentage of employees trained in organization's anti-corruption policies and procedures. Comment: 1%. Through the e-training program given to the organization, a majority of Lantmännen employees will undergo training in company anti-corruption policies in 2009-2010.	●	67
SO4 Actions taken in response to incidents of corruption. Comment: No incidents reported.	●	67
SO7 Total number of legal actions for anticompetitive behavior, antitrust, and monopoly practices and their outcomes. Comment: No legal actions have been taken against Lantmännen.	●	67
SO8 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations. Comment: In 2008 Lantmännen was not fined significant amounts.	●	67

Description	Status	See page
Product responsibility		
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.	●	67
PR9 Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services. Comment: In 2008 Lantmännen was not fined significant amounts.	●	67


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 fourth 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. Reporting principles and bases for calculations are stated in conjunction with performance indicators wherever they deviate in any significance from commonly used methods.

Additional reporting information

- ➔ The report pertains to 2008, unless stated otherwise.
- ➔ The report is annual, and the previous one was completed on March 10, 2008.
- ➔ The contact person for the report is Claes Johansson, Head, Sustainable Development. claes.johansson@lantmannen.com
- ➔ The report refers primarily to the Lantmännen Group, including its business area. Associated companies and joint ventures are not included. Lantmännen Granngården is not included in the figures. Lantmännen Unibake includes the Swedish fresh bread business, which was divested in fall 2008. GoGreen AB, previously 50 percent-owned, is 100 percent-owned and is included in Lantmännen Cerealía. Performance indicator definitions and calculations in a more elaborate format may be found 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. The previous year's sustainability report was sent out with the aim of soliciting comments on the contents. It was sent to a significant number of external stakeholders, including industry representatives, customers, authorities, policymakers, the trade press, et al., and no comments were received from this mailing.

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

Annual Report



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Board of Directors' report

The Board of Directors and the Group President and CEO of Lantmännen ek för, Corporate Identity No. 769605-2856, hereby present the Annual Report for the 2008 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 most important markets are found in the Nordic countries, the Baltic Sea area and Northern Europe. The starting point for Lantmännen's activities is farmland and its possibilities, where the Group is active in all links of the value chain, from field to fork.

The Lantmännen Group is organized into eight business areas. Basic operations, focused on farmers, are conducted through the business area Lantmännen Lantbruk. Other business areas are Svalöf Weibull, Lantmännen Anläggnings- och Lantbruksmaskiner, Lantmännen Energi, Lantmännen Cerealia, Lantmännen Unibake, Lantmännen Kronfågel and Lantmännen Invest. In 2008 the activities of the Lantmännen Axa and Lantmännen Mills business areas were coordinated in a single business area, Lantmännen Cerealia. The Granngården business area was divested in 2008.

Changes in the Group structure

In the first quarter, Svalöf Weibull divested all its shares in the subsidiary Weibull Trädgård AB to Econova AB. The outcome for the year included MSEK 70 (335) in external net sales from Weibull Trädgård and operating income of MSEK 6 (16). At the end of 2007, Weibull Trädgård had total assets amounting to MSEK 250. The consolidated capital gain from the divestment was marginal.

During the first quarter, Lantmännen acquired the remaining 50 percent of GoGreen and 28 percent of the shares of the Latvian milling company JSC Rigas Dzirnarnieks from the Finnish food group Raisio. At the same time, Raisio took over Lantmännen's 25 percent

shareholding in Melia. GoGreen was consolidated as a wholly owned subsidiary from the end of March. Following the acquisition, the holding in JSC Rigas Dzirnarnieks amounts to 94 percent. During the first quarter Lantmännen also divested its 49 percent holding in Svenska Foder to the Danish company DLG.

During the first quarter Lantmännen Unibake acquired Baco OY, a Finnish company with sales of about MSEK 110. Baco is the leading supplier of hamburger and hot dog buns in Finland, with the Baltic countries and Russia as important markets.

During the second quarter Lantmännen Unibake purchased Euro-Bake, a U.S. bakery based in Florida. The company, which has sales of approximately MSEK 150 on an annual basis, produces European-inspired products such as ciabatta, baguettes and focaccia. In the second quarter Lantmännen Unibake also acquired Eurobuns, a British bakery with sales of approximately MSEK 540. Eurobuns is one of the leading suppliers of frozen bread products in the U.K.

The sale of Granngården and its subsidiary Nordpost to EQT was formalized in August following Swedish Competition Authority approval. Of the Group's external net sales Granngården accounts for MSEK 1,261 (2,381), with operating income of MSEK -22 (-94). At the end of 2007 Granngården had total assets amounting to MSEK 644. The consolidated capital gain from the divestment was marginal.

In October, Lantmännen entered into a share swap agreement with BASF, the German minority owner of Svalöf Weibull. Under the agreement, Lantmännen took over BASF's minority stake in Svalöf Weibull in November while BASF simultaneously took over Lantmännen's holding in BASF Plant Science Holding GmbH.

In the third quarter Lantmännen acquired a minority stake in Bosarpsyckling AB, which from August was reported as an associated company. Bosarpsyckling is Sweden's only producer of organic chicken products.

During the year Lantmännen gradually increased its participation in HaGe Kiel, Germany's third largest agribusiness company. At the end of the year, the holding amounted to 38 percent compared with 20 percent at beginning of the year. HaGe Kiel has been recognized as an associated company since fourth quarter 2007.

In October, Lantmännen and Fazer, a Finnish food company, signed an agreement for Fazer to acquire Lantmännen Färskröd in Sweden, which sells its products mainly under the Bageri Skogaholm brand name. The transaction was completed in January 2009 following Swedish Competition Authority approval. In the external net sales for the year the Swedish fresh bread business accounts for MSEK 1,240 (1,225), with operating income of MSEK -123 (-100). Total assets at year-end came to MSEK 811. The Group recorded a MSEK 291 charge for impairment of assets and provision for restructuring.

During the second quarter Lantmännen tendered a bid for all the shares of Hedegaard A/S, a listed Danish agribusiness. After a bidding war, Lantmännen decided to withdraw its bid and at the end of the second quarter Lantmännen divested its entire holding with a capital gain of MSEK 81.

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

In the fall, the Board decided to issue capital contributions and to permit members to trade contribution issues among them. Contribution issues are the part of a member's equity that are not paid in but are instead allocated to the member through a transfer from the economic association's non-restricted equity. Trading of contribution issues is scheduled to start in first quarter 2009 and issuing of capital contributions in the second quarter. Members and employees will initially be able to purchase capital contributions, which represent a special form of capital between loans and member equity. It will be possible to trade the capital contributions in the second-hand market without restrictions in the countries where Lantmännen has decided to issue capital contributions. Nominal value of the capital contributions issued in the spring of 2009 will amount to MSEK 500 at the most. The return on the shares is linked to the earnings performance of the Group.

In the fall Lantmännen launched its investment in the "Lantmännen" brand name through an extensive marketing campaign in various media. The goal is to make Lantmännen a strong guarantor in food and gather Lantmännen's other brand names under this umbrella.

Lantmännen's biggest single investment ever, the new ethanol plant in Norrköping, was opened in November. The plant is undergoing testing in the first months and is expected to be able to deliver according to its full capacity in the spring of 2009. Including production in the old plant, total production is 200 million liters of ethanol per year.

Work on continuous cost improvements has started through the "LEAD" project in many of the Group's operations. LEAD stands for Learn, Engage, Analyze and Do. The work done so far has been successful and led to considerable savings. Efforts to achieve the high savings goals will continue in the years to come. As part of this cost improvement process, responsibility for purchasing, logistics and productions was placed under a new function, supply chain. This was done to create overarching responsibility in the Group for streamlining efforts in these areas.

Lantmännen Lantbruk is expanding its international operations through a two-year partnership with the Dutch development company CCL BV to develop cattle feed at Nötcenter Viken, Lantmännen's experiment station.

In the beginning of the year the Board adopted a Group-wide code of conduct laying down the ethical guidelines by which Lantmännen is to operate and conduct its business. The code will be adopted gradually in the Group's units by training all personnel in 2008 and 2009.

Net sales

Net sales in the Lantmännen Group during the year amounted to MSEK 42,868 (35,989), an increase of 19 percent. Adjusted for changes in Group structure, net sales rose by 24 percent. Price increases for grain and inputs contributed directly or indirectly to the increase in sales at Lantmännen Lantbruk, Lantmännen Cerealia, Lantmännen Unibake and Lantmännen Kronfågel. Also contributing to the sharp rise in sales were bigger deliveries of grain, crop production inputs, construction machinery and externally produced ethanol.

At Lantmännen Lantbruk net sales were up 43 percent, totaling MSEK 12,980 (9,107). Total sales volume rose by 13 percent during the year, driven primarily by grain and crop production inputs. Moreover, higher prices for grain, feed and fertilizer also contributed to the increase in sales.

Svalöf Weibull's net sales were down 40 percent, amounting to MSEK 550 (921). The entire reduction is an effect of

the divestment of Weibull Trädgård at the start of the year. Remaining operations' net sales were up 8 percent, totaling MSEK 474 (441). The primary reasons for this increase were high sales of spring seed in Sweden and higher sales of winter rape and winter wheat in Germany and Poland.

Net sales at Lantmännen Anläggnings- och Lantbruksmaskiner amounted to MSEK 9,529 (8,456), an increase of 13 percent, with construction machinery accounting for most of the increase. A substantial drop-off in demand for construction machinery was noted in all markets in the latter half of the year.

Lantmännen Energi's net sales increased by 48 percent to MSEK 4,574 (3,089). The main reason for the increase is higher sales of externally produced ethanol within Lantmännen Agroetanol. Sales of externally produced ethanol will in 2009 gradually be replaced with ethanol produced at the new plant in Norrköping.

At Lantmännen Cerealia net sales were up 19 percent, totaling MSEK 4,544 (3,833). In addition to the effect of the high grain prices in 2008, the increase was also attributable to healthy sales in Norway and Denmark, for example.

At Lantmännen Unibake net sales were up 22 percent, totaling MSEK 8,228 (6,751). Most of the increase is attributable to the acquisition of Baco, Eurobuns and Euro-Bake and the effects of high grain prices in 2008. Adjusted for company acquisitions, net sales rose by 12 percent.

Lantmännen Kronfågel increased its net sales by 14 percent to MSEK 2,856

MSEK	Net sales ¹		Operating income	
	2008	2007	2008	2007
Lantmännen Lantbruk	12,980	9,107	172	144
Svalöf Weibull	550	921	1	11
Lantmännen Anläggnings- och Lantbruksmaskiner	9,529	8,456	376	397
Lantmännen Energi	4,574	3,089	-110	2
Lantmännen Cerealia	4,544	3,833	206	172
Lantmännen Unibake	8,228	6,751	212	226
Lantmännen Kronfågel	2,856	2,507	149	71
Lantmännen Granngården	1,269	2,401	-22	-94
Lantmännen Invest	2,028	2,086	59	306
Other and Eliminations ²	-3,690	-3,162	93	-365
Total	42,868	35,989	1,136	870

¹ Net sales for the business areas include intercompany sales.

² Includes impairment and restructuring costs related to the fresh bread business, capital gains on properties and reversal of salmonella reserve in 2008 and impairment of grain elevators in 2007.

(2,507). The higher net sales are primarily the result of price changes on account of higher grain prices, which were passed along the entire chain to the customer. Sales volume was lower than in the previous year, but with a better product mix.

Lantmännen Invest's net sales amounted to MSEK 2,028 (2 086), an increase of 14 percent from MSEK 1,772 for comparable units. Last year's net sales included Analycen, which was divested in October 2007. Sales increased the most at Lantmännen Byggplant, Lantmännen Reppe and Lantmännen Doggy.

Operating income

Operating income for the year came to MSEK 1,136 (870). Earnings were affected by items affecting comparability totaling MSEK 104 (152). Adjusted for these items, operating income amounted to MSEK 1,032 (718), an increase of over 40 percent. The biggest positive items affecting comparability were the MSEK 269 earnings effect arising from the exchange of Lantmännen's holding in BASF Plant Science Holding for BASF's ownership interest in Svalöf Weibull AB, MSEK 235 in capital gains from the sale of properties, MSEK 81 in participations in associated companies and the MSEK 181 reversal of the salmonella reserve. Negative items affecting comparability include the MSEK -340 impairment of fixed assets in the fresh bread operations in Denmark and Poland, and the MSEK -291 result of the settlement with Fazer for the sale of the fresh bread operation in Sweden. The Group's earnings were only marginally affected by the divestment of Lantmännen Granngården and Weibull Trädgård. 2007 items affecting comparability included MSEK 315 in capital gains from the sale of Analycen and other operations.

In recent years, the corporate functions Economy, Finance, IT, Human Resources, Information & Communication and Supply Chain have been built up to support the operating units. In step with this process, debiting from Lantmännen ek för increased in 2008, which was charged to the business areas' reported operating income.

Lantmännen Lantbruk's operating income rose by MSEK 28, amounting

to MSEK 172. The main reason for the improvement is higher sales volumes for grain and crop production inputs.

International operations in Lantbruk's business area are run via associated companies. The share of these operations' earnings totaled MSEK 82 (-4). The improved earnings came primarily from the holding in HaGe Kiel, where the stake was increased from 20 to 38 percent during the year. The sale of the Hedegaard A/S holding contributed MSEK 81 in capital gains to the total earnings of associated companies, resulting in total earnings for 2008 of MSEK 163.

Operating income at Svalöf Weibull amounted to MSEK 1 (11). Operating income includes a capital loss of MSEK -33 from the sale of Weibull Trädgård. The consolidated result from the sale was marginal. Earnings from the remaining part of Svalöf Weibull were impacted favorably compared with the previous year as a result of higher sales of spring seed in Sweden and winter wheat and winter oilseed rape in Germany and Poland.

Lantmännen Anläggnings- och Lantbruksmaskiner's operating income amounted to MSEK 376 (397). Earnings were affected by higher costs and lower margins on construction machinery.

Operating income at Lantmännen Energi amounted to MSEK -110 (2). The

deterioration in earnings is primarily due to rising raw material prices in the production of solid biofuels, higher grain costs for the 2007/2008 harvest in ethanol production and negative earnings from buying and selling externally produced ethanol.

Operating income in Lantmännen Cerealia amounted to MSEK 206 (172). The earnings improvement relates to ample sales volumes in the retail segment and a changed product mix in the industry and bakery segment.

Lantmännen Unibake's operating income totaled MSEK 212 (226). Operating income was adversely impacted by heavy price pressure primarily in the grocery segment and by production disruptions at Färskbröd Danmark.

Operating income for Lantmännen Kronfågel, before the reversal of negative goodwill, improved considerably, amounting to MSEK 96 (35). Relatively stable demand and an improved product mix in Sweden, topped by higher efficiency in plants, contributed to the earnings improvement. After the reversal of negative goodwill cumulative operating income was MSEK 149 (71).

Lantmännen Invest's operating income totaled MSEK 59 (306). The previous year's earnings included a capital gain on the sale of Lantmännen Analycen totaling MSEK 269. The increase in

Significant items affecting comparability

MSEK	2008	2007
Recognized operating income	1,136	870
<i>Items affecting comparability in operating income:</i>		
Capital gain from		
- sale of properties	235	-
- sale of operations, equities	350	315
Reversal of salmonella reserve	181	-
Impairment of fixed assets etc	-371	-29
Impairment and restructuring costs, sale of Färskbröd Sverige	-291	-
Restructuring costs, impairment of elevators etc.	-	-168
Other	-	34
Total items affecting comparability in operating income	104	152
Operating income adjusted for items affecting comparability	1,032	718
Recognized income after financial items		
Items affecting comparability in operating income according to the above	702	822
<i>Items affecting comparability in financial items:</i>		
Impairment of loan receivables	104	152
Capital gains from sale of shares, etc.	-24	-
Refund of pension guarantees	-	184
	-	16
Total items affecting comparability in net financial income	-24	200
Income after financial items adjusted for items affecting comparability	622	470

comparable units is attributed to improved results in Lantmännen Reppe and Lantmännen Bygglant in particular.

Income after financial items

Income after financial items was MSEK 702 (822). Adjusted for items affecting comparability, income amounted to MSEK 622 (470).

Net financial items amounted to MSEK -434 (-48). Net financial items for the year include items affecting comparability amounting to MSEK -24, which refers to revaluation of loan receivables. The previous year's net financial income included items affecting comparability totaling MSEK 200, primarily attributable to a capital gain on the sale of investment equities. Adjusted for these items, the Group's net financial income for the period amounted to MSEK -410 (-248). The higher financial expenses are primarily explained by increased borrowing for acquisitions and investment and higher tied-up working capital, but also by higher interest rates in 2008 compared with last year.

Net income for the year

Net income for the year after tax and minority interests amounted to MSEK 558 (588).

Refund and final price adjustment affect earnings by MSEK -122 (-83).

The tax expense was MSEK -36 compared with MSEK -134 the previous year. In December, the Swedish parliament, the Riksdagen, voted to cut the corporate tax rate in Sweden from 28 percent to 26.3 percent in 2009, only marginally affecting the tax expense for the year. Positive tax case decisions and new estimates during the year made it possible to utilize unused tax losses from previous years. The tax effect of these tax loss carryforwards amounted to MSEK 159, of which MSEK 52 was utilized during the year.

Minority share of income for the year totaled MSEK +14, compared with MSEK -17 the previous year. The positive minority share during the year is primarily due to the minority share in Svalöf Weibull's negative earnings up until October.

Financial position

The Group's equity on December 31, 2008, was MSEK 10,528, compared with MSEK 9,483 at the beginning of the year.

Of the change of MSEK 1,045, MSEK 558 comes from net income for the year and MSEK 548 from positive translation differences from translation of foreign subsidiaries. Payments of member contributions increased equity by MSEK 52, while the payment of MSEK 50 in contribution dividend and refunds of member contribution of MSEK 63 reduced equity. Most of the refunded member contributions of MSEK 262 the previous year concerned adjustments owing to changed assumptions regarding members' obligation to invest in the Association.

Total assets were MSEK 32,553 (28,743). The increase in total assets is primarily an effect of the large expenditures in the mill in Vejle and the ethanol plant in Norrköping, which increased the value of the Group's fixed assets. Investment in new businesses in Lantmännen Unibake as well as the effects of changes in exchange rates connected with translation of foreign subsidiaries also made a substantial contribution to the higher total assets. In total, changes in exchange rates increased, for example, the value of the Group's tangible fixed assets by slightly more than MSEK 500 and intangible assets by MSEK 300.

The Group's net debt at year-end amounted to MSEK 11,654 (8,413), and on the same date, total payment readiness was MSEK 747 (1,007). New terms for the Group's credit facility have increased the available line of credit by MSEK 1,700.

The equity ratio was 33 percent (34).

Cash flow and liquidity

The Group's cash flow during the year totaled MSEK -233 (-400). Operating activities contributed a positive cash flow of MSEK 423 (219).

Investment activity for the period resulted in a negative cash flow totaling MSEK -3,199 (-1,322). For investment in fixed assets, MSEK 2,700 (2,259) was spent, and sales of fixed assets yielded a positive cash flow of MSEK 416 (147),

yielding in total a net outflow of MSEK -2,284 (-2,112). Investment in new operations affected cash flow by MSEK -1,592 (+22), and the divestment of businesses yielded a positive cash flow of MSEK 532 (401). Investment in operations primarily refers to acquisitions at Lantmännen Unibake and Lantmännen Lantbruk's acquisition of additional participations in the associated company HaGe Kiel. Net financial investments were reduced, thereby contributing a positive cash flow of MSEK 145 (+367).

Financing activities contributed a total positive cash flow of MSEK 2,543 (703) through increased borrowing.

The Group's cash and cash equivalents at the end of the period amounted to MSEK 269 (484).

Investment

The Group's investment in fixed assets totaled MSEK 2,700 (2,259).

The largest single capital expenditures during the year refer to the expenditure on the mill in Vejle, Denmark, in Lantmännen Cerealia and in the ethanol plant in Norrköping in Lantmännen Energi. Both facilities opened for operations during the year, starting with the mill in Vejle in the second quarter and the ethanol plant by stages from November. Total amount invested in the mill in Vejle comes to MSEK 560, of which MSEK 165 was invested in 2008. Expenditure for the year on the ethanol plant in Norrköping amounted to MSEK 760 and all together just over MSEK 1,400 had been invested at December 31, 2008.

During the year, construction began on a new feed plant in Lidköping and a new seed plant in Eslöv in Lantmännen Lantbruk. During the year the amount invested in the feed plant came to MSEK 88 and MSEK 26 in the seed plant. Total expenditure on the facilities is estimated at MSEK 165 and MSEK 55, respectively.

Environmental information

The Group is engaged in activities requiring notification under the Swedish Environmental Code in 148 plants and activities requiring permits in 43 plants in Sweden. The Group's activities requiring notification and permits include

grain facilities, mills, workshops, production plants for feed, ethanol, fuel pellets as well as pasta and breakfast foods. The impact on the external environment is mainly in the form of noise, emissions to air and water, energy consumption, transportation and intermediate storage of hazardous waste.

One complaint has been made to the prosecuting authorities regarding "suspicion of environmental crime". The suspicion concerns the pumping of illegal sewage discharges into the municipal sewage treatment works. No indictment has been made. Otherwise, no injunctions pursuant to the Swedish Environmental Code were issued in Sweden during the year.

Producing units in other countries adjust 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 on ► p. 65

Personnel

The average number of employees in the Lantmännen Group was largely unchanged compared with the previous year and totaled 12,671 (12,830), of which 6,958 (7,592) are 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. In January 2008 Lantmännen's equal opportunity and diversity policy was adopted. Among other things, the policy establishes 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 on ► p. 47 ff

Senior executives

The guidelines for remuneration of senior executives in 2008 are stated in Note

5. The General Meeting adopts remuneration guidelines on the basis of Board proposals. The Board's proposal regarding guidelines for remuneration of senior executives in 2009 is in conformity with current guidelines with the exception of termination and severance pay. For members of Lantmännen's Group management the Board has proposed a 6-month notice period by the company and 6 months by the employee. In addition, if termination is by the company, severance pay of 12 months' fixed salary is payable with deduction for any salary from a new employer. Previously signed agreements will not be changed.

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 finance risks are described in greater detail in Note 26 and in the section on financing on ► p. 18

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 and tactical 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. Crucial changes in operating conditions, such as the imposition or elimination or raising or lowering of customs duties 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 business areas is to grow through a combination of organic growth complemented by selected acquisitions in certain business areas. Integrating acquired businesses 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 are affecting particularly Lantmännen Lantbruk's operations, Lantmännen Cerealia's milling operations and Lantmännen Agroetanol's ethanol production. In 2008 the volatility of the commodity markets was very high. In the spring commodity prices reached historically high levels only to sink in the fall by an average of 50 percent from their peak for the year in the wake of the growing global financial crisis. Crucial regulatory changes, such as the elimination or lowering of customs duties and taxes and other political decisions, can take place in individual markets and operations.

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 and 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 customs duties on ethanol imported from countries outside the EU. High grain prices and uncertainties regarding the price of ethanol and changes in customs rules, represent significant risk factors that can alter the operating conditions for Swedish production of fuel ethanol.

In the short term there is the risk that the European Commission will approve an October 2008 application by the Swedish government to change tax and customs terms so that ethanol for low-level gasohol blends can be imported primarily from Brazil at prices so low that Lantmännen's production cannot compete in the domestic market. However, because of the opportunities to export the Group's ethanol to other EU countries, the adverse economic consequences will be limited in Lantmännen's opinion. In recognition of the problem, the Government has furthermore commissioned a report to study alternatives to ensure continued stable conditions for Swedish ethanol production. 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.

Trademark risks

Expectations are increasing for Lantmännen to 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 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 trademark risks.

Many crop production issues also have a major impact on how stakeholders view the Lantmännen brand name. The use of GMO (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 is 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

The future climate changes represent 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 changes can indeed lead to higher returns 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 prefer-

ences. A complete survey of the Group's climate risks will be carried out in 2009.

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

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 rates and interest levels. 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 business areas' 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.

In 2008, the increasing prices and huge price swings for grain, feed, fertilizer, electricity, gas and ethanol clearly demonstrated the need for high and well-functioning payment readiness. Obtaining optimal financing requires continuous forecasting of the business area's future cash flows. This is carried out by the corporate finance function on a weekly, monthly and quarterly basis. Lantmännen's objective is for liquidity or credit facilities to exist to an extent so as to minimize the risk of financing being inadequate or unprofitable at a certain time and to ensure a high degree of payment readiness. On December 31, 2008, Lantmännen's total payment readiness was MSEK 747. The average remaining fixed credit period on this date was 3.9 years.

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 financial risk handling is centralized to make the most of economies of scale and synergies and to minimize handling risks. The central finance function functions as the Group's in-house bank. The internal bank is responsible for Group borrowing, currency and interest rate risk management, and also controls all the Group's commodity, electricity and gas risks.

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. In some cases the risk of credit losses is limited through credit insurance of large accounts receivable.

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 corporate insurance solutions. Insurable risks are placed with large Swedish and international direct insurance companies and with Group-owned captive companies that purchase reinsurance in the international reinsurance market.

Research and development

R&D costs for the year were MSEK 266. During the year R&D costs were redefined according to Statistics Sweden definitions; as a result comparable costs in the previous year amounted to MSEK 260. 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 business areas 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 separate research foundations.

For further information on Lantmännen's R&D see [▶ p. 14](#)

Expected future developments

Given the uncertainties in the world economy the state of the market can above all affect the Group's more economy-sensitive operations within machinery sales and energy. Above all, dwindling demand in the building and construction sector has already impacted sales of construction machinery through rapidly declining orders in the fall of 2008, which will produce effects in 2009.

Farmland and its possibilities constitute the basis for Lantmännen's value chain, from field to fork. The international social debate on the greenhouse effect and the growing interest in bioenergy is enlarging agriculture's market. Traditionally, arable land has been an important resource for the production of food and has now also become an increasingly significant resource in the production of bioenergy. Based on the growing demand for bioenergy and Lantmännen's expertise in this area, significant investment has been made in Lantmännen in the production of biofuels and other products. Long-term social requirements will have a considerable impact on the profitability of these expenditures.

The shrinking number of farms raising livestock represents a risk to the Group's production of feed. Continued streamlining of feed operations will therefore be an important element in strengthening market positions.

In the food segment, the interest in health has resulted in a continued, increased demand for healthy and wholesome foods. Health and convenient food solutions are strong consumer trends. Lantmännen's food business is a strong player in both of these areas, which the Group will continue to focus on.

To create growth opportunities and be an attractive partner to international customers in the grocery trade Lantmännen will continue on its course of international acquisitions and entering into strategic partnerships to continue to develop the food business primarily in the

Baltic countries and Northern Europe.

To ensure that Lantmännen remains a cost-effective partner to its customers a shared corporate function has been created with the task of streamlining the supply chain in Group purchasing, production and logistics. Going forward, its objective is to achieve large savings by utilizing Lantmännen's overall know-how in an efficient manner.

Two of the largest investments in Lantmännen's history were brought on line in 2008. The new mill in Vejle, Denmark, began operating as planned in the summer, with the expected outcome. The ethanol plant in Norrköping came on line somewhat later than scheduled after several disruptions. Fine tuning is under way and will continue in 2009.

In general, activities in 2009 will be marked by continued work on realizing Lantmännen's strategy, where there will be a big focus on developing the Group's core activities and divesting non-core operations.

Changes to accounting policies

There were no new or changed recommendations or other rules affecting Lantmännen's reporting in 2008.

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 2009 annual report will provide an overview of how the adoption of IFRS will affect Lantmännen's financial statements. 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.

Based on what is known today the biggest differences will concern recognition 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

The sale of Lantmännen Färsbröd Sverige to Fazer was completed in January 2009.

PARENT COMPANY LANTMÄNNEN EK FÖR

Organization

In the Parent Company Lantmännen's core business activities are conducted in the business area Lantmännen Lantbruk. The Parent Company also has corporate functions and property management.

Number of members

The number of members on December 31, 2008 totaled 39,350 (41,951).

Net sales and operating income

Net sales during the year amounted to MSEK 13,252 (9,323). Higher sales volumes for grain and crop production inputs along with price increases for grain, feed and fertilizer helped boost sales. Operating income amounted to MSEK 242 (-292). Capital gains on the sale of properties contributed MSEK 222 to the positive result. In 2007, MSEK 160 in additional expenses for demolishing grain elevators was charged to operating income.

Income after financial items

Income after financial items totaled MSEK 671 (237). Net financial items for the year include MSEK 302 (301) in capital gains on the sale of shares and MSEK 566 (167) in dividends, primarily from subsidiaries.

Investment

Investment for the year in tangible fixed assets totaled MSEK 416 (275). These expenditures include Lantmännen Lantbruk's investment in a new feed plant in Lidköping, a new seed plant in Eslöv and continuing expenditure on upgrading the business system. Lantmännen also continues to invest in new IT infrastructure. These expenditures are the main reason for the increase in investment compared with 2007.

Equity ratio

The equity ratio was 32 percent (35).

Personnel

In the Parent Company the average number of employees was 1,317 (1,317).

ALLOCATION OF PROFIT

Refund and final price adjustment

The Board of Directors has decided to pay a 1 percent (1) refund on members' purchases of feed, fertilizer, seeds, plant protection, grain and petroleum products. During the year, the Board also decided that a refund of 0.5 percent (0) will also be paid on patronage with Lantmännen Lantbruks- och Anläggningssmaskiner. A final price adjustment of 1 percent (1) will be paid for delivered grain. In total, refunds and final price adjustments will amount to MSEK 121 (83, actual outcome 84).

Contribution dividend

The Board of Directors proposes that the Annual General Meeting approve payment of 5 percent (5) contribution dividend on paid and issued contributions to direct members. To achieve equal treatment with regard to tax effects among direct members, organization members or local associations, it is proposed that organization members and local associations receive a contribution dividend of 3.7 percent (3.6). MSEK 57 (50) is allocated to this.

Contribution issue

The Board of Directors proposes that the Annual General Meeting approve a contribution issue of MSEK 110 (151). The issued capital will be distributed as

follows: 75 percent based on the paid-in and issued members' contributions and 25 percent based on the members' 2008 contribution-based sales with the Association. Sales are calculated on the same basis as for the distribution of refunds and final price adjustments.

In all, the contribution dividend and contribution issue resulted in a return on member contribution totaling 14 percent for 2008.

Proposal for allocation of profit

Non-restricted equity in the Group amounts to MSEK 6,300, of which it is proposed that MSEK 155 be deposited into the statutory reserve in the Parent Company.

The Board of Directors proposes that the Parent Company's unappropriated earnings of SEK 4,677,972,000 be allocated in the following manner:

Contribution dividend	56,886,000
Contribution issue	110,000,000
Provisions for	
statutory reserve	155,000,000
Carried over to	
new account	4,356,086,000
Total	4,677,972,000

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 either a contribution dividend or a contribution issue, will be the date of the General Meeting, April 28, 2009.

The dividend is calculated on the basis of the membership roll as updated on December 31, 2008. The refund and final price adjustment amounts may be changed as a result of changes in the membership roll on December 31, 2008. The contribution dividend and contribution issue amounts may be changed as a result of changes in the membership roll up to April 28, 2009.

The Annual Report is to be approved by Lantmännen ek för's General Meeting and will be presented for consideration at the Annual General Meeting on April 28, 2009.

Income statement

MSEK	Note	GROUP		PARENT COMPANY	
		2008	2007	2008	2007
Net sales	2, 3	42,868	35,989	13,252	9,323
Less excise duties		-276	-220	-238	-185
Change in products in progress, finished goods and work in progress for third party		86	193	22	154
Other operating revenue	3	958	633	495	56
		43,636	36,595	13,531	9,348
Operating expenses					
Raw materials and consumables		-18,396	-13,668	-6,871	-4,891
Goods for resale		-9,884	-8,955	-3,844	-2,808
Other external costs	4	-6,431	-5,940	-1,606	-1,020
Payroll expenses	5	-6,053	-5,913	-831	-774
Depreciation, amortization and impairment losses tangible and intangible fixed assets	6	-1,910	-1,302	-137	-147
Reversal of negative goodwill	29	46	29	-	-
Other operating expenses		-44	-46	0	0
Total operating expenses		-42,672	-35,795	-13,289	-9,640
Share of income of associated companies	19	172	70		
Operating income	10, 37	1,136	870	242	-292
Income from financial items					
Income from participations in Group companies	7	-	-	497	337
Income from participations in associated companies	8	0	0	156	116
Income from other securities and receivables that are fixed assets	9	27	213	213	201
Interest income from Group companies		-	-	425	266
Other interest income and similar income items		228	254	90	127
Interest expenses to Group companies		-	-	-75	-61
Interest expenses and similar income items		-689	-515	-877	-457
Total financial items		-434	-48	429	529
Income after financial items	10, 11	702	822	671	237
Refund and final price adjustment		-122	-83	-122	-83
Year-end appropriations	12	-	-	-	-10
Income before tax		580	739	549	144
Tax on net income for the year	13	-36	-134	133	96
Minority share of net income for the year		14	-17	-	-
NET INCOME FOR THE YEAR		558	588	682	240

Balance sheet

MSEK	Note	GROUP		PARENT COMPANY	
		2008	2007	2008	2007
ASSETS					
Fixed assets					
Intangible assets					
Patents, licenses, trademarks etc.	14	368	368	172	185
Goodwill		3,386	2,510	-	-
Capitalized development costs		91	76	35	15
		3,845	2,954	207	200
Tangible fixed assets					
Land and buildings	15	3,681	3,192	268	235
Investment properties	16	300	71	507	382
Plant and machinery		5,571	3,567	387	322
Equipment, tools, fixtures and fittings		498	480	98	98
New construction in progress		924	1,605	201	161
		10,974	8,915	1,461	1,198
Financial fixed assets					
Participations in Group companies	17	-	-	5,692	6,019
Receivables from Group companies	18	-	-	221	289
Participations in associated companies	19	1,195	991	797	628
Receivables from associated companies	20	78	77	25	18
Other long-term financial assets	21	1,555	999	138	161
Deferred tax asset	13	136	118	231	86
Other long-term receivables	22, 35	176	139	159	16
		3,140	2,324	7,263	7,217
Total fixed assets		17,959	14,193	8,931	8,615
Current assets					
Inventories	23	7,059	6,303	2,732	2,309
Accounts receivable		5,631	5,922	2,690	2,382
Receivables from Group companies	18	-	-	9,509	6,695
Receivables from associated companies	20	109	69	92	54
Tax assets	13	93	84	30	30
Other current receivables	25, 35	680	836	61	145
Prepaid expenses and accrued income	24	599	501	317	499
		14,171	13,715	15,431	12,114
Short-term investments	25	154	385	0	8
Cash and bank balances		269	450	78	67
Total current assets		14,594	14,550	15,509	12,189
TOTAL ASSETS		32,553	28,743	24,440	20,804

MSEK	Note	GROUP		PARENT COMPANY	
		2008	2007	2008	2007
EQUITY AND LIABILITIES					
Equity	27				
Restricted equity					
Contributions		1,157	1,017	1,157	1,017
Restricted reserves		3,071	2,467	1,835	1,665
		4,228	3,484	2,992	2,682
Non-restricted equity					
Non-restricted reserves, retained earnings		5,742	5,411	3,996	4,157
Net income for the year		558	588	682	240
		6,300	5,999	4,678	4,397
Total equity		10,528	9,483	7,670	7,079
Minority interests		56	289	-	-
Untaxed reserves	12	-	-	311	311
Provisions					
Provisions for pensions	28	1,544	1,642	731	713
Provisions for deferred tax	13	132	225	-	-
Negative goodwill	29	294	340	-	-
Other provisions	30	401	745	167	261
Total provisions		2,371	2,952	898	974
Long-term liabilities					
Long-term liabilities to credit institutions	26	7,933	5,042	7,688	4,786
Liabilities to Group companies	18	-	-	0	0
Other long-term liabilities	31, 32	287	337	28	28
Total long-term liabilities		8,220	5,379	7,716	4,814
Current liabilities					
Current liabilities to credit institutions	26	2,915	1,063	1,501	0
Prepayments from customers		7	32	-	-
Accounts payable		3,863	4,201	1,559	1,559
Liabilities to Group companies	18	-	-	2,378	3,142
Liabilities to associated companies	20	37	35	28	34
Tax liabilities	13	45	77	-	-
Other current liabilities	32, 33	2,599	3,653	1,609	2,405
Accrued expenses and prepaid income	34	1,912	1,579	770	486
Total current liabilities		11,378	10,640	7,845	7,626
TOTAL EQUITY AND LIABILITIES		32,553	28,743	24,440	20,804
Pledged assets	39	1,737	1,007	1,262	34
Contingent liabilities	39	603	571	1,455	1,419

Changes in equity

MSEK	GROUP				PARENT COMPANY			
	Contri- buted capital	Re- stricted reserves	Non- restricted equity	Total equity	Contri- buted capital	Re- stricted reserves	Non- restricted equity	Total equity
Equity as of Dec. 31, 2006	1,154	2,332	5,552	9,038	1,154	1,553	4,225	6,932
Translation differences		210	-61	149				-
Transfer between restricted and non-restricted equity		-187	187	0				-
Net income for the year			588	588			240	240
Contribution dividend paid out			-56	-56			-56	-56
Member contributions paid in by members	26			26	26			26
Member contributions paid out to members	-262			-262	-262			-262
Allocation of profit	99	112	-211	0	99	112	-211	0
Group contributions				-			276	276
Tax effect of Group contributions				-			-77	-77
Equity as of Dec. 31, 2007	1,017	2,467	5,999	9,483	1,017	1,665	4,397	7,079
Translation differences		739	-191	548				-
Transfer between restricted and non-restricted equity		-305	305	0				-
Net income for the year			558	558			682	682
Contribution dividend paid out			-50	-50			-50	-50
Member contributions paid in by members	52			52	52			52
Member contributions paid out to members	-63			-63	-63			-63
Allocation of profit	151	170	-321	0	151	170	-321	0
Group contributions				-			-42	-42
Tax effect of Group contributions				-			12	12
Equity as of Dec. 31, 2008	1,157	3,071	6,300	10,528	1,157	1,835	4,678	7,670

Please see Note 27 for more information about equity.

Of the member contributions paid out MSEK 37 (231) refers to refunds resulting from changed assumptions relating to the obligation of members to invest in the association, while MSEK 26 (31) refers to refunds to members who have left the association.

In 2009, an estimated MSEK 54 in member contributions will be refunded to members. MSEK 30 refers to refunds to members who have left the association and MSEK 24 to refunds to members resulting from changed assumptions relating to the obligation of members to invest in the association.

Paid-in member contributions as of Dec. 31, 2008 593 MSEK (591).

Issued member contributions as of Dec. 31, 2008 564 MSEK (426).

Cash flow statement

MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
OPERATING ACTIVITIES				
Income after financial items	702	822	671	237
Adjustments for items not included in cash flow ¹⁾	670	684	-386	-361
	1,372	1,506	285	-124
Paid tax	-219	-52	0	0
Cash flow from operating activities before changes in working capital ²⁾	1,153	1,454	285	-124
Cash flow from changes in working capital				
Change in inventories	-1,156	-1,426	-423	-834
Change in operating receivables	717	-1,459	-2,322	-542
Change in operating liabilities	-291	1,650	219	34
	-730	-1,235	-2,526	-1,342
Cash flow from operating activities	423	219	-2,241	-1,466
INVESTING ACTIVITIES				
Aquisitions of businesses ³⁾	-1,592	22	-	-
Disposals of businesses ⁴⁾	532	401	-	-
Investment in intangible assets	-44	-64	-31	-11
Investment in tangible fixed assets ⁵⁾	-2,656	-2,195	-385	-264
Sale of fixed assets	416	147	30	85
Change in financial investments	145	367	-211	-796
Cash flow from investing activities	-3,199	-1,322	-597	-986
FINANCING ACTIVITIES				
Paid-in member contributions	52	26	52	26
Repaid member contributions	-63	-262	-63	-262
Change in loans	2,607	1,000	2,902	2,526
Dividend paid	-53	-61	-50	-57
Cash flow from financing activities	2,543	703	2,841	2,233
Cash flow for the year	-233	-400	3	-219
Liquid funds at beginning of year	484	875	75	294
Exchange rate difference in liquid funds	18	9	-	-
Liquid funds at year-end ⁶⁾	269	484	78	75

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

Depreciation and impairment of fixed assets	1,910	1,302	137	147
Less share of income from associated companies	-172	-70	-	-
Dividends received from associated companies	-220	-	-	-
Capital gains/losses from sale of fixed assets and businesses	-591	-437	-523	-322
Other items	-257	-111	-	-186
Total	670	684	-386	-361

Cash flow statement (continued)

MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
2) Interest paid and dividends received				
Dividends received	26	28	566	166
Interest received	242	171	471	863
Interest paid	-555	-399	-654	-980
Total	-287	-200	383	49
3) Aquisition of businesses				
Aquired assets and liabilities				
Intangible assets	900	134		
Tangible assets	440	209		
Financial assets	364	307		
Inventories	44	2		
Operating receivables	188	9		
Liquid funds	2	2		
	1,938	663		
Minority	-	-47		
Provisions	49	317		
Loans	141	4		
Operating liabilities	154	409		
	344	683		
Purchase price paid	1,594	-20		
Liquid funds in aquired busunesses	-2	-2		
Effect on liquid funds	1,592	-22		
4) Disposals of businesses				
Disposed assets and liabilities				
Intangible assets	9	6		
Tangible assets	92	56		
Financial assets	428	65		
Inventories	604	-		
Operating receivables	159	123		
Liquid funds	5	10		
	1,297	260		
Minority	15	9		
Provisions	122	34		
Loans	213	12		
Operating liabilities	382	109		
Capital gains/losses	-72	-315		
	660	-151		
Purchase price received	537	411		
Liquid funds in disposed busunesses	-5	-10		
Effect on liquid funds	532	401		
5) Investment				
During the year investment in tangible fixed assets through finance leases amounted to MSEK 2 (18) in the Group.				
6) Liquid funds				
Cash and bank balances	269	450	78	67
Short-term investments, with a maturity less than 3 months	-	34	-	8
Total	269	484	78	75

The Groups total payment readiness at year-end was MSEK 747 (1 007).

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, 104 25 Stockholm. 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).

The Swedish Financial Accounting Standards Council has ceased operations and no changes in recommendations and statements have taken place during the year.

The Board of Lantmännen has decided that Lantmännen shall apply International Financial Reporting Standards (IFRS) in preparing its consolidated financial statements starting in 2010, which means that the comparative year of 2009 will also be presented according to IFRS.

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 recog-

dition 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 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.

Mergers

Mergers are recognized in accordance with BFNAR 1999:1 "Mergers of wholly-owned limited companies." The consolidated value method is applied, which means that Lantmännen ek för reports the merged subsidiary's assets and liabilities at the values these had in the consolidated financial statements.

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. Lantmännen's internal management is based on a division of its activities into business areas. The business areas correspond to the operation's business segments.

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 ASSETS

An intangible 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 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, 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 assets comprise trademarks, patents and licenses. The assets are carried at cost less accumulated amortization and impairment losses. Depreciation 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 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 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 plus any appreciation. The fair value of investment properties is given as supplemental information in Note 16.

In Lantmännen investment properties are mainly in the Parent Company. 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. The properties that are leased out and used by other Group companies have been recognized as operating properties in the consolidated financial statements.

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.

A financial asset or financial liability is recognized in the balance sheet once the company becomes party to the instrument's contractual terms. Accounts receivable are recognized in the balance sheet when the invoice has been issued. Accounts payable are recognized when an invoice is received. A financial asset or part of the asset is eliminated from the balance sheet (derecognized) when the rights in the agreement are realized or expire. A financial liability or part of a financial liability is eliminated from the balance sheet when the obligation in the agreement is fulfilled or otherwise is settled.

Financial fixed assets

Equities and fixed-income securities acquired for continuing use in the business are classified as Financial fixed assets and are measured at cost or amortized cost. Financial fixed 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 include assets with short terms and a credit rating of at least K1 according to Standard & Poor's criteria.

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 26.

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. Items that have a fixed interest rate are measured at their amortized value.

Interest-bearing liabilities

Interest-bearing liabilities include mainly loans from members and credit institutions.

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) have, to a certain extent, been 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 are recognized in equity in the consolidated financial statements to offset translation differences from net assets in the subsidiary.

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 is hedged through forward exchange contracts. Forward contracts that protect currency flows are 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. Projected flows arise when an order is placed or in certain cases by forecast purchasing and selling transactions.

The fair value presented is based on official market quotations on the balance sheet date and 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. That means that the hedged asset or liability is valued at the forward rate if the hedge term is less than three months and according to the exchange rate on the date that the currency hedge is done if the hedge term exceeds three months. The difference between the forward rate and the exchange rate on the day the hedge was taken out is accrued over the term of the forward contract. 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 26.

Interest rate risk

Interest rate derivatives are used for the purpose of changing the fixed-rate period of underlying financial assets and liabilities.

Lantmännen uses interest rate swaps 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 26.

Commodity price risk

Commodity derivatives are used for the purpose of reducing earnings fluctuations caused by variations in the price of commodities, particularly wheat 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 26.

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 26.

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

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. If the plans are funded, assets are separated principally into retirement benefit plans. These plan assets 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 either a provision or a long-term financial receivable. 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 regulate a deficit in a different plan or if the intention is to regulate 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% 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's recommendation No. 4, Recognition 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.

Bonuses

Provisions for bonuses are expensed on an ongoing basis in accordance with the substance and financial reality of current agreements.

TAXES

The Group's tax cost 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

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.

Royalties and similar revenue are recognized on an accrual basis in accordance with the economic substance of the relevant agreement.

Dividends are recognized when the right to receive the dividend is deemed certain.

GRAIN REVENUE RECOGNITION

Lantmännen buys most of its grain from farmers within the framework of what is called Pool 1 and Pool 2. Pool 1 refers to deliveries to Lantmännen from harvest to the middle of October and Pool 2 from the middle of October to the end of March. Lantmännen treats purchasing and sales within the respective Pools as a single transaction. The total sales price for all grain in a Pool, per crop and grade, is distributed using an average price for the sold grain within the Pool. The price that Lantmännen pays the farmer for deliveries within the Pool is set on the basis of the sales price for grain within the Pool. This means that sales of grain within a Pool have a fixed gross margin that is used in recognizing all revenue from grain sales within the Pool. The accounting method applied corresponds to the principle for percentage of completion.

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. 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, URA 7.

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.

NOTE 1 ACQUISITIONS AND DISPOSALS

During the year the following major acquisitions and disposals were made concerning subsidiaries:

Acquisitions

Company	Business	Acquisition date	Purchase price, MSEK	Goodwill, MSEK	Annual sales MSEK	Number of employees	Acquired share	Holding after acquisition
GoGreen AB	Food	Jan-08	28	39	92	8	50%	100%
JSC Rigas Dzirnavnieks	Mill	Jan-08	17	12	278	85	28%	94%
Baco OY	Bakery	Mar-08	243	203	110	44	100%	100%
Eurobuns	Bakery	May-08	608	511	540	397	100%	100%
Euro-Bake	Bakery	Apr-08	327	261	150	196	100%	100%
Svalöf Weibull AB	Plant breeding	Oct-08	189	0	0	0	40%	100%
Other companies			17	12	70	73		100%

The acquisition balance sheets are preliminary for all acquisitions made in 2008. The companies are consolidated as subsidiaries according to the purchase method. There are no plans for any parts of the acquired companies to be

disposed of. Acquisition balances for acquisitions made in 2007 are now definite and are essentially consistent with the preliminary balances reported earlier.

Disposals

Company	Business	Sale date	Consolidated sales 2008, MSEK	Average number of employees 2008	Proportion of shares disposed	Holding after disposal
Weibull Trädgård AB	Horticultural products	Mar-08	70	184	100%	-
Granngården AB	Retail	Aug-08	1,261	1,100	100%	-

För avyttrade verksamheter, se även Not 38.

NOTE 2 SEGMENT REPORTING
PRIMARY SEGMENT – BUSINESS SEGMENTS

Financial Year 2008

MSEK	Lantbruk	Svalöf Weibull	Anläggnings- och Lantbruksmaskiner	Energi	Cerealia	Unibake	Kron-fågel	Grann-gården ¹	Invest	Other business	Elimi-nations	Total the Group
Net sales												
External sales	11,418	361	9,517	3,577	3,844	8,228	2,844	1,261	1,657	161		42,868
Internal sales	1,562	189	12	997	700	-	12	8	371	354	-4,205	0
Total net sales	12,980	550	9,529	4,574	4,544	8,228	2,856	1,269	2,028	515	-4,205	42,868
Income												
Income per business segment	172	1	376	-110	206	212	149	-22	59	346	-253	1,136
Operating income	172	1	376	-110	206	212	149	-22	59	346	-253	1,136
Of which share of income of associated companies				3	1	30	2			136		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	172	1	376	-110	206	212	149	-22	59	346	-253	558
Other disclosures												
Assets	6,342	595	3,370	3,139	3,132	9,223	1,215	-	709	1,885	-1,155	28,455
Equity share of associates		2		7	8	158	21			999	0	1,195
Unallocated assets												2,903
Total assets	6,342	597	3,370	3,146	3,140	9,381	1,236	-	709	2,884	-1,155	32,553
Liabilities	1,794	203	1,433	573	468	1,336	634	-	321	1,854	-1,155	7,461
Unallocated liabilities												14,564
Equity												10,528
Total equity and liabilities	1,794	203	1,433	573	468	1,336	634	-	321	1,854	-1,155	32,553
Investment	278	25	276	775	332	462	168	7	57	320		2,700
Depreciation, amortization and impairment	-108	-33	-154	-114	-205	-613	-41	-5	-45	-592		-1,910

¹⁾ Granngården was a business segment until its divestment in August 2008

Note 2 continued

Financial Year 2007

MSEK	Lantbruk	Svalöf Weibull	Anläggnings- och Lantbruks- maskiner	Energi	Cerealia	Unibake	Kron- fågel	Grann- gården	Invest	Other busi- ness	Elimi- nations	Total the Group
Net sales												
External sales	7,867	641	8,442	2,214	3,348	6,751	2,504	2,381	1,704	137		35,989
Internal sales	1,240	280	14	875	485	-	3	20	382	439	-3,738	0
Total net sales	9,107	921	8,456	3,089	3,833	6,751	2,507	2,401	2,086	576	-3,738	35,989
Income												
Income per business segment	144	11	397	2	172	226	71	-94	306	-456	91	870
Operating income	144	11	397	2	172	226	71	-94	306	-456	91	870
Of which share of income of associated companies	-	0	-	2	-7	22	2	-	-	51	-	70
Financial income												467
Financial expenses												-515
Refund and final price adjustment												-83
Tax expense for the year												-134
Minority interest												-17
Net income for the year												588
Other disclosures												
Assets	4,730	792	3,298	2,498	2,854	7,040	854	516	682	4,176	-466	26,974
Equity share of associates		5		4	126	113	12		19	712		991
Unallocated assets												778
Total assets	4,730	797	3,298	2,502	2,980	7,153	866	516	701	4,888	-466	28,743
Liabilities	2,029	379	1,804	726	765	1,128	668	273	264	2,276	-466	9,846
Unallocated liabilities												9,414
Equity												9,483
Total equity and liabilities	2,029	379	1,804	726	765	1,128	668	273	264	2,276	-466	28,743
Investment	159	19	293	744	273	483	37	12	22	217		2,259
Depreciation, amortization and impairment	-93	-41	-128	-128	-179	-512	-50	-10	-67	-94		-1,302

SECONDARY SEGMENT - GEOGRAPHICAL AREAS

Financial Year 2008

MSEK	Sweden	Denmark	Norway	Germany	U.K.	Belgium	Poland	Baltic countries	Rest of Europe	U.S.	Rest of world	Elimi- nation	Total Group
External sales	27,048	5,049	2,483	3,217	1,039	508	549	661	1,644	335	335		42,868
Assets	38,570	6,572	1,133	1,301	310	922	318	626	4,225	608	32	-22,064	32,553
Investment	1,719	508	76	203	6	66	43	51	18	9	1		2,700

Financial Year 2007

MSEK	Sweden	Denmark	Norway	Germany	U.K.	Belgium	Poland	Baltic countries	Rest of Europe	U.S.	Rest of world	Elimi- nation	Total Group
External sales	21,876	4,875	2,570	2,691	764	563	346	740	1,225	116	223		35,989
Assets	33,753	5,297	1,200	1,143	89	792	298	588	2,409	43	12	-16,881	28,743
Investment	1,365	440	58	246	0	98	12	28	11	1	0		2,259

PARENT COMPANY

	2008	2007
Net sales per business segment		
Lantbruk	12,903	9,037
Other	349	286
Total	13,252	9,323
Net sales per geographical market		
Sweden	11,863	8,300
Rest of Europe	1,375	1,023
U.S.	14	0
Total	13,252	9,323

The primary basis for division by segment is the Group's business areas. In the business organization, the Group's focus is on product and business development. The purpose is to simplify the organization and to increase customer orientation. The Group's operational structure and internal reporting to Group Management and the Board of Directors are based on business area reporting. 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 operations are included in the business area. The assets and liabilities that are included are intangible assets and tangible fixed assets, current assets, operating liabilities and provisions attributable to the sale of goods and services. Financial assets and liabilities as well as provisions for pensions have not been allocated to the respective business areas. Assets, liabilities and provisions are attributed directly to the business area or allocated to the segment in a reasonable and reliable manner. All tangible and intangible asset investment, with the exception of investment in expendable equipment and acquisition of companies, is included in the segments' investment.

Note 2 continued

Business segments

The Group consists of eight differently structured business areas. The Granngården business area, a retail undertaking focusing on products relating to farming and forestry and pets and gardening, was divested in August 2008. The business area was included as a business segment until its divestment. Other business areas are described in brief below:

The Lantmännen Lantbruk business area is the Group's core business with grain, feed and crop production as its key areas.

The Svalöf Weibull business area is engaged in plant breeding and seed production.

The Lantmännen Anläggnings- och Lantbruksmaskiner business area imports, markets and sells tractors, tools, combines, and construction machinery. Service and spare part sales are also part of operations.

In the energy sector Lantmännen Energi is active in fields such as biofuel and grain-based ethanol, etc.

The Lantmännen Cerealia business area develops, manufactures and markets flour, flour mixes, breakfast cereals and pasta for wholesalers, food industries and bakeries in Northern Europe, and in addition to this develops new meal concepts.

Lantmännen Unibake is Northern Europe's largest manufacturer of fresh and frozen bread products for both the food service and grocery sectors. The business area includes the Swedish fresh bread business divested in January 2009.

Lantmännen Kronfågel is the largest producer of fresh, frozen and processed chicken products in the Nordic countries.

Lantmännen Invest includes several different businesses directly or indirectly related to farmland and its utilization and that have their roots in various research projects, or that do not belong in any of the other business areas.

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 investment in tangible fixed assets and intangible 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	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Net sales				
Sales of goods	41,667	34,575	11,344	7,804
Contracting	350	308	-	-
Service engagements	464	752	-12	-
Royalties	124	112	-	-
Rental activities	242	213	0	52
Other	21	29	1,920	1,467
Total	42,868	35,989	13,252	9,323
Other operating income				
Services	83	41	-	-
Capital gains	585	361	224	36
Government grants	6	13	1	0
Rental activities	53	23	203	-
Other	231	195	67	20
Total	958	633	495	56

Group

The Group's capital gains include MSEK 235 (33) in gains from the sale of properties and MSEK 350 (315) from the sale of businesses.

Parent Company

The Parent Company's capital gains include MSEK 222 (32) in gains from the sale of properties.

NOTE 4 FEES AND EXPENSE COMPENSATION TO AUDITORS

MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Ernst & Young				
Auditing engagement	13	13	3	3
Other engagements	6	7	2	2
Other auditors				
Auditing engagement	1	1	0	0
Other engagements	1	0	0	0
Elected representatives				
Auditing engagement	1	1	1	1

Other engagements refer mainly to audit-related consultations in connection with acquisitions and taxes.

NOTE 5 EMPLOYEES AND PAYROLL EXPENSES

Average number of employees	of which women, %		2007	of which women, %
	2008	2007		
The Group				
Sweden	6,958	31%	7,592	30%
Denmark	2,529	35%	2,614	37%
Germany	576	39%	639	40%
Poland	511	35%	470	35%
U.K.	402	14%	6	17%
Norway	396	35%	477	39%
Belgium	369	38%	346	36%
Ukraine	294	59%	273	59%
U.S.	213	29%	15	27%
Latvia	155	31%	153	31%
Russia	133	56%	149	54%
Finland	53	21%	19	63%
Estonia	37	19%	36	19%
Lithuania	17	18%	14	14%
Spain	8	63%	10	60%
Japan	8	38%	6	50%
Netherlands	6	0%	6	0%
Korea	4	25%	4	25%
France	1	100%	1	100%
Canada	1	0%	-	-
Group, total	12,671	33%	12,830	34%
Parent Company				
Sweden	1,317	30%	1,317	28%
Parent Company, total	1,317	30%	1,317	28%

Note 5 continued

Wages, salaries and remuneration MSEK	2008		2007	
	Boards and CEOs	Other employees	Boards and CEOs	Other employees
Subsidiaries				
Sweden	35	1,861	46	1,988
Denmark	9	1,339	13	1,077
Norway	6	209	8	205
Germany	7	205	6	216
Belgium	13	149	11	119
Poland	6	78	5	59
U.K.	4	77	1	3
U.S.	1	33	1	7
Latvia	1	23	1	18
Finland	1	20	1	8
Ukraine	1	18	1	14
Russia	0	13	1	9
Estonia	1	7	1	7
Japan	1	3	1	4
Spain	2	3	3	3
Netherlands	1	3	1	2
Lithuania	0	2	0	2
Korea	-	1	-	2
France	-	0	-	0
Canada	-	0	-	-
Subsidiaries, total	89	4,044	102	3,743
<i>Of which variable component</i>	<i>4</i>		<i>3</i>	
Parent Company				
Sweden	9	497	7	477
Parent Company, total	9	497	7	477
<i>Of which variable component</i>	<i>1</i>		<i>0</i>	
Group, total	98	4,541	109	4,220
<i>Of which variable component</i>	<i>5</i>		<i>3</i>	

Payroll expenses MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Wages, salaries and remuneration	4,639	4,320	506	485
Social security expenses	868	966	190	156
Pension costs ¹⁾	286	308	82	92
Other payroll expenses	260	319	53	41
Summa	6,053	5,913	831	774

¹⁾ Of the Group's pension costs, MSEK 11 (13) is related to the Group Boards of Directors and CEOs. The outstanding pension obligations for these persons amount to MSEK 12 (22).
Of the Parent Company's pension costs, MSEK 2 (1) is related to the Group Board of Directors and CEO. The outstanding pension obligations for these persons amount to MSEK 0 (0).

Proportion of women in company management, %	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Boards	15	14	20	15
Other senior executives	24	23	27	28

SICK LEAVE IN THE PARENT COMPANY

Sick leave is stated in percent of normal working hours. Total sick leave for the year was 5 percent (4). For women sick leave was 6 percent (4) and for men 4 percent (4). Of the total sick leave, 57 percent (61) was related to long-term sick leave, i.e., sick leave of 60 days or longer. Long-term sick leave for women was 2 percent (2) and for men 2 percent (1). Total sick leave in the age group up to 30 was 2 percent (2), in the age group 30-49, 3 percent (3), and in the age group over 49, 4 percent (5).

SALARIES AND OTHER REMUNERATION FOR SENIOR EXECUTIVES

Senior executives

Senior executives as referred to in this note include Group Management consisting of the CEO and Group President, business area managers and heads of corporate functions employed by the Parent Company as well as business area managers employed by the subsidiaries. During 2008 the composition of senior executives changed. At the beginning of the year, Group Management consisted of 13 individuals. During the year three persons left the Group Management and four persons joined so that at the end of the year the Group Management consisted of 14 persons, including the CEO and Group President.

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 CEO and Group President, as well as approving other Group executives' salaries and other benefits.

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, 2008

Lantmännen's remuneration structure has the following components:

- Fixed salary
- Variable salary
- Pension benefits
- Other benefits and severance pay

Fixed salary

For persons in Lantmännen's Group Management salaries 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 business areas, divisions or large subsidiaries and the CEOs of smaller companies. Decisions about target groups and guidelines for variable salary are made annually by the Remuneration Committee at Lantmännen. For 2008 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 financial items and to operating income per business area. Total maximum variable salary that can be paid out for 2008 is approximately MSEK 35, excluding social security expenses. Maximum variable salary that can be paid out to Lantmännen's Group Management for 2008 is 30 percent of fixed salary.

Pensions

Lantmännen offers its employees service 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 Pensionsstjänst 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 service pension according to the ITP agreement with pensionable salary maximized at 30 income base amounts where sickness benefits are paid according to the ITP agreement and a premium-based pension where the premium is equal to 25-35 percent of the pensionable salary. Within the premium framework, the employee personally selects the subdivision between old-age, survivor and sickness benefits. The CEO and Group President will receive a defined contribution pension with a premium of 30 percent of pensionable salary, with a retirement age of 65 years.

Note 5 continued

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

Eight senior executives are accruing in principle a service pension in accordance with ITP, with pensionable salary maximized to 30 income base amounts. Six 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 CEO and Group President 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 service pension and insurance during the termination 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 9-18 months of which all but two persons have full deduction for income from other employment during the period severance pay is paid.

Salaries and benefits for senior executives SEK 000	Directors' fees	Fixed salary	Variable salary ¹⁾	Pension	Other benefits	Total 2008	Total 2007
Elected board members in Lantmännen ek för, as specified below ²⁾	4,455					4,455	5,126
CEO and Group President ³⁾							
Per Strömberg		5,044	1,500	1,544	93	8,181	2,572
Jörgen Sallenhag						-	1,687
Claes Eriksson						-	1,709
Vice CEO ⁴⁾							
Claes Eriksson		2,325	930	2,513	115	5,883	3,104
Carl-Axel Westlund						-	1,291
Group Management, other ⁵⁾		26,755	6,550	6,038	876	40,219	30,250
	4,455	34,124	8,980	10,095	1,084	58,738	45,739

1) Estimated bonus for 2008, paid in 2009.

2) This includes remuneration from both Lantmännen ek för and other Group companies.

3) Jörgen Sallenhag until April 30, 2007, Claes Eriksson from May 1 to August 31, 2007, Per Strömberg from September 1, 2007.

4) Claes Eriksson from January 1 to April 30, 2007 and from September 1, 2007, Carl-Axel Westlund from May 1 to August 31, 2007.

5) The rest of the Group Management numbered 11 people at the beginning of the year and 12 at year-end. Disclosures regarding the Group Management only apply to people who make up the management of the Lantmännen Group.

Fees to the Board of Directors	2008	2007
Thomas Bodén, Chairman of the Board	858	746
Elisabet Annell	349	197
Paul Bergqvist	348	380
Birgitta Carlander	661	777
Bengt-Olov Gunnarson, Vice Chairman	537	515
Nils Lundberg	381	216
Thomas Magnusson	469	398
Olle Nilsson	260	354
Hans Wallemyr	417	204
Björn Wallin	175	-
Nils Orrenius	-	437
Lennart E. Bengtsson	-	323
Christina Birger	-	310
Bo Sundström	-	269
Total	4,455	5,126

NOTE 6 DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF INTANGIBLE AND TANGIBLE FIXED ASSETS

MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Goodwill	588	199	-	-
Patents, licenses and trademarks	37	36	12	12
Capitalized expenditure on development work	25	24	9	3
Subtotal	650	259	21	15
Land and buildings	242	181	18	44
Plant and machinery	855	702	79	71
Equipment, tools, fixtures and fittings	163	160	19	17
Subtotal	1,260	1,043	116	132
Total	1,910	1,302	137	147

Note 6 continued

Impairment losses, Group

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 set for operations in the cash-generating units.

Impairment testing for the year resulted in a MSEK 165 charge taken on the tangible fixed assets of Lantmännen Färskröd Sverige, along with charges totaling MSEK 18 in other operations. The write-downs were taken on buildings, machinery and equipment. Furthermore, the goodwill write-down relating to non-Swedish fresh bread operations came to MSEK 340. The write-downs concerning the fresh bread operations were taken at the Group level.

In 2007 the value of machines in Lantmännen Ecobrånslé was written down by MSEK 29.

In 2006 fixed assets were written down by MSEK 368 in Lantmännen Kronfågel. Since 2006, the earnings performance of Lantmännen Kronfågel has improved substantially. There were no reversals of previous impairment losses in 2008 and none will be done until there is stable positive earnings performance over a longer period.

Impairment losses, Parent Company

In 2007 property values were written down by MSEK 4.

NOTE 7 INCOME FROM PARTICIPATIONS IN GROUP COMPANIES

MSEK	PARENT COMPANY	
	2008	2007
Dividends	552	150
Capital gains, losses on disposal of participations	-51	0
Impairment losses	-4	-
Reversals of impairment losses	-	187
Total	497	337

In 2008 dividends were received from Lantmännen Invest AB, MSEK 280, Lantmännen Axa AB, MSEK 100, Lantmännen Finance, MSEK 79, Dirual AG, MSEK 50, and Ceramyl AB, MSEK 34. The capital loss mainly refers to the divestment of Grangården AB.

The MSEK 187 write-down of Kronfågel Holding AB shares in 2006, was reversed in 2007.

NOTE 8 INCOME FROM PARTICIPATIONS IN ASSOCIATED COMPANIES

MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Dividends	0	0	0	0
Capital gain on disposal of participations	-	-	165	116
Capital loss on disposal of participations	-	-	-9	-
Share of income in partnership	0	0	0	0
Total	0	0	156	116

Income from participations, which is recognized within financial items in the Group, refers to associated companies not held for operating activities.

In the Parent Company capital gains on the sale of shares in Svenska Foder amounted to MSEK 75 and to MSEK 89 for the sale of shares in Hedegaard A/S. The capital loss refers to the sale of shares in Melia OY.

NOTE 9 INCOME FROM OTHER SECURITIES AND RECEIVABLES THAT ARE FIXED ASSETS

MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Dividends	26	28	14	16
Capital gains on disposal of participations	8	170	197	170
Impairment losses	-9	-	-	-
Other	2	15	2	15
Total	27	213	213	201

In the Group, most of the dividends received were for shares in VK-Mühlen, Swedbank and InTrade-companies. The Group's capital gains in 2008 mainly refer to the sale of shares in Cloetta Fazer AB. The Parent Company included a profit MSEK 189 arising from BASF Plant Science GmbH in connection with the exchange with BASF in which Lantmännen received 40 percent of the shares of Svalöf Weibull AB. This profit is recognized in operating income in the Group.

2008 write-downs pertain to shares. The capital gains in 2007 mainly related to the sale of Swedbank shares.

Income from participations in Nordico Invest II KB and Accent Equity 2003 KB is reported under Other.

NOTE 10 SPECIAL ITEMS AFFECTING 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 Board of Directors' Report on page 71.

MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Special items under Other operating income				
Capital gains from sale of properties	235	-	222	-
Capital gains from sales of operations	350	315	-	-
Total	585	315	222	0
Special items under Operating expenses				
Impairment of fixed assets				
- Lantmännen's fresh bread business	-505	-	-	-
- Other operations	-31	-29	-	-
Restructuring costs	-126	-168	-	-160
Reversal of salmonella reserve	181	-	53	-
Other	-	34	-	-
Total	-481	-163	53	-160
Total special items in Operating income	104	152	275	-160
Special items in Income from financial items				
Capital gains	-	184	362	295
Capital losses	-	-	-60	-
Other	-24	16	-	-
Total	-24	200	302	295
Total special items in Income after financial items	80	352	577	135
Tax effect of special items	28			

Note 10 continued

Special items included in the Group's operating income are distributed across Lantmännen's segments and other operations according to the following overview:

MSEK	GROUP	
	2008	2007
Energi	-17	-37
Cerealia	-14	6
Invest	-	269
Other business	135	-86
Total	104	152

Restructuring costs for the year, MSEK 126, refers to the Swedish fresh bread business, which was divested in the beginning of 2009. Approximately 40 percent of the costs were personnel related.

Of 2007 restructuring costs, MSEK 160, in the Group as well as the Parent Company, refers to the cost of the planned demolition of grain elevators.

NOTE 11 EXCHANGE RATE DIFFERENCES THAT AFFECTED EARNINGS

MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Exchange rate differences that affected operating income	82	31	50	20
Exchange rate differences in financial items	2	-11	-299	-102
Total	84	20	-249	-82

NOTE 12 YEAR-END APPROPRIATIONS, UNTAXED RESERVES

Year-end appropriations, MSEK	PARENT COMPANY	
	2008	2007
Change in accelerated depreciation - Machinery and equipment	-	-10
Total	-	-10
Untaxed reserves, MSEK		
Accumulated depreciation in excess of plan - Intangible assets	111	111
- Machinery and equipment	200	200
Total	311	311

NOTE 13 TAXES

Tax on net income for the year MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Current tax expense (-)/ tax income (+)				
Tax expense/income for the period	-127	-150	-12	77
Adjustment of tax attributable to previous years	-1	-5	-	-
Total current tax	-128	-155	-12	77
Deferred tax expense (-)/ tax income (+)				
Deferred tax relating to temporary differences	-174	52	-58	35
Deferred tax resulting from changes in tax rates and changed tax rules	-1	-7	-11	-
Deferred tax income in capitalized loss carryforward	381	7	214	-
Deferred tax expense resulting from utilization of previously capitalized tax value in loss carryforward	-59	-19	-	-16
Other deferred taxes	-6	-	-	-
Total deferred tax	141	33	145	19
Tax on share of income of associated companies	-49	-12	-	-
Total reported tax expense	-36	-134	133	96

Reconciliation of effective tax	2008		2007	
	Percent	MSEK	Percent	MSEK
Group				
Income before tax		580		739
Anticipated tax according to applicable Swedish tax rate	28%	-162	28%	-207
Amortization of consolidated goodwill	28%	-163	7%	-49
Other non-deductible expenses	5%	-28	4%	-28
Negative goodwill recognized as income	-2%	13	-1%	8
Tax-exempt capital gains/losses	-23%	135	-13%	93
Non-deductible capital gains/losses	1%	-5	0%	0
Tax-exempt dividend	-1%	5	-1%	7
Other non-taxable income	-4%	26	-4%	29
Capitalization of previously uncanceled loss carryforward	-27%	159	0%	0
Utilization of previously uncanceled loss carryforward	-3%	16	-1%	11
Contribution dividend deductible for tax purposes	-3%	15	-2%	14
Tax attributable to previous years	0%	-1	1%	-5
Effect of changed tax rates and rules	0%	-1	1%	-7
Other	8%	-45	0%	0
Reported effective tax in the Group	6%	-36	18%	-134
Parent Company				
Income before tax		549		144
Anticipated tax according to applicable Swedish tax rate	28%	-154	28%	-40
Non-deductible expenses	1%	-7	4%	-6
Tax-exempt capital gains/losses	-26%	142	-22%	32
Tax-exempt dividend	-28%	156	-31%	44
Other non-taxable income	0%	0	-46%	66
Contribution dividend deductible for tax purposes	-3%	15	-10%	14
Effect of changed tax rates and rules	3%	-15	0%	0
Other	1%	-4	-9%	-14
Reported effective tax in the Parent Company	-24%	133	-66%	96

Note 13 continued

Tax items charged directly to equity

MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Current tax in received/paid Group contributions	0	0	12	77
Total	0	0	12	77

MSEK	2008			2007		
	Deferred tax asset	Deferred tax liability	Net	Deferred tax asset	Deferred tax liability	Net
Group						
Intangible assets	-	68	-68	-	59	-59
Land and buildings	68	180	-112	-	80	-80
Machinery and equipment	150	382	-232	131	299	-168
Accounts receivable	14	-	14	10	-	10
Pension provisions	7	-	7	20	-	20
Other provisions	5	-	5	74	-	74
Loss carryforwards	390	-	390	83	-	83
Other	86	86	0	144	131	13
Total	720	716	4	462	569	-107
Offsetting of assets/liabilities	-584	-584	0	-344	-344	0
Total, net, deferred tax asset/liability	136	132	4	118	225	-107

Deferred tax assets and deferred tax liabilities referring to the same tax authority have been offset against each other.

Parent Company

Land and buildings	4	-	4	10	-	10
Other provisions	21	-	21	74	-	74
Loss carryforwards	214	-	214	-	-	-
Other	-8	0	-8	2	-	2
Total, net deferred tax asset	231	0	231	86	0	86

Change in deferred tax in temporary differences and loss carryforwards

2008, MSEK	Amount at beginning of year	Recognized in income statement	Changes on acquisition/disposal of companies	Translation differences	Amount at end of year
Group					
Intangible assets	-59	-1	-10	2	-68
Land and buildings	-80	-27	3	-8	-112
Machinery and equipment	-168	-47	-23	6	-232
Accounts receivable	10	4	-	-	14
Pension provisions	20	-12	-	-1	7
Other provisions	74	-72	3	-	5
Loss carryforwards	83	299	4	4	390
Other	13	-3	-8	-2	0
Total	-107	141	-31	1	4
Parent Company					
Land and buildings	10	-6			4
Other provisions	74	-53			21
Loss carryforwards	0	214			214
Other	2	-10			-8
Total	86	145	0	0	231

Loss carryforwards

At the end of the year the Group had loss carryforwards of MSEK 1,733, of which MSEK 1,416 was included in the computation of deferred tax. The increase during the year of capitalized loss carryforwards depends, among other things, on capitalization of previously uncapitalized loss carryforwards.

The loss carryforwards not included mainly refer to the loss carryforward in Svalöf Weibull's German operations. With the acquisition of the remaining 40% of Svalöf Weibull, 60% of unused loss carryforwards remain. They have not been assigned any value since they currently cannot be used.

The loss carryforwards not included in the computation of deferred tax amount to MSEK 317 (19) and expire as follows:

	MSEK
2010	3
2011	3
2012	7
2013 and later	5
	18
Unlimited life	299
Total	317

Group, MSEK	Patents, licenses and trademarks		Goodwill		Capitalized development costs	
	2008	2007	2008	2007	2008	2007
Opening cost	713	691	4,523	4,268	108	38
Investment	1	4	1	-	42	61
Company acquisitions	39	28	1,163	102	-	-
Company disposals	0	-	-31	-16	-3	-
Sales and disposals	0	-11	-2	-	-1	-6
Reclassifications	1	-	2	0	-	15
Translation differences	2	1	569	169	-	-
Closing accumulated cost	756	713	6,225	4,523	146	108
Opening amortization	-326	-285	-1,913	-1,660	-32	-6
Company disposals	-	-	22	10	2	-
Sales and disposals	0	-	2	-	0	-
Planned amortization for the year	-41	-36	-248	-199	-25	-24
Reclassifications	-1	-	-2	0	-	-2
Translation differences	-2	-2	-242	-64	-	-
Closing accumulated amortization	-370	-323	-2,381	-1,913	-55	-32
Opening impairment losses	-22	-22	-100	-96	0	0
Sales and disposals	-	-	1	-	-	-
Impairment losses for the year, reversals	4	-	-340	-	-	-
Reclassifications	-	-	-	-4	-	-
Translation differences	0	0	-19	0	-	-
Closing accumulated impairment losses	-18	-22	-458	-100	0	0
Carrying amount at year-end	368	368	3,386	2,510	91	76

Of the Group's total goodwill, MSEK 3,386 (2,510), MSEK 3,121 (2,208) relates to the business area Lantmännen Unibake, MSEK 20 (14) to Lantmännen Cerealia and MSEK 209 (241) to the business area Lantmännen Energi. The remaining MSEK 36 (47) is distributed among the Group's other business areas and centrally accounted for companies.

Of the Group's total trademarks MSEK 44 (8) relates to the business area Cerealia, MSEK 208 (219) to Lantmännen Unibake and MSEK 52 (61) to Lantmännen Energi.

The impairment of goodwill does refer to non-Swedish fresh bread operations and is recognized at Group level.

Parent Company, MSEK	Patents, licenses and trademarks		Capitalized development costs	
	2008	2007	2008	2007
Opening cost	247	247	20	9
Investment	-	-	31	11
Sales and disposals	-	-	-3	-
Closing accumulated cost	247	247	48	20
Opening amortization	-62	-50	-5	-2
Sales and disposals	-	-	1	-
Planned amortization for the year	-13	-12	-9	-3
Closing accumulated amortization	-75	-62	-13	-5
Carrying amount at year-end	172	185	35	15

Koncernen, MSEK	Land ¹⁾		Buildings		Plant and machinery		Equipment, tools, fixtures and fittings		New construction in progress	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Opening cost	668	649	5,858	5,642	12,034	11,096	2,026	2,220	1,605	933
Investment	113	32	606	244	1,750	1,091	184	148	-	681
Company acquisitions	10	28	73	173	326	61	2	-	1	-
Company disposals	-31	-8	-38	-26	-96	-2	-188	-193	-6	-17
Sales and disposals	-6	-14	-101	-164	-513	-452	-124	-151	0	-2
Reclassifications	-3	-33	-409	-128	643	-3	45	-28	-717	-7
Translation differences	21	14	297	117	609	243	66	30	41	17
Closing accumulated cost	772	668	6,286	5,858	14,753	12,034	2,011	2,026	924	1,605
Opening depreciation	-133	-144	-2,969	-2,909	-8,027	-7,524	-1,534	-1,663	0	0
Company acquisitions	-	-	-	-5	-	-36	-	-	-	-
Company disposals	5	-	19	19	65	2	163	165	-	-
Sales and disposals	5	4	81	61	401	347	109	128	-	-
Planned depreciation for the year	-7	-5	-233	-172	-767	-675	-138	-160	-	-
Reclassifications	7	12	196	84	40	3	-33	16	-	-
Translation differences	-	0	-103	-47	-364	-144	-43	-20	-	-
Closing accumulated depreciation	-123	-133	-3,009	-2,969	-8,652	-8,027	-1,476	-1,534	0	0
Opening revaluations	7	7	24	24	0	0	0	0	0	0
Translation differences	-	0	7	0	1	0	-	-	-	-
Closing accumulated revaluations	7	7	31	24	1	0	0	0	0	0
Opening impairment losses	-14	-9	-249	-250	-440	-398	-12	-13	0	0
Sales and disposals	-	-	1	-	9	2	-	1	-	-
Impairment losses for the year	-	-	-2	-4	-93	-29	-25	-	-	-
Reversal of impairment losses during the year	-	-	-	-	5	-	-	-	-	-
Reclassifications	-	-5	-	13	-	-8	-	-	-	-
Translation differences	-	0	-19	-8	-12	-7	0	0	-	-
Closing accumulated impairment losses	-14	-14	-269	-249	-531	-440	-37	-12	0	0
Carrying amount at year-end	642	528	3,039	2,664	5,571	3,567	498	480	924	1,605
<i>Tax assessment values of properties in Sweden, MSEK</i>	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
<i>Tax assessment values</i>	520	442	2,386	2,228						
<i>Leasing, MSEK</i>										
<i>Assets held under finance leases are included with a carrying amount of</i>	-	-	149	217	118	124	22	48	-	-
<i>Capitalized interest, MSEK</i>										
<i>Interest capitalized in opening balance</i>	0		0		0		0		32	4
<i>Interest capitalized in investment amount for the year</i>	-		-		-		-		61	28
<i>Reclassifications</i>	-		18		73		-		-91	-
<i>Total capitalized interest in cost of assets</i>	0	0	18	0	73	0	0	0	2	32

¹⁾ Including land facilities.

For further information about leasing, see Note 32 regarding leasing commitments and Note 35 regarding customer financing.

During the year the interest rate of 5.3 percent was used in computing the cost of the loan capitalized as part of the cost of the investment.

Government grants have reduced the investment for the year in equipment by MSEK 9 (1) and construction in progress by MSEK 0 (0).

Note 15 continued

Parent Company, MSEK	Land		Buildings		Plant and machinery		Equipment, tools, fixtures and fittings		New construction in progress	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Opening cost	122	128	930	950	2,381	2,313	592	600	161	88
Investment	3	8	45	40	149	105	21	7	40	73
Sales and disposals	-5	-12	-30	-73	-27	-37	-11	-15	-	-
Reclassifications	7	-2	2	13	-	-	-	-	-	-
Closing accumulated cost	127	122	947	930	2,503	2,381	602	592	201	161
Opening depreciation	-58	-59	-714	-750	-1,912	-1,875	-493	-491	0	0
Sales and disposals	4	3	24	50	22	34	9	15	-	-
Planned depreciation for the year	-1	-2	-9	-14	-79	-71	-19	-17	-	-
Reclassifications	-4	-	-3	-	-	-	-	-	-	-
Closing accumulated depreciation	-59	-58	-702	-714	-1,969	-1,912	-503	-493	0	0
Opening revaluations	0	0	5	5	0	0	0	0	0	0
Depreciation of revaluation increment for the year	-	-	-	0	-	-	-	-	-	-
Closing accumulated revaluations	0	0	5	5	0	0	0	0	0	0
Opening impairment losses	0	0	-50	-46	-147	-147	-1	-1	0	0
Impairment losses for the year	-	-	-	-4	-	-	-	-	-	-
Closing accumulated impairment losses	0	0	-50	-50	-147	-147	-1	-1	0	0
Carrying amount at year-end	68	64	200	171	387	322	98	98	201	161
<i>Tax assessment values</i>	<i>200</i>	<i>449</i>	<i>1,087</i>	<i>1,777</i>						



NOTE 16 INVESTMENT PROPERTIES

MSEK	GROUP						PARENT COMPANY					
	Land		Buildings		Total investment properties		Land		Buildings		Total investment properties	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Opening cost	32	0	135	0	167	0	128	128	892	890	1,020	1,018
New acquisitions	-	-	-	-	0	0	2	3	132	27	134	30
Sales and disposals	-	-	-	-	0	0	-	-5	-	-12	-	-17
Reclassifications	36	32	394	135	430	167	-6	2	-3	-13	-9	-11
Closing accumulated cost	68	32	529	135	597	167	124	128	1,021	892	1,145	1,020
Opening depreciation	-10	0	-86	0	-96	0	-52	-50	-586	-568	-638	-618
Sales and disposals	-	-	-	-	0	0	-	0	-	5	-	5
Planned depreciation for the year	-1	-	-3	-	-4	0	-1	-2	-6	-23	-7	-25
Reclassifications	-8	-10	-189	-86	-197	-96	4	0	3	0	7	0
Closing accumulated depreciation	-19	-10	-278	-86	-297	-96	-49	-52	-589	-586	-638	-638
Carrying amount at year-end	49	22	251	49	300	71	75	76	432	306	507	382
Tax assessment values	111	51	300	112	411	163	229	225	654	647	883	872

Properties where less than 10 % of office space is used for the activities of the Lantmännen Group and Parent Company are classified as investment properties. Reclassification of properties to investment properties in the Group in 2008 is mainly an effect of the sale of Grangården AB. 2007 was the first time the Group recognized investment properties.

Fair value and changes therein

MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Fair value at beginning of the year	215	0	1,093	1,083
New acquisitions	-	-	-	2
Investment in properties	22	-	139	27
Disposals	-11	-	-13	-81
Changes in value	81	-	176	23
Reclassifications	472	215	8	39
Fair value at year-end	779	215	1,403	1,093

Fair value has been determined on the basis of internal assessments. Property sales carried out during the year have also been reconciled.

The value has been estimated using the following measurement methods:

- In the majority of cases the market price method has been used, where sales of equivalent properties in the market are used to support the valuation.
- Capitalization of earnings using cash flow calculations, where the properties' future net operating income and estimated residual value have been calculated.
- In certain cases the capitalization of earnings using the net capitalization method has been utilized, where a normalized figure for net operating income is seen in relation to a market-adjusted direct return requirement.

Investment properties' impact on income for the period

MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Rental income	81	-	160	152
Direct costs, including costs for repair and maintenance	-40	-	-80	-82
Operating net	41	-	80	70

NOTE 17 PARTICIPATIONS IN GROUP COMPANIES

MSEK	PARENT COMPANY	
	2008	2007
Opening cost	6,244	5,963
Purchases	435	281
Sales	-672	0
Closing accumulated cost	6,007	6,244
Opening revaluations	286	286
Sales	-86	-
Closing accumulated revaluations	200	286
Opening impairment losses	-511	-698
Impairment losses for the year	-4	-
Reversal of impairment losses during the year	-	187
Closing accumulated impairment losses	-515	-511
Carrying amount at year-end	5,692	6,019

Purchases for the year include capital contributions of MSEK 147 to Lantmännen Unibake A/S and MSEK 20 to Lantmännen Energi AB and the MSEK 189 estimated cost of exchanging shares in BASF Plant Science GmbH for shares in Svalöf Weibull AB.

Sales for the year include the disposal of Grangården AB and intercompany sales. Intercompany sales amounted to MSEK -663 and purchases for the year include MSEK 71 relating to acquisitions subsequently transferred within the Group.

The 2007 impairment reversal refers to the 2006 write-down of shares in Kronfågel Holding AB.

Impairments losses for the year and reversals of impairment losses are recognized in the income statement in the item "Income from participations in Group companies."

Note 17 continued

Parent Company and Group holdings of participations in Group companies, December 31, 2008

This overview comprises directly-held subsidiaries as well as indirectly-held companies with sales exceeding MSEK 200.

Company name <i>Shares and participations in Swedish subsidiaries</i>	Corp. Ident. No.	Headquarters	Number of shares	Holding in %	Carrying amount, MSEK
AB Svenska Lantmännen	556424-2864	Stockholm	10,000	100.0	0
Agconfas AB	556069-3441	Örebro	120,415	100.0	16
AB Skånefågel	556056-1457	Sölvesborg	1,000	100.0	1
Arips AB	556413-4293	Stockholm	6,111,289	100.0	6
Aspplattan AB	556710-6074	Malmö	1,000	100.0	0
Ceramyl AB	556054-7449	Stockholm	25,000	100.0	8
Cerealia Bakery Holding AB	556276-6252	Stockholm	1,000	100.0	0
Conagri AB	556294-4701	Malmö	102	51.0	5
Doofmas & Co AB	556547-7394	Stockholm	3,400,000	100.0	238
Eco Trade i Sverige AB	556450-6698	Enköping	65	65.0	0
Fastighets AB Kungsholmsgatan 160	556071-4429	Stockholm	30,050	100.0	3
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	232
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	100.0	3
Lantmännen Byggnads AB	556042-8186	Malmö	240,000	100.0	5
Lantmännen Cerealia AB	556017-2222	Malmö	200,000	100.0	512
Lantmännen Axa AB	556080-0921	Södertälje		100.0	
Lantmännen Färskröd AB	556044-3292	Eskilstuna		100.0	
Lantmännen Cerealia A/S	691210717	Vejle		100.0	
Lantmännen Schulstad A/S	10 245 613	Copenhagen		100.0	
AS Rigas Dzirnavnies, 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 i Gällivare AB	556653-5802	Stockholm	1,000	100.0	4
Lantmännen Fastigheter i Göteborg KB	969685-9074	Stockholm		100.0	8
Lantmännen Fastigheter i Haparanda AB	556671-5339	Haparanda	1,000	100.0	3
Lantmännen Finans AB	556664-8118	Stockholm	3,000,000	100.0	300
Lantmännen Holding AB	556017-8443	Stockholm	3,000	100.0	4
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	
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
Norrbottnens lantmän Utveckling AB	556435-4768	Luleå	2,000	100.0	0
Nötcenter Viken AB	556559-4503	Falköping	6,000	66.7	3
Odal Energi AB	556091-6354	Lidköping	500	100.0	5
ReCere Försäkrings AB	516401-8359	Stockholm	7,500	100.0	8
SeedGard AB	556668-7546	Stockholm	10,000	51.0	5
Svalöf Weibull AB	556001-5272	Svalöv	298,667	100.0	238
Swecon Anläggningsmaskiner AB	556575-1137	Eskilstuna	488,150	97.6	372
Swecon Baumaschinen GmbH	HR B1403	Düsseldorf		100.0	
Valtra Traktor AB	556070-1897	Eskilstuna	140,630	57.4	18
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	162 531	Dublin		100.0	1,104
Dirual AG	CH-0203002	Zurich	199,997	100.0	22
Lantmännen Axa Norge AS	989135775	Oslo	4,226,177	100.0	42
Lantmännen Mills AS	910629085	Oslo	17,968,129	100.0	179
Lantmännen Unibake Denmark A/S	37 249 211	Horsens	2,500,000	100.0	1,518
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					5,692

NOTE 18 RECEIVABLES AND LIABILITIES, GROUP COMPANIES

LONG-TERM RECEIVABLES, MSEK	PARENT COMPANY	
	2008	2007
Receivables at beginning of year	289	289
Receivables added during the year	96	-
Settled receivables	-164	-
Carrying amount at year-end	221	289
Long-term receivables from Group companies are financial.		
CURRENT RECEIVABLES, MSEK	2008	2007
Financial receivables	9,173	6,424
Operating receivables	336	271
Total	9,509	6,695
CURRENT LIABILITIES, MSEK	2008	2007
Financial liabilities	2,247	3,003
Operating liabilities	131	139
Total	2,378	3,142

NOTE 19 PARTICIPATIONS IN ASSOCIATED COMPANIES

MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Opening cost	996	653	630	294
Purchases	514	228	505	216
Sales	-577	-65	-336	-10
Year's share of income of associated companies after tax	123	56	-	-
Dividend for the year	-6	-9	-	-
Reclassifications	-	125	-	130
Translation difference	146	8	-	-
Closing accumulated cost	1,196	996	799	630
Opening impairment losses	-5	-11	-2	-2
Sales	4	-	-	-
Reclassifications	-	6	-	-
Closing accumulated impairment losses	-1	-5	-2	-2
Carrying amount at year-end	1,195	991	797	628

The difference between carrying amount and the equity share of associated companies in the major acquisitions of the year are presented below.

MSEK	Goodwill
HaGe Kiel	33

During the year the holding in Svenska Foder AB was divested to DLG, Dansk Landbrugs Grovareselskab, Hedegaard A/S according to the buy-out offer of Dan Agro-Holding A/S and the holding in Melia OY to Raisio OY.

Impairment losses and reversals of impairment losses are recognized in the income statement in the item "Income from participations in associated companies."

Note 19 continued

Parent Company and Group holdings of participations in associated companies, December 31, 2008

Company name	Corp. Ident. No.	Head-quarters	Number of shares	Capital share, %	Carrying amount in the Group, MSEK	Carrying amount in the Parent Company, MSEK
<i>Associated companies owned by Parent Company</i>						
Dimela AS		Estonia	500	25	1	1
Fast.bol. Märten Persson HB	916752-3654	Åhus		50	0	0
Reiffeisen Hauptgenossenschaft Nord AG (HaGe Kiel)	DE134852742	Germany	3,605,732	38	672	552
Mackmyra Svensk Whisky AB	556567-4610	Mackmyra		(19% röster) 26	19	19
Matsutake AB	556571-6627	Umeå	500	28	0	0
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	69	22
Sveriges Djurproducenters Tillväxt AB	556155-9831	Stockholm	135,000	50	24	24
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		Finland	1,381,387	38	213	178
Åhus Stuveriintressenter AB	556039-8256	Åhus	5,841	49	1	1
<i>Other associated companies in the Group:</i>						
Cerealia:						
Struer Brød AS		Denmark		33	8	-
Leibur AS	10224864	Estonia		45	148	-
Unibake:						
Bake House Ltd		U.K.		33	10	-
Svalöf Weibull:						
Satec Handelsgesellschaft GmbH		Germany		20	2	-
Energi:						
Aspen-Produkte Handels GmbH		Germany		50	7	-
Kronfågel:						
Farmfood AS		Denmark		33	17	-
Bosarpkyckling AB	556673-6608	Bosarp		35	4	-
Total					1,195	797

NOTE 20 RECEIVABLES AND LIABILITIES, ASSOCIATED COMPANIES

LONG-TERM RECEIVABLES, MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Receivables at beginning of year	77	92	18	17
Receivables added during the year	4	0	4	0
Settled receivables	-16	-15	-	1
Translation difference	13	0	3	-
Carrying amount at year-end	78	77	25	18

Long-term receivables from associated companies are financial.

CURRENT RECEIVABLES, MSEK	2008	2007	2008	2007
Financial receivables	89	60	85	48
Operating receivables	20	9	7	6
Total	109	69	92	54

CURRENT LIABILITIES, MSEK	2008	2007	2008	2007
Financial liabilities	28	34	28	34
Operating liabilities	9	1	0	0
Total	37	35	28	34

NOTE 21 LONG-TERM FINANCIAL ASSETS

MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Opening cost	1,039	1,243	199	365
Assets added	721	115	9	110
Assets removed	-172	-182	-11	-138
Reclassifications	35	-138	-21	-138
Translation difference	5	1	-	-
Closing accumulated cost	1,628	1,039	176	199
Opening impairment losses	-40	-40	-38	-38
Impairment losses for the year	-33	-	-	-
Closing accumulated impairment losses	-73	-40	-38	-38
Carrying amount at year-end	1,555	999	138	161

The Group's long-term securities holdings include shares and participations totaling MSEK 412 (389), MSEK 9 (7) in bonds and other interest-bearing receivables totaling MSEK 1,133 (602), of which MSEK 964 are receivables in Lantmännen Finans AB.

The largest individual holdings of other shares and participations are holdings in Swedbank, LRF as well as VK Mühlen GmbH.

Lantmännen Finans AB accounts for MSEK 553 of the items added.

In the Parent Company, shares and participations amount to MSEK 138 (140), and other interest-bearing receivables MSEK 0 (21).

Impairment losses and reversals of impairment losses are recognized in the income statement in the item "Income from other securities."

NOTE 22 OTHER LONG-TERM RECEIVABLES

MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Opening cost	142	64	16	19
Receivables added	73	93	158	-
Settled receivables	0	-9	-12	-3
Reclassifications	-33	-6	21	-
Closing accumulated cost	182	142	183	16
Opening impairment losses	-3	0	0	0
Impairment losses for the year	-2	-3	-24	-
Reclassifications	-1	-	-	-
Closing accumulated impairment losses	-6	-3	-24	0
Carrying amount at year-end	176	139	159	16

Group receivables include MSEK 71 (62) of receivables relating to finance leasing. Other receivables are of an operating nature.

The Parent Company's receivables are of a financial nature.

See Note 35 regarding customer financing and finance leasing activities.

NOTE 23 INVENTORIES

MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Raw materials and consumables	2,871	2,755	1,837	1,874
Products in progress	18	6	1	-
Finished goods and goods for resale	4,152	3,513	876	412
Advance payments to suppliers	18	29	18	23
Total	7,059	6,303	2,732	2,309

Of the total value of inventories, MSEK 63 relates to goods measured at net realizable value.

NOTE 24 PREPAID EXPENSES AND ACCRUED INCOME

MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Prepaid rents	19	16	3	-
Prepaid insurance policies	21	37	5	23
Other prepaid expenses	303	265	156	403
Accrued interest income	12	9	-	0
Other accrued income	244	174	153	73
Total	599	501	317	499

NOTE 25 SHORT-TERM INVESTMENTS AND FINANCIAL ASSETS

Short-term investments MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Bonds/discount instruments	-	373	-	8
Other short-term investments	154	12	-	-
Total	154	385	0	8

Interest-bearing investments and loan receivables 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. The 2007 investment in bonds and discount bonds, mainly in Svalöf Weibull AB, was divested during the year.

Short-term interest-bearing assets

The Group's 2008 Other current receivables includes interest-bearing receivables amounting to MSEK 375, of which MSEK 40 refers to finance leasing.

Through its business activities, Lantmännen is exposed to various types of financial risk. By financial risk is meant fluctuations in the Group's earnings and cash flow as a result of changes in prices in commodities markets, exchange rates, interest rates and refinancing as well as credit and counterparty risks.

Lantmännen has a corporate finance function whose key task is to support the management and operating units in line with the established finance policy. The overarching goal of the finance function is to make available cost-effective financing as well as identify and effectively limit the Group's financial risks.

The Group's financial policy is established annually by Lantmännen's Group Board of Directors. The finance policy governs how financial risks shall be handled as well as states 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.

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

The business areas' sale and purchase of foreign currencies must be fully hedged against rate fluctuations vis-à-vis the corporate finance function at the time the currency risk arises. Projected cash flows may also be hedged in some cases.

Translation exposure

Effects of changes in exchange rates also occur in translating foreign subsidiaries' assets and liabilities into the Parent Company's functional currency, known as translation exposure.

Currency risks related to capital amounts are eliminated primarily by a corresponding loan in foreign currency. Hedging translation exposure through forward exchange contracts may be done in special cases. In case borrowing occurs in a foreign currency related to an investment in the same country's currency, the exchange rate differences taking into consideration the tax effect are offset against the translation differences in equity.

Currency distribution and payment structure, operating forward contracts

The currency derivatives that are used are forward exchange contracts. The average maturity of the forward contracts is just under six months. At year-end, Lantmännen's outstanding forward contracts were broken down by currency as follows:

MSEK	2009	2010	2011	2012
EUR	-520	-21	-	-
USD	-410	-	-	-
GBP	-280	-	-	-
DKK	220	-	-	-
NOK	33	-	-	-
CHF	-22	-	-	-
Total	-979	-21	-	-

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 a fifth 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 grain, soybeans and rapeseed. 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 also possible to hedge prices through financial contracts on exchanges such as the Chicago Board of Trade (CBOT), Matif and banks. Several commodities are priced either in USD or EUR. The basis for Lantmännen's risk policy is that currency is part of the business's pricing and shall always therefore be hedged when the transaction is made. No currency risk is permitted.

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 major part of the Group's electricity consumption is hedged via NordPool. Risk management of electricity prices is aimed at creating predictability for the costs for the purchases of power. 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	2009	2010	2011
The hedged share of forecast annual need	70%	30%	14%

The Group's total electricity consumption for 2008 was 559 (577) GWh. The total hedged volume for 2009 is 428 GWh.

Electricity certificates have been price hedged at 100 percent of 2009's need. The Group's 2009 gas need for Denmark and Sweden has been price hedged at 100 percent.

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 income 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, 2008, the Group's loan portfolio, including outstanding interest rate swaps but excluding loans from members, has a weighted average fixed-rate period of 6 months.

The weighted average term for the loan portfolio excluding loans from members was 3.9 years at year-end.

Maturity structure of liabilities to credit institution

MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
2008	-	1,063	-	-
2009	2,915	54	1,501	-
2010	40	22	-	-
2011	6,046	4,814	6,014	4,786
2012	15	-	-	-
2013-	1,832	152	1,674	-
Total	10,848	6,105	9,189	4,786

The Group's total payment readiness at year-end was MSEK 747 (1,007).

Note 26 continued

Currency breakdown and payment structure, liabilities to credit institutions

MSEK	Total	0-1 year	1-3 year	3-5 year	> 5 year
DKK	4,337	276	2,768	36	1,257
SEK	3,215	1,533	1,168	504	10
EUR	1,869	402	1,441	8	18
GBP	615	53	562	0	0
LVL	297	288	9	0	0
USD	272	233	39	0	0
NOK	110	0	110	0	0
PLN	84	84	0	0	0
EEK	49	46	3	0	0
Total	10,848	2,915	6,100	548	1,285

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 845 (860). Deposits via deposit accounts amounted to MSEK 447 (386) of which MSEK 112 was via Lantmännen Finans AB.

REFINANCING RISK AND PAYMENT READINESS

Refinancing and liquidity risk refers to the risk of Lantmännen being unable to meet its payment obligations as a result of insufficient liquidity or difficulty in raising external loans. Lantmännen limits its refinancing risk by having a well-diversified group of counterparties and maturities on its gross debt.

CREDIT AND COUNTERPARTY RISK

Credit and counterparty risk relates to the risk that the counterparty in a transaction cannot fulfill its obligations and thereby imposes a loss on the Group. To limit the counterparty risk only counterparties with high creditworthiness are accepted according to established finance policies and by maximizing the commitment per counterparty. The credit risks for investments are limited by having the Group use solely counterparties with a rating no lower than K1 according to Standard & Poor's criteria.

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 the business area Lantmännen Unibake the risk of credit losses is limited through credit insurance of certain large accounts receivable.

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 entails that unrealized income is recognized off-balance until the underlying flow is reflected in the income statement.

Forward exchange contracts are used to hedge contracted payment flows and hedge balance sheet exposure.

Electricity forward contracts are used to hedge purchases of electricity and create predictability for dealing with costs relating to power purchasing. This trading takes place at the Nordic electricity exchange NordPool.

Lantmännen uses commodity derivatives to hedge balance sheet exposure and forecast commodity purchases. 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 carrying amount and fair value per type of financial instrument. The fair value of liabilities to credit institutions is calculated as the discounted present value of future payments. The fair value for derivative instruments is based on market prices. Unlisted equity investments are valued individually at the lower of cost or estimated market value.

The difference between carrying amount and fair value arises from 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	GROUP				PARENT COMPANY			
	Carrying amount		Fair value		Carrying amount		Fair value	
Assets, MSEK	2008	2007	2008	2007	2008	2007	2008	2007
Shares and participations								
listed	266	275	330	391	26	34	35	146
unlisted	146	115	146	115	111	106	111	106
Bonds	9	7	9	7	0	0	0	0
Other long-term receivables	1,310	741	1,310	741	160	37	160	37
Accounts receivable	5,631	5,922	5,631	5,922	2,690	2,382	2,690	2,382
Other current receivables	680	836	680	836	61	145	61	145
Other short-term investments	154	385	154	389	0	8	0	10
Cash and cash equivalents	269	450	269	450	78	67	78	67
Liabilities, MSEK								
Liabilities to credit institutions	10,848	6,105	10,841	6,112	9,189	4,786	9,189	4,793
Other long-term liabilities	287	337	287	337	28	28	28	28
Accounts payable	3,863	4,201	3,863	4,201	1,559	1,559	1,559	1,559
Other current liabilities	2,599	3,653	2,599	3,653	1,609	2,405	1,609	2,405
Off-balance, MSEK								
Currency derivatives	-42	-1	-38	12	-42	-1	-19	16
Interest rate derivatives	-31	0	-30	19	-31	0	-26	18
Commodity derivatives	0	-13	39	-30	0	-13	39	-30
Electricity derivatives	0	0	-143	50	0	0	-143	50

NOTE 27 EQUITY

MSEK	GROUP	
	2008	2007
Translation differences in equity		
Accumulated translation difference at beginning of the year	232	83
Translation difference for foreign subsidiaries for the year	724	239
Income from currency hedging of net investments in foreign subsidiaries for the year, after tax	-176	-90
Accumulated translation difference in equity	780	232
Equity method reserve		
Opening balance	185	213
Net income for the year from associated companies transferred to equity method reserve	98	40
Dividend received	-6	-2
Disposals of associated companies	-72	-65
Translation difference	0	-1
Equity method reserve at year-end	205	185

Parent Company

Equity in the Parent Company consists of member contributions, restricted reserves and non-restricted equity. Member contributions consist of paid in and issued member contributions.

The obligation to invest for the individual member is determined by the member's sales value with the Association. Each year the obligation to invest is calculated and excess contributions are disbursed.

Issued member contributions are non-restricted equity transferred to member contributions. When the member leaves, both paid-in and issued member contributions 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 2008 was MSEK 151 (112).

NOTE 28 PENSIONS

Defined benefit obligations and value of plan assets in the Group.

MSEK	GROUP	
	2008	2007
Defined benefit obligations		
Present value of defined benefit obligations	2,015	1,858
Fair value of plan assets	-118	-127
Net value	1,897	1,731
Unrecognized expenses for service during earlier periods	-	-3
Unrecognized actuarial gains and losses	-353	-86
Provisions for pensions, net value	1,544	1,642

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:

Obligations according to Swedish PRI/FPG plans	1,786	1,621
Other unfunded obligations	88	91
Funded obligations	141	146
Total	2,015	1,858

The net amount is distributed across plans in the following countries:

Sweden	1,458	1,554
Norway	54	60
Germany	31	27
Netherlands	1	1
Total	1,544	1,642

Pension cost

MSEK	GROUP	
	2008	2007
Defined benefit plans		
Cost of pensions accrued during the year	42	43
Interest expense	83	70
Expected return on plan assets	-7	-6
Amortization of actuarial gains and losses	0	1
Curtailments and settlements	-5	1
Other	0	0
Cost of defined benefit plans	113	109
Cost of defined contribution plans	249	263
Total cost relating to pensions	362	372
<i>The cost is recognized on the following lines in the income statement</i>		
Payroll expenses	286	308
Financial expenses	76	64
Total cost relating to pensions	362	372

The following overview explains how the net amount has changed during the year.

Reconciliation of net amount for pensions in the balance sheet

MSEK	GROUP	
	2008	2007
Opening balance	1,642	1,643
Cost of defined benefit plans during the year	125	114
Payment of remuneration	-79	-65
Charges paid-in by employer	-7	-7
Effects of acquired/disposed businesses	-128	-33
Curtailments and settlements	-5	1
Expected return on plan assets	-7	-6
Actuarial gains and losses	0	0
Other	3	-10
Translation difference	0	5
Closing balance, pension liability	1,544	1,642
Return on plan assets		
Actual return on plan assets	6	6
Expected return on plan assets	6	6
Actuarial income for plan assets for the year	0	0
Actuarial assumptions		
Discount rate	4.0%	4.9%
Future wage increases	3.2%	3.2%
Inflation	2.0%	2.0%
Expected return on plan assets	5.8%	6.0%
Pension liability		
PARENT COMPANY		
MSEK		
FPG/PRI, credit insured	727	707
Other	4	6
Total	731	713

For certain employees in Sweden insurance premiums are paid to Alecta regarding commitments according to what is called the traditional ITP plan. This ITP plan is a defined benefit plan that comprises several employers. At this point in time, Alecta is unable to provide the information that is required to recognize these benefits as defined benefit plans. The pension plan according to ITP, which is insured through Alecta, is therefore being recognized as a defined contribution plan. Of the above cost for defined contribution plans MSEK 30 (38) refers to Alecta premiums for traditional ITP. Alecta's surplus can be distributed to the policy holders and/or the insured persons. At year-end Alecta's surplus was 112% (152) in the form of the collective consolidation level. The collective consolidation level consists of the market value of Alecta's assets as a percent of insurance commitments computed according to Alecta's technical provisions, which is not in accordance with RR 29.

NOTE 29 NEGATIVE GOODWILL

MSEK	GROUP	
	2008	2007
Opening cost	794	502
Negative goodwill added at acquisition	-	292
Closing accumulated cost	794	794
Opening reversal	-454	-425
Recognized as income according to special plan	-46	-29
Closing accumulated reversal	-500	-454
Carrying amount at year-end	294	340

Reversal of negative goodwill is recognized on a separate line in the income statement.

The remaining portion is recognized as income during the estimated remaining average useful life of the assets that are depreciable in the acquired business. The remaining useful life at December 31, 2008 is estimated to amount to 6 years.

NOTE 30 OTHER PROVISIONS

Group 2008, MSEK	Guarantee commitments	Actuarial provisions	Structural measures	Other	Total
Carrying amount at beginning of period	93	256	201	195	745
Provisions made during the period	77	51	50	4	182
Amounts utilized during the period	-59	-89	-58	-14	-220
Reclassification	0	47	26	-73	0
Reversed during the period	-2	-222	0	-90	-314
Translation differences	4	1	2	1	8
Carrying amount at end of period	113	44	221	23	401

Parent Company 2008, MSEK

	Structural measures	Other	Total
Carrying amount at beginning of period	176	85	261
Provisions made during the period	2	-	2
Amounts utilized during the period	-37	-27	-64
Reclassifications	26	-26	0
Reversed during the period	-	-32	-32
Carrying amount at end of period	167	0	167

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 year's reversals MSEK 181 refers to the Group and MSEK 32 to the Parent Company's reversal of the provision for any commitments relating to the salmonella outbreak in 2003. In early 2008 the Supreme Court ruled that the State did not have a right of recourse against Lantmännen.

The reversals for the year include MSEK 80 concerning BASF Plant Science GmbH, which at the Group level is included in the recognized capital gain for the company in connection with the swap with BASF in which Lantmännen received 40 percent of the shares of Svalöf Weibull AB.

NOTE 31 OTHER LONG-TERM LIABILITIES

MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Financial liabilities pertaining to leases	258	298	-	-
Other financial liabilities	29	38	20	25
Operating liabilities	0	1	8	3
Total	287	337	28	28

Regarding liabilities for finance leases, see also Note 32. Other long-term liabilities fall due for payment in their entirety within five years.

NOTE 32 LEASING COMMITMENTS**Leasing commitments**

The Group is both a lessor and a lessee. The Group as lessor is reported in Note 35, Customer financing. In this note, the Group's lease commitments are reported. The Group has both operating and finance lease commitments. In the Parent Company all lease commitments are reported as operating leases.

Operating leasing

Recognized cost of operating leases, MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Minimum lease payments	121	115	4	5
Contingent rents	6	3	0	0
Total	127	118	4	5

Future commitments relating to non-cancelable operating leases are recognized below.

Due dates of minimum lease payments, MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Within one year	33	57	4	4
Between one and five years	33	69	8	9
Later than five years	0	2	8	3
Total	66	128	20	16

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 liability, and amortization later than within one year as a long-term liability.

Future minimum lease payments broken down by amortization and interest as well as due dates are indicated below:

Due date	2008			2007		
	Amor-tiza-tion	Inter-est	Total pay-ment	Amor-tiza-tion	Inter-est	Total pay-ment
Within one year	50	10	60	60	12	72
Between one and five years	72	36	108	109	37	146
Later than five years	186	12	198	189	20	209
Total	308	58	366	358	69	427

During the year a total of MSEK 68 (71) was paid in minimum lease payments and MSEK 3 (0) in contingent rents related to finance leasing. Of the minimum lease payments MSEK 15 (14) 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 15, Tangible fixed assets.

NOTE 33 OTHER CURRENT LIABILITIES

MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Financial liabilities pertaining to leases	50	60	-	-
Other financial liabilities	1,464	2,260	1,344	2,058
Operating liabilities	1,085	1,333	265	347
Total	2,599	3,653	1,609	2,405

Other financial liabilities include liabilities to members relating to savings and deposit accounts amounting to MSEK 1,292 (1,246).

Deposits from the public in Lantmännen Finans AB amounted at year-end to MSEK 112 and are recognized in Other financial liabilities. Before this time deposits were mainly made by members and employees; after the turn of the year other members of the public began making deposits. Accounts offer free withdrawal, interest from the first krona and are covered by the state deposit guarantee of SEK 500,000.

Regarding liabilities for finance leases, see also Note 32.

NOTE 34 ACCRUED EXPENSES AND PREPAID INCOME

MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Accrued personnel-related costs	654	707	156	142
Liability relating to discounts, bonus	86	64	-	-
Accrued interest	108	19	85	0
Other accrued expenses	995	749	515	338
Prepaid income	69	40	14	6
Total	1,912	1,579	770	486

NOTE 35 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 1,111 (952), of which MSEK 305 (384) 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:

Group, MSEK	2008		2007	
	Gross invest-ment	Present value of future mini-mum lease payments	Gross invest-ment	Present value of future mini-mum lease payments
Within one year	43	40	15	15
Between one and five years	137	69	48	45
Later than five years	7	2	3	2
	187	111	66	62
Unearned financial income		76		4
Total	187	187	66	66

Net income for the year includes MSEK 9 (7) in contingent rents. Total reserve for doubtful receivables amounted to MSEK 0 (0) as of the balance sheet date.

NOTE 36 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 Notes 7 and 8.

Receivables from and liabilities to associated companies are shown in the balance sheet and Note 20.

	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Intercompany purchases of total purchases, %	17	19	14	15
Intercompany sales of total sales, %	12	13	13	16
Purchases of goods and services from associates, MSEK	404	693	400	602
Sales of goods and services to associates, MSEK	94	42	25	28

NOTE 37 GOVERNMENT GRANTS

MSEK	GROUP		PARENT COMPANY		MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007		2008	2007	2008	2007
Received contribution are recognized as income	8	13	1	0	Contributions received during the year that reduced the value of fixed assets	9	1	-	-
Received contributions that reduced expenses	17	23	-	-					
Total	25	36	1	0					

NOTE 38 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 in the fourth quarter an agreement was signed for the sale of Lantmännen Färskröd Sverige, which is included the Lantmännen Unibake business area. 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.

Income statement, MSEK	Continuing operations		Operations, discontinued/ discontinuing		Income from discontinuance		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Revenue	41,200	32,788	2,522	3,684	0	0	43,722	36,472
Operating expenses	-39,618	-31,716	-2,677	-3,886	-291	0	-42,586	-35,602
Operating income	1,582	1,072	-155	-202	-291	0	1,136	870
Financial income and expenses	-416	-9	-18	-39	0	0	-434	-48
Refund and final price adjustment	-122	-83	0	0	0	0	-122	-83
Income before tax	1,044	980	-173	-241	-291	0	580	739
Tax expense for the year	-77	-202	41	68	0	0	-36	-134
Minority share of income	14	-17	0	0	0	0	14	-17
Net income for the year	981	761	-132	-173	-291	0	558	588
Balance sheet, MSEK								
Total assets	31,907	27,201	811	1,542	-165	0	32,553	28,743
Total liabilities and provisions	21,283	17,871	560	1,100	128	0	21,969	18,971

NOTE 39 PLEDGED ASSETS AND CONTINGENT LIABILITIES
Pledged assets

Group MSEK	For own financial liabilities	Other commitments	Total pledged assets	
			2008	2007
Real estate mortgages	1,552	-	1,552	360
Chattle mortgages	13	-	13	285
Bank accounts	-	88	88	34
Other	84	-	84	328
Total	1,649	88	1,737	1,007

For the liabilities of the Parent Company real estate mortgages have been furnished in the amount of MSEK 1,174, of which MSEK 113 refers to properties belonging to subsidiaries. The increased pledging is mainly related to the real estate mortgages furnished in connection with the raising of a MDKK 800 loan from Realkredit Danmark.

Pledged assets include excess security of MSEK 80 (580). The reduction of the excess security is mainly due to the release of collateral Lantmännen Kronfågel previously furnished to Swedbank.

Parent Company MSEK	For own financial liabilities	Other commitments	Total pledged assets	
			2008	2007
Real estate mortgages	1,174	-	1,174	0
Bank accounts	-	88	88	34
Total	1,174	88	1,262	34

Contingent liabilities

MSEK	GROUP		PARENT COMPANY	
	2008	2007	2008	2007
Guarantees for				
- Group companies	-	-	1,096	1,151
- associated companies	91	142	91	142
- other	265	331	0	28
Other contingent liabilities	247	98	268	98
Total	603	571	1,455	1,419

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 19, 2009

Thomas Bodén
Chairman

Bengt-Olov Gunnarsson
Vice Chairman

Elisabet Annell

Paul Bergqvist

Birgitta Carlander

Nils Lundberg

Thomas Magnusson

Hans Wallemyr

Björn Wallin

Tommy Brunsärn

Gert Gustavsson

Görgen Kier

Per Strömberg
CEO and Group President

Our auditors' report was submitted on February 19, 2009

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 2008. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 69-110. 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 19, 2009

Ernst & Young AB

Lars Träff
Authorized Public Accountant

Torvald Carlsson

Lars Falck

Anders Åbyhammar

Corporate Governance Report

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 bylaws, the Swedish Co-operative Societies' 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 management is for the company to meet the demands on the company of 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 and 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 Societies' Act's principles regarding member participation in the management of the Association are applied in practice.

According to the Association Code the Board shall submit a report about how well internal control relating to financial reporting functioned during the past financial year. Lantmännen's Board 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 40,000 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

and management through motions and other means. See also the descriptions under Development of the ownership model and Benefits to owners ► pp. 15-17

Member contribution and voting rights

The members' obligation to invest is based on the sales value of patronage with and deliveries to the Association. The Board decides the product areas that are to comprise the basis of obligation to invest. The obligation to invest for individual members is ten percent of the value of average sales with the Association for the past five years. However, the obligation ranges from a low of SEK 5,000 to a high of SEK 150,000. Of the total member contribution of MSEK 1,157, MSEK 593 has been paid in and the rest transferred from distributable equity in the Association. Each member of the Association has one vote regardless of the size of his or her investment.

General Meeting

The General Meeting is Lantmännen's supreme decision-making body. The Annual General Meeting consists of representatives of members, delegates, who are elected at the Association's 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. 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. At the Annual General Meeting the Association's Board of Directors, Nomination Committee and auditors are elected. Other obligatory

business to be considered by the Meeting include 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 CEO from liability and determination of Directors' and audit fees.

2008 Annual General Meeting

The 2008 Annual General Meeting was held on May 7, 2008 in Stockholm.

Board members of Lantmännen ek för are elected for two-year terms. The office terms of Thomas Bodén, Paul Bergqvist, Thomas Magnusson and Olle Nilsson 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 CEO of the Association. At the Meeting Thomas Bodén, Paul Bergqvist, Thomas Magnusson and Olle Nilsson were reelected for a new two-year term. 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 delegates, 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 2009 Annual General Meeting.

The General Meeting approved an contribution dividend totaling MSEK

50 to be distributed on paid in as well as issued member contribution and a contribution issue totaling MSEK 150 to be distributed as follows: 50 percent on contribution-based patronage and 50 percent on paid-in membership contributions.

In addition to the contribution dividend and issue, the Board decided to pay MSEK 83 in refunds and final price adjustments. In total, MSEK 283 was refunded to members in 2008.

The total number of elected delegates was 100, of whom 99 were present at the meeting. All Board members and elected auditors were present at the Meeting.

Extraordinary General Meeting

On October 1 an Extraordinary General Meeting was held. The Meeting considered a motion to amend the Articles of Association to permit trading in contribution issues. At the Meeting, Björn Wallin was elected to the Board in a special election following the death of Olle Nilsson.

Elected Delegates Council

The Association has an Elected Delegates Council. The district board chairmen and organization members shall be included on the Elected Delegates Council. In addition to this, the Board may appoint additional members.

The Elected Delegates Council's role is to advise the Association Board on development issues of a more long-term nature as well as communicate information between the Board and the districts. The Elected Delegates Council is also charged with taking part in matters of principle and to nominate members to the Association's Nomination Committee.

Elected Delegates Council in 2008

In addition to the obligatory members as stated above, the Board of Directors appointed two representatives of the local associations to the Elected Delegates Council. The Association Board, the Association's elected auditors and a representative of the Nomination Committee also attend meetings of the Elected Delegates Council.

The Council 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 of auditors as well as fees and other remuneration for them and making recommendations for fees and other remuneration for the 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 2008 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 investment as well as approves the annual report and interim reports. The Board is also tasked with overseeing the CEO 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 candor 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 CEO. 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 CEO. The Board of Directors elects a chairman from among its members.

The Board of Directors 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. Committees have no decision-making power. Members of the committees are appointed by the Board of Directors at the statutory Board meeting. Instructions for the committees are included in the Board of Directors' work plan.

The work of the Board in 2008

After the Annual General Meeting on May 7, 2008, the Board of Directors has consisted of nine members elected by the Meeting, three employee representatives as well as the CEO. There are no alternates. The head of the corporate function Legal Affairs & Owner Relations serves as the Board's secretary. None of the Board members elected by the General Meeting has an employment-like relationship with Lantmännen. Thomas Bodén was elected Chairman of the Board. The Board's composition appears in the presentation [▶ pp. 116-117](#)

During the year the Board of Directors had 19 meetings, 7 of which were by telephone. The table [▶ p.114](#) shows the Board's attendance at the meetings.

During the year the Board decided to divest Lantmännen Granngården, Svenska Foder and the fresh bread business in Sweden. This is part of a portfolio strategy adopted by the Board. On September 30, 2008 the Board made a strategic decision to implement trading of contribution issues and issue capital contribution that can also be traded. The Board also decided to adopt a group-wide code of conduct. Two meetings were attended by the Association's authorized auditor.

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 is made up of Birgitta Carlander, chairman, Nils Lundberg, who replaced Olle Nilsson, who passed away during the summer, and Elisabet Annell. The head of the internal audit is the secretary. Members are appointed for one year at a time.

In addition to the minutes of Audit Committee meetings being distributed to the Board of Directors, the committee chairman reports on all important issues orally at the following Board meeting.

The committee had five 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 regarding the CEO and to the CEO regarding the other members of Group Management.

The committee consists of Thomas Bodén (chairman), Paul Bergqvist, Nils Lundberg and Per Strömberg. The Group's HR manager serves as secretary. Members are appointed for one year at a time.

In addition to the minutes of the Remuneration Committee meetings being distributed to the Board of Directors, the committee chairman reports on all important issues orally at the following Board of Directors' 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 Societies' Act and Association bylaws. Its further aim is for the development of bylaws, organization and the relationship to elected officers 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, Hans Wallemyr 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 the minutes of the Owner Committee meetings being distributed to the Board of Directors, the committee chairman reports on all important issues orally at the following Board of Directors' meeting.

The committee had four recorded meetings during the year.

CEO and Group Management

The CEO and Group President is appointed by the Board of Directors and is responsible for the day-to-day management of the Association. Distribution of work between the Board and the CEO is regulated in the Board of Directors' work plan. Lantmännen's Group Management currently consists of 14 members, namely the CEO, all business

Attendance at Group Board meetings 2008

	7 Feb	26 Feb	1 Apr	13 Apr Tele-conf.	15 Apr Tele-conf.	20 Apr Tele-conf.	22 Apr Tele-conf.	28 Apr	7 May	15 May Tele-conf.	29 May	24 Jun	29 Jul	28 Aug	25 Nov Tele-conf.	30 Sep	13 Oct Tele-conf.	4 Nov	19 Dec
Thomas Bodén	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Stig Agnåker	●	●	●	—	●	●	—	●	●	●	●	●	●	●	●	●	—	●	●
Elisabet Annell	●	●	●	●	●	●	—	●	●	●	●	●	●	●	●	●	●	●	●
Paul Bergqvist	●	●	●	●	●	●	—	●	●	●	●	—	●	●	●	●	●	●	●
Tommy Brunsärn	●	—	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Birgitta Carlander	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Bengt-Olov Gunnarson	●	●	●	●	●	●	●	●	●	—	●	●	●	●	●	●	—	●	●
Gert Gustavsson	—	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Görgen Kier	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Nils Lundberg	●	●	●	●	●	●	●	●	●	●	●	●	●	●	—	●	●	●	●
Thomas Magnusson	●	●	●	●	●	●	●	●	●	●	●	●	●	●	—	●	●	●	●
Olle Nilsson	●	●	—	●	●	●	●	●	●	—	●	—	●	●	●	●	●	●	●
Hans Wallemyr	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Per Strömberg	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Björn Wallin	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

● Present — Not present

Stig Agnåker stepped down at the Annual General Meeting on May 5, 2008
Görgen Kier was elected at the Annual General Meeting on May 5, 2008

Olle Nilsson passed away on July 23, 2008
Björn Wallin was elected on October 1, 2008

area managers and all heads of corporate functions. During the year new managers were appointed to three business areas and two corporate functions. The Group Management's composition appears in the presentation ▶ pp. 118-119

Group Management normally convenes once a month. Group Management has the overarching responsibility for coordinating the Group. Management and oversight of the business areas are ensured by the CEO serving as the Chairman in the majority of the business areas' boards.

Internal Audit

With regard to the rest of the Group, the Internal Audit is an independent activity that is to engage 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 2008 the Internal Audit identified overarching risks in the Group, carried out a number of investigations both in business areas and in central corporate functions, and prepared an audit plan for 2009. 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 auditors are Torvald Carlsson, Lars Falck and Anders Åbyhammar. All auditors are elected by the General Meeting for one year at a time.

Board report on internal control

The responsibility of the Board and CEO for internal control is governed by the Swedish Co-operative Societies' 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 internal control relating to financial reporting functioned during the past financial year. As stated under the section "Owner control and the work of the Board" on ▶ p. 112 Lantmännen's Board has chosen to make a statement only about how the internal control is organized.

Below is 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, CEO, management and other employees and which is designed to provide assurance of the reliability of financial reporting. The overarching aim of the internal control is to protect the investment 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 will continue 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 that reports regularly to the Board has also been appointed.

The Lantmännen Group works continually 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 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



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, Svensk Raps



Elisabet Annell

Stockholm
Born: 1945
Member since 2007
Other functions at Lantmännen: Audit Committee
Education: Pol. mag. degree
Main occupation: Directorships
Other directorships: JM, TradeDoubler, Atria Scandinavia, Skandia Liv, Catella, Öresundsbron, Upplands Motor



Paul Bergqvist

Vikbolandet
Born: 1946
Member since 2006
Other functions at Lantmännen: Remuneration Committee
Education: Economist
Main occupation: Consultant/directorships
Other directorships: Telenor ASA, Trygg Vesta A/S, Nova Linja (Kiev), Returpack AB, Björk Eklund Group AB, chairman of Sveriges Bryggerier, East Capital Expoler AB, HTC, Pieno Zvaigzdes (Vilnius)

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 April 28, 2009.



Per Strömberg

CEO and Group President
Stockholm
Born: 1963
Member since 2007
Education: Civilekonom degree with international focus
Other directorships: DLF (Grocery Manufacturers of Sweden), Almondy AB



Hans Wallemyr

Falköping
Born: 1956
Member since 2007
Other functions at Lantmännen: HaGe Kiel, Owner Committee
Education: Training in agriculture and economics
Main occupation: Farmer
Production: Feeder pigs, potato cultivation, forestry, breeding and training jumping and dressage horses
Other directorships: Flyinge AB, Åsle Vind AB



Björn Wallin

Vattholma
Born: 1964
Member since 2008
Other functions at Lantmännen: Lantmännen Lantbruk, HaGe Kiel
Education: Agronomist
Main occupation: Farmer
Production: Crop production



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



Nils Lundberg

Skivarp
Born: 1958
Member since 2007
Other functions at Lantmännen: Remuneration Committee, Audit Committee, Scandinavian Farmers, HaGe Kiel
Education: Agronomist
Main occupation: Farmer, 600 ha
Production: Cultivation of sugar beets, grain and oilseed rape
Other directorships: Betodiarna (beet growers' cooperative), Ljusterö Golf AB



Thomas Magnusson

Tävelsås
Born: 1950
Member since 2005
Other functions at Lantmännen: Lantmännen Lantbruk, Owner Committee
Education: Training in agriculture and economics
Main occupation: Farmer
Production: Milk, beef
Other directorships: Federation of Swedish Farmers board, Cogeca Presidium

Auditors

Elected representatives

Torvald Carlsson
Gamleby. *Born:* 1951
Auditor since 2000
Education: Agronomist
Main occupation: Farmer
Production: Crop production, forestry, integrated hog production

Lars Falck
Kristianstad. *Born:* 1962
Auditor since 2007
Education: Agricultural technologist
Main occupation: Farmer
Production: Crop production

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

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 2003
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: Jur. cand. degree and Master of Laws

Group Management



Per Strömberg
 CEO and Group President
 Born: 1963
 Hired: 2007
 Education: Civilekonom degree with international focus
 Outside directorships: DLF (Grocery Manufacturers of Sweden), Almondy AB



Clas Eriksson
 Vice CEO and Group President
 Business area manager Lantmännen Anläggnings- och Lantbruksmaskiner
 Born: 1949
 Hired: 1991
 Education: Agricultural Technologist



Anna Elgh
 Director of Supply Chain
 Born: 1963
 Hired: 2006
 Education: Civilingenjör degree (M. Sc. equivalent), Executive MBA Instituto de Empresa Madrid



Jan Klarskow Henriksen
 Business Area Manager
 Lantmännen Kronfågel
 Born: 1965
 Hired: 2009
 Education: Civilekonom degree
 Outside directorships: Fipo Group Aps, RM Group A/S

Lantmännen's Group Management consists of 14 members: Group president, business area managers and head of corporate functions.



Arne Rantzow
 Business Area Manager
 Lantmännen Lantbruk
 Born: 1955
 Hired: 1992
 Education: Civilekonom degree



Anette Rosengren
 Director of Information and Communication
 Born: 1966
 Hired: 2008
 Education: Civilekonom degree



Reinhold Svensson
 Business Area Manager
 Lantmännen Invest
 Born: 1950
 Hired: 1996
 Education: Agronomist



Magnus Johansson

Business Area Manager
Lantmännen Cerealia
Born: 1972
Hired: 1998
Education: Masters in Business Administration
Outside directorships: Swedish Seal of Quality, Swedish Food Federation



Monika Lekander

Business Area Manager
Svalöf Weibull
Born: 1953
Hired: 2005
Education: Civilingenjör degree (M. Sc. equivalent), business and marketing



Per Olof Nyman

Chief Financial Officer
Svalöf Weibull
Born: 1956
Hired: 2008
Education: Civilingenjör degree (M. Sc. equivalent) in Industrial Economics
Outside directorships: LRF Samköp



Bent Pultz Larsen

Business Area Manager
Lantmännen Unibake
Born: 1950
Hired: 1985
Education: Pastry maker
Outside directorships: Good food Group A/S, Fødevare industrier in Denmark, Dans Industrier Horsens



Joakim Säll

Acting Business Area Manager
Lantmännen Energi
Born: 1961
Hired: 2008
Education: Civilekonom degree
Outside directorships: Confederation of Swedish Enterprise (NSD)



Elisabeth Wallin Mononen

HR Director
Born: 1959
Hired: 2005
Education: Jur. cand. degree and Master of Business and Administration, Chicago
Outside directorships: Arbetslivsresurs AR AB



Lena Weman

General Counsel
Born: 1960
Hired: 2006
Education: Jur. cand. degree and Master of Laws, Amsterdam University

Definitions

CAPITAL TARGETS

Capital employed • Capital employed equals total assets minus non-interest-bearing liabilities.

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.

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.

Financial assets • Financial receivables, short-term investments and cash and cash equivalents.

Net debt • Net debt comprises interest-bearing liabilities, including pension liabilities and accrued net interest, less financial assets.

FINANCIAL TARGETS

Equity ratio • Total of equity and minority interests as a percentage of total assets.

Interest coverage ratio • Interest coverage ratio equals operating income plus interest income divided by interest expense.

Net indebtedness ratio • Net debt in relation to the total of equity and minority interests.

Payment readiness • Cash, bank deposits and lines of credit that can be used in accordance with current borrowing agreements.

RETURN TARGETS

Return on equity • Return on equity equals net income for the period, where opening refunds and final price adjustment are restored, divided by average shareholders' equity.

Return on operating capital • Return on operating capital equals operating income divided by average operating capital.

Return on capital employed • Return on capital employed equals operating income plus financial income divided by average capital employed.

MARGIN TARGETS

Operating margin • Operating margin equals operating income divided by net sales for the year.

Profit margin • Profit margin equals net income for the year divided by net sales for the year.

OTHER

Asset turnover ratio • Net sales in relation to average operating capital.

Glossary

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.

Azo dyes • A large group of substances that contain the azo function, which provides color. It is used to color fabrics and leather but is also used in food production.

B2B • Business to business, non-consumer-related 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 source of energy whose share of total energy use has increased in recent decades.

Biological diversity • A term describing the diversity of forms of life and species in an ecosystem. An ecosystem is a living biological community in a specific physical environment.

Employer branding • Creating a company brand that makes the company attractive as an employer.

Organic farming • In organic farming, the use of mineral fertilizer or chemical pesticides and herbicides 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.

Ecosystem • An ecosystem consists of all the living components (plants, animals and micro-organisms) in an area functioning together with all of the non-living physical factors of the environment (water, wind, minerals).

FAME • Fatty acid methyl ester, which is also called biodiesel.

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.

Renewable sources of energy • Examples of these continuously renewed sources are sun, wind, water and biofuel.

GI • Glycemic index; indicates how quickly carbohydrates are metabolized in the body.

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.

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.

Intervention price • The guaranteed price that the EU pays for milling wheat, barley and maize.

Carbon dioxide-equivalents • Unit that makes it possible to compare the impact of various greenhouse gases on the climate.

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.

LEAD • (Learn, Engage, Analyze, Do). Lantmännen's method for systematic and long-term improvement.

LDL cholesterol • (Low density lipoprotein) otherwise known as the bad cholesterol. Too much LDL is a risk factor in cardiovascular disease.

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.

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.

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.

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.

RME • Rapeseed methyl ester, also referred to as biodiesel

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 biological degradable materials and plant nutrition substances, can also contain undesirable substances such as heavy metals. Assuring its quality before spreading it on fields is therefore important.

Transfats • Transfats 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.

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.

Adresser



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Svalöf Weibull

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268 81 Svalöv
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Lantmännen Cerealía

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www.danpo.com

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Lantmännen Doggy

Doggyvägen 1, 447 84 Vårgårda
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www.doggy.se

Lantmännen Krafft

Kvarngatan 2, 311 83 Falkenberg
Tel: 020-30 40 40
www.krafft.nu

Lantmännen Reppe

Stora Råppevägen 73, 352 50 Växjö
Tel: 0470-70 41 00
www.reppe.se

Lantmännen Solanum

Binjievägen 2, Box 56, 244 21 Kävlinge
Tel: 046-72 21 00
www.solanum.se

Lantmännen SweChick

Stålgatan 3, 265 38 Åstorp
Tel: 042-22 51 90

Lantmännen SweHatch

Östra Gårdstånga 2, 240 32 Flyinge
Tel: 046-647 70



**KLIMATKOMPENSERAD
TRYCKSAK**
www.mapsverige.se



Form & produktion: Wildec
Foto: Jonas Engström, Öyvind Lund, Daniel Hertzell,
Johan Olsson m.fl.
Tryck: Tryckt på miljögodkänt papper på Jernström Offset.
Scandia 2000 är ett klorfritt papper som tillverkas i Lessebo.
Det är Svanengodkänt. Denna trycksak är klimatkompenserad
för alla fossila utsläpp genom trädplantering i Moçambique.

“Lantmännen’s mission is to contribute to the profitability of our owners’ farms and to maximize the return on our owners’ capital”



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