

Lantmännen Annual Report and Sustainability Report 2010



Lantmännen



Lantmännen's vision



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



Lantmännen

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Notice of Annual General Meeting

The Annual General Meeting will be held at Clarion Hotel, Ringvägen 98, Stockholm, on Wednesday, the 4th of May 2011.

Financial Reporting

Interim Report Q1	May 3, 2011
Interim Report Q2	July 22, 2011
Interim Report Q3	October 28, 2011

Distribution

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





2010

Net sales for the Group amounted to MSEK 35,988 (34,978), an increase of 3 percent. After adjustment for changes in the Group's composition, net sales increased by 2 percent.

Operating income amounted to MSEK 1,059 (477) and adjusted for items affecting comparability, primarily capital gains and restructuring costs, operating income reached MSEK 1,223 (588).

Income after financial items totaled MSEK 822 (104) and adjusted for items affecting comparability MSEK 946 (215). Net financial items amounted to MSEK -237 (-373).

Net income for the year after tax was MSEK 725 (182).

Investments in non-current assets during the year amounted to MSEK 1,587 (1,538).

Cash flow before financing activities totaled MSEK 2,692 (2,272).

Dividend. The Board has decided to provide a dividend in the form of a refund and final price adjustment totaling MSEK 95 (0). A refund of 0.5 percent on purchases from the machinery business is being paid, together with a final price adjustment of 1 percent. The Board of Directors proposes that the Annual General Meeting approve a 5 (5) percent dividend on contributed capital, a total of MSEK 68 (63), and a contribution issue of MSEK 177 (100). The proposed dividend on subordinated debentures is 5.5 (3) percent, MSEK 3 (1).

Anna Bodin, Båddarö Gärd.

Lantmännen in brief

Key figures	2010	2009
Net sales, MSEK	35,988	34,978
Operating income, MSEK	1,059	477
Operating margin, %	2.9	1.4
Income after financial items, MSEK	822	104
Net profit for the year, MSEK	725	182
Cash flow before financing activities, MSEK	2,692	2,272
Return on equity, %	7.0	1.8
Return on operating capital, %	5.7	2.2
Total assets, MSEK	27,009	29,630
Net debt, MSEK	7,501	9,739
Equity ratio, %	38.6	34.5
Investments in non-current assets, MSEK	1,587	1,538
Number of members	36,050	37,451
Average number of employees	10,350	10,552
of which women, %	31	31
CO ₂ emissions, thousand tonnes per MSEK value added	47.0	49.9

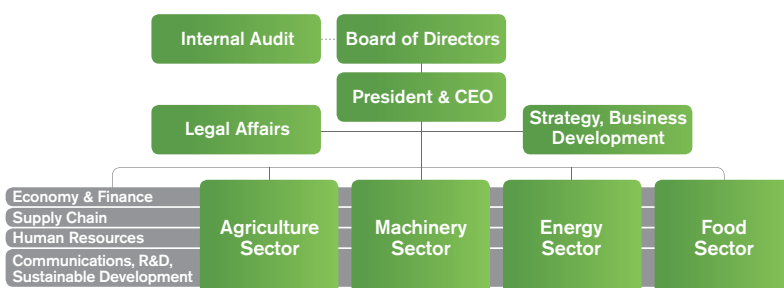
For more sustainability-related key figures, see Sustainability Report ► Pages 49-74

Glossary and definitions, see ► Page 144

Key figures excl. items affecting comparability	2010	2009
Operating income, MSEK	1,233	588
Operating margin, %	3.4	1.7
Income after financial items, MSEK	946	215
Return on equity, %	7.8	2.2
Return on operating capital, %	6.5	2.8

Sales by market, MSEK	2010	2009	Change
Sweden	20,049	19,200	4%
Denmark	4,573	4,887	-6%
Norway	2,669	2,511	6%
Germany	3,280	2,266	45%
U.K.	1,260	1,478	-15%
Netherlands	684	884	-23%
Belgium	643	642	0%
Poland	375	461	-19%
Finland	346	383	-10%
Baltic countries	340	371	-8%
Rest of Europe	1,009	1,094	-8%
U.S.	433	479	-10%
Rest of world	327	322	2%
Total	35,988	34,978	3%

Lantmännen's organization



Transition to IFRS

Lantmännen applies IFRS (International Financial Reporting Standards) with effect from 2010. Comparative figures for the years 2001-2008 have not been restated under IFRS.

A more detailed description of the effects of the transition to IFRS on the income statement and statement of financial position for 2009 can be found in Note 33 on ► pages 121-123.



Lantmännen

Lantmännen's mission

To contribute to the profitability of its owners' farms and maximize the return on their capital in the association

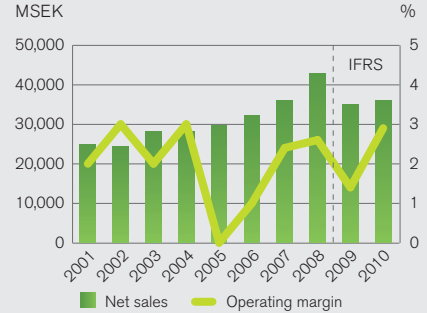
36,000 farmers

over **10,000** employees

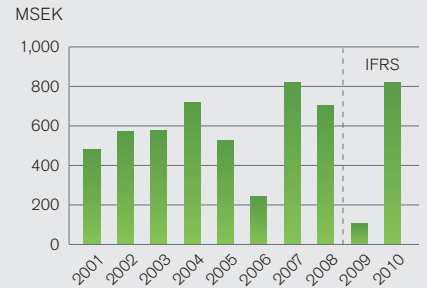
operations in **18** countries

sales of SEK **36** billion

Net sales and operating margin



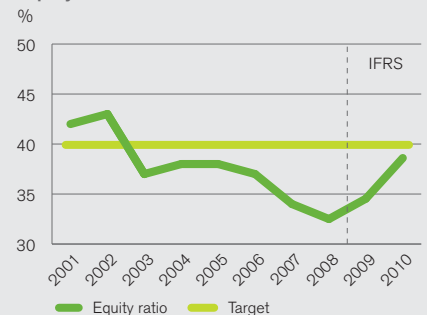
Income after financial items



Return on equity



Equity ratio



Important events

Q1 First quarter 2010

- ▶ Lantmännen made the transition to reporting under IFRS.
- ▶ The decision was made to close the Food Sector's Unibake bakery in Glostrup, Denmark. Production was moved to Lantmännen Unibake in Finland and Germany. Forty-six employees are affected.
- ▶ The decision was made to close the Agriculture Sector's feed plant in Norrköping. Eleven employees are affected.
- ▶ It was decided to close the remaining operations of Lantmännen Solanum in the Agriculture Sector from summer 2010. Nine employees are affected.
- ▶ Johan Karlström took over as the new Head of the Food Sector in early March.
- ▶ Lantmännen's soybean imports came under intense media scrutiny.

Q2 Second quarter 2010

- ▶ At the Annual General Meeting, Helle Kruse Nielsen was elected to the Board of Lantmännen to replace the outgoing Director Paul Bergqvist. Thomas Bodén, Thomas Magnusson and Björn Wallin were reelected to the Board.
- ▶ Monika Lekander, formerly Head of the Energy Sector, was appointed as Head of the Agriculture Sector in May.
- ▶ Lantmännen's holding in Bakehouse, one of the U.K.'s leading suppliers of pastries and specialty breads, increased from 63 to 100 percent.
- ▶ The biodiesel company Lantmännen Ecobränsle was sold to Energigårdarna i Eslöv AB in May.
- ▶ Lantmännen's new feed plants for animal feed in Lidköping and for pet food in Vårgårda was opened.
- ▶ The bakery in Glostrup, Denmark, was closed down and production moved to Unibake's facilities in Finland and Germany.
- ▶ Lantmännen Unibake invested in a fast food bakery in Hungary, which strengthened its position in Central Europe.
- ▶ Lantmännen adopted a new climate strategy with a target of a 40-percent reduction in greenhouse gas emissions by 2020.

Q3 Third quarter 2010

- ▶ In September, Lantmännen SweChick was sold to Aviagen, the world's largest poultry breeding company. SweChick had been part of the Food Sector.
- ▶ An agreement for the acquisition of Könicke Baumaschinen, which imports and sells Volvo construction machinery in Germany, was signed.
- ▶ Agreements were signed for the sale of approximately 40 properties. The sales were finalized in the fourth quarter, generating significant capital gains.
- ▶ The first supplier audit based on the Code of Conduct was carried out.

Q4 Fourth quarter 2010

- ▶ "Take care of your food week" was arranged for the purpose of inspiring consumers to make wise food purchasing and preparation choices and reduce food waste.
- ▶ The Energy Sector's Swedish willow operations were sold to Salixenergi Europa AB in November, while the willow cultivation operations were transferred to the Agriculture Sector.
- ▶ It was decided to launch a new action program called ONE Lantmännen Lantbruk, aimed at creating more customer-centric and profitable operations. This will be achieved by means of a flatter and clearer organization and the integration of Lantmännen SW Seed into Lantbruk Sweden's operations.
- ▶ Lantmännen Lantbruk decided to streamline its grain management, with no compromise on the existing high level of service. Under the plan, 17 reception sites will be run as seasonal facilities, 18 will be open all-year-round and three will be closed down.
- ▶ Renewable Fuels Ltd, the Energy Sector's U.K. willow production company, was sold to Coppice Resources Ltd in December.
- ▶ The Agriculture Sector's minority share in Agrico Nordic AB, which produces and markets seed potatoes in Sweden, was sold to the majority owner, Dutch company Agrico Holding BV, in December.

2011 Events after the end of the financial year

- ▶ CFO Per Olof Nyman was appointed Executive Vice President on January 1, 2011.
- ▶ On the same date, Håkan Pettersson took over as Senior Vice President & Head of the Machinery Sector, while Carl von Schantz was named Senior Vice President & Head of the Energy Sector.



The Sectors in brief

Agriculture Sector ► Page 27

	2010	2009
Net sales, MSEK	11,111	10,664
Operating income, MSEK	82	-145
Operating margin, %	0.7	-1.4
Return on operating capital, %	2.2	-3.4
Operating income, adjusted for items affecting comparability, MSEK	167	-99
Operating margin, adjusted for items affecting comparability, %	1.5	-0.9
Return on operating capital, adjusted for items affecting comparability, %	4.4	-2.4
Investments in non-current assets, MSEK	112	298
Average number of employees	1,199	1,230
of which women, %	28	28
Female representation in executive management, %	29	30
CO ₂ emissions, thousand tonnes	78.3	83.6

The Agriculture Sector develops and offers products and services that promote a strong and competitive agriculture industry.

Machinery Sector ► Page 34

	2010	2009
Net sales, MSEK	8,561	7,129
Operating income, MSEK	206	17
Operating margin, %	2.4	0.2
Return on operating capital, %	10.4	0.8
Operating income, adjusted for items affecting comparability, MSEK	236	64
Operating margin, adjusted for items affecting comparability, %	2.8	0.9
Return on operating capital, adjusted for items affecting comparability, %	12.0	3.1
Investments in non-current assets, MSEK	287	84
Average number of employees	1,863	1,553
of which women, %	10	10
Female representation in executive management, %	20	40

The Machinery Sector imports, markets and sells construction and farm machinery.

Energy Sector ► Page 38

	2010	2009
Net sales, MSEK	3,005	3,193
Operating income, MSEK	113	94
Operating margin, %	3.8	2.9
Return on operating capital, %	4.7	3.6
Operating income, adjusted for items affecting comparability, MSEK	125	105
Operating margin, adjusted for items affecting comparability, %	4.2	3.3
Return on operating capital, adjusted for items affecting comparability, %	5.2	4.1
Investments in non-current assets, MSEK	114	120
Average number of employees	323	361
of which women, %	23	23
Female representation in executive management, %	20	45
CO ₂ emissions, thousand tonnes	75.8	67.9

The Energy Sector develops and produces primarily bio-based energy products and environmentally friendly service products.

Food Sector ► Page 41

	2010	2009
Net sales, MSEK	14,484	15,109
Operating income, MSEK	534	691
Operating margin, %	3.7	4.6
Return on operating capital, %	5.4	6.4
Operating income, adjusted for items affecting comparability, MSEK	784	789
Operating margin, adjusted for items affecting comparability, %	5.4	5.2
Return on operating capital, adjusted for items affecting comparability, %	7.9	7.3
Investments in non-current assets, MSEK	974	713
Average number of employees	6,681	6,817
of which women, %	36	36
Female representation in executive management, %	29	29
CO ₂ emissions, thousand tonnes	227.4	232.9

The Food Sector encompasses operations in flour, breakfast foods, pasta, frozen and fresh bread, chicken, ready-to-eat meal concepts and pet food.



Lantmännen's business concept

With the customer in focus, we develop and process farm-land resources in a responsible way. We operate in an international market, with Sweden constituting the foundation of our business activities.

On the right track

2010 was a year in which we encountered both setback and success. As you are aware, the early part of the year was a difficult period for Lantmännen Lantbruk. However, in hindsight, I can also see there were many positive events!

For Swedish agriculture, 2010 was a year of positives. Grain prices were relatively good and we were able to note a significant recovery in the dairy sector – albeit from a low level. However, it was deeply concerning to see the price of beef and in particular the price of pork settling at an excessively low level.

Positive trends for Swedish livestock farming are important to Swedish agriculture and also to Lantmännen. Difficulty in charging a higher price for products with added value may be one reason for the negative development.

Lantmännen is active in a number of different configurations in the context of the reform of the EU's common agricultural policy (CAP). These are mainly connected with the Federation of Swedish Farmers (LFR) and our experts also sit on various EU committees. Our contribution has been largely focused on strengthening active agriculture.

Our financial performance during the year is testimony to the fact that our strategy for a leaner and stronger organization has paid off, with the changes, particularly in Lantmännen Lantbruk, happening quickly and in a targeted way. We are clearly on the right track! To me, the fact that all four Sectors are showing positive results is also a measure of our strength. This is largely the result of our targeted streamlining program which began in 2009 and is now making its effects felt. We have not exactly been helped by any notable cyclical improvement in our markets, with the possible exception of Swecon.

However, I can safely say that the economic results of our agricultural operations during the year met our expectations. This in turn means that Lantmännen will pay a refund and final price adjustment. At the same time, the Board wants to clearly demonstrate the value of being an owner of Lantmännen and is therefore proposing both a contribution dividend and a contribution issue. This means a return of over 18 percent on paid-in and issued capital. The proposed dividend on subordinated debentures is 5.5 percent, which corresponds to MSEK 3. The Board's proposed contribution issue amounts to MSEK 177.

During 2010, the Board and I were particularly preoccupied with reversing the decline in Lantmännen Lantbruk. I am only too aware that when our core business, Lantmännen Lantbruk, is not functioning and delivers neither the right goods nor the right

services at the right price, then confidence in the whole Group is eroded. At the 2010 Annual General Meeting, we announced that the Group Board would be taking direct responsibility for Lantmännen Lantbruk and that Lantmännen Lantbruk's own Board was being disbanded. To support the development of Lantbruk, we have established a reference group, made up of all the district chairmen. I see these initiatives and the changes of management at Lantmännen Lantbruk as strong measures to help get the Agriculture Sector back on track and be a good business partner, contributing to the profitability of owners' farms.

The Annual General Meeting will also be remembered for its many good motions and debates. In particular, the motion on the importance of R&D in the area of alternative protein sources stands out as a clear and positive example of members' wishes regarding accountability and long-term vision. The commitment in the areas of protein feeds and conditions in soybean cultivation is a good example of consistent and engaged work on sustainability issues.

There was also intensive debate about Lantmännen's attitude to a supplier and competitor during the fall. It is my personal belief that this event attracted a disproportionately high level of interest. However, there is one important thing I would say – Lantmännen is not taking action to reduce the competition. The present trend of many strong players in the grain and fertilizer market is, of course, positive if it gives the Swedish farmer better business conditions. Free competition is fundamental to Lantmännen and will spur us on in our efforts to become both more efficient and a better business partner!

In closing, I would like to express my warm gratitude to all our employees for their outstanding dedication during a challenging and changing period. The leadership of our President & CEO Per Strömberg has been attested to time and time again. Clear leadership, demonstrating the opportunities associated with change and articulating a positive vision of the future, is a major asset for employees and owners alike.

Noraström, February 2011



Thomas Bodén
Chairman of the Board, Lantmännen

“With Lantmännen’s implemented and continuing initiatives in industrial operations, we have a unique and winning business model along the entire chain from field to fork. In addition to generating a good return on owners’ capital, we also create opportunities to develop Swedish agriculture and create future business potential.

I sometimes encounter doubts about our business model and a certain lack of knowledge about the benefits of owning an industrial operation. My New Year’s promise as we enter 2011 is to demonstrate even more clearly the value of the collective Group that is Lantmännen!



Mobilization gives sharper competitive edge

2010 was a transformative year in many respects – in terms of events in society and the world around us, and particularly in our own day-to-day business here at Lantmännen. Our clear strategic plans and tenacious efforts resulted in a significant improvement in results, which is of course extremely gratifying. I am both pleased and proud to see how all our efforts have helped make Lantmännen a more profitable company. However, we must not become complacent, but continue on our chartered path.

Income after financial items and adjusted for items affecting comparability was MSEK 946 in 2010, which is an improvement of MSEK 731 on the previous year. All four Sectors showed positive earnings for the year, and this was more a result of consistently effective savings work than incoming orders. The Agriculture Sector showed a positive earnings trend, mainly driven by an improvement in full-year earnings for Lantbruk's cooperative business, and reported earnings of MSEK 167 (-99). Although we can see stabilization in the business, we are still some way from being satisfied. Earnings for the Machinery Sector were MSEK 236 (64), boosted by a strong industrial economy in Sweden. The Energy Sector reported earnings of MSEK 125 (105), with Lantmännen Agroetanol and Lantmännen Agroenergi both achieving a positive performance. The Food Sector's earnings were on a par with the previous year at MSEK 784 (789), although the challenges of higher commodity prices have continued to squeeze margins. All the figures to which I have referred are operating income, adjusted for items affecting comparability.

A profitable and responsible company

We have taken major steps in our efforts to become a profitable and responsible company. While it is true that we still have some way to go to achieve a 10 percent return on equity after tax, our improved financial results speak for themselves. In recent years, we have worked hard to increase our efficiency and identify necessary savings, and we see these efforts beginning to yield really good results. What we must do now is stay on track, balancing our continuous improvement work with our increasing focus on profitable growth.

We must also have the courage to think outside the box. Innovation and creativity, whether in products, processes or business models, are crucial to our competitiveness and ability to improve profitability.

The promise we make to our consumers, customers, owners and employees – we take responsibility for the entire chain, from field to fork – permeates everything we do and plays a critical role in our quest to become a really successful company. When we work together towards common goals and with shared values, we can actually develop Lantmännen in a sustainable way, while also fulfilling the requirements imposed on us. This is true from a financial, environmental and social perspective.

ONE Lantmännen Lantbruk

We are fully aware that Lantmännen Lantbruk's cooperative operations have not been functioning in a satisfactory way. Mindful of this, the Board and management have taken vigorous action during the year to get the business in order, and these initiatives have now started to pay off. We call this action program ONE Lantmännen Lantbruk. In the program we prioritize three key goals – to achieve well functioning basic operations, to reduce costs in order to improve competitiveness and to increase our focus on customers' and suppliers' needs.

We want to create ONE culture and ONE working method in Lantmännen Lantbruk, which means we need well-established common processes, a business-oriented organizational structure, clearer leadership and enhanced skills. We have created a flatter organization and, at the time of writing, we are filling a large number of managerial posts at management level, while also surveying all the processes in the business operations. The next stage involves reducing the size of the organization and implementing a necessary competence shift. The change will affect everyone in the Agriculture Sector in one way or another. Although our employees face a challenging time ahead, we have a duty to meet the market's requirements, and that is why we must have the courage to take action.

Focus areas on the route to profitable growth

Developing our company is not just about selling what we produce; in fact, it is more about producing what we can sell. We must improve our return and focus on profitable growth. In particular, we are investing in the growth of operations that make a positive contribution to our profitability targets. Operations that do not generate a return in excess of the cost of capital must concentrate on improving profitability, and only when this is achieved turn their efforts to growth. The work is being organized through our five focus areas – portfolio strategy, marketing, price & mix, innovation and leadership & competence. In the



“We shall continue our efforts to improve results and become even more competitive!”



portfolio strategy, we continue our efforts to become leaner and stronger, i.e., divesting of operations no longer suitable for long-term investment and investing in our focus areas.

The assessments are made on the basis of two criteria – profitability and owner value. Lantbruk Sweden, Lantmännen Cerealia, Swecon and Lantmännen Unibake are included in the focus areas.

In marketing, we continue to communicate our aspiration to take responsibility from field to fork. The target is that 50 percent of Sweden's consumers will perceive Lantmännen as a responsible food company by 2013, and we are well on the way to this target now. You may already have seen successful advertising campaigns during the year in newspapers, outdoor advertising and commercials. For our priority brands, such as Kungsörnen, Amo, Regal, AXA and Kronfågel, we continue to invest in new products and customer offerings and marketing.

In the area of price & mix, we are focusing on increasing sales of products and services that have added value for customers and generate premium margins. Another aspect of price & mix is that it enables us to eliminate products that do not contribute to our profitability or whose volumes are too low to economically justify their existence by stocking raw materials and packaging. And all these efforts are with the customer in focus.

Putting customers' needs and wishes first is also part and parcel of our innovation area. Our LEAD initiative is an example of innovative thinking, and is designed to draw out all our employees' ideas – both big and small. We need to be better at placing ourselves in our customers' shoes and observing our own business from an outside perspective. We need to constantly remind ourselves who it is we are creating value for.

Leadership and competence is about having the right person with the right skills in the right place. In addition, large-scale impending retirements mean that competition for skills and talent is sharpening. With this in mind, we are working on our employer image to enable us to attract the best candidates on the labor market. Meanwhile, we must also increase internal mobility in the company in order to develop our existing employees and avoid losing highly qualified personnel. And, of course, we are stepping up our investment in management development. Managers are the cement that binds together our important initiatives.

Climate strategy and other sustainability issues

Sustainable development work is a natural and integral part of our ambition to be a responsible company with operations from field to fork. A fundamental goal is to implement Lantmännen's Code of Conduct throughout the organization. The Code of Conduct is based on the principles contained in the UN framework for corporate responsibility, Global Compact, which we signed in April 2009. The first supplier audits were conducted in 2010. You can read more about this on [page 60](#)

In 2010, we adopted a new climate strategy. The target is to achieve a 40-percent reduction in carbon emissions by 2020 and a 15-percent reduction by 2013 compared with 2009. This will require increased energy efficiency efforts, investment in renewable alternatives, a common approach to future energy prices and the integration of environmental issues into key processes such as investment.

We continue as one Lantmännen

To achieve success, we need to continue evolving into a more results-oriented organization, working as one company towards common goals and with shared values. With agriculture operations that contribute towards viable agriculture and with The Sprout as the guarantee of our product quality, we can embrace the future even stronger than we are today. However, I would stress again that we must continue to step on the brakes, i.e., carry out our cost-saving programs and take structural steps in order to be able to afford to hit the gas, i.e., invest in the future. Our destination is a 10-percent return on equity after tax and a reputation as a responsible, innovative and customer-oriented company that keeps up with the times. And we are already well into the journey!

Stockholm, February 2011

*Per Strömberg
President & CEO, Lantmännen*

A farmer-owned enterprise

In Lantmännen, the farmer is a member of an economic association, which in turn owns an industrial portion. The profits from this are then returned to the economic association, which decides how much will be reinvested in the business and how much will be paid to the members in various forms. In this way, Lantmännen fulfills its mission to contribute to the profitability of owners' farms and maximize the return on their capital.

At the beginning of 2011, the number of direct members was 30,947. There were also 3,593 members in 22 affiliated local associations in southern and western Sweden. The local associations function as local purchasing associations through agreements – for the most part with Lantmännen Lantbruk. Kalmar Lantmän, with 1,947 members, is an organization

member of Lantmännen. To join Lantmännen, members have to be engaged in farming or food production.

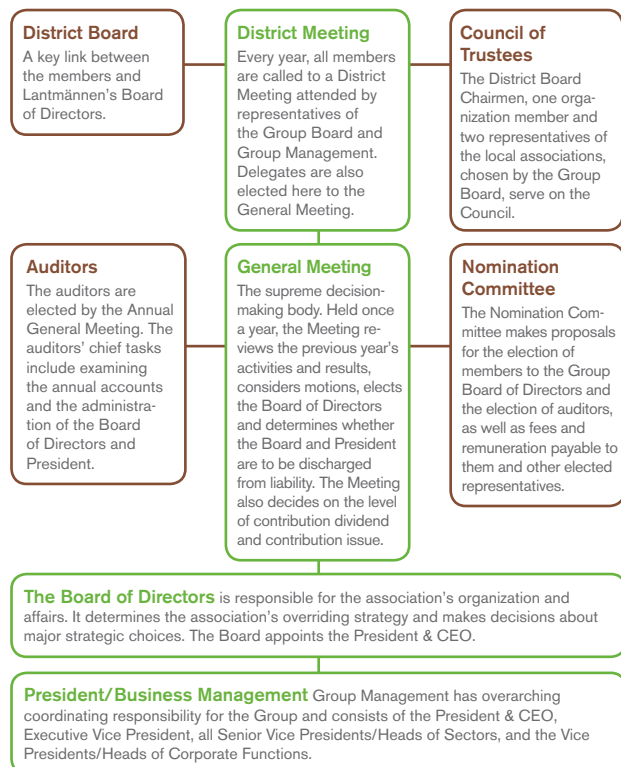
District organization

The districts are the basis of the members' role as owners of Lantmännen. In each district there is a board that deals with local issues and also works with the overall Lantmännen Group. The district boards are also responsible for member issues. To support the districts, there are regional membership directors employed by Lantmännen's Owner Relations Department. Lantmännen's district meetings in 2010 were held between March 15 and March 26.

In 2010, there was a major push on training. The theme was "Winning communication", with a particular focus on presentation and argumentation. At the end of November, the annual future seminar for the districts' scholarship holders was held. Lantmännen's Future group began its work in the fall. The group consists of 13 young farmers and reports directly to the Board. Its task is to present proposals from the younger generation of farmers regarding both owner and user issues.

Lantmännen's members and owners

Lantmännen is owned by 36,000 farmers all around Sweden. The members consist of direct members, local associations and one organizational member. The enterprise is a co-operative, and each member has one vote.



Districts in 2010

With effect from January 2010, Lantmännen's owner organization is divided into 29 districts, each with its own district board.



A man wearing a black cap and a red, green, and white plaid shirt is leaning over a green bucket. He is holding a metal tool, possibly a shearer's clipper, and appears to be working on a sheep. The sheep are white and fluffy, with yellow identification tags on their ears. One tag in the foreground clearly shows the number '04356'. The background shows a grassy field and a wooden fence under a clear sky.

SEK **1.2** billion paid out
in final price adjustments and
refunds since 2000

Owner meetings year round



Annual General Meeting

Lantmännen's 2010 Annual General Meeting was held on May 5 in Stockholm. The meeting dealt with a number of motions, among them research and domestic protein crops. The meeting's most engaging discussion concerned a proposed owner directive. After a long discussion, the meeting decided to return to questions relating to Lantmännen's long-term strategy at the District Board Conference in the fall. The Chairman informed the meeting that the Group Board would be taking direct responsibility for Lantmännen Lantbruk and that Lantmännen Lantbruk's own Board was being disbanded and replaced by Lantmännen Lantbruk Reference Group. The reference group consists of all the district chairmen and holds meetings twice a year.

At the Delegates' Day on May 6, Lantmännen's interim report and current issues in Lantmännen Lantbruk were presented.

INTERVIEW WITH:

Göran Brynell

Farmer, Vellinge



What does owning Lantmännen mean to you?

” To me, owning part of Lantmännen is as important as my use of it. When I compare the return on my contributions and other assets in Lantmännen with other investments, it's not a bad deal at all. I think the aim of developing ownership in the form of trading in contribution issues is a step in the right direction. It gives me freedom of choice and the opportunity to be more active. I want my association to be competitive in all spheres – in a farming context and on the financial playing field.

Are there more perspectives to ownership in Lantmännen?

” The Group's industrial portion is a major asset – both in terms of results and pride. Because we have such strong, well-known brands, it's all the more fun to tell friends and relatives that we farmers are actually the ones who own Lantmännen.

District Board Conference

The year's District Board Conference was held on November 16, and brought together all members of the district boards. The meeting was devoted mainly to Lantmännen's owner targets and the strategy for 2011-2013. During the meeting, members were able to conduct dialog on computers and submit comments and questions, which were then followed up. The meeting decided to give the district boards the task of obtaining feedback on a number of questions about Lantmännen's operations and direction.

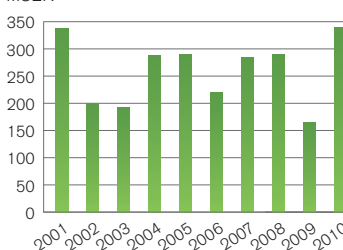
Council of Trustees

The Council of Trustees had four recorded meetings in 2010. A statutory meeting was held in conjunction with the Annual General Meeting. Two training events were arranged with the members of the subsidiary boards in Stockholm. On February 18-19 the topic was the district boards' mission and leadership, while on October 27-28 it was communication and media. On September 22, an extraordinary meeting was held, on account of a debate about a Lantmännen supplier. Meetings were also held by telephone, at which the Council of Trustees was informed about the financial situation in connection with publication of interim reports, major divestments and organizational changes.

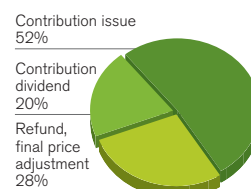
Lantmännen Lantbruk Reference Group

The new Reference Group held two meetings. The meetings dealt with the change work and the action programs being implemented in Lantmännen Lantbruk.

Dividend¹
MSEK



Breakdown 2010



¹ Including refund and final price adjustment.

Owner value

Lantmännen will generate regular and stable dividends to its members over time. For 2010, it is recommended that MSEK 340 be paid out in various forms of dividend.

For 2010, the Board proposes a dividend of MSEK 340 be paid to owners in the form of a refund, final price adjustment, contribution dividend and contribution issue. The aim of Lantmännen's dividend policy is to generate regular and stable dividends over time. The dividend level is to be adjusted in light of the financial position, earnings, cash flow, strategic investment needs, anticipated profitability, etc. The target is to distribute approximately 40 percent of Lantmännen's income excluding items affecting comparability. The dividend for 2010 is approximately 40 percent. The owners share in Lantmännen's profits by receiving dividends in different forms:

- ▶ *Refund and final price adjustment*, which is paid in relation to the farmers' business with the Association. It is calculated as a percentage of purchases and sales with Lantmännen during the year. The Board decides the product areas on which refund and final price adjustment are to be based.
- ▶ *Contribution dividend*, or "interest" on the capital contribution, made in proportion to how much paid-in and issued contributions the member has. The Annual General Meeting decides on the contribution dividend based on a proposal by the Group Board.
- ▶ *Contribution issue*, which means a proportion of the profit for the year is transferred to the members' individually owned contributed capital, issued contributions. The Annual General Meeting decides on the level of the contribution issue based on a proposal by the Group Board.

Refunds and final price adjustments are primarily based on earnings from contribution-related ag-related operations, the Agriculture Sector and the Machinery Sector. This year, a refund and final price adjustment of MSEK 95 is being paid. The contribution dividend and contribution issue are primarily based on

the earnings from non-contribution-related industrial operations, the Energy Sector and the Food Sector. Consequently, good earnings in the industrial operations generate clear owner value.

The contribution issue is calculated on the basis of the member's paid-in and issued contributions and contribution-related turnover with Lantmännen, 3/4 on contributions and 1/4 on turnover. The proposal for the contribution issue and contribution dividend amounts to MSEK 245, which means a return of 18 percent on paid-in and issued capital. The date of the Annual General Meeting has been established as the record date, namely the date on which the holding gives entitlement to a dividend in the form of a contribution dividend and a contribution issue.

Contributed capital

Lantmännen's members contribute risk capital through their contribution in the association. At the end of 2010, contributed capital amounted to MSEK 1,350, corresponding to 13 percent of Lantmännen's total equity. The figure was made up of MSEK 612 in paid-in capital and MSEK 738 in issued capital (contribution issues). The contribution is calculated as 15 percent of the value of the member's average turnover with Lantmännen for the past five years. The basis of contributions is trade with Lantmännen Lantbruk, including petroleum and the Machinery Sector. The minimum contribution is SEK 10,000. There is also a contribution ceiling of SEK 450,000 or 15 percent of the threshold amount, which is MSEK 3. Direct members are entitled to raise their contribution liability up to their average turnover value.

Trading in issued contributions

In 2009, the facility for members to trade in issued capital among themselves was introduced. Eight trading sessions were completed in 2010. The total turnover was just over 4.7 million, with 66 purchase orders and 104 sales orders resulted in transactions. The transaction price varied between 92 and 102 percent of the nominal value. See ▶ www.lantmannen.com

There was no trading in subordinated debentures.

The dividend on subordinated debentures for 2010 was 5.5 percent, in accordance with the information in the prospectus, corresponding to MSEK 3.

Dividend

MSEK	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Refund, final price adjustment ¹	95	1	122	83	64	139	199	154	161	144
Contribution dividend ²	68	63	57	50	56	50	49	38	38	23
Contribution issue ²	177	100	110	151	99	100	39	-	-	171
Total	340	164	289	284	219	289	287	192	199	338
Contribution dividend and contribution issue as % of contributed capital	18%	13%	14%	20%	13%	14%	9%	4%	4%	19%

¹ Reported amount may include restatements of previous years ² Pursuant to the Board's proposal for 2010.

Member contributions

MSEK	2010	2009	2008
Paid-in member contributions	612	606	593
Issued member contributions	738	660	564
Total	1,350	1,266	1,157



Arable land is
the foundation of
Lantmännen's
entire operations



Strategy for profitable growth

Lantmännen's overriding mission is to harness the combined resources of the organization in order to contribute to the profitability of its owners' farms and maximize the return on their capital in the association. The mission has been divided into eight basic 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.

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

2 Focus on core business

Develop Lantmännen's product portfolio in order to optimize owner value and long-term profitability and growth potential by active commitment to the acquisition and divestment of companies.

Lantmännen's portfolio strategy is to become leaner and stronger. The focus points are the business areas Lantmännen Lantbruk, Lantmännen Unibake, Lantmännen Cerealia, and Swecon.

3 Higher cost and capital efficiency

Increase cost and capital efficiency through continuous improvement efforts.

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

4 Develop strong brands

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

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

5 Develop the product portfolio through active research and development

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

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

6 Improve our partnership with our customers

Stimulate increased demand by developing our partnership with customers.

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

7 Sustainable development

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

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

8 Employees and organization

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

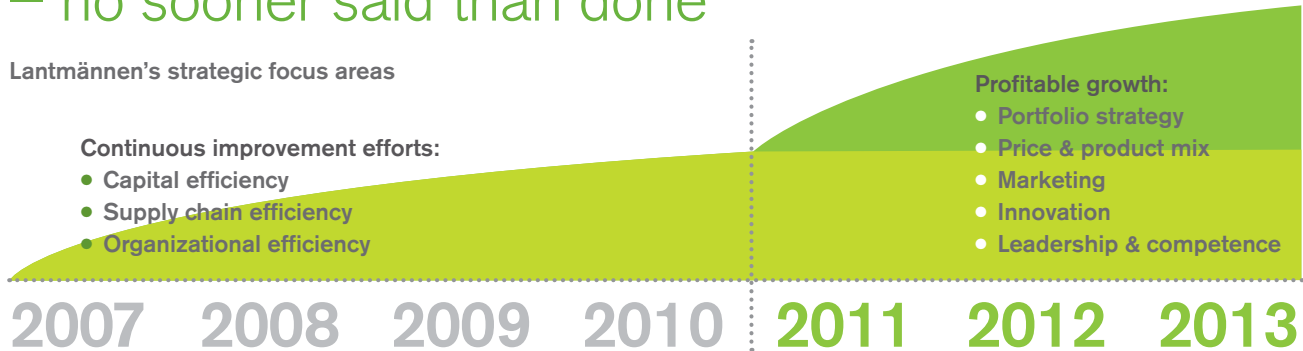
The participation and performance of each employee is crucial to our success. Lantmännen's performance is dependent on the individual's performance.



*Vigg and Anders Carlström,
Viggeby gård.*

Continuous improvement work – no sooner said than done

Lantmännen's strategic focus areas



Increased cost and capital efficiency and development of the organization through continuous improvement work have taken center stage in Lantmännen's strategic work during recent years. The next phase consists of five strategic focus areas for creating profitable growth while keeping the focus on continuous improvement work.

Capital efficiency

Return on operating capital
Cash Race
Investments

No sooner said: A reduction in tied up capital and improved cash flow must be achieved by financial benchmarking and an increased focus on cash flow and return on operating capital. The Group-wide Cash Race program was launched for the purpose of freeing up restricted capital, particularly in trade receivables, inventories and renegotiated payment terms to suppliers.

Than done: Return on operating capital is our most important key financial ratio and target in our organization and is incorporated into our financial reporting. To date, Cash Race has contributed to a significant reduction in working capital's proportion of sales, from 24 percent to 18 percent. A total of MSEK 4,100 has been released. Stricter investment criteria have been defined, with shorter repayment periods.

Future: Continuing reduction in working capital's proportion of sales – an annual reduction of at least half a percentage point until 2013.

Supply chain efficiency

LEAD (Learn, Engage, Analyze, Do)
Procurement efficiency
Process efficiency

LEAD has resulted in our employees assuming more responsibility than ever before.
Peter Hermes
Lantmännen Unibake

No sooner said: Efficiency in the supply chain will be achieved by systematic and continuous improvement work at all levels in procurement, logistics and production. LEAD is a program and operating system that encompasses change management, analysis and problem resolution methods, as well as skills development and benchmarking. In parallel, the production

and warehousing plant structure is being made more efficient. Uniform control and streamlining of Lantmännen's procurement will be achieved by implementing a product range review and purchasing consolidation.

Than done: Total supply chain streamlining work reached the target of MSEK 500 in 2010. The implementation of LEAD began at 87 facilities and about 1,000 employees have been involved to date with good results. Our production structure has been further consolidated by closing down a number of facilities and managing several procurement categories in accordance with the new model.

Future: LEAD will continue to be implemented in Lantmännen, with particular focus on employee training and change management. Just over 150 facilities will work under the LEAD model by 2013. Structural rationalization at production facilities will continue and work on improving processes in production, procurement and logistics is ongoing.

Organizational efficiency

Efficiency & structure
Leadership & competence

No sooner said: Shape is a long-term savings program designed to cut Lantmännen's annual administrative expenses by MSEK 400 compared with 2009.

Than done: The implementation work is continuing and annual savings of MSEK 300 have been achieved to date. Operations have been streamlined and organized from a customer perspective. A large-scale competence shift program has been initiated with the aim of ensuring that the right person with the right skills works at the right place in the organization.

Future: The savings program is continuing, and its target is to achieve annual cost savings of MSEK 400 by 2012.

Five focus areas for profitable growth

Lantmännen's main strategic focus is gradually moving from savings and streamlining to also creating profitable growth. Although efficiency and cost control continue to play a key role, the priority is now on five strategic focus areas for business development and profitable growth.

Portfolio strategy

In the focus area for Lantmännen's portfolio strategy, operations are evaluated and prioritized on the basis of factors such as profitability criteria and owner value. The Lantmännen portfolio currently encompasses 25 different operations. All the operations are evaluated annually for the purpose of optimizing Lantmännen's long-term return and satisfying the requirements for owner value. Benchmark studies versus other companies are used in order to evaluate the operations' performance against competitors. Under the slogan "leaner and stronger", resources from under-performing operations are allocated to profitable ones with growth potential.

Objective: A continuing consolidation of Lantmännen's businesses from the present 25 to 20 operations by 2013.

Price and product mix

Lantmännen will place increased focus on products and customers that create profitable business and offerings which ultimately

generate profitability and long-term growth. In simple terms, the price and product mix focus area is about increasing sales in the areas in which we have the best margin. The idea is to avoid a fixation on volume, and instead achieve profitable growth with products that provide the customer with added value, for which we can charge appropriately. This is the essence of the concept of profitable growth. A reduction of stockkeeping units is also being conducted.

Objective: A review of products in all operations, resulting in an expected reduction in the number of stockkeeping units in each product category.

Marketing

Increased marketing, particularly in food operations, is required in order to create profitable growth. Continuing efforts to strengthen the link between Lantmännen and the brands in the Food Sector, where The Sprout is the symbol that provides a connection with us and acts as a guarantee. Consequently, the product brands and product offerings are developed in line with our ambition to take responsibility from field to fork.

Objective: At least every other Swedish consumer will perceive Lantmännen as a responsible food company by 2013. The AXA, Kungsörnen, Amo, Regal and Kronfågel brands are being prioritized. By then, these brands will have strengthened their position with consumers by means of market communication and attractive customer offerings.

Evaluation of portfolio strategy

As part of the Group's strategy process, Lantmännen's portfolio holding is evaluated and prioritized on an annual basis. The holding is assessed on the basis of two weighted evaluation criteria – profitability and owner value. The evaluation also involves comparing Lantmännen's operations with similar operations in Sweden and internationally in a competition analysis. This is also used as a basis for the profitability targets for each business.



Lantmännen's strategies and current focus areas

Strategy/focus area	Portfolio strategy	Price & product mix	Marketing	Innovation	Leadership & competence
Create business opportunities for owners	●			●	●
Focus on core businesses	●			●	●
Increased cost-efficiency		●		●	●
Develop strong brands		●	●	●	●
Develop the product portfolio		●	●	●	●
Improve our partnership with our customers		●	●	●	●
Sustainable development		●	●	●	●
Employees and organization				●	●

Innovation

A focus on innovation means that Lantmännen must work to develop new production methods, new products, new sales concepts, new business models and a new approach – in other words, smart new ideas with the ability to create value for the Group.

An important part of innovation is the research and development work in which Lantmännen engages. However, innovation is developed in all parts of the operations – an effective new working method also counts as innovation. Lantmännen has many examples of successful innovation, and it is a major challenge to highlight and harness the innovation that exists.

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

Examples of innovation: Strategic alliances

There is strong competition in plant breeding and development work is both lengthy and costly. Winter oilseed rape is a strategically important crop for Lantmännen and is processed for the European market. Lantmännen (through SW Seed) has entered into a strategic alliance with Florimond Desprez in France and Elsoms Seeds in England in the form of a joint venture. The cooperation has enabled Lantmännen to create optimal conditions for the collective breeding program which is led and controlled by SW Seed's winter oilseed rape breeder in Germany, Werner Horn. The alliance also allows direct access to the French and U.K. markets, while Lantmännen is responsible for sales of the varieties in SW Seed's domestic markets.

Examples of innovation: R&D

In 2010, Lantmännen BioAgri produced a new biological treatment for peas as an alternative to chemical treatment. BioAgri has also developed the bacterial isolate MS100, a common earth-bound bacterium that has positive effects on the development of root systems and encourages growth promotion in different crops. Tests have been conducted and the results unanimously reveal a yield increase of between 5 and 25 percent and less susceptibility to disease. BioAgri intends to develop this product prototype into a marketable product for professional growers.

Examples of innovation: New business concepts

In an effort to find new applications and new markets for its products, Lantmännen Reppe has developed a technique for producing starch for the paper industry as part of the ongoing expansion project in Lidköping. This has resulted in Lantmännen's first contract to supply starch to the paper and packaging industry.

Leadership & competence

Lantmännen cultivates its employer image in order to attract the right expertise. Good leadership is conducive to good performance and many managers underwent training and professional development in 2010. Lantmännen's compulsory management training includes employee performance interviews, working environment, labor law, change management and health-promoting leadership.

Objective: To increase internal mobility, identify and highlight talented employees. All managers must conduct performance appraisal dialogs with employees and evaluate performance and agree on future goals.

Fiber porridge with linseed

For 4 servings, you need: Place oatmeal, water, linseed, cinnamon and salt in a saucepan.

4 dl of high-fiber oatmeal
8 dl of water
1 tbsp of linseed
1 tsp of cinnamon
1 pinch of salt
1 apple

To serve:
Milk or an oat drink

Bring to the boil and reduce the heat. Simmer the porridge for 10 minutes, stirring occasionally.

Cut the apple, leaving the peel intact, and add to the porridge. Serve with milk or a natural oat drink. Why not also add some fresh berries!

For more recipes go to ► www.lantmannen.se



Financial targets and benchmarking

External financial development showed stabilization and normalization during 2010, even though continuing international imbalances are creating uncertainty about the future. Lantmännen's profitability recovered strongly. There were clear signs of continuing positive development as a result of measures initiated in 2009 to make more efficient use of capital and increase profitability.

Financial targets

Lantmännen has two overall goals:

- ▶ A return on equity of at least 10 percent
- ▶ An equity ratio of at least 40 percent over a business cycle

In order to achieve the profitability target, Lantmännen is working to increase earnings and return on capital in all its undertakings. Vigorous measures have been implemented in order to improve the supply chain, capital efficiency and organizational efficiency. At the same time, Lantmännen's financial control has been strengthened by the implementation of key financial ratios which cater for capital efficiency much better than previously. A break-down of goals in all parts of the organization has resulted in clearer responsibility and has made it possible to align the organization's collective effort with the Group's goals.

Summary of financial performance

Lantmännen's financial position continued to strengthen during the year. The return on equity increased to 7.0 (1.8) percent and the equity ratio rose to 38.6 (34.5) percent. The sale of Lantmännen Finans AB's leasing and hire purchase contracts in 2010 contributed to the improved equity ratio by 1.6 percentage points.

Total assets ended the year at MSEK 27,009 (29,630). In 2010, a new three-year syndication agreement totaling SEK 3 billion was signed with a group of banks. In addition, five-year bilateral agreements totaling SEK 2.8 billion were signed, backed up by a guarantee from the Swedish Export Credit Agency. Lantmännen's payment readiness (available cash plus unused bank credit facilities) amounted to SEK 3.6 (2.6) billion at the end of the year.

Investments

Lantmännen's investments in non-current assets amounted to MSEK 1,587 (1,538) during the year. In 2009, stricter required rates of return with shorter payback periods began to be applied. All investments are assessed from a profitability perspective and prioritized in accordance with Lantmännen's portfolio strategy. As a main rule, only expansion and efficiency investments with payback periods of up to four years are approved.

The single largest investment concerned the ongoing establishment of the Danish pastry bakery in Bedford, U.K. Other major investment projects in Lantmännen include an expansion of Reppe's rectified spirits and starch plant in Lidköping and the expansion of the chicken slaughterhouse in Valla.

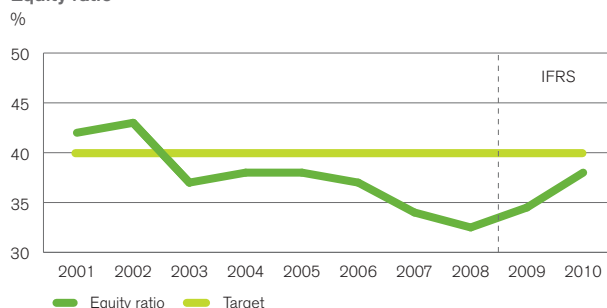
Cash flow

Lantmännen's cash flow before financing activities amounted to MSEK 2,692 (2,272) in 2010. Cash flow from operating

Return on equity



Equity ratio



activities for the year was positive at MSEK 2,157 (3,555) and is largely due to an improved operating income. Cash flow from financing activities was seriously affected by Lantmännen Finans AB's leasing and hire purchase contracts being transferred to a subsidiary of Swedbank Finans. Total cash flow from investing activities, including investments in non-current assets and operations, was MSEK 535 (-1,283).

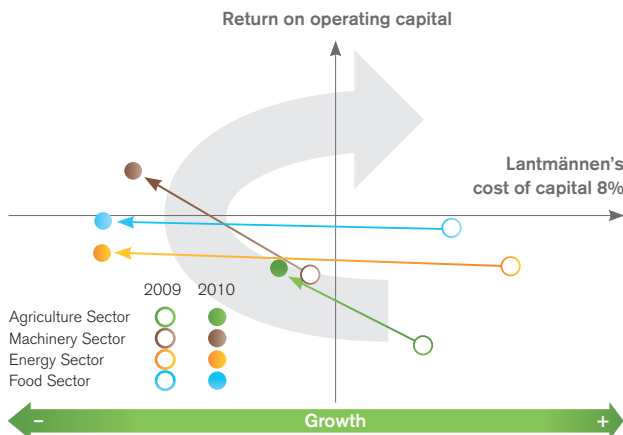
Financial control – the key to positive development

Lantmännen uses financial control instruments for its business and formulates specific profitability targets for each business. These targets are expressed as a percentage of operating capital, which varies according to the type of business and return levels for comparable companies outside Lantmännen. For each business, Lantmännen aims to achieve a return on operating capital that is at least on a par with comparable companies.

When the required rate of return is clear, both in planning and follow-up, it is also clear what the level of Lantmännen's growth should be in order to improve profitability. Future investments are allocated in line with the portfolio strategy, particularly to areas that both achieve the required rate of return and allow profitable growth.

Return levels and growth

The growth regatta below shows the development of return levels and growth for Lantmännen's Sectors. In the strategy process, the "regatta" is used on a subsegment level as guidance for resource allocation.



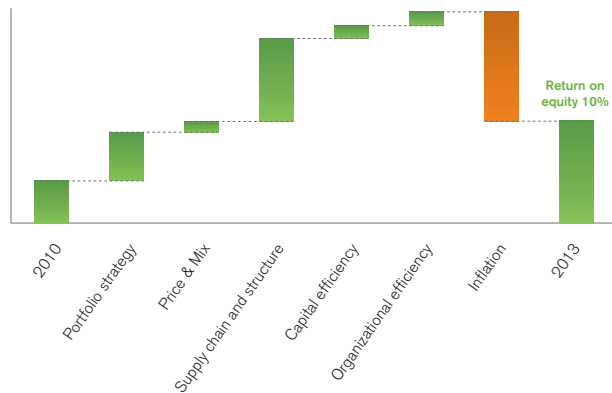
The diagram above, the "Growth regatta", is an illustrative example showing the Sectors' return levels and growth during the years 2009 and 2010. Vertically, the diagram shows the return on operating capital achieved for each year, while growth in operating capital compared with previous years is shown by the horizontal position. A position to the right of the diagram's center point means the Sector's operating capital increased compared with the previous year, while a position to the left means it declined. The shadowed arrow shows a theoretical desired development for the units. This means that growth is prioritized for units that have profitability in excess of the cost of capital. The required rate of return for the co-operative operation in the Agriculture Sector is 5 percent. This Sector will therefore normally be positioned below the level for the Group's cost of capital.

Route to the profitability target

Return on equity did not achieve the target for 2010. Lantmännen's stated strategic focus areas for the coming years are directly and indirectly tied in with efforts to create profitability. Lantmännen's route to profitability is visualized below. The diagram shows how the work on strategic focus areas contributes to profitable growth.

Lantmännen's bridge for profitable growth

Illustrative example



The profitability bridge shows the change driven by both capital and earnings effects. The importance/size of different initiatives is visualized vertically. The orange bar shows negative effects. The bridge shows supply chain and structural work as the largest individual contributor to achieving the Group's profitability targets. The diagram is illustrative and shows the desired final position in 2013.

Initiative for profitable growth

Initiative	Effect on profitability
Portfolio strategy	Investments in business activities that match or exceed Lantmännen's required rates of return create growth in profitable businesses. This gradually increases the proportion of Lantmännen's earnings that come from highly profitable operations and therefore also Lantmännen's average profitability.
Price & Mix	Lantmännen's product groups and product range have different levels of profitability. Clearer profitability requirements are imposed at product level, and products with low profitability are removed in favor of more profitable products.
Supply chain and structure	The individually largest profitability effect comes from streamlining the supply chain during the next few years and working on structural issues.
Capital efficiency	The Cash Race program frees up resources for proactive investment with defined required rates of returns rather than leaving them tied up in operations. In this way, the program raises Lantmännen's return.
Organizational efficiency	Savings reduce the cost base and increase operating income and profitability. The Shape program is continuing.

Risk management and control

All business activity is subject to risk. The risks in Lantmännen's operations encompass strategic risks associated with trademarks and external regulations, operational risks such as fluctuating energy and commodity prices and financial risks. Risk management is an integral part of Lantmännen's corporate governance. Well-considered risk-taking within a defined framework contributes to the achievement of our goals.



Risk management and control

Risk identification and management is part of day-to-day work at Lantmännen and an integral component of the Group's corporate governance and internal controls.

Continuous business intelligence and dialog with different stakeholders play an important role in identifying risks and monitoring their evolution. Operational risk management uses a systematic Group-wide approach, which is based on Lantmännen's Code of Conduct and a number of central policies.

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

Risks associated with business development and long-term planning are primarily managed by discussing strategic decisions

at Group management level, followed by a Board decision, and also as part of the annual strategic planning process. All units are involved in the strategic process, which ensures plans and approaches are firmly established.

The basis for operational risk management is the Code of Conduct and systematic management of risks in the Group's operations. Lantmännen's own requirements and higher expectations from customers and other stakeholders make transparent risk management increasingly relevant.

Lantmännen's management of financial and commodity-related risks is based on the Group's financial policy and the risk policies specific to each business area. The financial policy describes principles for the Group's financing, hedging, counterparty risks and division of responsibility with regard to risk reduction in the company. Lantmännen depends on supplies of various commodities and is especially sensitive to grain, soybean and oilseed rape price fluctuations. Managing commodity price volatility is a key element in ensuring competitiveness and improved profitability, but also involves risk to the company. Consequently, risk policies have also been formulated for trade in commodities, with clear boundaries for the risk each business may take. Financial and risk policies are evaluated and ratified by the Group Board on an annual basis or when required.

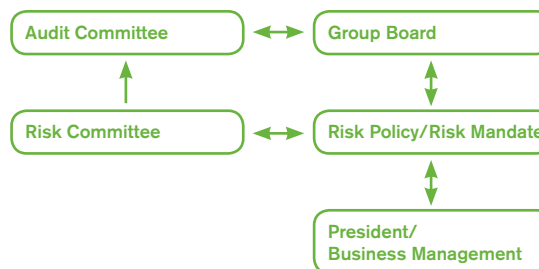
Lantmännen's risk committee is charged with ensuring compliance with the risk mandate adopted by the Board. The Committee, which holds monthly minuted meetings, consists of the Group CFO, the Senior Vice President and Head of the Agriculture Sector, the Internal Audit Group and key personnel from the Group's Treasury function.

Reports are sent to the Group Board's audit committee after each meeting.

Management of Lantmännen's financing, energy and currency trade takes place at central level by the Group's Treasury function,



Lantmännen's financial risk management and control

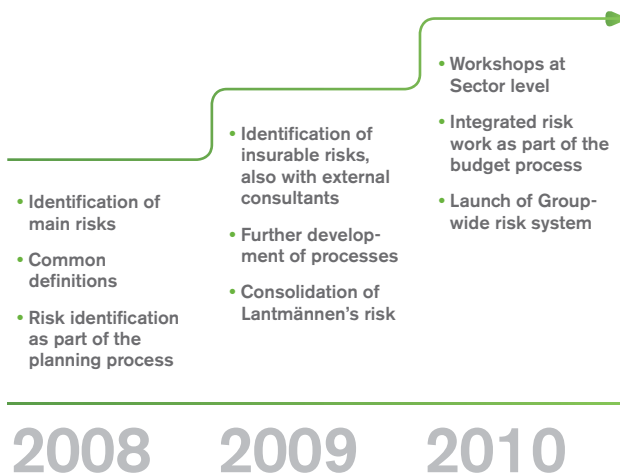


which uses Lantmännen's financial policy as its support. In the areas where financial risk is not centralized, such as commodity trading, the Treasury function has control and monitoring responsibility for ensuring that the issued risk mandate is not contravened. Development of the Group's financial risks and commodity risks is reported regularly to the Group Board in the financial report which is prepared in advance of each Board meeting.

Risk management integrated into the budget process

Since 2008, Lantmännen has made targeted efforts aimed at developing a structured and proactive risk management process, referred to as an ERM (Enterprise Risk Management) process. In this process, Lantmännen's risks are identified, assessed and reported in connection with the strategy and business planning process. Wherever possible, an unwanted event is eliminated or minimized by means of preventive measures. An alternative is to offload the risk by means of insurance or agreements. However, certain risks cannot be eliminated or transferred. These are normally an active part of business operations.

During the budget process, a risk inventory is made at company level. This is documented in a risk matrix with a description of the risk and comments about how the individual risk is managed. The risk matrices which are produced in the budget process are compiled and form the basis of an overall review in each Sector. The purpose of these reviews is to ensure quality assurance of the underlying analyses, and also to compile the individual companies' risks into a risk matrix for the Sector. The risk inventories at Sector level are then used in an assessment of what risks represent the greatest threats to the Group.



Lantmännen began developing a structural and proactive ERM (Enterprise Risk Management) process in 2008.

New risk management system

Lantmännen engages in large-scale commodity trading, particularly in grain, with purchases in the Swedish and international markets, in order to supply its industrial operations with inputs and make sales of grain to Swedish and international customers. This trading is vulnerable to price risk and currency risk, and in order to manage these risks, a risk management system called LARMA has been adopted. In 2010, LARMA was used for grain trade in Lantbruk Sweden. In 2011, it will be integrated into more operations in the grain chain.

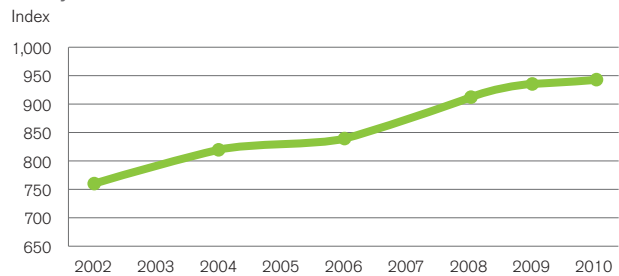
Systematic working environment and safety initiatives

Policy documents provide support for loss prevention work in Lantmännen. For information about the Group's systematic working environment and safety program, see

► www.lantmannen.com

During inspections, the production facilities' safety levels are assessed using a grading system. As a result of constant improvements in the approach to safety at the facilities, Lantmännen has gradually managed to improve the overall score. The improvements have been a positive factor in price negotiations with insurance companies. The diagram below shows Lantmännen's gradual improvement in the safety level at its facilities.

Safety level at Lantmännen's facilities



Risk overview

Lantmännen's ability to increase the profitability and return to its owners is dependent on the capacity to maintain and develop strong market positions, develop new products and run cost-effective production. Most markets in which Lantmännen is active are mature. This means that demand is relatively stable, while price competition is strong in the majority of product categories. In the future, Lantmännen may encounter strong existing competitors and new players entering its markets. Lantmännen's competitiveness is ensured by constant development and optimization of the organization and processes, and structural management of operational risks.

The risk management process has allowed identification of a number of main risk areas for Lantmännen. A selection of these is shown on the next page, together with a general description of how each risk area is managed in Lantmännen.

Risk overview	Description	Risk management
Strategic and operational risks		
<i>Regulation and supervision</i>	Lantmännen's business operations are partly subject to permit, regulation and supervision and are affected by regulatory changes in Sweden and the EU.	Group management makes regular assessments of legal issues, in order to predict and limit potential damage.
<i>Trademark risks</i>	If Lantmännen's operations are run in a way that does not promote long-term sustainability from an economic, environmental and social perspective, there is a danger that Lantmännen's brands will be damaged.	Active commitment to responsibility from field to fork, in all operations. Implementation and follow-up of Lantmännen's Code of Conduct.
<i>Cyclical risks</i>	Business operations are affected by general cyclical changes, changes in demand in specific areas and by Lantmännen's relative competitiveness in the market.	Lantmännen seeks the flexibility to allow adaptation of the cost situation to economic fluctuations, and has formulated action plans for major changes in demand in areas such as construction machinery.
<i>Contagion</i>	Contagion, such as salmonella in feed plants and livestock production, can potentially have a major impact on results in the event of incidents.	To limit the risk, Lantmännen maintains extensive internal control to prevent contagion.
<i>Energy prices</i>	Sharply fluctuating electricity and gas prices in the energy market and Lantmännen's annual consumption of approx. 700 GWh represent a considerable risk of an adverse impact on earnings.	Lantmännen hedges prices for up to 36 months, depending on the individual transaction's conditions, using financial forward contracts for increased predictability.
<i>Commodity prices</i>	Commodities such as grain, soybeans and oilseed rape represent a large part of Lantmännen's total costs and the company is therefore particularly sensitive to changes in their prices.	Lantmännen works actively to hedge commodity prices by means of agreements with suppliers and trading in the financial commodity market.
<i>Swedish ethanol production</i>	The ethanol plant in Norrköping is very much affected by grain and ethanol price trends and also by political decisions such as the EU's tariff rules regarding fuel ethanol.	Lantmännen always hedges grain prices. Lantmännen actively participate in the debate on the advantages of Swedish ethanol production.
<i>Insurable risks</i>	Assets such as property and production equipment can suffer damage in the event of fire or power failure. Withdrawals of food products may give rise to major costs, partly as a result of direct costs, but also indirectly in the form of a decline in reputation among consumers.	Lantmännen has customary insurance for the Group's property and liability risk and works systematically to limit the risk of incidents. Most of the insurance program is channeled via the Group's own insurance company, Dirual. This also reduces the long-term cost of insurance.
Financial risks		
<i>Interest rate risk</i>	Changes in the market rate may have adverse effects on earnings and cash flows. The time it takes for changes in interest rates to have an impact on net interest depends on the fixed rate period for loans.	Lantmännen's strategy is to take out loans with short fixed-rate periods but long maturities. Lantmännen has entered into a number of interest rate swaps in order to extend the fixed-rate periods.
<i>Credit risk</i>	Lantmännen's financial transactions give rise to credit risks associated with financial and commercial counterparties.	Lantmännen only works with banks that have a high credit rating and in particular those that participate in the Group's long-term financing. In order to minimize the credit risk associated with outstanding trade receivables, Lantmännen has a policy of conducting special credit checks.
<i>Currency risk</i>	Changes in exchange rates affect Lantmännen's earnings, equity and competitive situation in different ways. Payment flows and agreements in different currencies create currency risk.	Lantmännen's currency risk is managed centrally and the aim is to minimize currency effects by using currency inflows for payments in the same currency. In addition, financial instruments are used to hedge expected payment flows, in accordance with the guidelines contained in Lantmännen's financial policy.
<i>Refinancing and liquidity risk</i>	When loans and credits are due for settlement, there is a risk of higher costs and limited opportunities for new financing. Liquidity risk is the risk that payment obligations cannot be met as a result of insufficient liquidity.	Refinancing risk is limited by having diversified counterparties and maturities for loans and liabilities to credit institutions. In Lantmännen's financial policy, liquidity risk is regulated by a requirement that guaranteed unused credit facilities and cash and cash equivalents must exceed MSEK 1,500.
Sustainability risks		
<i>Code of Conduct risks in supplier chain</i>	Lantmännen has a large number of suppliers, many of them local, although others are in countries with a high-risk profile with regard to working environment, social conditions and corruption.	Active work to incorporate the Supplier Code of Conduct into all agreements, and monitoring by means of risk assessment, self-evaluation and audits.
<i>Commodity risks</i>	Consumers and stakeholders are calling for GMO-free crops and demanding clear information about the use of sludge, fertilizers and pesticides.	Open information, active dialog with stakeholders and special focus on social conditions and environment for commodities, such as soybeans, palm oil and sesame seed, imported from other parts of the world.
<i>Product safety risks</i>	If Lantmännen's products are defective, this represents a risk to customers and consumers.	Products are regularly assessed from a safety perspective and provided with clear product information.
<i>Animal welfare risks</i>	Consumers are becoming more demanding in the area of animal welfare and animal ethics.	Lantmännen ensures that production is managed in an ethically sound way by means of systematic work based on the Code of Conduct.
<i>Changed cultivation</i>	Soil fertility, access to good quality water and resistance against pests may be affected by environmental changes.	Ongoing development of cultivation techniques, plant breeding and adaptation to geographical location. Knowledge about operations' dependence and impacts on ecosystem services is constantly improved.

Read more about sustainability control ► page 52 about financial risk management, Note 22 ► pages 114-116

Olive-stuffed chicken with sage and bacon



For 4 servings, you need:

Chicken

2 dl of good-quality black and green olives
4 chicken breast fillets
4 strips of bacon
8 fresh sage leaves
salt
black pepper
butter

Pearled oats

2 dl of pearled oats
4 dl of chicken stock
250 g French beans
1 tbs butter

Herb cream

3 dl of crème fraiche
1 lemon, juice and zest
1 clove of garlic
1 dl of mixed fresh herbs, chopped

Chicken

Pre-heat the oven to 200°C. Stone and chop the olives. Season the chicken with salt and pepper. Make an incision in each fillet and press in the olives. Place sage leaves on each fillet and wrap a bacon strip around it. Brown in butter. Place in an ovenproof dish and bake in the oven for 12-15 minutes. The temperature indoors should be 70°C.

Oat mixture

Cook the oats in the chicken stock following the instructions on the packet. Parboil the French beans. Dot the oats with butter and add the French beans. Place the chicken on top.

Herb cream

Mix together the crème fraiche, lemon zest, lemon juice, garlic and herbs. Serve with the chicken and oats.

For more recipes go to ► www.lantmannen.se



Agriculture Sector

A well functioning day-to-day business with attractive offerings to customers and suppliers alike is the Sector's top priority.

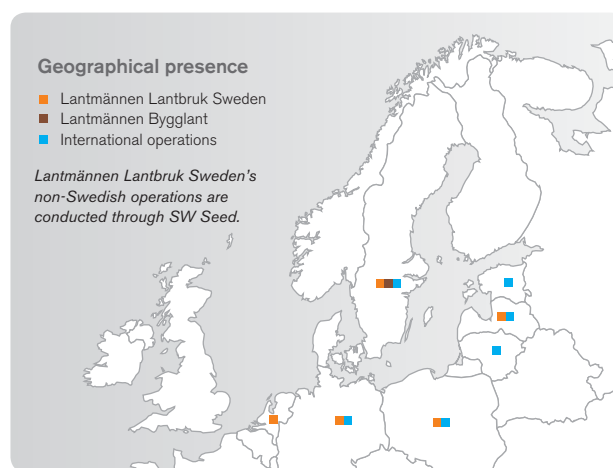
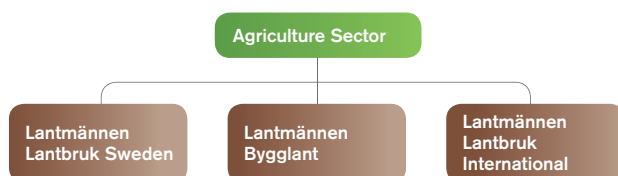
The Agriculture Sector, which constitutes Lantmännen's core business, develops and offers products and services that support profitable and competitive agriculture. The products are marketed under well-known brands which include Nötfor, Piggfor, Pullfor, Renfor, Fårfor, Protect, SW and Krafft. The Sector accounts for 30 percent of Lantmännen's sales.

Operations

In May 2010, Monika Lekander was appointed as new Head of the Agriculture Sector. She had previously been Head of the Energy Sector.

The Agriculture Sector has 1,199 employees. The operations are based in Sweden, but are also conducted in the international market. The Sector's overall goal is to create a customer-oriented and profitable Lantmännen Lantbruk.

In 2010, Lantmännen Lantbruk worked to create a high



level of customer orientation in the organization, strengthen competitiveness in the market and improve profitability. An action program was launched, its goal being to create ONE Lantmännen Lantbruk, with ONE culture and ONE working method. A new and flatter organization is a prerequisite for achieving this goal, and a new organizational structure was presented during fall. The decision was taken to integrate Lantmännen SW Seed into Lantmännen Lantbruk Sweden with effect from January 1, 2011. Lantmännen Bygglant and Lantmännen Krafft remain as separate companies in the Sector. The remaining operations in Solanum were wound up during the year.

Key figures Agriculture Sector

	2010	2009
Net sales, MSEK	11,111	10,664
Operating income, MSEK	82	-145
Operating margin, %	0.7	-1.4
Return on operating capital, %	2.2	-3.4
Investments in non-current assets, MSEK	112	298
Average number of employees	1,199	1,230
of which women, %	28	28
CO ₂ emissions, thousand tonnes	78.3	83.6

Adjusted key figures Agriculture Sector

	2010	2009
Operating income, adjusted for items affecting comparability, MSEK	167	-99
Operating margin, adjusted for items affecting comparability, %	1.5	-0.9
Return on operating capital, adjusted for items affecting comparability, %	4.4	-2.4



Business environment and market

There is a strong trend towards increased grain production and consumption in the world. Against a backdrop of healthy global stocks and exceptional crop levels during the 2009/2010 harvest year, the year started with depressed prices on the grain market. Then Russia's most severe drought in 130 years sent prices spiraling during the summer. Even though stocks were plentiful, there was a sustained price surge, because major exporting countries in particular were affected by a decline in production which reduced the volume of trade. The 2010/2011 world harvest is expected to be the third-largest on record, although consumption is forecast to exceed production, which will reduce carryover stocks. This may become the basis for continuing price volatility ahead of the next harvest.

The Swedish Board of Agriculture estimates the grain harvest for 2010 at 4.3 million tonnes. This is 12 percent lower than the average for the last five years and 17 percent lower than the grain harvest for 2009. This is partly due to the fact that acreage has been declining for a few years as a result of low profitability, and partly because of lower yields per hectare after a difficult growing year in 2010. Winter crops were hit by winterkill and spring crops by drought, while late summer was dominated by heavy rain in the middle of harvest. The high grain prices are now creating conditions for improved profitability and increased cultivation in the future.

After a difficult period of low demand and reduced profitability in the wake of the financial crisis, the global market for meat and milk stabilized during 2010. However, the high grain prices are driving feed prices up and once again putting pressure on profitability for livestock producers. In particular, pork producers have difficult problems due to strong competition in the global market. Swedish animal production is moving towards fewer but larger herds. In the feed market, we are seeing a tendency towards increasing use of raw materials and concentrates rather than ready-to-use feed.

In the market for plant breeding and seed, the proportion

of home and subcontracted seed cleaning continued to increase at the expense of certified seed. In Sweden, the positive trend for oilseeds, winter wheat, legumes and pasture and forage crops continued. Spring wheat also increased as a result of winterkill, while rye, oats and spring barley declined. The market for agricultural buildings has been relatively stable, with customers applying a long-term approach to their investment decisions.

Interest in biofuel plants and farm-based biogas plants is increasing in agriculture.

Outlook for 2011

The Agriculture Sector's aim is to create customer-oriented and profitable operations. With its market-focused development, good product range, high level of service and committed employees, the ambition of Lantmännen Lantbruk is to be the natural business partner for farmers and industrial customers.

2011 will therefore see a continuation of the program to shape the Sector's processes, culture and method of working, in order to create an effective business based on market and customer requirements. A well-functioning day-to-day business, with attractive offerings to both customers and suppliers is the top priority.

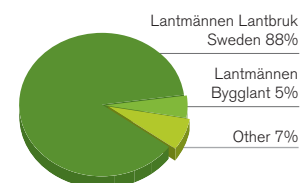


Monika Lekander
Senior Vice President &
Head of Agriculture Sector

**Nötfor
Piggfor
Pullfor
Renfor
Fårfor
Protect**



Agriculture Sector:
Net sales



Lantmännen Lantbruk Sweden

Operations in 2010

During the year, Lantmännen Lantbruk produced a plan for more efficient grain management. The idea was to offer customers competitive grain management while maintaining a high level of service. Under the plan, 17 reception sites will be run as seasonal facilities, 18 will be kept open all-year-round and three will be closed down.

In June 2010, Lantmännen Lantbruk unveiled one of Northern Europe's most modern feed plants in Lidköping. The feed plant is an ultra-modern and flexible full-range factory which increases efficiency considerably and provides safer products. The plant is also energy efficient, which is positive both from an environmental and cost perspective. Earlier in the year, it was decided to close down the feed plant in Norrköping as part of the program to streamline feed manufacture and reduce costs.

In line with Lantmännen's strategy to focus on its core business, the decision was taken to sell the Park- & Mark business to Weibulls Horto in 2010. In addition, the holdings in Dimela A/S in Estonia and Agrico Nordic AB in Sweden were sold to the principal owners.

Lantmännen Lantbruk signed an agreement for biogas production with Göteborg Energi during the year. Under the agreement, Göteborg Energi will build a farm plant that will produce biogas from manure. Lantmännen's Nötcenter Viken will provide the plant with manure, which will be transformed into biogas and then upgraded to vehicle gas. The initiative is a good example of Lantmännen Lantbruk's investment in sustainable development.

Financial performance in the co-operative portion of Lantmännen Lantbruk Sweden

Net sales for 2010 amounted to MSEK 10,110 (9,545), an increase of 6 percent. Sales were positively affected in particular by high volumes of fertilizer, as a result of the abolition of fertilizer tax, and in general by higher market prices for grain and inputs during the latter part of the year.

In 2010, feed sales were adversely affected by a fall in the number of beef cattle and a general decline in profitability in livestock production, resulting in increased price pressure in the market.

Operating income for the year amounted to MSEK -49 (-242). Earnings during the period were adversely affected by restructuring costs mainly associated with the closure of the feed plant in Norrköping, streamlining measures in grain management and the new action program in the co-operative operations in the Agriculture Sector. The restructuring costs amounted to MSEK 85.

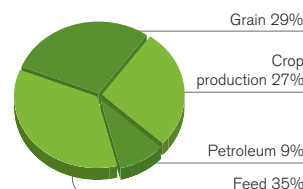
The previous year's earnings were adversely affected by impairment losses on fertilizer inventories, grain downgrading as a result of the poor harvest quality and significantly higher logistics costs for relocation and imports of goods arising from these quality problems. Earnings were also negatively affected by a loss of fertilizer sales due to the abolition of the fertilizer tax and restructuring costs.

Grain

Lantmännen Lantbruk handles around 2.3 million tonnes of grain and oilseeds during a normal harvest year. Approximately 75 percent of this is sold to Swedish industry, in particular to mills, feed businesses, distilleries, ethanol plants and malting plants. The export market is an important customer group for Swedish grain cultivation, with the main markets being malting barley to the Netherlands, Belgium and Scotland, milling wheat to Denmark, Spain and southern Europe, oats to Denmark and Germany and feed oats to Spain and the U.S. A relatively new export product, linseed flax, is sold to Germany.

In terms of quality, the 2010 harvest in Sweden was lower than normal, as a result of extensive winterkill affecting fall-planted grain, particularly in central Sweden. The dry and warm weather in summer resulted in varying yields, although with good quality for the majority of the harvest. The yield in Europe was reduced as a result of the warm weather and drought in Russia and the rest of the Black Sea area, drier than

Lantmännen Lantbruk Sweden:
Sales



Key figures for the co-operative portion of Lantmännen Lantbruk Sweden

	2010	2009
Net sales, MSEK	10,110	9,545
Operating income, MSEK	-49	-242
Operating margin, %	-0.5	-2.5
Return on operating capital, %	-1.9	-6.9
Investments in non-current assets, MSEK	81	205
Average number of employees	858	876
of which women, %	25	23

Adjusted key figures for the co-operative portion of Lantmännen Lantbruk Sweden

	2010	2009
Operating income, adjusted for items affecting comparability, MSEK	36	-204
Operating margin, adjusted for items affecting comparability, %	0.4	-2.1
Return on operating capital, adjusted for items affecting comparability, %	1.4	-5.8



normal weather in the rest of Europe and wet harvest weather in countries such as Germany. This pushed up grain prices by approximately 45 percent in August.

A new risk management system, which gives an improved and clearer picture of commodity positions, was introduced during summer 2010.

Crop production

At the beginning of 2010, profitability varied for crop producers and milk companies, which also reflected the interest in cultivation and production intensity. Lantmännen Lantbruk has increased its market share in seeds and special goods, particularly in stretch film (the plastic used to ensilage pasture and forage crops in round bales).

The fertilizer market experienced sharp price increases in the first half of the year. Grain prices also rose in summer and fall. Fertilizer sales were higher than normal during the same period. This was largely due to the expected reintroduction of the fertilizer tax and an increased level of cultivation.

In 2010, the initiative to establish biologically treated seed using the eco-friendly ThermoSeed, Cedomon and Cerall methods was reinforced. Lantmännen Lantbruk treated all its spring seed with Cedomon or ThermoSeed during 2010.

The new seed cleaning plant in Eslöv experienced certain difficulties during spring 2010. These have now been remedied.

Plant breeding and seed (formerly Lantmännen SW Seed)

In 2010, the decision was made to integrate Lantmännen SW Seed into Lantmännen Lantbruk Sweden. The integration does not affect Lantmännen SW Seed's international companies, which continue as before. The business area encompasses the development of new varieties of cultivars and the production of

seed. Breeding stations are located in Sweden, Germany and the Netherlands, while variety testing is conducted across the world.

Lantmännen BioAgri AB produced a successor to the Cedomon and Cerall biological treatments. In August, Cedress was approved as a new biological treatment for peas. The Swedish introduction of the new biological treatment, Cedress, took place during fall 2010 and the next step is an international launch.

In 2010, the remaining 51 percent of the shares in SeedGard were sold to the Dutch company Incotec. At the end of 2010, the willow operations were sold to Salixenergi Europa AB. The new owner is taking over all parts of the company, except the willow cultivation operations, which are being transferred from Lantmännen Agroenergi to Lantmännen Lantbruk

Lantmännen Lantbruk continues to develop new feed concepts

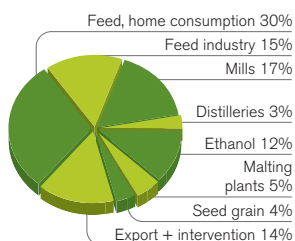
During recent years, Lantmännen has worked actively to produce new growth feeds for pigs. One of the trials Lantmännen conducted during 2010 related to feed for pigs in the category between piglets and slaughter pigs. The new feed concept was tested at Annelövsgrisen and the evaluation showed clearly improved coverage. The trial feed is now called Kadett and can be described as a simple growth promoter which at the same time is a powerful feed for slaughter pigs.



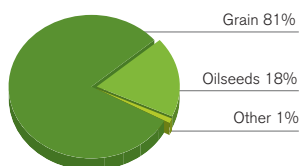
” It can generally be said that both knowledge and experience are required in order to know which feed is most suitable. It is important to take into consideration the conditions that apply to each individual herd. In addition to the right type of feed, the animals' care and environment are also important ingredients for successful production.

*Kerstin Sigfridson
Lantmännen's Feed Product Developer*

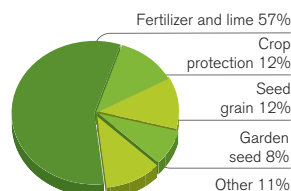
Grain use, forecast 2010/2011



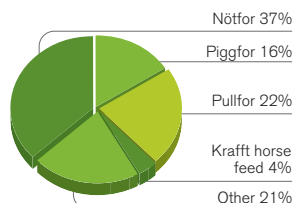
Distribution of sales



Crop production, distribution of sales



Feed, distribution of sales



Market for plant breeding and seed

In Sweden, the market for spring seed was considerably larger than expected, as a result of extensive winterkill damage. Lantmännen Lantbruk maintained its spring barley market share of 77 percent, and saw its oat market share rise to 83 percent. The rainy weather in the fall favored the winter wheat variety Kranich, which, thanks to its combination of early maturity and stable falling numbers, produced a good result.

The weather conditions also had an adverse effect on the German market, resulting in reduced winter oilseed rape acreage and increased use of hybrid varieties, which had a negative effect on operations.

The market share was strengthened in the Polish winter oilseed rape market and amounted to 24 percent. In the U.K. winter oilseed rape market, Lantmännen Lantbruk also took significant market share as a result of the launch of the new variety Fashion, while Vision maintained its strong position.

Animal feed

Lantmännen Lantbruk offers a comprehensive range of feeds for livestock production under brands which include Nötfor, Piggfor, Pullfor and Protect. Most feed sales go to livestock producers in Sweden.

Hatchery feed continues to develop positively and includes both feed for production of conventional eggs and various types of organic eggs. In 2010, hatchery feed was launched as heat-treated flour, which was positively accepted by the market.

Demand for the locally produced feed Nötfor Nära increased during the year, particularly for milk production, but also for meat livestock. The development work was focused on sensitive periods during the cow's production cycle.

Pork production was bound by stricter requirements for livestock farming, which, in combination with weak profitability, resulted in a further reduction in production in Sweden. In the latter part of the year, customers were demanding GMO-free feeds, which resulted in a considerable reduction in the marginal part of Lantmännen's soybean sales for direct delivery, in the form of GMO soybeans.

CCL BV, Lantmännen's feed development partner in the Netherlands, was merged with the co-operative feed enterprise

Agrifirm during the year, and Lantmännen's Lantbruk's development work is now conducted with Agrifirm Innovation Centre.

Nötcenter Viken, Lantmännen's experiment station farm for cattle feed, functioned well. The number of cattle increased during the control year, and the return was 11,779 kg of milk per cow.

Business concepts

In 2010, Lantmännen Lantbruk continued its work to simplify trade and offer customers freedom of choice and flexible solutions. Farmers showed keen interest in internet buying and selling and online services, although personal contact will also continue to play an important role in Lantmännen's Lantbruk's operations. During the year, a new financing service was introduced, aimed at providing customers with greater scope to choose their financing method.

A new freight model for bulk feed was introduced. The advantages of the new model are that it is easier for customers to predict the total cost of their feed purchases and see the economic effect of higher earnings per delivery.

Lantmännen Krafft

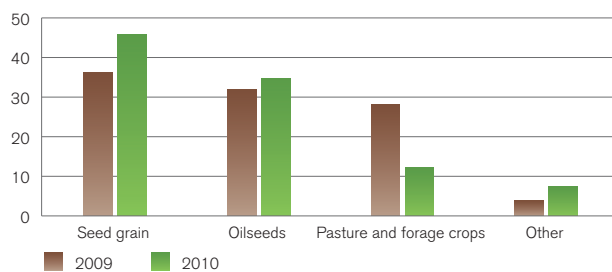
Lantmännen Krafft develops markets and offers a broad product range of horse feeds and is the Swedish market leader in the professional equine business. Krafft is Sweden's largest supplier of horse feed, with well-known products such as GROOV and Krafft SPORT.

Lantmännen Krafft consolidated its international position in 2010 and now has a market presence in over 20 countries.

Several new products were launched during the year, including Krafft MUSKEL and Krafft FÖL. Krafft MÜSLI was launched in new, recyclable and highly protective packaging, which lengthens the product life and protects the quality and nutritional content.

Lantmännen Krafft works actively in the areas of recyclable packaging and reduction of environmental impacts from transport. In 2010, Krafft declared the carbon footprint value on its bagged products.

Plant breeding and seed, distribution of sales by crop %



Lantmännen Bygglant

Lantmännen Bygglant designs and supplies agricultural installations and energy solutions customized for Sweden's farmers. The company offers everything from small deliveries of materials to integrated total contracts encompassing entire construction projects and energy installations.

In the area of energy, keen interest was shown in farm-based biofuel plants. Previously, investments in large heating boilers had only been made by large livestock producers. However, in 2010 more grain producers invested in biofuel plants for their grain dryers. This created new scope for Bygglant to develop its business.

Construction of Bygglant's first two farm-based biogas plants began during the year. The technology will be developed and there are high expectations with regard to farm-based biogas production.

International operations

In an increasingly globalized agricultural economy, Lantmännen Lantbruk strives for an international position, particularly through co-operation in the Baltic region. Although it is not the be-all and end-all, internationalization is a means of creating business value by giving Lantmännen Lantbruk economies of scale and exchange of knowledge.

In addition to the purchasing co-operation in crop production consumables, with partners that include DLG (Dansk Landbrugs Grovareselskab), Felleskjøpet and Hankkia, Lantbruk has strategically important holdings in Germany and Poland (through HaGe Kiel) and the Baltic region (through Scandinavian Farmers).

Lantmännen Lantbruk's partnership with the German company HaGe Kiel was very productive. During the year, HaGe Kiel strengthened its position in Germany by means of the acquisition of shares in companies which included Roth Agrarhandel GmbH, team AG and Raiffeisen Süderlügum GmbH & Co. Lantmännen Lantbruk's stake in HaGe Kiel is 39 percent.

Scandinavian Farmers AB is a company jointly owned (50/50) by Lantmännen and DLG. The company engages in operations in grain sales, feed and crop production in the three Baltic countries.

Earnings from international operations remain positive and improved in 2010 figures.



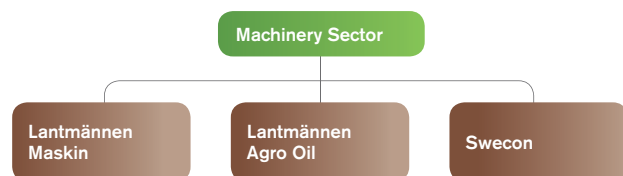


Machinery Sector

The Sector has come through a year of change in a tough market

The Machinery Sector operates through Lantmännen Maskin, Swecon and Lantmännen Agro Oil. Lantmännen Agro Oil was transferred to the Sector from Lantmännen Energy in 2010. Lantmännen Maskin imports, markets and sells farm machinery and implements in Scandinavia. Swecon is an importer, general agent and dealer in Volvo Construction Equipment in Sweden, the Baltic countries and large parts of Germany. Lantmännen Agro Oil markets and sells lubricants and hydraulic oils in Sweden, Norway and Denmark, directly and via dealers. The Machinery Sector accounts for 23 percent of Lantmännen's sales.

Håkan Pettersson took over as new Head of the Machinery Sector on January 1, 2011. He had previously been Head of Swecon.



Business environment and market

In 2010, the Swedish and Norwegian machinery markets recovered from historically low levels. The recovery was much slower in the Baltic region, Denmark and the rest of Europe, although the German market showed a more positive performance towards the end of the year. The period 2008 to 2010 was marked by a strong shift in demand for construction machinery from the U.S. and Europe to China and Brazil. As a result of this trend, the large manufacturers of construction machinery will place more focus on the BRIC countries (Brazil, Russia, India and China). The Danish construction machinery market continued to show negative growth during 2010, although the first signs of a turnaround were noted in late fall.

Lantmännen Agro Oil

Operations in Lantmännen Agro Oil were positive and strengthened the position in the Swedish market. Both the Norwegian and Danish markets and direct sales to large key customers in Sweden performed well. The positive trend was largely due to innovative product development, proximity to customers and an understanding of their needs.

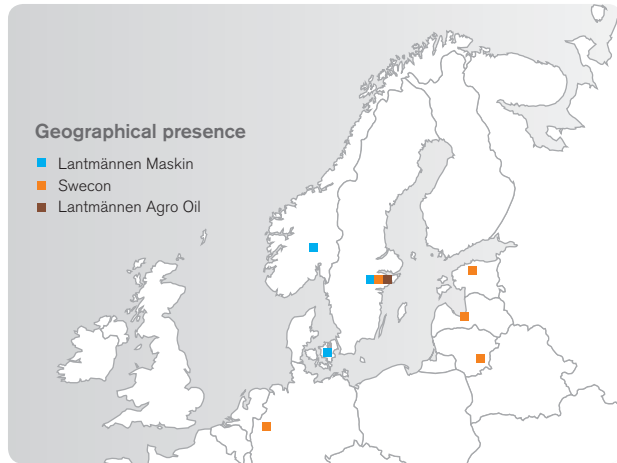
Acquisition of Konicke Baumaschinen

On October 1, 2010, Konicke Baumaschinen GmbH&Co was acquired from a Dutch venture capital company. The acquisition gives Swecon access to the North German market,

Key figures Machinery Sector	2010	2009
Net sales, MSEK	8,561	7,129
Operating income, MSEK	206	17
Operating margin, %	2.4	0.2
Return on operating capital, %	10.4	0.8
Investments in non-current assets, MSEK	287	84
Average number of employees	1,863	1,553
of which women, %	10	10

Adjusted key figures Machinery Sector	2010	2009
Operating income, adjusted for items affecting comparability, MSEK	236	64
Operating margin, adjusted for items affecting comparability, %	2.8	0.9
Return on operating capital, adjusted for items affecting comparability, %	12.0	3.1

Lantmännen Maskin



Lantmännen Maskin is an importer and dealer in farm machinery in Sweden, Norway and Denmark. The product program varies from country to country and includes tractors, combines and implements for farming and forestry from Claas, Valtra, Fendt, JF, Bogballe, Hardi, Väderstad, Överum and others. The operations in Sweden and Norway cover everything from imports, marketing and sales to service and spare parts. In Denmark, the main focus is on imports and marketing.

and responsibility for more than 70 percent of the important German construction machinery market. The acquisition also gives synergy effects, and customers in Northern Germany will experience improved service in the area of spare parts. The acquisition has given Swecon an extremely strong foothold in the German market. The acquisition was positively received by staff and customers and Lantmännen's long-standing relationship with Volvo CE was further enhanced.

Outlook for 2011

The market for agricultural and construction machinery is expected to show growth over the next few years, provided the European economies are not hit by yet another financial crisis. The recovery will be led by the Swedish and German markets, while the process in Denmark and the Baltic countries will be slower. Training and streamlining work is continuing in existing units in the Sector and efforts to develop and integrate Konicke into Swecon Baumaschinen have been given top priority.



Håkan Pettersson
Senior Vice President &
Head of Machinery Sector

Operations

A large amount of work has been invested in the streamlining measures that were initiated in 2008/2009. Overall, just over 100 jobs had been cut in the organization at the end of 2010. The majority of the staff reductions were in the Swedish operations. The sales organization in Sweden has been divided into two product teams, resulting in improved product expertise and full geographical coverage for all brands.

The contract with Kverneland has been terminated and in the pasture and forage segment the focus is now on our own general agents Claas and JF. New working methods have been introduced and have resulted in a more cost-effective organization. Efforts to reduce inventories and trade receivables had a positive effect on operating capital in the latter part of the year. The Norwegian operations have been pared down and now consist of a separate import business and two dealerships.

Business environment

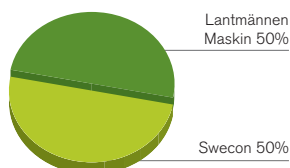
Dairy and grain farmers were generally able to charge more for their products during the year and optimism began to weave its way back into the market. However, most markets in Europe are continuing to experience a negative volume trend for agricultural machinery.

Market

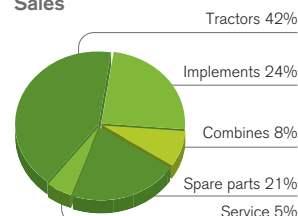
The tractor market showed a strong recovery in Sweden and Norway in the second half of the year. Lantmännen Maskin



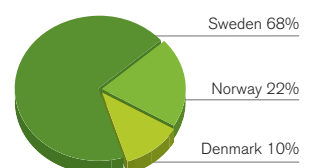
**Machinery Sector:
Share of net sales**



**Lantmännen Maskin:
Sales**



**Lantmännen Maskin:
Sales by country**



has improved its total market shares in a growing market. The shares for Claas and Fendt were stable, while Valtra strengthened its market shares throughout Scandinavia. The biggest improvement was seen in Denmark, although the rest of the Danish market remained weak and the banks continued to impose credit restrictions on Danish farmers.

The overall market for combines declined during the year, apart from in Norway. The market for other implements was generally stable. An early and severe winter contributed to increased sales of snow equipment. Spare parts and service sales were strong during the year.

Significant events in 2010

Business school A large-scale investment in training, with the aim of improving management by objectives and selling skills, began during the year. The training is designed to ensure more active customer development and clear management of sales resources. Personnel in machinery sales and stores/spare parts were included in stage one. In 2011, the business school will be extended to provide training for service personnel.

Continuing work to introduce LEAD resulted in cost savings in Lantmännen Maskin's central warehouse and improved work processes for the local operations that participated. The project is continuing during 2011.

E-commerce. A first step towards e-commerce was launched in October when an online store was opened for Lantmännen Maskin's customers, providing access to the entire range of accessories. A development project is in progress and the range will be extended to include spare parts during 2011.

Agricultural machinery

Lantmännen Maskin's sales increased to MSEK 4,135 (4,071) in 2010. Operating income also improved and was once again positive at MSEK 27 (-21).

In 2010, a major initiative designed to create better monitoring and clearer measurement figures for local operations in Sweden was implemented. All business areas – machinery sales, spare parts sales and service sales – experienced a positive earnings trend. Efforts to increase efficiency in the service departments were successful and they were able to show an overall positive result for the first time since the merging of the machinery operations in 2005/2006.

The rationalizations and the new working methods in spare part management resulted in a reduction in tied-up capital, but with no compromise on the level of service.

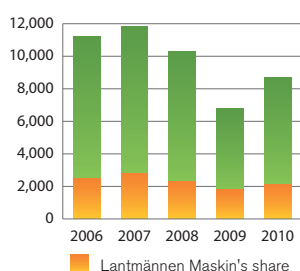
The tractor market in Sweden began to recover in the second half of the year. Tractor sales performed well and contributed to improved profitability for machinery operations.

Sales of other machinery products were at a normal level. The negative effects of a weak Swedish krona in 2009 and early 2010 abated and the margins returned to normal. The large machinery stocks which had an adverse effect on earnings in 2009 and 2010 declined significantly as a result of targeted measures at the end of 2010 and are now approaching the correct level. The implemented measures and a healthier market boosted results in the Swedish operations and operating income was positive.

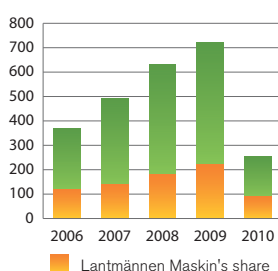
In Norway, the streamlining of operations is beginning to make its effects felt. The profitability of the import business has improved. During the year, the new company in central Norway found its form, and sales developed positively. Efforts to improve profitability in the Norwegian operations are continuing. Overall, operating income in Norway was positive. In Denmark, there was a slightly positive trend, although the recovery is expected to take a long time. Although the machinery market was very weak, the Danish operations delivered a positive operating income. Norway and Denmark also reduced their tied-up capital during the year and the return on operating capital was once again positive.

2010 was a year of many changes in the operations, and a large amount of work was carried out throughout the organization. Benchmarking, follow-up and monitoring, new processes and training were all instrumental in improving the efficiency of our method of working. This created positive effects in the operations which in turn improved results for all parts of the operations.

Total market, tractors
Number registered in Scandinavia



Total market, combines
Number in Scandinavia



Lantmännen Maskin

	2010	2009
Net sales, MSEK	4,135	4,071
Operating income, MSEK	27	-21
Operating margin, %	0.7	-0.5
Return on operating capital, %	2.0	-1.6
Investments in non-current assets, MSEK	44	16
Average number of employees	790	795
of which women, %	8	9

Adjusted key figures for Lantmännen Maskin

	2010	2009
Operating income, adjusted for items affecting comparability, MSEK	27	-5
Operating margin, adjusted for items affecting comparability, %	0.7	-0.1
Return on operating capital, adjusted for items affecting comparability, %	2.0	-0.4

Swecon

Swecon is an importer and dealer in Volvo Construction Equipment in Sweden, Estonia, Latvia, Lithuania and large parts of Germany. The product line consists of Volvo construction machinery, including front loaders, dumpers, excavators and road construction equipment.

Operations

The rationalization measures in Swecon were largely conducted in early 2010 and the new sales and service organization took full effect. Efforts to reduce tied-up capital in the companies continued in 2010 and Swecon started an action program to improve operational processes and achieve more efficient control and business follow-up.

The operations in Germany were affected by a decline in leasing activity and fiercer competition. Although the Baltic countries were hit hard by the financial crisis, Swecon's three companies managed relatively well and generated slightly positive earnings overall. Efforts to further strengthen the brand and market position are continuing. Swecon is active in innovation for sustainable development and environmental protection.

The purchase of the North German company Konicke Baumaschinen GmbH & Co was a strategic transaction which will strengthen Swecon's position in the German market.

In 2010, Swecon received a large order from FMV for machinery totaling MSEK 140, which was supplemented by a further MSEK 100 a few months later. New and renovated service facilities were opened in Kiruna, Uppsala and Jönköping.

Business environment

In 2011, further environmental requirements for diesel engines over 130 kW in Europe were introduced, with reductions in the thresholds for particle emissions and nitrogen oxides (stage IIIB). During 2012, manufacturers may to some extent apply flexible transition rules regarding the introduction of the engines, which will make the competition situation difficult to assess.

The competition situation has changed in the markets. In Sweden, where Swecon is the clear market leader, the market has

shown increased fragmentation, while competition in the German market is more intense than ever. Leasing of construction machinery for short-term needs is expected to increase further. Stronger demand for commodities, iron ore and steel is giving positive effects, with investments in machinery for mining.

Market

After the dramatic turn of events in the European market in 2009, which saw the market fall by more than 50 percent, there was a certain recovery during the year. The markets in Sweden, Norway and Finland, and in the second half of the year Germany too, showed higher growth figures in 2010, albeit from low levels. Swecon was able to parry the major decline relatively well in the face of strong demand, and when the market started to recover had managed to consolidate its position in the Swedish market. Sales of new machinery in Sweden were 20 percent higher than in 2009.

After its previous decline, the German market improved and made a strong recovery in the second half of the year. The Baltic markets performed weakly and currently find themselves at a historically low level. Swecon's Baltic companies were able to improve their positions thanks to their strong footing in the aftermarket.

Eco Operator invaluable to us

Sand & Grus AB Jehander is one of the leading suppliers of rock and gravel material to the construction industry. At the end of November 2010, they conducted a two-day Eco Operator training course which included both theory and practical tips.



“ The Eco Operator training course has been invaluable to us, says site manager Niklas Osvaldsson

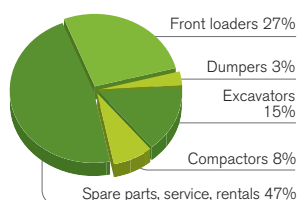
There will be a follow-up in a few months, and facts will be presented showing how the fuel consumption has changed. Niklas Osvaldsson has very high hopes.

“ Our annual fuel consumption is almost 700 cubic meters. Using a cautious calculation, with a 5 percent saving, we'll use 35,000 fewer liters of fuel. That is a major advantage for us and the environment. What's more, machinery and tires will suffer less wear and tear and service intervals will be longer.

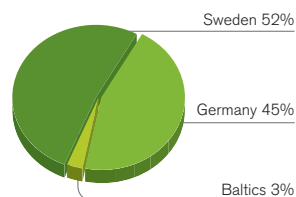
Eco Operator is often translated as economical driving. It could also be called smart driving.

“ Driving technique is important, but to me, it's more about logistics – you plan the work and reduce the need for certain driving distances and avoid unnecessary differences in height, says Niklas Osvaldsson.

Swecon:
Sales by product area



Swecon:
Sales by market



Energy Sector

Renewable energy – a key factor in climate adaptation

The Energy Sector encompasses Lantmännen's energy businesses and is one of Sweden's leaders in the area of renewable energy, green chemistry and industrial products related to field-based crops. The Sector manufactures and markets products such as fuel ethanol, potable spirits, starch, protein feeds, heating pellets, district heating, and alkylate petrol. Lantmännen Energy has four main businesses – Lantmännen Agroenergi, Lantmännen Agroetanol, Lantmännen Aspen and Lantmännen Reppe. The Sector accounts for 8 percent of Lantmännen's sales.

Operations

Carl von Schantz took over as the new Head of the Energy Sector on January 1, 2011. He had previously been the CEO of SAPA Profiler AB.

On January 1, 2010, the Energy Sector's lubricant business was transferred to the Machinery Sector, distillation was moved

to the Agriculture Sector and the card business was placed under Lantmännen Finans AB.

Business environment

The EU's sustainability criteria for biofuels

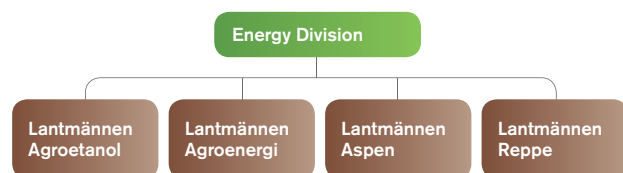
The EU has introduced sustainability criteria for biofuels, which are detailed requirements on how sustainability issues are to be addressed. Although the sustainability criteria could involve certain limitations and increases in costs, they may also represent a competitive advantage if properly managed. The sustainability criteria cover the entire biofuel production chain, from crop production to end use.

Prices

In the second half of 2010, the price of ethanol recovered from historically low levels. Prices in 2010 were seriously affected by increased production capacity in Europe and imports from the U.S. The price of grain spiraled in the second half of 2010, mainly due to poor grain harvests in some parts of the world.

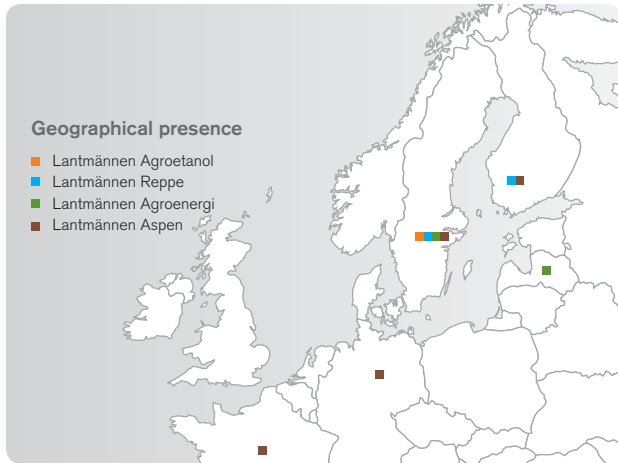
Policy instruments for biofuel

Discussions are in progress in the EU and Sweden regarding what instruments should be used to increase biofuel use. The aim is to meet the target of 10 percent renewable energy in the transport sector by 2020 and the target for Sweden to have a fossil-free vehicle fleet by 2030. The EU is preparing a new Energy Tax Directive, which is expected to be completed in



Key figures Energy Sector	2010	2009
Net sales, MSEK	3,005	3,193
Operating income, MSEK	113	94
Operating margin, %	3.8	2.9
Return on operating capital, %	4.7	3.6
Investments in non-current assets, MSEK	114	120
Average number of employees	323	361
of which women, %	23	23
CO ₂ emissions, thousand tonnes	75.8	67.9

Adjusted key figures Energy Sector	2010	2009
Operating income, adjusted for items affecting comparability, MSEK	125	105
Operating margin, adjusted for items affecting comparability, %	4.2	3.3
Return on operating capital, adjusted for items affecting comparability, %	5.2	4.1



2013. The Directive will define the criteria for member states' choice of instruments and may have a significant bearing on what the Swedish instruments will look in the period 2014-2010. The present Swedish model, which provides tax exemption for biofuel, has EU approval until the end of 2013.

Sustainable development

The debate on biofuels has resulted in sustainability criteria in the form of the EU Renewable Energy Directive (RED) and the Fuel Quality Directive (FQD). See also ► Page 68

Outlook for 2011

The EU's targets for renewable energy and their associated regulations will have a significant impact on businesses in the bioenergy sector for many years to come.

In 2010, the government decided to raise the tax exemption level for low-level ethanol blends from 5 to 6.5 percent. However, for low-blend FAME, the tax exemption level remains at 5 percent. This means that Swedish demand for ethanol for low-level blends is increasing by approximately 30 percent per year. An expected rise in low-level blends in several European countries and implementation of the EU sustainability directive are expected to affect pricing in 2011.



Carl von Schantz
Senior Vice President &
Head of Energy Sector

Lantmännen Agroetanol

Lantmännen Agroetanol is by far the Nordic region's largest producer of fuel ethanol. The Swedish oil companies that blend ethanol into 95 octane gasoline are the main customer group. Agroetanol also manufactures protein feeds (Agrodrank). In 2010, the annual production rate at Lantmännen's new ethanol line gradually increased to design capacity, which is 210 million liters of ethanol and 175,000 tonnes of protein feeds per year. Ethanol sales are primarily to the Swedish market, although some go to export in Northern Europe. The price of ethanol was volatile in 2010, fluctuating between very high and very low levels.

Net sales in 2010 amounted to MSEK 1,457 (1,389) and operating income was MSEK 4 (-60). Earnings were positively affected by the fact that ethanol and feed sales volumes increased by approximately 20 percent as a result of the higher capacity utilization. The high volumes also resulted in a lower cost per produced unit of ethanol and feed.

In addition earnings were favored by a relatively low purchase price for grain, as considerable volumes have been delivered under contracts signed before the sharp price increases in the market during the year. The average price of ethanol during the year was about the same level expressed in euros, although in kronor it was somewhat lower than in 2009 due to the stronger Swedish krona.

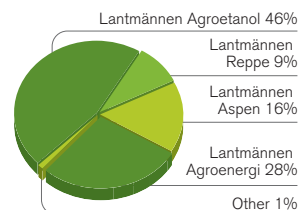
The EU is introducing sustainability criteria for biofuels with effect from January 1, 2011. These include criteria for sustainable production of ethanol. Lantmännen Agroetanol and Lantmännen Lantbruk worked intensively in this area during the year. Lantmännen welcomes the new rules and had its production chain examined by a third party in 2010. The examination revealed that the sustainability criteria were being met. Demand for the feed product increased during the year and investments in further development were initiated.

Lantmännen Agroenergi

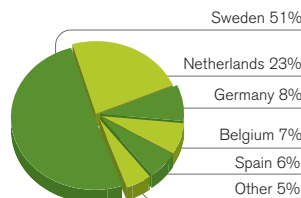
Lantmännen Agroenergi manufactures, markets and sells biofuels, such as wood pellets and briquettes, under the Agrol brand. The company leads the market in refined solid biofuels in Sweden. Production takes place in Sweden and Latvia. The company also runs around 15 district heating systems in the southern and central parts of Sweden. Customers are central



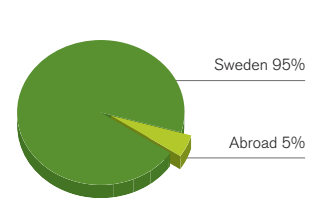
Energy Sector:
Share of net sales



Lantmännen Agroetanol:
Sales by market



Lantmännen Agroenergi:
Sales by market



and local governments, the manufacturing industry and property and homeowners.

In 2010, the Ulricehamn biofuel plant for processing several raw materials was opened. The plant will make Agroenergi less dependent on raw materials from sawmills. A new pellet press, which increases production capacity, was put into operation in the Latvian biofuel plant and a new pellet boiler was opened in Skurup. The proportion of renewable energy used for the district heating system will exceed 95 percent on an annual basis.

All district heating companies in Lantmännen Agroenergi are certified under the Swedish District Heating Association's quality label, Reko fjärrvärme. The labeling means the companies comply with strict standards in areas such as comparability, readily available information and open dialog with customers.

Agroenergi was subjected to a streamlining process in 2010. Measures included the sale of the Loka heating business to Loka Medical Spa AB and the willow operations to Salixenergi Europa AB, while salix breeding was transferred to SW Seed in Lantmännen Lantbruk. The U.K. company Renewable Fuels Ltd was sold to Coppice Resources Ltd.



Lantmännen Aspen

Lantmännen Aspen develops, manufactures and markets alkylate petrol under the Aspen brand. The company leads the market in Sweden and 15 other European countries and in Canada. Alkylate petrol is an eco-friendly petroleum product primarily used in small engines, such as lawn mowers, chainsaws and boats. Customers are mainly found in forestry, park and property management, agriculture, gardening and other areas of application such as marine, snow scooters and motorsports.

In 2010, Ireland became the 17th country in which Lantmännen Aspen is represented. The company's management has every confidence in strong sales growth in the Emerald Isle. Aspen worked continuously to streamline production and organization during the year. Initiatives included the launch of a new market organization optimized to meet market requirements. Aspen is firmly committed to its vision: "To secure, strengthen and develop our world-leading role in custom fuels for small engines".

Lantmännen Reppe

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

At the end of 2010, Lantmännen Reppe was able to put its new distillery into production, with a final run-in during the beginning of 2011. In parallel, Lantmännen Reppe is establishing a new product area in the production of industrial starch and was able to start production by commissioning a new starch dryer at the end of 2010. Alongside the installation work, a launch program for industrial starch quickly resulted in a supply contract in early 2011. A processing line for making industrial starch into cationic starch will be installed in 2011.

With the environment at heart!

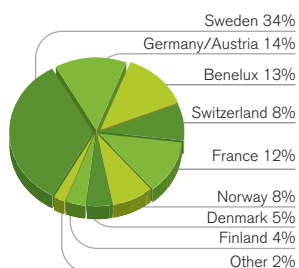
The fine paper mill Arctic Paper Grycksbo in Dalarna has decided to stop using oil and other non-renewable energy in its production process and replace it with renewable biofuel, in the form of Lantmännen Agroenergi's pellets.



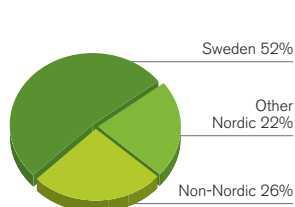
“ I believe our decision to discard fossil oil and move to pellets was a strategically good one. Heating with pellets is close to our heart – both environmentally and on the financial bottom line. We have been very pleased with the partnership so far and hope it will develop productively.

Lars Söderblom
Buyer at Arctic Paper Grycksbo

Lantmännen Aspen:
Sales by market



Lantmännen Reppe:
Sales by market



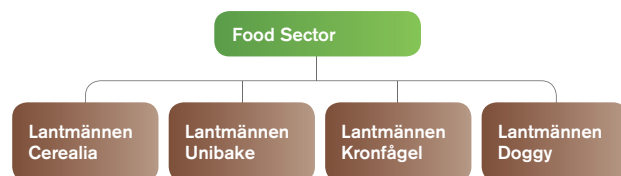
Food Sector

Never before has there been such passionate interest in food

The Food Sector develops, processes and markets products that include flour, breakfast foods, pasta, frozen and fresh bread, chicken, ready-to-eat meal concepts and pet food. While the Nordic countries represent the base of the operations, the Sector operates in 18 countries. The Food Sector accounts for 39 percent of Lantmännen's sales.

The Food Sector operates in four business areas – Lantmännen Cerealia, Lantmännen Unibake, Lantmännen Kronfågel and Lantmännen Doggy. Production takes place at 46 facilities and the number of employees in the Sector was 6,681 in 2010. The Food Sector has a large number of strong brands, including AXA, Kungsörnen, Amo, Regal, GoGreen, Gooh, Kronfågel, Hatting, Schulstad, Korvbrödsbagarn, Doggy and Mjau.

The Sector's way of working was shaped in 2010, and a focus was placed on identifying areas for greater collaboration between the Sector's business areas.



2010 was dominated by sharply rising commodity prices which resulted in price increases in all the business areas. Market competition continued to be fierce, with customers fixating on price. During the year, work to strengthen the Sector's prioritized brands continued. Among the initiatives were a new packaging design and new consumer communication. Innovation was another priority area in 2010. Examples of new product concepts that were successfully launched during the year include AXA Multi Crush and Kronfågel DELi. New products were also successfully launched in the Unibake and Doggy business areas during the year.

The continuous streamlining work currently in progress is necessary to secure long-term competitiveness in the market. Streamlining initiatives during the year included the closure of the milling business in Mjölby. Unibake's old bakery lines were also closed and the production was transferred. The restructuring of Kronfågel Sweden from two plants into one is another example of rationalization in the Sector.

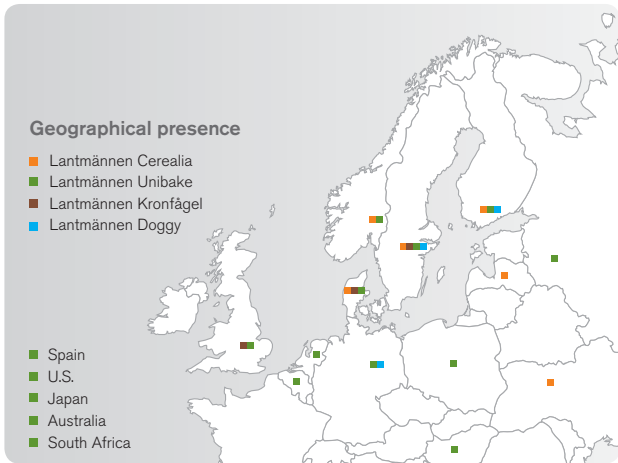
A long series of proactive investments were made in 2010. These included increasing the oat capacity at Lantmännen Cerealia's Järna mill and expansion and installing a second production line for Tetra Recart packaging at Lantmännen Doggy's Vårgårda plant. The decision was also made to implement a large-scale investment program in Lantmännen Kronfågel's processing plant in Farre. These investments will enable the business areas to respond to increased demand. Lantmännen

Key figures Food Sector	2010	2009
Net sales, MSEK	14,484	15,109
Operating income, MSEK	534	691
Operating margin, %	3.7	4.6
Return on operating capital, %	5.4	6.4
Investments in non-current assets, MSEK	974	713
Average number of employees	6,681	6,817
of which women, %	36	36
CO ₂ emissions, thousand tonnes	2274	232.9

Adjusted key figures Food Sector	2010	2009
Operating income, adjusted for items affecting comparability, MSEK	784	789
Operating margin, adjusted for items affecting comparability, %	5.4	5.2
Return on operating capital, adjusted for items affecting comparability, %	7.9	7.3

Lantmännen Cerealia

Lantmännen Cerealia not only develops, produces and sells grain-based products such as flour, flour mixes, meal, muesli, pasta and pancakes, but also ready-to-eat meals and beans and lentils. Operations are conducted in Sweden, Norway, Denmark, Finland, Latvia, Russia and Ukraine. Products are sold to food retailing, restaurants, food service & catering establishments, bakeries, wholesalers and the food industry.



Unibake increased its U.K. production capacity with a new bakery in Bedford and invested in a new bakery in Hungary, thereby strengthening its position in Central Europe.

Two important transactions were conducted during the year, one was the purchase of the Sopps pasta brand in Norway, while the other was the sale of Lantmännen SweChick to Aviagen.

Outlook for 2011

Interest in food and its origin is increasing constantly. More and more consumers and customers are anxious to make choices that protect health, the environment and society. The Food Sector's business areas are well-equipped to respond to these issues, as Lantmännen has unique and up-to-date values and we address these areas every day. The financial crisis and ensuing recession caused different behavior patterns among our customers. These patterns are expected to persist, when several of our markets are expected to recover during 2011. The major focus on commodity price trends in 2010 is expected to continue during 2011. Competition in the market will continue to be fierce with a sharp focus on price.



Johan Karlström
Senior Vice President &
Head of Food Sector

Operations

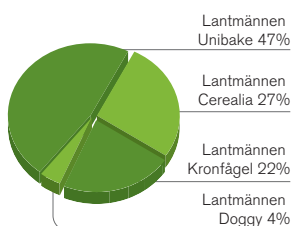
In early 2010, the acquisition of the Norwegian market-leading pasta brand Sopps took effect, and its performance during the year exceeded expectations. At the same time, the process of transferring manufacturing from Spain to Lantmännen Cerealia's plant in Järna is continuing.

The milling business was streamlined in order to increase competitiveness, and the closure of the milling businesses in Mjölby proceeded according to plan. This means the Swedish mill capacity has been consolidated into two mills. Some equipment from the Mjölby mill was renovated and installed at the Uppsala plant. Most employees were routed to new jobs, the majority in Lantmännen Cerealia.

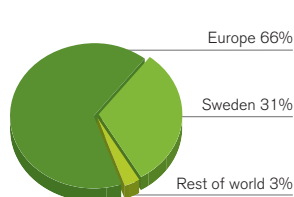
In August, the investment in increased oat capacity in Järna was completed. The increased capacity also means an increase in volume of byproducts, and an investment in a new biofuel boiler for oat husks was approved. A similar investment decision was made for the Norwegian plant in Moss. The investments give the operations a cost-effective and renewable source of energy. The excess energy that is produced will be sold via a local energy supplier. See also ► page 65

The LEAD cost and efficiency program is being implemented at Lantmännen Cerealia's facilities. In addition, several projects aimed at increasing profitability are in progress. These

Food Sector:
Sales by business area



Food Sector:
Sales by country



are primarily associated with product range optimization, profitability management and price optimization.

Following an allergic reaction in five Danish consumers, bread and cakes mixes were recalled in Sweden, Denmark and Finland in September 2010. The fat ingredient causing the reaction was immediately replaced. In the fall, vigorous efforts were made to recoup the lost sales volumes in the aftermath of the recall.

Market and market performance

The second half of the year was marked by high grain prices. This was compensated for by adjusted prices to customers.

Sweden, Norway and Denmark

The tough competitive situation in B2B (food industry and bakeries) continued during 2010, particularly in Denmark, although Latvia also encountered strong price pressure from German players. Norway showed a decline in sales volumes, while Sweden had a positive year, with new customers and increased market shares.

In B2C (retail trade), the breakfast category, comprising products such as meal and muesli, continued its positive growth and Lantmännen Cerealia took market shares.

The Nordic pasta market declined in value, although Lantmännen Cerealia took market shares in all Nordic countries during the year. Growth in the flour market was slow.

The restaurants and food service & catering market continued to be affected by the economic slowdown in 2010.



However, Lantmännen Cerealia was able to show a positive profitability in the Swedish market.

Examples of launches in 2010

One of the year's biggest launches in the Nordic market was AXA Multi Crush. At the same time, the AXA brand was relaunched in Denmark. One of the most successful launches in Denmark was Amo Koldhævet, a new bread mix that ferments in cold conditions. GoGreen's launches included flavored couscous, bulgur and pearled oats in Sweden.



Gooh

Gooh performed well in 2010 and is the market leader in chilled single-portion ready-to-eat meals. The business also expanded geographically during the year, particularly in the Malmö and Gothenburg region. In food retailing, there are now almost 500 shop-in-shop establishments and a number of new meals were produced during the year.

Latvia

Price competition was responsible for a decline in sales volumes for B2B. However, in B2C, sales developed positively and the business took market shares in Estonia and Lithuania. Grain products showed the highest sales growth, but products such as muesli and portion packs did not experience the same success. The investment in flour-mixing equipment enabled a successful launch of Hercog's pancake mix.

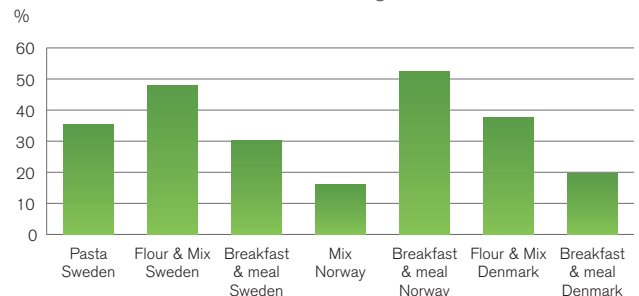
Ukraine

B2C showed positive growth, with increased shares in an emerging market. Demand for breakfast products rose in Ukraine and the export markets, in particular Russia, Kazakhstan and Moldova. There were product launches in all the segments; muesli, instant hot cereals and breakfast cereals. START continues to be the leading breakfast brand in Ukraine.

Lantmännen Cerealia's brands



Cerealia's market shares in food retailing



Source: A.C. Nielsen.

Lantmännen Unibake

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



Lantmännen Unibake has 3,894 employees at bakeries in Denmark, Sweden, Norway, Finland, Poland, Belgium, Germany, Russia, Hungary, the U.K. and the U.S., and sales offices in Spain, the Netherlands, France, Canada, South Africa and Australia. Lantmännen Unibake's brands include Hatting, Schulstad, Bakehouse, Schulstad Bake Off, Schulstad Royal Danish Pastry, Pastridor, Korvbrödsbagarn and Paaskebrod.

Operations

The recession in Europe and rising prices of grain and other commodities represented a challenge to Lantmännen Unibake, which was nevertheless quick to react to the financial crisis and adjust its strategy at the first signs of the global economic slowdown.

Lantmännen Unibake's production is going through a globalization and restructuring phase, which affected certain bakery lines and jobs. Older bakery lines have been closed and parts of the production have been moved closer to customers.

In 2010, Lantmännen Unibake continued to invest in the U.K., its largest market. In July, Lantmännen Unibake acquired the remaining shares in the now wholly-owned subsidiary Bakehouse. In order to consolidate its position in the U.K. market, Lantmännen Unibake invested in new production capacity there. The new bakery in Bedford, North of London, will bring Lantmännen Unibake even closer to its U.K. customers and will help meet growing demand in the country. The bakery will have two ultra-modern production lines and is scheduled to open in mid-2011. The bakery in Fristrup, Denmark, is being closed.

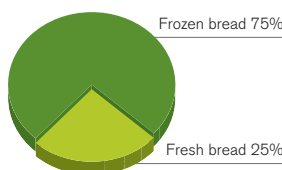
As part of the globalization process, Lantmännen Unibake has invested in a fast food bakery in Hungary, thereby strengthening its position in the central European market. The new Hungarian bakery gives Lantmännen Unibake a perfect production platform and direct access to well-established sales and distribution networks throughout the region.

Lantmännen Unibake is currently implementing a new international ERP system. The project encompasses full integration of accounting, manufacturing,

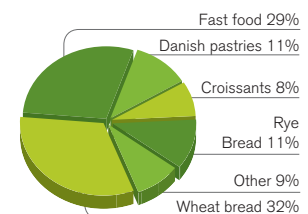
Unibake's brands



Sales by product group



Sales by product category



Source: A.C. Nielsen



logistics, inventories, planning, forecasts, maintenance and sales. The system improves the intra-unit business processes and creates coherence and transparency from customer to supplier.

In 2010, Lantmännen Unibake continued its successful implementation of the LEAD program, which has been implemented at 11 bakeries to date.

Markets

The financial crisis and subsequent recession resulted in new behavior patterns and new demands in the B2B market. Customers are increasingly acting like professional buyers and planning their purchases in detail. Discount stores are becoming increasingly common and there is a clear focus on cheaper goods. Customers are showing a tendency to reduce stocks, invest in efficient logistics solutions and cut down the number of suppliers.

The bread market was also affected by the financial crisis. However, bakeoff is one product that is expected to show growth in the future. Traditional fast food finds itself in the doldrums at present, but it is expected to move when the Eastern European markets show positive growth. New fast food products such as sandwiches and starters are expected to show growth.

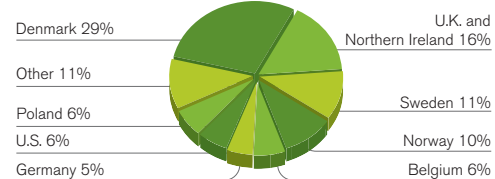
► www.lantmannen-unibake.com

15-percent growth for bakeoff

“Lantmännen Unibake and the Bakehouse concept have made it possible for us to create a sound structure from which to work. Lantmännen Unibake has given us the right tools for personnel training, baking technology and product knowledge and scope for new business opportunities. Our work with Bakehouse has involved very close cooperation with Lantmännen Unibake, which has given remarkable growth in bakeoff, says *Michael Hansen, COOP Denmark*.”



Lantmännen Unibake:
Sales by market



Lantmännen Kronfågel

Lantmännen Kronfågel is the Nordic region's largest producer of chicken-based foods and is the market leader in Sweden and Denmark. Lantmännen Kronfågel produces, markets and sells fresh and frozen chicken and processed chicken-based products. The products are marketed under the well-known Kronfågel, Danpo, Ivars, Kronfågel Stinas and Chicky World brands. Lantmännen SweHatch is a hatchery which delivers day-old chicks to broiler breeders in Sweden and for export.

Customers include food retailing, restaurants, food service & catering establishments, as well as the food industry. Lantmännen Kronfågel's largest customers are ICA, Coop, Axfood, SuperGros and McDonald's. Production plants are located in Valla and Kristianstad in Sweden and in Farre and Aars in Denmark.

Lantmännen Kronfågel shall be a market leader and show growth in profitable markets.

Key events in 2010

Restructuring from two plants to one in Sweden was implemented according to plan. A new plant in Valla was completed at the end of 2010. A production transfer is gradually taking place and is scheduled for completion at the end of 2011.

The processing plant in Farre has been granted a large-scale investment in streamlining and capacity-increasing measures. The goal is to further increase proximity to customers in Lantmännen Kronfågel's local markets.

In September, Lantmännen SweChick was sold to Aviagen, the world's largest poultry breeding supplier.

The settlement price for chicken was increased in Sweden and Denmark in order to compensate for breeders' sharply rising feed costs. This resulted in price increases in food retailing and food service/catering.

Business environment

Lantmännen Kronfågel's operations are affected by global competition, with immense price pressure. The trend has moved towards new chilled, imported chicken products which are purchased by Swedish food retailers.

As chicken consumption increases in Europe, the demand for new breeder space rises. Competition for chicken breeders is sharpening. Producers from Northern Europe are showing keen interest in partnerships with Danish breeders.

Consolidation among slaughterhouses is continuing, while on the international stage the trend is moving towards major alliances between large slaughterhouses.

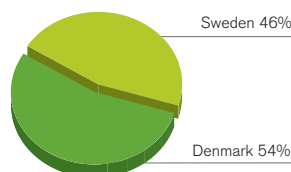


Market and market performance

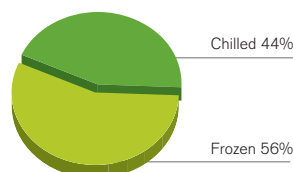
Consumers continue to increase their consumption of Swedish chicken, which rose by 8 percent until October 2010. Imports declined a little and accounted for 37 percent of total poultry consumption. Swedes ate 18 kg per person and year (2009), and Danes approximately 23 kg, which was a little above average consumption in the EU.



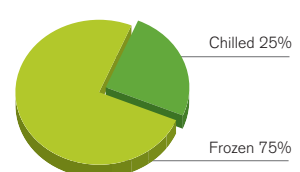
Lantmännen Kronfågel:
Sales by country



Lantmännen Kronfågel Sweden:
Sales by product category



Lantmännen Danpo Denmark:
Sales by product category





Total production of Swedish chicken in tonnes increased by about 3 percent during the first ten months of the year and was approx. 78 million tonnes, of which Kronfågel accounted for 39 million.

In Sweden, the total market share for Swedish-produced chicken was 53 percent and for Danpo in Denmark 23 percent. Unprompted brand recognition for Danpo was 62 percent, and for Kronfågel 75 percent.

Kronfågel's most important new product was Kronfågel DELi, a refrigerated oven-ready seasoned chicken in three flavors, which was launched with great success. During the year, Kronfågel launched new packaging in the form of a 1.9 kilo zip bag with handle. For households, chilled single fillet packaging was launched.

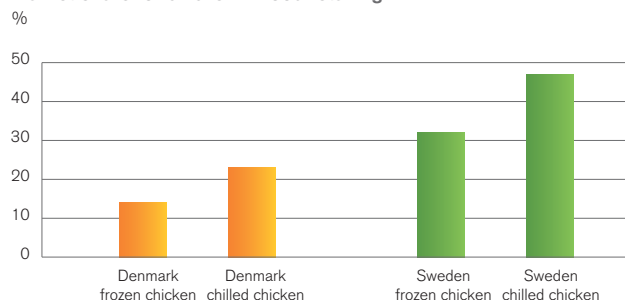
Danpo launched the new concept "Årstidens Kylling" – a chicken flavored with seasonal herbs and spices. Food services/catering launches included chicken quenelles and a trading product range under the Chicky World brand. Trading involves importing and reselling raw materials from other producer countries.

Innovative display

An innovative display test was conducted with one of Lantmännen Kronfågel's largest customers in Sweden. This involved redesigning store shelves to allow cross-merchandising of chilled chicken with Lantmännen Kronfågel's strong brand. The result was an impressive 50 percent increase in chilled chicken sales for some stores during 2010.

“ While there is very keen interest in locally produced natural food and quality, there is also a need to find short cuts in cooking by processing products. Strict requirements in animal welfare programs and extensive quality systems provide an effective response to knowledgeable consumers' demands.

Market share for chicken in food retailing



New packaging

1.9 kg
zip-bag
with handle



Lantmännen Doggy

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

Lantmännen Doggy has 187 employees, most of whom work in Vårgårda. There is also a branch in Finland with one employee, as well as a sales company in Germany, Lantmännen Bozita, with a total staff of 17.

Operations

Although its main market is Sweden and the other Nordic countries, the company has developed its exports to the rest of Europe over a number of years, and these now account for 40 percent of sales. The company has sales in Russia, the U.K., Norway, Poland, Estonia, Greece, Switzerland, Latvia, the Czech Republic, Iceland and the Netherlands. The fastest expansion is taking place in Germany and Russia.

The production volume in the dried food plant increased in 2010 as a result of production of veterinary pet food for an international company which concentrates exclusively on veterinary sales. Growth in high-quality products also made it possible to produce more advanced products in the existing plant.

Increased demand for wet cat food in Tetra Recart cartons made it possible to transfer pet food packaging from tin cans to Tetra Recart. During the year, investments were made in increased production capacity and a second production line. Another Tetra Recart carton production line will be installed during 2011.



Sustainable development

With effect from March 1, 2010 Lantmännen Doggy purchases “ready made” steam, made from forest-based raw materials, from its close neighbor Vårgårda Värmecentral. The eco-benefit is an annual reduction in oil consumption of 2,000 m³.

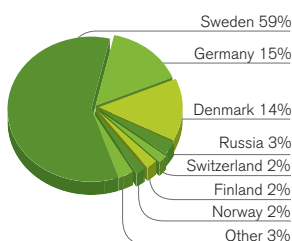
Read more about Lantmännen’s climate targets on [page 65](#)

Market

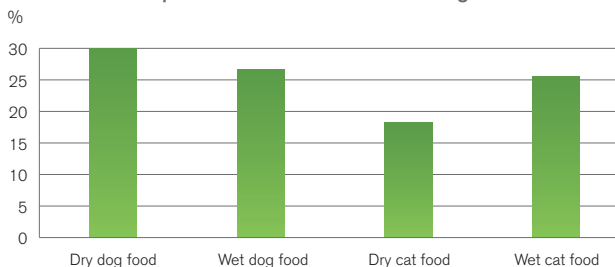
Although the total dog and cat population is growing a little every year, competition is fierce. During the year, the Swedish Market Court ruled that Lantmännen Doggy was not allowed to use “närproducerat” (locally produced) in its marketing.



Sales by market



Market share for pet food in Swedish food retailing



Sustainability Report 2010

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Sustainable performance for profitable growth

Lantmännen's success is inseparable from the success of our customers. We make the most of our land to grow the crops that our customers need. We make the most of our employees to ensure the quality of our products. We make the most of our suppliers to ensure the quality of our raw materials. We make the most of our customers to ensure the quality of our services. We make the most of our shareholders to ensure the quality of our returns. We make the most of our society to ensure the quality of our future.

One way to create a performance-oriented culture in the company

During the year, Lantmännen has implemented a number of measures to ensure that our employees are motivated and engaged. We have introduced a new performance-oriented culture in the company. This has been achieved through a number of measures, including the introduction of a new performance-oriented culture in the company. This has been achieved through a number of measures, including the introduction of a new performance-oriented culture in the company.

Clear focus on climate change

Lantmännen has been working for years on measures to reduce its carbon footprint. We are now taking a comprehensive approach and setting our own ambitious level.

Clear focus on climate change

In 2010, Lantmännen adopted a new climate strategy with a focus on reducing greenhouse gas emissions. We have set a target to reduce our CO2 emissions by 10% by 2015. We have also set a target to reduce our methane emissions by 10% by 2015. We have also set a target to reduce our nitrous oxide emissions by 10% by 2015.

CO2 emissions (t CO2e)	2008	2009	2010
Scope 1	100,000	105,000	110,000
Scope 2	200,000	210,000	220,000
Scope 3	300,000	310,000	320,000
Total	600,000	625,000	650,000

Spotlight on soybean imports

The conditions surrounding the production and import of soybeans in 2010 were widely reported in the media, not least by the Swedish Radio program 'Soy - The First Food' and a report from Sveriges Radio that examined the conditions surrounding the production and import of soybeans and beef from Brazil. Lantmännen provided information and was interviewed for the report and report.

Agustin Maccoena
Executive Director, IRTES

Wolke Ribberg
Director of Sustainable
Who is responsible for the problems with soybean imports?

Agustin Maccoena
Executive Director, IRTES

Wolke Ribberg
Director of Sustainable

Strategy for sustainable profitability

Lantmännen's ambition is to be a leading and driving force behind the development of sustainable food as well as energy and farming systems. Accountability from field to fork is part of Lantmännen's strategy for long-term profitability. In 2010 Lantmännen adopted, among other things, a new proactive climate target and developed through LEAD a systematic process for making improvements.

Profitability in the short and long term

For Lantmännen, sustainable development is about ensuring responsible operations and maintaining profitability both in the short and long term. Recent years have been financially challenging, marked by recession and rising commodity prices in the European market. In response, Lantmännen mobilized cost-savings and streamlining measures, and achieved a better financial performance in 2010 compared with 2009.

Lantmännen's continuing challenge is to balance the cost-effectiveness of its operations with aggressive, long-term investments for profitable growth. The road to this point is routed through the eight basic strategies, one of which is sustainable development. The sustainability-related objectives and activities are integrated in all of Lantmännen's strategies and follow regular strategic planning and budgeting processes.

Lantmännen's eight basic strategies

- ▶ Focus on core businesses
- ▶ Higher cost and capital efficiency
- ▶ Develop strong brands
- ▶ Develop the product portfolio through active research and development
- ▶ Improve our partnership with our customers
- ▶ Sustainable development
- ▶ Employees and organization

Read more about strategies on ▶ pages 17-20

Sustainability risks ▶ page 25

The Code of Conduct

is available at www.lantmannen.com



Responsibility and profitability from field to fork
Achieving sustainability is both about ensuring accountability across the organization and business development, where sustainability issues are integrated into product development, marketing and offerings to customers and consumers.



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

- ▶ contributing to profitable businesses
- ▶ strengthening the brand
- ▶ reducing costs
- ▶ reducing risks

Code of Conduct to ensure responsibility

Lantmännen's responsibilities are defined in its Code of Conduct, which covers environmental protection, business ethics, the external business environment, working environments and social conditions, and products. We take responsibility through risk analyses and implementation of the Code in all operations. The Code provides overall guidelines for responsible conduct and applies to all employees. Relevant sections also apply to elected representatives in the owner organization, suppliers and partners. The entire Code of Conduct can be downloaded from the website ▶ www.lantmannen.com

Some of Lantmännen's priority targets

Target areas	Target	Outcome/performance
Employees	75 percent in the healthy group in 2011. Increase "Motivated Employee Index". Increase "Leadership Index"	56.8 percent MEI: 69 (2009), 64 (2007) LI: 71 (2009), 67 (2007)
Supplier partnerships	Risk assessment of all* suppliers based on the Supplier Code of Conduct until the end of 2012. Self-assessment of all medium and high-risk suppliers until the end of 2012. Establishing third-party audits in 2010.	35 percent of total purchases in 2010 were followed up with risk assessment/self-evaluation. Procedures established and the first audits based on Supplier Code of Conduct implemented.
Sustainable feedstocks	50 percent of soybeans contracted shall be RTRS-certified no later than by 2012. 100 percent RSPO certificates for palm oil in 2011.	0 percent (available on the market from 2011). 17 percent RSPO certificate.
Cultivation	Continue development of biological treatment of seed to reduce the use of chemical disinfectants.	Available for spring-planted grain and is the first choice for all common seed. New method for seed peas approved during the year. Fall-planted grain remains.
Climate	Reduce CO ₂ emissions by 40 percent by 2020, with interim target of 15 percent by 2013 (base year 2009).	CO ₂ emissions decreased by 5.9 percent in 2010 compared to Lantmännen's value added.
Products	All food-producing facilities are certified in accordance with an international standard for food safety.	100 percent (within 2 years from acquisition of new facilities).

* Suppliers >SEK 1 million annual purchasing volume.

Read more about sustainability-related indicators at ▶ www.lantmannen.com

Business development focusing on what is most important Lantmännen is working actively to develop the organization, products and businesses in a sustainable direction, with an emphasis on those areas where the main impact is. Work is conducted on a broad front, through research and development, product development and innovative solutions. Cross-functional development teams, called F teams, are at work in five areas: Agriculture, Food, Feed, Energy and Packaging.

The improvements in the area of responsibility from field to fork cover a wide range of measures in priority areas. On the following pages you can read more about the action program and goals for Lantmännen's responsibility.

Long-term efforts

Lantmännen is working on a range of long-term efforts to achieve sustainable profitability. Resources are being allocated to research foundations to fund strategic initiatives that will provide profitable products for the future. In addition, Lantmännen has two forms of financing to invest in start-up companies with innovative products, services or business models. The investments are assessed by criteria that are based on Lantmännen's responsibility from field to fork. Under the "Seed Capital" program, investments are being made in start-ups that could ultimately strengthen Lantmännen's business operations while the "Dare to Invest" program plows funds into projects and enterprises that create new business opportunities on farms, that is, for Lantmännen's owners.

Read more at ▶ www.lantmannen.com

INTERVIEW WITH:

Ove Gustafsson: Chairman of the Council of Trustees

How important is the issue of sustainability to Lantmännen?

“ From a credibility standpoint towards customers and consumers, it is essential for meeting our responsibility from field to fork.



Based on the expectations of the world around us, what threats and opportunities do you as an owner see?

“ The threat in the short term is not managing to compete in the market due to cost levels. In the long term, we won't have a market left if we don't work on sustainability issues. The opportunities are to add value and find markets for members' grain and Lantmännen's products. By living up to the expectations of the world around us, we will earn credibility with customers and consumers.

Management and organization

A sustainable Lantmännen requires the involvement of all employees and parts of operations. The foundation is the brand promise “We take responsibility from field to fork,” and the common values that are to permeate work and attitudes throughout the organization: Openness, a Holistic View and Drive.

In 2010, efforts intensified to bring our values to life on a daily basis. Lantmännen’s values were the theme of the annual leadership meetings, one of our forums for professional development of managers and leaders.

Organization and sharing of responsibilities

Sustainability work is part of the daily work of each facility and workplace and is part of every manager’s operating responsibilities. Overall strategic decisions are made by Group Management and the respective Sector. Development of, consensus building and operating decisions concerning sustainability issues largely take place in two forums:

- ▶ At the Group level there is a CSR Council with overall responsibility for implementing and monitoring compliance with the different areas of the Code of Conduct. The CSR Council is also a consultative and decision-making forum in policy issues.
- ▶ Each area has a decision-making forum with representatives from all Sectors. Code of Conduct factual matters are dealt with here. Examples of decision-making forums are in HR, procurement and environment.

Lantmännen’s sustainability work is run and coordinated by the Sustainable Development Department, in close collaboration with the various Sectors and other corporate functions.

Gustaf Carlström, Viggeby gård.

Human resource development

All employees undergo training in Lantmännen’s Code of Conduct. E-training is available in seven languages and includes exercises with dilemmas that reflect conceivable real situations that must be responded to. By the end of 2010, 85 percent of the employees had been trained. In addition to this basic training, specific actions are taken to develop human resources in various fields and for different occupational groups.

Management by area

Each area of the Code of Conduct has policies, objectives and monitoring tools, with overall responsibility assigned to a member of Group Management.

Area	Issues	Responsible corporate officer	Ensuring competence	Follow-up
<i>Environment</i>	Raw materials, fertilizers, crop protection, genetic engineering, chemicals, climate	VP, Communication	Group-wide training in the Code of Conduct for all employees.	<i>Management review:</i> Compliance with the Code of Conduct is reviewed annually by Group Management.
<i>Business ethics</i>	Business practices, corruption, conflicts of interest, marketing	General Counsel		
<i>The world around us</i>	Open communication, political influence, sponsorship, information security	VP, Communication	Specific actions for skill development within different areas of factual matters and for different occupational groups	<i>Systematic monitoring of accountability of each area, including:</i> management system for food safety, quality and environment, employee survey, annual performance appraisal dialog, customer surveys, and supplier audits.
<i>Working environment and social conditions</i>	Working conditions, human rights, health and safety, leadership, teamwork	VP, Human Resources and VP, Supply Chain		
<i>Product liability</i>	Product safety and traceability, origin, animal welfare, research and innovation	Respective Senior Vice President of each Sector		

For more detailed information, see ▶ www.lantmannen.com



Dialog and community involvement

Lantmännen's operations affect and are affected by many different stakeholders. We encourage transparent and frank dialog with the world around us and are responsive to the demands and expectations placed on us as a company. We get involved in social issues and participate in debates within our areas of interest. Lantmännen contributes to society above all through its business activities but also through other initiatives that support positive social development and voluntary efforts.

Our role in society

For Lantmännen's long-term survival it is essential that what is produced in its business operations has value to customers and other important stakeholders. Lantmännen also contributes to society by creating jobs, developing employees, conducting research and doing its part to protect the environment.

Economic value created by Lantmännen for various stakeholders

MSEK	2010	2009	2008
Customers (net sales)	35,988	34,978	42,592
Employees (payroll expense)	5,502	5,851	6,053
Owners (dividends)	245	163	167
Suppliers (purchased goods and services)	28,696	28,064	34,711
Government (income taxes paid)	76	46	219



Anna Johansson at "Jorden & skogen i stan" (Fields & Forests in the City), an event at Skansen for fourth, fifth and sixth graders.

Continuous dialog with stakeholders

To engage in a balanced and rewarding dialog with the world around us it is important to be able to identify and prioritize stakeholders as well to find out which issues are important to them. Lantmännen works systematically on stakeholder analysis and conducts dialogs with relevant stakeholders on priority issues.

Lantmännen communicates on an ongoing basis with many different stakeholders through various forums and channels. The contents of this report reflect the sustainability issues that are important to key stakeholders, with emphasis on those areas where Lantmännen has the greatest impact in terms of sustainability.

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

Stakeholder	Forms of communication/forums	Relevant issues 2010
Employees	Performance appraisal dialogs, employee surveys, internal information, union meetings	Working conditions, health, job satisfaction, working environment
Owners	District and General Meeting, motions, District Boards, Council of Trustees, Association Meetings, Annual and Sustainability report, owners' newsletter The Sprout	Business ethics, protein crops, research and development, seed, owner relations
Customers (B2B)	Meetings, customer surveys, cooperation and development projects	Eco-performance of products, origin and content, additives, health, animal welfare
Consumers (B2C)	Consumer and attitude surveys, consumer contact, study visits, product information, website, social media (blogs, Twitter, Facebook)	Product origin and content, additives, health, animal welfare
NGOs/opinion makers	Dialog with Swedish Society for Nature Conservation, World Wildlife Fund (WWF), Swedwatch and other players engaged in environmental issues. Media contacts	Soybeans, sludge, sustainable energy production, GMOs
Trade associations	Dialog and collaboration with Federation of Swedish Farmers (LRF), European Feed Manufacturers' Federation (FEFAC), industry organizations at EU level, participation in Round Table on Responsible Soy, REVAQ etc.	Soybeans, sustainability criteria for energy production, sludge
Suppliers	Dialog, partnership and development projects	Supplier Code of Conduct, agreements and improvements
Authorities/decision makers	Reporting to supervisory agencies (environmental and health offices), dialog with the Swedish Chemicals Agency, Swedish Work Environment Authority, National Food Administration, Swedish Board of Agriculture	Permits, chemicals, working environment, product safety



SkolmatsGastro contest highlights important cooks

SkolmatsGastro, Lantmännen's competition for the best school cooks in Sweden, was held for the second time in 2010. The purpose is to raise the status of school meals and reward and honor the important work done by school cooks. The competition jury includes food service managers, pupils, kitchen managers and hospitality industry representatives.

“School meals are very important for helping children learn and get through the school day and should be taken more seriously, says Kurt Weid, chef at Lantmännen and initiator of the contest.

The 2010 finals were won by the Rosenknopparna (Rose Bud) team from Skövde, who received a travel grant as their prize.



Political influence

Lantmännen endeavors to influence public policy through well-founded arguments in issues that are important to us. Usually we participate in the debate through active membership in various trade associations.

Community involvement locally and globally

Lantmännen's involvement and accountability goes beyond its own operations. For us, responsibility from field to fork also means providing knowledge and support to selected non-profit activities and initiatives. Our premise is that all partnerships should be mutually beneficial and contribute to positive development. All forms of sponsorship shall support our vision and strengthen Lantmännen's brands. We do not provide financial support to political parties or religious organizations.

Some examples of our partnerships

- ▶ In May 2010, the Swedish Public Employment Service launched the “Young Potentials Programme” aimed at providing young unemployed college graduates internships with attractive employers. Lantmännen participated as one of five companies and had 11 interns in 2010.
- ▶ Lantmännen is a member of the Swedish Cooperative Centre, an aid organization operating in twenty of the world's poorest countries.
- ▶ We want to help people in need when natural disasters and other emergencies strike. In 2010, Lantmännen contributed to relief efforts in Haiti and Pakistan, which were hit by earthquake and floods, respectively.



We must make the most of our land

Lantmännen's mission is to develop and process farmland resources in a responsible way, while focusing on the customer. Our operations and know-how along the entire chain from field to fork create a foundation for sustainable production of food and energy. Many factors affect the final outcome and all aspects of our operations involve some sort of impact on people, the environment and the economy. Similarly, Lantmännen is affected by changes in the world around us and is dependent on humans and natural resources.

Responsible at every level

Lantmännen's responsibility from field to fork covers everything we do, from growing and processing to marketing and sales. It includes our impact on the environment, economic aspects and our relationships with employees, owners, customers, suppliers and other stakeholders.

Our responsibility is greatest for those parts of the operations over which we have direct control and management. These include processing of feed, food and energy in our facilities, transportation and marketing to customers and consumers. In addition, Lantmännen plays an active, influential role in promoting sustainable development. We do this by making requirements of and supporting growers and suppliers, and providing information to and educating consumers. We actively follow developments and trends in the world, such as legislation and consumer demands, and participate in debates on relevant issues. While clear objectives and measures are in place in many areas, they have yet to be formulated in others. Our ambition is to develop goals and action plans for all issues identified as essential.

Valuable farmland

Arable land enables the production of our most important commodity - grain. With an increasing population, in which more and more people are achieving a higher standard of living, the global demand for grain and other crops is growing. We face the challenge of maintaining viable returns while farming the land in a long-term sustainable manner. Climate change and more extreme weather situations are increasing the risk of lost crops. At the same time the availability of fresh water is falling in many parts of the world and desert areas are spreading. Growing conditions also affected by pollution and environmental toxins, and by short-term land management practices that reduce biodiversity. A comprehensive global challenge is the increasing competition for land for food and energy production, urban development and infrastructure.

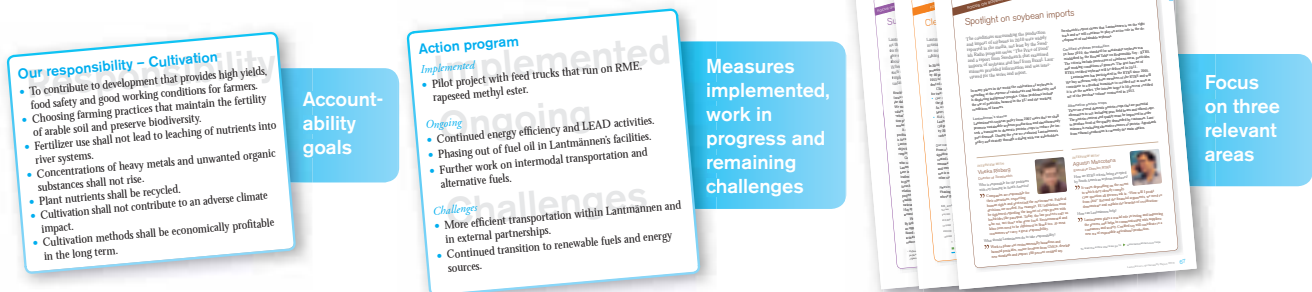
Nature is our main supplier

All human and business activities are fundamentally dependent on the systems, cycles and raw materials provided by nature. Functioning ecosystems provide us with everything from oxygenated air and clean water to fertile soil, pollination and crops to grow.

A lot of ecosystem services are used today in an unsustainable way, not least because of the depletion of biodiversity. A global target of halting biodiversity loss by 2020 was adopted at a UN meeting in October 2010. This target is to be reached by protecting land and water areas and by highlighting the value of biodiversity and ecosystem services from a national economic perspective.

Nature's raw materials and services are critical for Lantmännen's operations. For example, productive arable land is completely dependent on efficient recycling of water and nutrients. In 2010, we began work on a project to further identify and evaluate how our activities affect and are affected by ecosystem change. Two areas where we need to expand our knowledge are water and biodiversity.

Guide to regular sections in the Sustainability Report



The company's heart and engine

Our business is run and developed by our employees. Lantmännen's goal is to offer stimulating and healthy workplaces where each individual comes into their own and can contribute to our long-term goals. In 2010, Lantmännen focused, among other things, on leadership development, the supply of competencies and a more performance-oriented approach to work.

Lantmännen's human resources policy is to provide advancement opportunities for people with drive and commitment, so that together we can achieve the Group's goals. The long-term efforts to strengthen and communicate Lantmännen's brand to students and college graduates looking for employment continued in 2010. We promoted ourselves as employers at fairs and career days and gave lectures at universities and colleges in Sweden. We also expanded our presence and capacity for dialog with potential employees via social media.

2010 Swedish Student Survey

In the 2010 Swedish Student Survey Lantmännen climbed 16 places in engineering student rankings of employers they would prefer to work for. The survey is conducted annually by Universum.

Lantmännen's ranking	2010	2009	2008	2007	2006
Economics and business students	62	70	92	95	119
Engineering students	60	76	95	76	106

Values-based leadership and teamwork

Values and economics was the theme of the 2010 leadership meetings, which are held annually for all of the approximately 800 managers with staff responsibility. Creating an under-

standing of the daily actions that have an impact on our financial key figures is an example of priority skills development.

The values process is now focused on each manager having a dialog with their employees about what our values – openness, a holistic view and drive – mean for everyone who works for Lantmännen. Talking to each other about values enables us to take ownership of them and apply them in our daily work.

Performance appraisal dialogs boost performance and participation

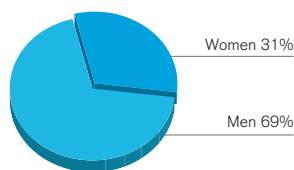
Each employee is supposed to have a performance appraisal dialog with their manager at least once a year. Along with the employee survey, the dialogs are important tools for increasing employee participation, influence and motivation. Since 2009, the dialogs have had a clearer focus on goal setting, follow-up and evaluating performance. The number of performance appraisal dialogs has increased and remains an important priority. See ► www.lantmannen.com

Leadership development at all levels

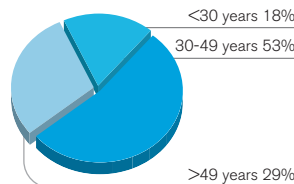
To ensure good leadership a comprehensive leadership supply process including succession planning, talent identification and evaluations of managers is carried out annually. Those who are identified as replacements and talents are to be mentored and given training and opportunities to gain the experience necessary to take on greater responsibilities. Lantmännen has several development programs for managers at different levels.

In 2010, the international management development program GROW was conducted with 23 participants from four countries. The program is aimed at young, motivated employees with the potential for advancement in Lantmännen. GROW is an important part of the leadership supply process and its goal is to help ensure the availability of skilled managers and increase internal mobility. Of the number of participants who attended

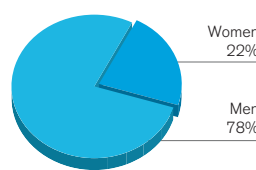
Gender breakdown, employees*



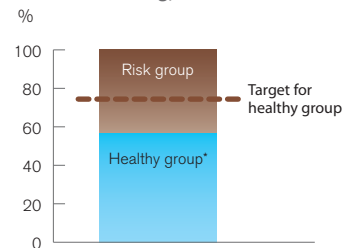
Age breakdown



Gender breakdown, managers



Health screening, 2009-2010



* The number of employees at December 31, 2010 was 10,350.

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

GROW 2008 and 2009, approximately 60 percent assumed new positions during or after undergoing training.

An overarching goal is to increase the ratio of female senior managers in Lantmännen. Aimed at female talent, the MAP (Mentor Adept Program) encourages greater responsibility with a view to obtaining higher management positions. MAP enables talented female employees to be identified and equipped with career advancement tools. In addition to the training sessions and networking events contained in the program, each participant has an external mentor who supports their career development.

Internal mobility is increasing but must be expanded

Internal mobility of employees and managers is a very important strategic issue for Lantmännen. We encourage internal over external recruitment. In 2010, the trend was in the right direction but the potential for improvement is still large. Among managers, 49 percent were recruited internally in 2010, compared with 37 percent in 2009. Just over 70 percent of the recruitments to senior management groups were internal in 2010.

Continuous competence development

Like many other companies Lantmännen is facing challenges concerning generational and competence shifting. Lantmännen has a common approach to working strategically on the supply of competencies. In 2010, we initiated pilot projects in Lantmännen Maskin and Logistics in order to identify their need for skills enhancement measures.

An example of a skills enhancement measure in Lantmännen is the provision of a course in economics to management teams and other key staff. Entrepreneurship is another area in which Lantmännen intends to further enhance skills. Together with the Stockholm School of Economics, an 18-month training program, Lantmännen's business school, has been developed. The business school is aimed primarily at employees in Scandinavia and will open in 2011.

A Learning Management System has been implemented in parts of the organization to ensure an efficient educational process. The system provides efficient education administration and the capacity to distribute e-training programs. Part of the work of ensuring competencies in the company is to also

ensure the quality and streamlining of the recruiting process. Lantmännen already has systems support that has been successfully implemented throughout the company.

Lantmännen is working on gender equality plans and statistics to monitor the evolution of wages and sick leave to ensure equality. Employee surveys to identify gender equality were initiated in Lantmännen during the year.

Systematic work on health

Good health goes hand in hand with good performance, efficiency and profitability. Lantmännen is investing heavily in the company's heart and engine, its employees, including sustained efforts to promote good health.

In 2010, our wellness policy was revised with a view to clarifying Lantmännen's and employees' responsibilities regarding health and the approaches needed to improve the working environment, promote good health and prevent accidents and injuries.

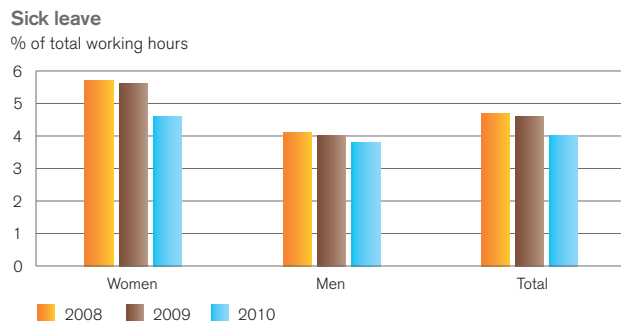
The policy clearly states that health should be a natural part of operations, be handled in a systematic manner, and, not least, be prioritized by Lantmännen's managers.

Health screening of Lantmännen's employees continued during the year. A simple questionnaire and fitness test gives employees instant feedback on their health status. There are guidelines for selecting specific measures that are subsequently introduced at both the individual and group level for employees in the risk group. An important part of these efforts is a functioning local health program and managers who know what fosters good health. Managers undergo wellness management training for this reason.

2,906 employees were screened in 2009-2010. At present 56.8 percent of employees are in the healthy group and the target is 75 percent in 2011. We will get there through targeted measures, such as continuing health checks of risk groups, training in lifestyle skills, weight-reduction and smoking-cessation courses as well as ongoing work on health-promoting measures. See ► www.lantmannen.com

Safe working environment

In 2009 Lantmännen started regular monitoring of the work environment in all operations. In 2010, this work was further



Lantmännen's trainee program

Lantmännen's international trainee program is helping to ensure the Group's long-term supply of skilled managers and staff for key positions. In 2010 we held a reunion of all of the Group's previous trainees to discuss career development, and during the year several took a new step in their career by accepting new and interesting positions in the Group. Read more about Oskar Herbe's experience as a trainee in Lantmännen at ► www.lantmannen.com/graduateprogram

developed and an annual review of the results is undertaken by Lantmännen's Group Management. The review includes risks, near-accidents and accidents. Working environment monitoring is an important part of the process of making steady improvements and minimizing risks.

Risk management

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

Near-accidents

One area with room for improvement is the reporting of and responses to near-accidents (incidents that could lead to illness or accident). 988 near-accidents occurred in 2010, up from 858 in 2009. Analyzing near-accidents and taking action are an important part of Lantmännen's preventive work to ensure that no accidents occur.

Accidents

During full-year 2010, 328 accidents occurred resulting in at least one day of sick leave, compared with 246 in 2009. Measured in the number of accidents per million hours worked the frequency rate was 26.2 (refers only to January to June 2010), which represents the industry average. The most common accident is falls.

Klintehamn - from words to action

The health of employees has improved considerably at Lantmännen Lantbruk's plant in Klintehamn on Gotland after the results of the 2009 health screening revealed a need for both general and targeted health interventions among employees. Interventions such as training in "Diet and exercise habits" and "Back and knee exercise time" yielded quick results: from 47.6 percent in the healthy group in 2009 to 71 percent in the healthy group in 2010 – statistics that indicate successful health initiatives and a health-conscious management.



“Bringing about change is not something you do yourself. AXA Sports Club provided nutritional information for the entire staff and in individual counseling. An external physical therapist helped with “Back and knee exercise time.” Lantmännen's own step counting competition has also helped to encourage more people to be active on a regular basis.

Susanne Pettersson, local manager in Klintehamn

Read more at ► www.lantmannen.com

The “Safe Working Environment at Lantmännen Energy” project was launched during the year with the goal of arriving at a common approach for systematic efforts to improve working environment based on the international standard OHSAS 18001. Experiences from the project will be shared with Lantmännen's other operations.

Accidents and near-accidents	2010	2009
Number of fatalities due to work-related injuries	0	0
Number of Lost Time Injuries ¹	328	246
Lost Time Injury Frequency Rate ²	26.2 ⁴	19.2
Number of reported near-accidents ³	988	858
Number of near-accidents per Lost Time Injury (with absenteeism)	3	3.5

¹ Work-related accident resulting in minimum one day's absence from work after the accident occurred.

² The Lost Time Injury Frequency Rate is defined as the number of Lost Time Injuries per million work hours (actual hours worked).

³ Near-accidents are defined as incidents that could have led to illness or accidents.

⁴ Refers to January to June

Action program

Implemented

- Leadership supply process with succession planning, evaluation and talent identification.
- Establishment of joint working environment monitoring (risks, near-accidents, accidents and delegation).
- Employee surveys to identify the gender balance in Cerealia, Doggy, Energy and corporate functions.
- Leadership Development Program.

Ongoing

- Development of new mandatory joint leadership development program.
- New international trainee program.
- Completion and monitoring of gender equality plans.
- Systematic health work with interventions based, among other things, on health screenings and employee surveys.
- Implementation of international alcohol and drug policy and common approach.
- Streamlining of common processes and transparency in relation to employees and organization.

Challenges

- Managing the generational and competence shifting process.
- A performance-oriented corporate culture and a values-driven management.
- Increasing diversity and share of women in senior positions.
- Increasing internal mobility of employees.
- Increasing systematization and risk management in working environment work.

Sustainable performance for profitable growth

Lantmännen's unique accountability, which covers the entire chain from field to fork is based on the vision "We make the most of our land to give everyone the chance of a healthier life." It's about protecting our employees' safety and health: Where are we going? How do we act towards each other? What are my responsibilities? When employees feel good, it creates good conditions for sustainable performance and profitable growth.

Reaching this goal will be accomplished through an increased focus on our common values, which must be a natural part of the daily work of every manager and employee in Lantmännen. We want employees and managers who can embrace our values and who understand that "how" is as important as "what" in achieving success. We intensified a values clarification process in 2010 in which each manager, through dialog, works locally with their employees.

A clear focus on targets is also needed to achieve higher profitability requirements. With this in mind Lantmännen is focusing on a stronger results-oriented corporate culture. Lantmännen's performance management process* allows objectives to be broken down at every level and ensures that employees have clear and measurable targets for their work.

Good leadership is critical for having motivated employees who can and want to contribute to a profitable Lantmännen. Lantmännen's leadership and employee satisfaction indices have improved since the first major joint survey in 2005. Broad leadership development programs are offered at various levels to give our managers the right tools. Among other things, the focus has been to create greater understanding of financial measures. A comprehensive job evaluation project was started in 2010 to increase transparency and make qualified comparisons between the benefit structures of the various operations. Lantmännen is using the international Hay system to evaluate jobs, which also provides greater clarity around career paths within the Group.

Health and well-being are a key part of our employee strategy. By holding annual health screenings, we give our employees an opportunity to identify how they can improve their health. Based on the results of the health screenings, we offer different activities at both the individual and group level. In this way, we reduce sick leave and increase healthy attendance.

* Performance Management = The process of setting expectations and evaluating performance in order to ensure that every unit and every employee contributes to the organization's overall goals.

Health management has a clear economic impact. Moving employees from the risk group to the healthy group yields a higher performance level, which research shows is up to 40 percent. This creates sustainable performance: employees who can perform well in the long term.

One way to create a performance-oriented culture in the company



During the year, Lantmännen Cerealia trained some 90 managers in how to conduct performance appraisal dialogs to focus even more on systematic efforts to achieve set goals. In the years to come steps will be taken to link salaries even more to goal attainment. One company that fully embraces this approach is Gooh. CEO Jonas Regnér relates:

"Specific targets were set and followed up regularly during the year. In the fall, new follow-up discussions took place – and the results were evaluated. This is a long-term initiative that initially can be a bit difficult for both managers and employees, particularly with respect to evaluating goal attainment and results in a clear and consistent manner. But most have a positive view of it and in the long run, it creates a customer- and results-oriented organization and develops employees to become part of the culture. Most employees welcomed the clarity and clear objectives and receiving feedback on their performance."

Gooh increased its sales by 40 percent during the year and in terms of earnings the business is headed in the right direction even if it has long way to go before good returns are achieved.

We ask Stina Jakobsson, marketing manager at Gooh: How do performance appraisal dialogs add value to your business?

"It's good to focus on the ideas by which we operate, for example values. I think that the dialogs as they are currently structured work very well, and it is especially good that we jointly agree on clear personal goals that are followed up."



To read the entire interview go to www.lantmannen.com

Responsible relationships

Lantmännen takes responsibility back in the chain and makes clear requirements of its suppliers. In 2010 work on following up the Code of Conduct continued, and the first external supplier audits were carried out.

Our responsibility – Suppliers

- Read more about how we define our responsibilities in the Supplier Code of Conduct.
www.lantmannen.com

The Code of Conduct covers all suppliers
 Lantmännen depends on a large number of suppliers worldwide in the agricultural and food sectors and in other categories of goods and services such as machinery, chemicals and shipping. Lantmännen's Code of Conduct for suppliers defines the expectations it has of suppliers' work on environmental protection and business ethics, and the working environment and social conditions of its employees. The goal is to gradually introduce the Code into all supplier contracts until 2012. A compliance system should also be fully established by then.

Monitoring suppliers according to risk
 Lantmännen monitors its suppliers through risk assessment, self-assessments and audits (independent third-party audits). The degree of control and follow-up is adjusted to the risk category to which the supplier belongs.



In 2009, a risk assessment of all key suppliers was conducted and a self-assessment was sent out to suppliers for their response. The first supplier audits were carried out in 2010. Ten audits are being carried out in different parts of the world during the first

half of 2011. They include suppliers of crop protection products, fertilizers, essential raw materials for feed and food and supplies for Lantmännen's facilities and workshops.

Follow-up work is an opportunity to jointly achieve improvements. In the event of discrepancies, efforts shall be made to resolve them primarily by dialog. If the discrepancies are serious and the willingness to take action is lacking, the Group has as a last resort the option of terminating the partnership.

Action program

Implemented

- Introduction of the Supplier Code of Conduct in all new and renegotiated contracts.
- Routines for following up and dealing with non-compliances and improvement measures.
- Training procurement staff about sustainability in the supply chain.

Ongoing

- Introduction of the Supplier Code of Conduct in all contracts according to target by 2012.
- Regular risk assessment of suppliers.
- Follow-up of medium- and high-risk suppliers through self-assessment.
- Auditing of selected high-risk suppliers.

Challenges

- Developing active improvement efforts together with suppliers.

First supplier audit completed

In June 2010, the first supplier audit based on the Code of Conduct was carried out of a vitamin supplier in China. The audit took place during two days of discussions with factory management, document reviews, tour of the factory and dormitories and interviews with employees. A total of 30 workers, randomly selected by the auditors, were interviewed without management present. Read more at www.lantmannen.com

Overall perspective – sustainable cultivation

Future production of food and energy will require us to successfully maintain viable returns and farm the land in a long-term, sustainable manner. As a major player in the Nordic market, Lantmännen has both the responsibility and opportunity to influence the development of sustainable farming. In 2010, issues concerning raw protein materials, bioenergy, recycling of nutrients and GMOs remained in focus.

Farming depends on a balanced ecosystem and the materials and functions provided by nature. Clean water, soil quality, the circulation of nutrients and adaptability to climate change are some of the basic conditions. Today's farming practices have significant impacts on ecosystem services. Agriculture needs to develop its work on biodiversity, freshwater resources, capacity for re-circulation of nutrients and land use. This involves both agriculture's impact and dependence on these resources.

Lantmännen shall minimize its own impact, exploit the development opportunities that exist in agriculture and adjust its operations to the changes that are taking place. Lantmännen's approach is an overall perspective by which we actively work on the various issues in an integrated manner.

Our responsibility – Cultivation

- To contribute to development that provides high yields, food safety and good working conditions for farmers.
- Choosing farming practices that maintain the fertility of arable soil and preserve biodiversity.
- Fertilizer use shall not lead to leaching of nutrients into river systems.
- Concentrations of heavy metals and unwanted organic substances shall not rise.
- Plant nutrients shall be recycled.
- Cultivation shall not contribute to an adverse climate impact.
- Cultivation methods shall be economically profitable in the long term.

Services and advice for green solutions

Taking responsibility at the cultivation stage involves several aspects that Lantmännen is able to influence and control to varying degrees. When the grower makes decisions it is Lantmännen's responsibility to exert its influence through knowledge and advice, and facilitate the development of profitable products and concepts:

- *Development and testing of new plant varieties and biological seed treatments*, in collaboration with various research players. For example, a new method for treating seed peas was approved during the year.
- *Development of concepts for biofertilizer* for both conventional and organic farming.
- *Precision farming*: In collaboration with SLU, Lantmännen is a driving force in the needs-based use of fertilizer. We have developed a technical solution, Yara N-Sensor for optimum application of fertilizers.
- *Web-based tools* for crop planning and weather-based models for growth, irrigation and crop protection.

Read more about results and how Lantmännen works with crop protection, sustainable raw materials, plant breeding and GMOs, etc. ► www.lantmannen.com

Plant nutrients in cycles

Phosphorus is a finite resource

A necessary nutrient for plants, phosphorus is also a finite and costly resource. Phosphorus is extracted today from the earth's crust in several places in the world and is supplied as mineral fertilizer for use in agriculture. The fact that phosphorus reserves will run out one day and are often contaminated with undesirable substances such as cadmium and other heavy metals is a major reason for creating a functioning system for recycling plant nutrients. The discussion about phosphorus as a finite resource became even more intense in 2010.

Mineral fertilizer

In recent years, demand for fertilizer has increased, causing soaring prices and shortages of fertilizer with a low cadmium content. Lantmännen has long analyzed cadmium levels and informs customers about the cadmium content of all fertilizer products containing phosphorus.

Biological fertilizer

Interest in biological fertilizer has increased. Biological fertilizer comes from various sources. Manure from animals, residues from biogas production, and residues from food production and slaughterhouses contain nutrients that can be recycled through agriculture.

The sludge issue – recycling plant nutrients

Returning plant nutrients from treatment plant sludge without increasing levels of other unwanted substances is an important sustainability issue. According to the Riksdag's environmental targets, at least 30 percent of the phosphorus in sludge from treatment plants must be returned to farmland by no later than 2015.



Spreading sludge on arable land has been debated for a number of years. The benefit of recycling is set against the knowledge that the sludge may contain substances posing environmental and health risks.

Lantmännen's views

In order to drive the development of better sludge quality Lantmännen participates in the development of REVAQ – a certification system for recycling plant nutrients from sludge. REVAQ's requirements are more stringent than the Swedish legislation regarding in part full traceability, and in part requirements for treatment plants, which in turn makes requirements of industries. A concrete example of what in fact this is about is Sörmlands Vatten, which during the year made demands of Lantmännen Kronfågels and Lantmännen Maskin's facilities concerning their work on risk mitigation and phasing out chemicals, so-called PRIO substances.

Lantmännen's view is that no uncertified sludge should be returned to the fields. This certification is driving improvement efforts and will lead to reduced pollution from unwanted chemicals in sewage sludge. We do not permit grain used in Lantmännen's food products to be fertilized by sludge. Grain used in feed products may be fertilized with REVAQ-certified sludge.

Supporting and encouraging the development of tighter quality requirements for sludge is Lantmännen's way of accelerating sustainable recycling of plant nutrients to arable land. Lantmännen has no vested interest in increased applications of sludge, is open to other technologies for recycling phosphorus and other nutrients, and closely follows the facts that are emerging regarding sludge and phosphorus availability.

Action program

Implemented

- Another seed, seed peas, approved for biological treatment.
- Fertilizers with a low carbon footprint are marketed to farmers.
- Initiated and developed the "Eco Operate" training program to provide eco- and profitability gains for contractor and machinery customers.

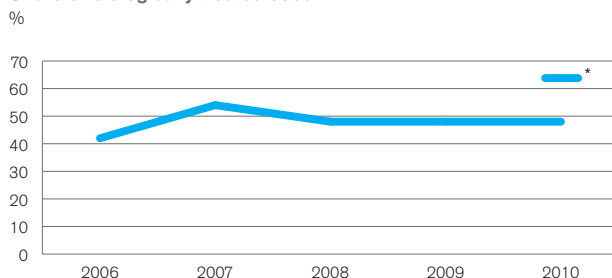
Ongoing

- Continuing work on developing methods for biological seed treatment to phase out chemical treatment.
- Reducing the share of non-REVAQ-certified sludge on fields by controlling delivery terms for grain growers.
- The first farm-based facility for biogas production from pig manure is under construction. Cooperation on biogas at Lantmännen's experiment station, Nötcenter Viken.

Challenges

- Developing strategies for sustainable use of plant nutrients.
- Developing strategies for sustainable use of crop protection products.
- Increasing knowledge of how biodiversity and ecosystem services affect operations.

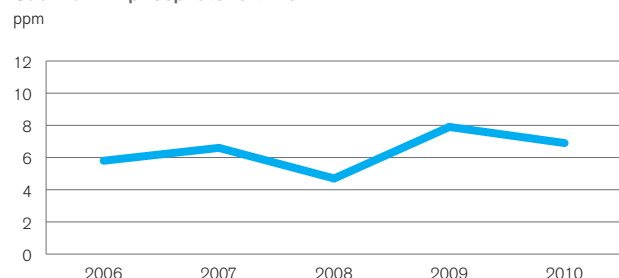
Share of biologically treated seed



Spring-planted seed is primarily biologically treated or untreated. Fall-planted seed is mostly chemically treated.

* From 2010 the indicator includes seed which does not need to be treated at all.

Cadmium in phosphate fertilizer



We require low cadmium contents in procurements and every purchase of mineral fertilizers containing phosphorus is analyzed. The content has decreased slightly from 7.9 to 6.9 ppm.

Efficient supply chain

On the basis of a new proactive climate target Lantmännen took a clearer, integrated approach in 2010 to its work on energy efficiency and green shipping. The pace of improvement has also increased in all Lantmännen's facilities through the implementation of the LEAD program.

Our responsibility – Production

- Resource- and energy-efficient production and logistics.
- Safe shipments.
- Switch to renewable energy solutions and fuels.

LEAD engages and streamlines

In 2010, Lantmännen continued to focus on introducing LEAD at its facilities throughout the organization. LEAD stands for “Learn, Engage, Analyze, Do” and is a method for achieving concrete improvements, in which each employee's participation, knowledge and commitment are vital. A team is assembled around an identified problem and applies its combined expertise with a systematic approach to achieve improvements and streamlining. Reduced production waste and energy use are two areas with good potential to save resources and money.

Since its inception in 2008, 87 of Lantmännen's facilities involving a total of approximately 1,000 employees have started work on LEAD. At mid-year a milestone was reached for the LEAD initiative: the investment was matched by the savings that the measures provided. In addition to economic efficiencies LEAD has helped increase employee satisfaction and led to an improvement of the leadership index at participating facilities.

Improved production of hot dog buns

The hot dog bun bakery in Örebro was one of the first facilities in Lantmännen to start using LEAD. One of the first projects concerned hot dog buns that became attached during baking, which led to the discarding of large amounts of bread. After 12 weeks of study, analysis and action by the LEAD team, the percentage of defective hot dog buns was cut almost in half.

Energy efficiency

Lantmännen's systematic energy efficiency is integrated in LEAD; a lot of LEAD activities involve reducing electricity and energy use. Some examples of teamwork on energy efficiency:

- *Streamlining grain drying* by developing procedures and monitoring. The goal is to more accurately maintain the standard moisture content and avoid overdrying, thereby losing energy and revenue.
- *Reduced compressed air leakage*. Although air leaks are invisible and are therefore easy to overlook, they consume large amounts of unnecessary energy.
- *Reduced idle load*. Better procedures and automatic control where possible, to minimize energy use during non-production time.

GreenLine – our concept for sustainable logistics

Lantmännen's value chain is linked together by shipments carried mostly by truck and ship, but also by train and sometimes by air. Lantmännen is one of Sweden's five biggest purchasers of freight services, accounting for around one percent of all truck shipments on Swedish roads.

It is primarily our own and full truckload freight services that Lantmännen has the ability to control and influence. For mixed loads where we pay part, it is often difficult to fully measure and control the environmental impact.

Lantmännen's work on sustainable shipping and logistics is gathered under the GreenLine concept. Concerning the carbon footprint of shipping, Lantmännen's target was to reduce carbon emissions by 20 percent from 2006 to 2010. The outcome was 11 percent, which we are not happy with. Lantmännen is therefore taking ambitious steps to achieve its new climate target to reduce emissions from production and shipping by 15 percent by 2013 and 40 percent by 2020.

Collaboration for green trucking

In close cooperation with carriers, Lantmännen is working actively to improve planning and increase load rates along with eco-efficient vehicles, fuel and driving.

Efficient driving reduces fuel costs

Under a new partnership agreement with Scania, Lantmännen will teach drivers efficient driving skills, and in return pay lower fuel bills for completed shipments, an arrangement that benefits both parties and reduces emissions.



Test with RME in bulk feed trucks

Lantmännen's partnership agreement also means that Scania will be able to run their vehicles with the biofuel RME, rapeseed methyl ester. In August 2010, a pilot project was started in which 12 trucks used to haul feed in Skåne will convert from diesel to RME. The conversion will save an estimated 2,500 tonnes of carbon dioxide per year, a decrease of 65 percent.

Notifications and permits

Lantmännen is engaged in activities requiring notification under the Swedish Environmental Code in 118 plants and activities requiring permits in 35 plants. These activities include mills, workshops and factories for manufacturing feeds, ethanol, fuel pellets and food. The environmental impact primarily takes the form of noise, emissions to air and water and temporary storage of hazardous waste.

In 2010, Lantmännen Maskin in Norrköping sold licensed chemicals without a permit. The chemicals are used for cleaning milk tanks and milking equipment. Steps have been taken and since the beginning of January 2011 all Lantmännen Maskin sites have been granted the necessary permits. The case is still under investigation.

Action program

Implemented

- Pilot project with feed trucks that run on RME, rapeseed methyl ester.

Ongoing

- Continued energy efficiency and LEAD activities.
- Phasing out of fuel oil in Lantmännen's facilities.
- Further work on intermodal transportation and alternative fuels.

Challenges

- More efficient transportation within Lantmännen and in external partnerships.
- Continued transition to renewable fuels and energy sources.

Clear focus on climate change

Lantmännen has been working for years on measures to reduce its carbon footprint. We are now taking a comprehensive approach and raising our ambition level.

In 2010, Lantmännen adopted a new climate strategy with a proactive goal: reduce carbon-dioxide emissions per value added by 40 percent between 2009 and 2020. The interim target for 2013 is 15 percent. This key figure is designed to be independent of acquisitions or divestments of operations.

Climate change is a crucial future issue for Lantmännen for two compelling reasons:

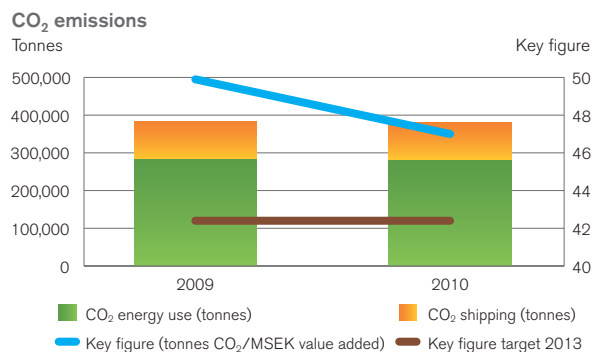
- *Our responsibility from field to fork.* About 25 percent of the global carbon footprint comes from food production. As a major player in the food chain, we will of course have a clear and proactive strategy.
- *Risk of increased costs.* Energy and climate issues will affect Lantmännen's costs substantially in the foreseeable future. Oil prices are expected to increase by at least 50 percent by 2020. Taxes and other policy instruments to reduce carbon dioxide emissions will add to this.

Our carbon footprint

From a lifecycle perspective, Lantmännen's products have a significant carbon footprint in the cultivation stage, where our control and management is limited. The demarcation of our measurable climate target is energy use in our own production and own and purchased freight services. In addition, Lantmännen is working on activities to reduce its carbon footprint in other stages, in collaboration with suppliers and customers.

Phasing out of fuel oil: -40 percent in 2010

Phasing out of heating oil is a measure with great potential where great strides were made in 2010. In all, decisions were



made or carried out to convert facilities to renewable energy sources equivalent to an annual consumption of 5,000 cubic meters of oil. This represents a nearly 40 percent reduction in oil consumption.

In 2010 Lantmännen Doggy switched from oil to renewable energy. Since March it has been powered by remote steam supplied by a nearby wood chip-fired plant. The mills in Järna and Moss are investing in increased incineration capacity for oat husks, which also heats surrounding communities. In addition, the oil-fired feed mills in Norrköping and Sjödalen have been replaced by a new feed factory in Lidköping that uses bio-based district heating.

INTERVIEW WITH:

Torbjörn Pettersson

Technical Manager,
Lantmännen Doggy



Why did you switch from oil to district steam?

“ We already had plans to switch to renewable fuels, and studied the various options. Our oil-fired boilers were also wearing out, and with increased production they were not enough. Investing with Vårgårda Ångfabrik in a wood chip-fired plant just 300 meters away was an excellent solution for both parties. Now the steam plant supplies steam to us during the day and heats water for district heating at night.

How much fuel oil was replaced?

“ In 2009 we consumed about 1,600 cubic meters per year and if we had continued with oil consumption would have risen to 2,000 cubic meters in 2010 due to our increased production. The conversion is equivalent to approx. 4,300 tonnes of CO₂ emissions, significantly reducing our carbon footprint.

What has been your experience so far with the district steam solution?

“ It's worked really well. Besides the eco-benefits it's an advantage that we can now fully concentrate on producing pet food. Energy is delivered to us without us having to devote time and resources to fuel and maintenance!

Safe and effective raw materials

Lantmännen's feed products must comply with nutritional and cost efficiency requirements and meet the expectations of the outside world in regard to being environmentally and socially responsible. Consumer awareness about raw materials and food production is having a great impact on feed production.

Our responsibility – Feed

- Ensure safe animal feed, without salmonella and unwanted substances.
- Contribute to efficient feed use through product development and advisory services to farmers.
- Develop feed products with domestic raw protein materials.
- Set and monitor requirements for imported raw protein materials.
- Contribute to increased knowledge and engage in open dialog about the sustainability aspects of feed products.

Feed manufacturers lead the way

A significant share of the grain we process is turned into feed. Lantmännen offers a complete line of feed for cattle, pigs and poultry. Lantmännen conducts advanced research and product development to offer the best possible feed solution for each farm and contribute to higher yields and profitability. Lantmännen has its own experiment station for cattle feed, with 500 dairy cows.

Carbon footprint calculations and locally produced alternatives

Lantmännen seeks to reduce its carbon footprint and help feed customers make sustainable choices. The carbon footprint values for Lantmännen's feed products have been calculated since 2009. Nötfor Nära is feed for beef cattle and dairy cows. The feed consists of Swedish and European ingredients, with

Why do we use imported soybeans?

Soy is the most widely used raw protein material in feed production, and is a concentrated raw material with a good composition for most animals. Swedish raw protein materials such as oilseed rape, peas and field beans do not currently meet the need in Sweden and have a price disadvantage compared to imported soybeans. Today, about 60 percent of protein feed is imported. In 2010 Lantmännen bought 170,000 tonnes of soybeans, mostly from Brazil. 3.8 percent were GMO soybeans compared to 3.6 percent in 2009.

no soy protein. Lantmännen is also developing Agrodank (Distiller's Dried Grains with Solubles – DDGS) with a high protein content to give it a more consistent quality, providing more options for substituting soybeans. Lantmännen Agrotanol's plant in Norrköping annually produces 175,000 tonnes of Agrodank, equivalent to about half of the protein contained in the soybeans Lantmännen imports. However, development work remains before its full potential can be exploited.

Control and traceability of GMOs

In response to Swedish consumers' demand for foods without GMOs (genetically modified organisms), some operators in the grocery business have chosen to only market and sell meat produced entirely with GMO-free feed. Lantmännen ensures supplies of such feed and is working on self-monitoring for quality assurance.

A small percentage of the soybeans Lantmännen imports are GMO soybeans, which some customers demand to meet the price competition posed by imported animal foods. Lantmännen otherwise requires GMO-free soybeans from all its soybean suppliers. No GMO soybeans are brought into Lantmännen's factories.

Action program

Implemented

- Requirement that no soybeans are produced in rain-forest areas.
- Ensuring supplies of GMO-free soybeans.
- Requirement that all soybean suppliers are members of the RTRS (Round Table on Responsible Soy).
- Soy-free feed products according to customer-specific requirements.
- Climate footprint calculations for all feed products.
- Requirement for salmonella-free soy.

Ongoing

- Requesting RTRS-certified soybeans from suppliers to achieve target of 50 percent of purchase volume in 2012.
- Carrying out feed tests and evaluating the eco-impact and carbon footprint of feed use.
- Developing the quality of the protein product Agrodank from ethanol production to replace more imported raw protein materials.

Challenges

- Supporting the development and demand for feed products with sustainable raw protein materials and offering products that meet market requirements.
- Influencing and driving the development of RTRS certification criteria regarding the use of pesticides.

Spotlight on soybean imports

The conditions surrounding the production and import of soybeans in 2010 were widely reported in the media, not least by the Swedish Radio program series “The Price of Food” and a report from Swedwatch that examined imports of soybeans and beef from Brazil. Lantmännen provided information and was interviewed for the series and report.

In many places in the world the cultivation of soybeans is spreading at the expense of rainforests and biodiversity, and is displacing indigenous peoples. Other problems include the use of pesticides banned in the EU and the working conditions of farmers.

Lantmännen's stance

Lantmännen's soybean policy from 2007 states that we shall promote sustainable soybean production and simultaneously seek a transition to domestic protein crops to reduce the import demand. During the year we evaluated Lantmännen's policy and strategy through a dialog with our stakeholders.

Swedwatch's report shows that Lantmännen is on the right track and we will continue to play an active role in the development of sustainable soybeans.

Certified soybean production

In June 2010, the standard for sustainable soybeans was established by the Round Table on Responsible Soy – RTRS. The criteria include protection of rainforest areas, pesticides and working conditions of growers. The first harvest of RTRS-certified soybeans will be delivered in 2011.

Lantmännen has participated in the RTRS since 2005. We buy soybeans only from members of the RTRS and will contribute to a gradual transition to certified soy as soon as it is on the market. The interim target is 50 percent certified soy of the purchase volume contracted in 2012.

Alternative protein crops

There are several domestic protein crops that are potential alternatives to soy, including peas, field beans and oilseed rape. The protein content and quality must be improved in order to produce food of the quality demanded by customers. Lantmännen is evaluating alternative sources of protein. Agrodrank from ethanol production is currently the main option.

INTERVIEW WITH:

Viveka Risberg

Director of Swedwatch

Who is responsible for the problems with soy farming in South America?

“ Companies are responsible for their operations, respecting human rights and protecting the environment. Political decisions are needed. For example, EU legislation must be tightened regarding the import of crops grown with herbicides like paraquat. Today, the law protects only us who eat, not those who grow food. Environmental and labor laws need to be tightened in Brazil too. As meat consumers we carry a great responsibility.

What should Lantmännen do to take responsibility?

“ Work to phase out environmentally hazardous and harmful pesticides, ensure freedom from GMOs, develop new standards and import 100 percent certified soy.



INTERVIEW WITH:

Agustin Mascotena

Executive Director, RTRS

How are RTRS criteria being accepted by South American soybean producers?

“ It varies depending on the extent to which they already comply. One question all growers ask is: “How will I profit from this?” Beyond the financial arguments, we need to demonstrate and explain the benefits of certification.

How can Lantmännen help?

“ Lantmännen plays a crucial role in testing and improving the process, and helps in communicating with suppliers, consumers and society. Certified soy will contribute to a new era of responsible agricultural production.



To read the entire interview go to ► www.lantmannen.com

Swedish ethanol a sustainable option

As Sweden's largest producer of fuel ethanol, Lantmännen will actively contribute to the transition to sustainable energy sources and views domestic ethanol as an important replacement for fossil fuels – provided the raw materials and production meet key sustainability criteria.

The debate concerning ethanol as biofuel is intense. The main topics of discussion are climate benefits, the eco-impact of raising energy crops and the issue of food versus energy production. Many aspects must be taken into consideration to ensure that biofuel production is in fact sustainable.

Our responsibility – Energy

- Sustainable feedstocks.
- Efficient production process.
- Efficient use of by-products.
- Participate in the debate on the sustainability of biofuels and competition for land use.

Efficient and good for the environment

Biofuels must be energy- and carbon efficient throughout the production chain. Under the new EU sustainability criteria, greenhouse gas emissions and energy use from the cultivation of energy crops and further processing at the industrial stage may not exceed certain levels. Agroetanol produces ethanol from grain, which is produced in an efficient production chain and achieves a high energy yield and a reduction of greenhouse gas emissions by up to 70 percent compared to gasoline. This is made possible through resource-efficient crop production and a modern ethanol plant powered by bioenergy. In addition to ethanol, Agrodrank, a high-protein content product that is used for livestock feed, is produced, reducing the need for imported soy protein.

New sustainability criteria

With the 2011 introduction of the EU sustainability criteria for biofuels, the entire production chain must meet legal requirements regarding, among other things, the protection of biodiversity, impact on the climate and land use. There are carbon requirements for both the cultivation stage and production chain. The criteria will ensure that biofuels in the EU market perform well from a sustainability standpoint. Lantmännen welcomes the new rules, and in 2010, the production chain was audited by a third-party and found to comply with the directive's requirements.

In 2010 Lantmännen Agroetanol produced 210,000 cubic meters of ethanol and 175,000 tonnes of high-protein Agrodrank used in animal feed. The protein in Agrodrank equals about half of the protein in the soybeans Lantmännen imports each year. However, development work remains before the full potential of protein feeds can be exploited.

Energy at the expense of food?

According to analyses by the World Bank and OECD the global production of biofuels has had little impact on prices of agricultural products. Rising prices are mainly due to other factors such as poor harvests, higher oil prices and increased speculation in grain markets. Today, 1 to 2 percent of the world's cropland is used for bioenergy production, and large areas are used inefficiently. In Sweden, about 6 percent of arable land lies fallow, and even larger areas are cultivated at very low intensity. In the long-term, the effects of climate change on agriculture pose a greater threat to food security than energy production. Lantmännen's view is that ethanol production is needed as part of the transition from fossil fuels and that agriculture has the capacity to produce both food and energy.

Action program

Implemented

- Lantmännen's ethanol production has been approved under the EU sustainability criteria for biofuels.
- Organized seminars on bioenergy and agriculture during the 2010 Almedalsveckan.
- Organized two seminars on sustainability criteria with oil companies, scientists, regulators and others.

Ongoing

- Climate footprint calculations for fuel pellets.
- Playing an active role in the debate by organizing seminars, tours of the ethanol plant and ongoing dialog with politicians, opinion makers and other stakeholders.
- Regular monitoring and playing an active role in long-term global issues such as the effects of the competition for agricultural land for production of food, feed and bioenergy feedstocks.

Challenges

- Developing sustainability performance levels for feedstocks for bioenergy production.

Healthy foods

Lantmännen's food is carefully produced to minimize its environmental impact and promote the health and well-being of consumers. We work strategically on research and development with an active focus on food and health.

Our responsibility – Food

- Safe food.
- Healthy foods.
- Good animal welfare.
- Functional and eco-friendly packaging.
- Traceability, inspected contents.
- Transparent and factual information.
- Developing and communicating knowledge about good food.
- Dietary advice for better health.
- Product development with clear guidelines on health and the environment.

Research for better health

Promoting good health is one of Lantmännen's building blocks and runs like a golden thread through the organization. Lantmännen has long held a prominent position in food research, particularly in fiber-rich foods and diets that contribute to better heart health.

Beneficial Nordic diet

In 2010 Lantmännen published together with Uppsala University the NorDiet study, which shows that a diet of Nordic foods can lower bad cholesterol and have significant positive effects on blood pressure, reducing the risk of cardiovascular disease. For 6 weeks, around 90 volunteers ate a diet based on Nordic ingredients such as whole grains, rapeseed oil, fatty fish and root vegetables.

Filling fiber

As part of research into carbohydrates and fiber-rich foods, Lantmännen and the Swedish University of Agricultural Sciences studied how whole grains affect satiety. The study shows that fiber in general and rye in particular provide long-lasting satiety. In 2010, the research project KLIFUNK was granted MSEK 5 to study how high-fiber bran can be used in foods for consumers who want to eat healthy.

Safe, high-quality food

All production of food is inspected on the basis of high quality and hygiene standards. All food production facilities are certified according to an international standard for food safety, such as ISO 22000 or BRC, and are examined by independent third parties. New plants have two years to meet the standards.

Cake mixes recalled

In the fall of 2010 Lantmännen Cerealia withdrew cake mixtures under the Kungsörnen, Amo and Regal brands after a few Danish consumers had an allergic reaction to an ingredient. The fat ingredient in question had been used for more than 10 years without problem. The ingredient was immediately replaced in the products.

Good animal welfare

Lantmännen Kronfågel is working for ethical treatment of animals in accordance with current animal welfare legislation. Combined with the Swedish Poultry Meat Association's animal welfare program, Sweden has some of the most stringent animal welfare rules in the world. All chicken-rearing facilities are continuously inspected.

Action program

Implemented

- All food-producing facilities are certified in accordance with an international standard for food safety.
- Under our policy all Lantmännen's pet food shall contain only WWF and MSC (Marine Stewardship Council) approved fish.
- Lantmännen was the first in the industry to begin phasing out tin cans for pet food and replace them with Tetra Recart cartons.

Ongoing efforts

- Working throughout the chain on cadmium issues in response to tighter external requirements.
- Actively contributing research and knowledge about food and health, for instance, about carbohydrates and fiber.

Challenges

- Further development of raw material requirements in grain cultivation for food products.
- Developing sustainability aspects for Lantmännen's packaging.

Good food – a conscious choice

The good food that we are endeavoring to develop in a sustainable manner is the result of Lantmännen's responsibility towards consumers. Lantmännen contributes to more sustainable food consumption through the development of products and ranges, and by communicating knowledge that makes it easier for consumers to make informed choices.

Informed consumers

More and more consumers are interested in the food they eat and are looking for healthy, natural food produced under responsible conditions. Consumers want to know where and how their food is produced, what it contains and how it will affect their health and the environment. At the same time, price is crucial for many, and food must also be easily available and easy to prepare.

Several studies have shown a growing interest and positive attitude toward organic and environmentally friendly food. Lantmännen will continue to focus on steadily improving and developing products and ranges, while the demand for especially eco-friendly and health-promoting products is becoming clearer.

Increased knowledge of Lantmännen's Good food

Lantmännen is dedicated to increasing customer and consumer awareness of its responsibility from field to fork and regularly conducts various types of customer and consumer surveys. In 2010 they showed a continued increase in consumer awareness of the link between Lantmännen, Good food and sustainable food production.

Origin and traceability

Being able to guarantee origin and quality is important for giving consumers peace of mind. For persons with allergies, for example, traceability is especially crucial for ensuring contents that are 100% pure. With operations and control throughout the chain Lantmännen has unique capabilities for ensuring traceability. One example is oat products for persons with gluten intolerance, where the ingredients can be traced back to specially selected farms. Ren Havre (pure oats) guarantees that the mixture of other grains is less than 20 mg per kg, equivalent to four wheat kernels. During the year Ren Havre also started to be sold internationally, including to British grocery chains.

All fresh chicken sold to consumers contains the name, picture and contact details of the specific farm/breeder.

Secure contents

In recent years, food additives have received considerable attention focusing on potential health risks and questions



about the extent to which additives are actually needed. Lantmännen's foods are to be as free as possible from additives, while flavor, nutritional quality and product safety are all important. If additives are used, they should be well justified and clearly explained. While additives have a negative ring to most people, there are many "good" additives that can enrich foods from a nutritional or health standpoint. They include vitamins, minerals and active bacterial cultures.

Foods for better health

Lantmännen's active approach is that food should promote good health. All product development emanates from external business and consumer trends, research and development, and follows special guidelines concerning, for example, nutrition and additives. Lantmännen follows developments in the field of nutrition and health and is responsive to new research and consumer trends.

To improve health, Lantmännen conducts cutting-edge food research in fields including the glycemic index of different carbohydrates and their effect on blood sugar, and fiber-rich foods that can prevent cardiovascular diseases.



SPC-flakes – a medical food

Made of oats, Lantmännen's specially processed SPC-flakes is registered as a medical food shown to be effective in treating gastrointestinal problems, diabetes and severe dizziness symptoms. SPC-flakes work by stimulating the body's own production of an important protein, protein AF, and can

be bought without a prescription at pharmacies. In 2010 the product was added to the Medical Products Agency's list of approved products for children with special nutritional needs, which means the cost can be reimbursed.

Uppladdningen - guide to good eating for good health

Uppladdningen (Recharge) is Lantmännen's guide with tips and advice on food and fitness for different target groups, from top athletes to everyday exercisers. Since its launch in 1982, over three million copies of Uppladdningen have been distributed, primarily to schools and sports associations. Lantmännen also spreads knowledge about diet and health through AXA Sports Club, one of the Nordic region's largest athletic associations, with 38,000 members. See also ► www.lantmannen.se

Factual and transparent product information

Lantmännen's product brands and the symbol of the green sprout on our packages is a promise to consumers about the responsibility we take from field to fork. It should be easy and safe to make informed choices that promote health and protection of the environment.

Lantmännen continuously improves its product information to satisfy a growing demand for knowledge and facts about health and the environment. All consumer packaging carries content declarations with nutritional values pursuant to current legislation.

Carbon footprint declarations

Lantmännen was the first company to launch food products with carbon footprint declarations in 2008 and the number increased in 2010. The declarations are based on the entire lifecycle and are made pursuant to an ISO standard with independent third party review. The carbon footprint of food production is complex. Emission data that meet the quality requirements of the calculation standard for certain parts of the production cycle have yet to be included.

One parameter not currently included in the ISO standard and therefore not included in carbon footprint declarations for food is the deforestation effects of soybean cultivation in rainforest areas. Read more at ► www.lantmannen.com

Appropriate marketing

Added value in the form of health-promoting or eco-related benefits is communicated only when they are well documented and scientifically proven. Independent third-party labeling is used where relevant.

During the year, Lantmännen Doggy was the subject of a dispute heard by the Swedish Market Court concerning the marketing of dog food. The dispute was about whether it is compatible with proper marketing practice to use expressions such as "Svensk Naturkraft" (Swedish natural power) and "närproducerat" (locally produced). The Court ruled that Lantmännen Doggy had the right to use expressions such as "Alltid Svenskt" (Always Swedish) and "Svensk Naturkraft", but not the term "närproducerat".



Organic food

Interest in organic foods among consumers continued to rise during 2010, albeit at a slightly slower pace. Lantmännen is meeting the demand with more organic products.

During the year, organic macaroni made by Kungsörnen was launched along with organic hamburger buns in cooperation with Quicks.

Sharing knowledge about sustainable consumption

Lantmännen wants to contribute to increased knowledge about good food so consumers can be better informed. It therefore provides information and inspiration through multiple channels. Our website, ► www.lantmannen.se contains facts and discussions concerning sustainable food production, along with recipes and tips. In addition, the site features experts, advice, blogs and social media for direct dialog through, for example, Twitter and Facebook. Lantmännen also publishes several periodicals for different customer groups, such as the C magazine targeted at opinion leaders in the food and health fields.

INTERVIEW WITH:

Brian Boeberg

Key Account Manager, Lantmännen Danpo

What environmental and sustainability-related requirements do McDonald's and other B2B customers make of you as a chicken supplier?



“ McDonald's began requesting information about Danpo's environmental impact in 2008. We report our annual consumption of water and electricity and waste and emissions statistics along with our environmental targets. A general requirement is continuous improvement. The questions and requested data have become more specific and detailed, with clear links to costs and profitability.

How important are sustainability issues for your business as a whole?

“ They are very important! McDonald's is one of our largest customers and places great emphasis on environmental and sustainability performance in their supplier indices. At the same time there are still categories of customers who make no specific sustainability requirements at all.

What challenges do you see for Lantmännen Danpo in meeting customer demands?

“ Suppliers without a targeted approach to sustainable development will have a difficult time winning contracts from large customers in the future. For Lantmännen, which is already active in this area, the challenge is primarily to devote time and resources to fielding customers' increasingly more specific and extensive questions. For example, McDonald's now relatively sophisticated analyses request both the "Carbon Footprint" and "Water Footprint" of the products we deliver to them.

“Take care of your food week”

How consumers handle food is an important part of the eco-impact of food from a lifecycle perspective. Much of the food that is produced is thrown away as uneaten or before the “best before” date has passed.

To inspire wise and informed household management, Lantmännen launched a campaign in the autumn of 2010 to reduce food waste. During the autumn, Lantmännen hosted a “Take care of your food week” via websites, social media and other media to encourage consumers to challenge themselves and others not to throw away food. In conjunction with this a “Take care of your food” book containing tips and recipes for efficient use of ingredients and leftovers was launched. The book, of which 100,000 copies were printed, may be ordered for SEK 35 at

► www.lantmannen.se



Action program

Implemented

- Developed product labeling such as the GI index, whole grains, for healthy products
- Contributed to the work on the first criteria for carbon footprint labeled food products together with KRAV, the Swedish Seal of Quality and other players in the food industry.
- Controversial additives such as azo dyes, trans fats and MSG, have been completely phased out.
- Traceability of chicken to the originating farm.

Ongoing

- Cutting-edge food research for better health, particularly concerning carbohydrates and fiber-rich foods.
- Communication of knowledge about health and the environment to consumers.

Challenges

- Meeting the growing demand for origin labeling of products.
- Continuing to raise customers' and consumers' awareness of Lantmännen's responsibility from field to fork.

Spring vegetables with chicken soup

For 4 servings, you need

- 4 chicken thighs
- 1 1/4 liter of lightly salted water
- Half a head of cauliflower
- 5 slender carrots
- 2 1/2 dl of milk
- 1/2 dl of flour
- Half a bunch of asparagus
- 175 g snap peas
- 2 spring onions
- 2 dl of whipping cream

This soup is even more tasty if you use the broth used to cook the chicken.

Cook the chicken thighs in lightly salted water for about 10-15 minutes, until they are completely cooked. Remove the chicken and pick the meat from the bones. Rinse and divide the cauliflower into florets. Scrape and slice the carrots into rounds. Boil the vegetables until just soft, 8-10 minutes, in the broth. Remove the vegetables and strain the broth.

Return broth to the saucepan, shake flour and milk together and whisk into the broth. Bring to a boil, reduce heat and simmer 2 minutes. Trim the asparagus, snap peas and spring onions. Cut into smaller pieces.

Put all the vegetables in the soup, bring to a boil and season with salt and pepper. Whip cream to soft peaks and fold it into the soup just before serving. Top with chicken.

For more recipes go to ► www.lantmannen.se



GRI-index

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

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

Description	Status	See page	Description	Status	See page
1. Strategy and analysis			cont. 4. Governance, commitments and engagement		
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1.2	●	23-25, 55	4.8	●	50-54
2. Organizational profile			4.9	●	23-25, 134-136
2.1	●	145	4.10	●	134-136
2.2	●	27-48	4.11	●	61-62
2.3	●	4, 27-48	4.12	●	51, 62, 73-74
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2.9	●	119	Sourcing		
2.10	●	Annex on website	DMA SOU	●	Sustainability management Sourcing
3. Report parameters			FP1	●	Percentage of purchased volume from suppliers compliant with company's sourcing policy. 51, 60
3.1	●	74	Economic		
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3.3	●	74	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 government. 53
3.4	●	74	EC2	●	Financial implications and other risks and opportunities for the organization's activities due to climate change. 23-25, 65
3.5	●	74	EC3	●	Coverage of the organization's defined benefit plan obligations. 117
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3.7	●	74	Environment		
3.8	●	74	DMA EN	●	Sustainability management Environment 52
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3.10	●	74	EN3	◐	Direct energy consumption by primary source. 63, 65
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3.12	●	73-74	EN5	◐	Energy saved due to conservation and efficiency improvements. 63, 65
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4. Governance, commitments and engagement			EN16	◐	Total direct and indirect greenhouse gas emissions by weight. 63, 65
4.1	●	133-141	EN18	◐	Initiatives to reduce greenhouse gas emissions and reductions achieved. 63-65
4.2	●	135-136	EN23	●	Total number and volume of significant spills. Comment: No significant spills were reported.
4.3	○		EN28	◐	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations. Comment: In 2010 Lantmännen was not fined significant amounts.
4.4	●	12-14, 133-134	EN29	◐	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce. 63-65
4.5	●	78, 136			
4.6	●	12, 52, 134			

Description	Status	See page
Labor practices and decent work		
DMA LA Sustainability management Labor practices and decent work	●	52
LA1 Total workforce by employment type, employment contract, and region.	◐	103
LA7 Rates of injury, occupational diseases, lost days, and absenteeism.	●	57-59, 104
LA12 Percentage of employees receiving regular performance and career development reviews.	●	Annex on website
LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	●	104, 138-141
Human rights		
DMA HR Sustainability management Human rights	●	52
HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	●	51, 60
HR4 Total number of incidents of discrimination and actions taken. Comment: No cases of discrimination were reported.	●	
Society		
DMA EN Sustainability management Society	●	52
FP4 Healthy and affordable food	◐	69-72
S03 Percentage of employees trained in organization's anti-corruption policies and procedures.	●	52
S04 Actions taken in response to incidents of corruption. Comment: No incidents reported.	●	
S05 Public policy positions and participation in public policy development and lobbying.	●	53-54, 62, 67-68
S06 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	●	54
S07 Total number of legal actions for anticompetitive behavior, antitrust, and monopoly practices and their outcomes. Comment: No legal actions were taken against Lantmännen	●	
S08 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations. Comment: In 2010 Lantmännen was not fined significant amounts.	◐	

Description	Status	See page
Product responsibility		
DMA EN Sustainability management Product responsibility	●	52
FP5 Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards.	●	69
PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling. Comment: No non-compliance with regulations or voluntary codes were reported.	●	
PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	◐	70
PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications.	◐	70-71
PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications.	●	71
PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. Comment: We are unaware of any substantiated complaints regarding breaches of customer privacy and losses of customer data.	●	
PR9 Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services. Comment: In 2010 Lantmännen was not fined significant amounts.	●	

About the report

GRI and Global Compact

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

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

Additional reporting information

- The report pertains to 2010, unless stated otherwise.
- The report is annual, and the previous one was completed in February 2010.
- The contact person for the report is Claes Johansson, Head of Sustainable Development. ► claes.johansson@lantmannen.com
- The report refers primarily to the Lantmännen Group, including its Sectors. Associated companies and joint ventures are not included.
- For more indicators, and more extensive descriptions of definitions and results see "Annex Sustainability-related indicators" contained in ► www.lantmannen.com
- Disclosures are regarded as significant for Lantmännen and its stakeholders. The contents of this report were compiled in a process in which the Lantmännen Department for Sustainable Development and internal specialists in various areas determined the content together. Last year's sustainability report was sent out to a substantial number of external stakeholders, including industry representatives, customers, authorities, policymakers, the trade press, et al., to give them the opportunity to voice their views and make comments. Significant issues are also identified by Lantmännen through continuous dialogs with various stakeholders.

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

The income statement shows revenues and costs

The statement of financial position shows assets and liabilities including equity

Change in equity shows the change in equity/net assets

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

Board of Directors' Report 2010

The Board of Directors and President of Lantmännen ek för, Corporate Identity No. 769605-2856, hereby present the Annual Report for the 2010 financial year. The earnings and financial position of the Parent Company and Group are stated in the following income statements and statements of financial position with associated comments and notes.

The Group's business and organization

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

The Lantmännen Group is organized into four customer-oriented divisions.

Lantmännen's basic operations aimed at farmers are conducted through the Agriculture Sector. The Sector encompasses the co-operative operations of the Lantmännen economic association. It also includes the construction and installation activities of Lantmännen Bygglant, the feed operations of Lantmännen Krafft and the Group's international associates in the agricultural sector.

The Machinery Sector operates through three units: Lantmännen Maskin, Swecon and Lantmännen Agro Oil. The Sector trades agricultural machinery, tools and construction equipment in Sweden, the rest of Scandinavia, the Baltics and Germany. Lantmännen Agro Oil markets and sells lubricants and hydraulic oils in the Nordic countries.

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

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

From its basis in the Nordic countries, Lantmännen operates in a total of 18 countries.

-
- Net sales for the Group amounted to MSEK 35,988 (34,978), an increase of 3 percent. Changes in the Group's composition accounts for 1 percentage point.
 - Operating income amounted to MSEK 1,059 (477). Adjusted for items affecting comparability it amounted to MSEK 1,223 (588).
 - Income after financial items totaled MSEK 822 (104). Adjusted for items affecting comparability, earnings amounted to MSEK 946 (215).
 - Net income for the year after tax was MSEK 725 (182).
 - Investments totaled MSEK 1,587 (1,538).
 - Cash flows before financing activities amounted to MSEK 2,692 (2,272).
 - Dividend and final price adjustment: the Board of Directors propose that a total of MSEK 95 (0) be paid in refunds and final price adjustments to members and that MSEK 245 (163) be paid in dividends and contribution issues.
-

Changes in the Group structure

At the beginning of the year, the Energy Sector's lubricant business was transferred to the Machinery Sector and its distillation business to the Agriculture Sector, while administration of the Agrol card was placed under Lantmännen Finans AB.

In the second quarter, Lantmännen increased its holding in Bakehouse, one of the U.K.'s leading suppliers of pastries and specialty breads, from 63 to 100 percent. Lantmännen also acquired a bakery for fast food products in Hungary. Both operations are part of the Food Sector.

During the second quarter, Lantmännen sold Lantmännen Ecobrånse, a biodiesel company in the Energy Sector, to Energigårdarna i Eslöv AB. Lantmännen's and Scans' jointly owned IS/IT company Conagri was sold to Logica, a leading international IT services company. The Park & Mark business area in the Agriculture Sector was sold to Horto Weibull AB.

During the third quarter Lantmännen sold its 51 percent holding in SeedGard AB to the minority shareholder, the Dutch company INCOTEC Holding BV. Lantmännen also sold its holding in Lantmännen SweChick, the Nordic countries' leading supplier of breeding stock for the broiler industry, to Aviagen, the world's largest poultry breeder. SweChick had been part of the Food Sector.

In October, Lantmännen acquired the German company KÖnicke Baumaschinen GmbH & Co. KG. The company is part of the Machinery Sector, which thus increased its presence in the German construction machinery market. As KÖnicke imports and sells Volvo construction machinery in northern Germany, the move complements the Sector's current activities in central Germany. At the time of the acquisition KÖnicke had approximately 200 employees and annual sales of approximately SEK 1.5 billion. An acquisition balance sheet has been prepared but is still preliminary.

The Swedish willow operations were sold in November to Salixenergi Europa AB, while the U.K. willow production company Renewable Fuels Ltd was sold to Coppice Resources Ltd in December. Both entities had been part of the Energy Sector.

Lantmännen's majority stake in the real estate company Tre Skåne was sold to Hemfosa Fastigheter AB in December. Also in December, the minority share in Agrico Nordic AB was sold to the majority owner, the Dutch company Agrico Holding BV. The company, which had been part of the Agriculture Sector, produces and markets seed potatoes in Sweden.

Divestments for the year provided total capital gains of approximately MSEK 20. Total sales of divested operations amounted to just under MSEK 200 in 2010.

Other important events in 2010

The Food Sector closed its bakery in Glostrup, Denmark, with production moved to Unibake's plants in Finland and Germany.

The Agriculture Sector phased out its remaining operations in Lantmännen Solanum and the feed plant in Norrköping.

Lantmännen opened two new feed mills, one for animal feed in Lidköping and one for pet food in Vårgårda. The plants are part of the Agriculture Sector and Food Sector, respectively.

The Machinery Sector received orders from the Swedish Defence Materiel Administration, FMV, for front loaders and excavators totaling MSEK 240.

In August, the Food Sector commenced construction of a bakery factory in Bedford, U.K. The new facility will employ 200 people and is scheduled to come on line in May 2011. In the autumn, a decision was also made to make a capacity-increasing investment in Kronfågel's processing plant in Farre, Denmark.

The Food Sector recalled cake mixes under the Kungsörnen and Amo brands. The recall came amid suspicions that an ingredient in cake mixes sold under the Amo brand in Denmark had triggered an allergic reaction in a few Danish consumers. The ingredient in question is also found in some of Kungsörnen's cake mixes.

In October, the Agriculture Sector presented an action program called ONE Lantmännen Lantbruk in Lantmännen Lantbruk. The program is aimed at creating more customer-focused and profitable operations by having a flatter and clearer organization. The activities of Lantmännen SW Seed

were integrated into Lantbruk Sweden's operations. The action program was implemented in 2010 and will continue in 2011.

The Agriculture Sector has also made decisions to improve the efficiency of grain handling in Sweden. Under the plan, 17 reception sites will be run as seasonal facilities, 18 will be kept open year-round and three will be closed completely.

A decision has also been made to streamline feed operations. The costs of all the adopted measures in the Agriculture Sector negatively affected earnings by MSEK 85 for the year.

At the half-year mark, Lantmännen signed new contracts, replacing previous loan agreements concerning the Group's long-term financing. The new agreements consist partly of a borrowing facility with a group of banks and partly of bilateral loan agreements. Furnished by Danske Bank, Nordea, Swedbank and Handelsbanken and DnB Nor, the borrowing facility has a limit of MSEK 3,000 and falls due during the second quarter of 2013. Bilateral loan agreements totaling MSEK 2,800 have been signed with the Swedish Export Credit Corporation, Danske Bank and Nordea. These loans all fall due during the second quarter of 2015 and are partially guaranteed by the Swedish Export Credits Guarantee Board.

Lantmännen Finans AB transferred all of the company's leasing and hire purchase contracts, totaling around MSEK 1,600, to ML Rental AB, a subsidiary of Swedbank Finans. At the same time, a long-term future partnership was established, the rationale for which is to maintain a high level of service and favorable terms vis-à-vis the machinery companies' customers.

More than 40 properties have been sold, generating capital gains of MSEK 208.

Environmental information

Lantmännen conducts activities requiring permits in 35 plants in Sweden and in 118 plants it has activities requiring notification pursuant to the Swedish Environmental Code. These activities include mills, workshops and factories for manufacturing feeds, ethanol, fuel pellets and food. The environmental impact primarily takes the form of noise, emissions to air and water and temporary storage of hazardous waste. In 2010, Lantmännen Maskin in Norrköping sold licensed chemicals without a permit. The chemicals are used for cleaning milk tanks and milking equipment. Steps have been taken and since the beginning of January 2011 all Lantmännen Maskin sites have been granted the necessary permits. The case is still under investigation.

Production units in other countries adapt their operations, apply if necessary for licenses and report to the authorities in accordance with local laws. For further information about the Group's environmental work, see the Sustainability Report ► pages 49-74

Human resources

The average number of employees in the Lantmännen Group decreased slightly compared to last year, partly as a result of

the ongoing action program, and amounted to 10,350 people (10,552). Of the average number of employees 4,650 (5,051) were employed in Sweden.

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

Among other things, Lantmännen's equal opportunity and diversity policy states that the Group shall safeguard and value the skills, 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 ► pages 56-59

Senior executives

The guidelines for remuneration of senior executives in 2010 are stated in Note 5. The General Meeting adopts remuneration guidelines on the basis of Board proposals. These guidelines govern remuneration concerning fixed salary, pensions, other benefits and severance pay.

Variable salary shall only be paid for performance beyond what can normally be expected. For 2011 the program consists of quantitative and qualitative targets. The quantitative targets represent 75 percent of maximum variable salary and are linked to the economic value operating units add to Lantmännen. This value is calculated by charging operating income to the estimated cost of operating capital, currently 8 percent of average operating capital during the year. The co-operative operations in the Agriculture Sector are not included in the calculation basis for variable salary. The result does not include non-recurring costs and revenues beyond what is contained in the budget. The remainder, 25 percent of maximum variable salary, is linked to individual targets depending on the position held. These can be based on economic as well as more business-oriented assessments. Maximum variable salary that can be paid to Lantmännen's Group Management for 2011 is 30 percent of fixed annual salary. No variable salary is paid when financial targets are not met. No variable salary is paid to the head of the Agriculture Sector.

Research and development

One of Lantmännen's eight core strategies is to create long-term profitability and competitiveness through active research and development to develop its product portfolio.

Lantmännen focuses on different strategies during various periods. One of the areas prioritized right now is research and development, as a key part of the focus area innovations. See section Five focus areas for profitable growth ► page 19, and the processing sections of the Sustainability Report ► pages 66-69

R&D costs for the year were MSEK 307 (318).

Changes to accounting policies

Beginning 2010 Lantmännen will apply International Financial Reporting Standards (IFRS), as adopted by the EU. The accounting policies applied are described in Note 1 to the accounts. Major differences between IFRS and previously applied principles are presented in Note 33 on ► pages 121-123. Under IFRS, the accounting policies applicable on the closing date in 2010 are applied to all of the information presented in this annual report, which is Lantmännen's first IFRS report.

Significant risks and uncertainty factors

The risks in Lantmännen's operations encompass strategic risks associated with trademarks and external regulations, operational risks in business operations and financial risks. The financial risks are described in further detail in Note 22 and a comparison of identifiable risk areas and uncertainty factors is described on ► page 25

Being exposed to risks is part of doing business. Part of the day-to-day work at Lantmännen is to identify and manage risks and prevent and limit potential risks. Risks associated with business trends and long-term planning are primarily handled by Group Management discussion of decisions of a strategic nature followed by Board action and the annual strategic planning process. All units are involved in the strategic process, which ensures that plans and approaches are firmly established. The main risk areas are described below.

Strategic and operating risks

Competitiveness Lantmännen is active in competitive markets that are mature in most cases. Demand is relatively stable at the same time as price competition is strong in the majority of product categories. Lantmännen's ability to increase profitability and returns for its owners requires the Group to defend and strengthen its competitiveness. Success depends on how well the Group succeeds in developing new products while maintaining cost-effective production and the successful expansion of operations.

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. Significant changes in assumptions concerning tariffs, taxes and charges can take place in individual markets and operations.

Brand Risks and sustainability-related risks Lantmännen shall conduct its business in a long-term sustainable manner from an economic, environmental and social perspective. Operations that do not live up to this standard risk damaging the Lantmännen brand and the Group's position in the market in the long run.

Related risk areas are food security, crop production issues and control of purchased raw materials where the presence of GMOs (genetically modified organisms), sludge, commercial fertilizers and crop protection products are obvious risk areas. The same applies

to animal health and animal ethics, along with issues related to the production of animal feed, livestock farming practices and the issue of rapid weight gain in chicken production. The working environments, social conditions and ethics of suppliers are also important for enabling Lantmännen to operate in a long-term, sustainable manner. Compliance with Lantmännen's Code of Conduct, traceability backward in the supply chain, transparency and clear information are key requirements for managing risks.

Contagion Salmonella constitutes a significant risk for Lantmännen, since contamination is constantly present in the surrounding environment. To limit the risk, Lantmännen has an extensive internal control to constantly monitor and prevent salmonella contamination in feed plants and livestock production. Other significant risks such as a breakout of avian flu can materially change the market by reducing demand, lowering the prices of Lantmännen's products.

Prices of commodities and energy Lantmännen is particularly sensitive to fluctuations in the price of grain, soybeans and oilseed rape. Since Lantmännen is a major consumer of energy, energy prices are a major cost item where price increases risk having a negative impact on earnings.

Swedish ethanol production The ethanol factory in Norrköping is highly affected by grain prices and the development of ethanol prices along with policy decisions such as the EU's tariff regulations regarding fuel ethanol.

Insurable risks The Group's operations are exposed to the risk of damage to property and goods by, for example, fire or power outages. Lantmännen has a special Risk Management function whose goal is to minimize the total cost of damages in the Group. This is partly done by continuously developing risk prevention and risk-limiting efforts in operations and partly through Group-wide insurance solutions. Insurable risks are placed with large Swedish and international direct insurance companies and with a Group-owned Captive company that purchases reinsurance in the international reinsurance market.

Financial risks

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

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

High and well-functioning payment readiness is crucial for reducing financial risk. Lantmännen's goal is for there

to be liquidity or credit facilities to an extent that ensures adequate payment readiness. Lantmännen's financial policy regulates liquidity risk by stipulating that guaranteed unused credit facilities and cash resources shall exceed MSEK 1,500. Refinancing risk is limited by having a spread of counterparties and maturity profiles of loans and debts to credit institutions.

On December 31, 2010 Lantmännen's total payment readiness, including cash and bank balances, amounted to MSEK 3,600 (2,639). The average remaining fixed credit period on this date was 8.2 (3.7) years. Financial handling of risk is basically centralized in the Group's Treasury function, which continuously monitors and controls the Group's financial risks. These risks are followed up monthly at meetings of the Group's Risk Committee. The Group's handling of financial risks is centralized to make the most of economies of scale and synergies and to minimize handling risks.

In addition to functioning as the Group's internal bank, the Group's Treasury function is responsible for Group borrowing, currency and interest rate risk management and controls all the Group's commodity, electricity and gas risks. Credit risk in trade receivables is handled through a policy for special credit rating investigations. Lantmännen checks the credit of its customers by collecting information about the financial position of customers from various credit-rating agencies. In some cases the risk of credit losses is limited through credit insurance of certain large trade receivables.

Events after the reporting date

CFO Per Olof Nyman was appointed Executive Vice President on January 1, 2011. On the same date, Håkan Pettersson took over as Senior Vice President & Head of the Machinery Sector, while Carl von Schantz was named Senior Vice President & Head of the Energy Sector.

Outlook

Lantmännen's general assessment is that the economy will strengthen further in 2011 with increasing willingness to invest, especially in Sweden and the other Nordic countries. Meanwhile, the continued strong exchange rate of the Swedish krona is adversely impacting exports. Operations in Lantmännen continue to develop within the five strategic focus areas to achieve profitable growth and returns above the cost of capital. Continuing improvements and cost-savings frees up resources that provide opportunities for future investments and stronger competitiveness. Investments in growth take place in operations that perform above the return target. Operations that have yet to reach the target have to mainly focus on profitability-enhancing measures, or be divested.

The efficiency enhancements already achieved in the three ongoing Group-wide action programs are an important platform on which to build in the years to come. Efforts to

streamline working methods and work in a more customer-oriented manner continue under the Shape project. A final element is to group the organization in fewer premises with less geographical distribution. The process of continuous improvements of the supply chain also continues under the LEAD program. Work so far has concentrated on production processes, but were broadened over the year to cover administrative processes. The successful work on optimizing and reducing the Group's tied-up working capital continues under the Cash Race program.

The development of grain prices is an essential factor for Lantmännen. Developments in 2011 will be impacted by international stock levels and future harvests. World stocks represented 98 days of consumption at the end of 2010 compared to 73 days after the 2007 harvest. With favorable weather and a normal harvest prices are expected to decline in 2011 compared to 2010's relatively high level. Higher prices are expected should conditions deteriorate due to winterkill, late spring planting, drought and cold.

Profitability in Swedish agriculture is very important to Lantmännen's ag-related operations. The low profitability of

pork producers and a trend decline in the number of beef and dairy farms have a negative impact on the Group's sales of feed and grain. Continued streamlining of the operations of the Agriculture Sector will therefore be prioritized in 2011. The ONE Lantmännen Lantbruk action program will continue to run during the year in order to streamline operations and reduce costs for Lantmännen and customers.

Lantmännen's Machinery Sector was hard hit by the recession in the global economy but the recovery in 2010 was especially good in the Swedish operations. Orders for both construction and farm machinery increased. Continued improvement is expected in line with the economy.

Long-term public policy and social conditions have a bearing on the returns of the Energy Sector, which has significant investments in production capacity, including biofuels.

The Food Sector was affected to a limited extent by the recession and also recovered in 2010. A quick cost adjustment was performed, providing a good basis for the upcoming fiscal year. The demand for healthy and wholesome food is expected to grow along with convenient food solutions. Lantmännen enjoys a strong position in these areas.



Group net sales and earnings

Net sales

Lantmännen's net sales during the year amounted to MSEK 35,988 (34,978), an increase of 3 percent. The acquisition of Konicke Baumaschinen in Germany resulted in an increase in sales of just under MSEK 450. Other Group changes had only a marginal effect on net sales. The increase in sales is largely due to increased sales of construction machinery in Sweden, higher sales volumes for grain and fertilizer and a positive sales trend for Kronfågel's Danish operations. Taken together, this more than compensated for currency effects that negatively impacted net sales by 3 percentage points.

Operating income

Lantmännen's operating income for the year amounted to MSEK 1,059 (477). Earnings were affected by items affecting comparability totaling MSEK -164 (-111), of which MSEK 213 (58) related to the sale of properties and operations, MSEK -249 (-24) to write-down of non-current assets and MSEK -128 (-208) to restructuring costs mainly related to the action program in the Agriculture Sector. Adjusted for items affecting comparability, operating income amounted to MSEK 1,223 (588).

All Sectors apart from the Food Sector reported a higher operating income compared with the previous year. The Agriculture and Machinery Sectors achieved the best improvement in earnings. The ongoing Group-wide efficiency improvement programs continued from the previous year, Shape and LEAD, also contributed to the positive earnings trend. Disregarding currency effects, the Food Sector also improved its operating income after adjustment for items affecting comparability.

The Shape program is running according to plan. Measures implemented to date represent annual savings of approximately MSEK 300, corresponding to almost three-quarters of the savings target achieved so far.

Net financial income

The Group's net financial income amounted to MSEK -237 compared with MSEK -373 the previous year. The MSEK 136 improvement is largely due to reduced borrowing following a reduction in tied-up capital in the Group, but is also an effect of lower interest rates than in the previous year. The reduction in tied-up capital is primarily a result of the capital efficiency measures implemented in the Group via the Cash Race project. Net financial income for the year was also positively affected by capital gains of MSEK 40 from the sale of shares.

Tax and net income

Tax expense for the year amounted to MSEK -97 (78), which gives an effective tax rate of 12 percent. The low effective tax is an effect

- Lantmännen's net sales amounted to MSEK 35,988 (34,978).
- The increase in revenues is mainly attributed to higher sales in existing operations along with the acquisition of Konicke Baumaschinen in Germany.
- Operating income increased to MSEK 1,059 (477).
- All Sectors apart from Food reported higher operating income compared with the previous year.
- The Shape program has, so far, resulted in savings of MSEK 300 on an annual basis.

of the capitalization and utilization of previously non-capitalized loss carryforwards. Contribution dividends, refunds and final price adjustments are recognized directly in equity instead of in the income statement, although they are tax deductible and as such have a positive effect on tax recognized in the income statement.

The Group's profit after tax amounted to MSEK 725 (182), of which MSEK 719 (162) refers to members of the economic association and MSEK 6 (20) to non-controlling interests (minority ownership) in the Group's subsidiaries.

Significant items affecting comparability

MSEK	2010	2009
Reported operating income	1,059	477
<i>Items affecting comparability in operating income:</i>		
Capital gains from		
- sale of properties	208	58
- sale of operations, shares	5	-
Impairment of non-current assets, etc.	-249	-24
Restructuring costs, Shape	-	-150
Restructuring costs, other	-128	-58
Other, revaluation effect of stepped acquisition of participations in Bakehouse	-	63
Total items affecting comparability in operating income	-164	-111
Operating income adjusted for items affecting comparability	1,223	588
Reported income after financial items	822	104
Items affecting comparability in operating income according to the above	-164	-111
<i>Items affecting comparability in financial items:</i>		
Capital gains from sale of shares	40	-
Total items affecting comparability in net financial income	40	0
Income after financial items adjusted for items affecting comparability	946	215
Return on equity, excluding items affecting comparability %	7.8	2.2
Return on operating capital, excluding items affecting comparability %	6.5	2.8

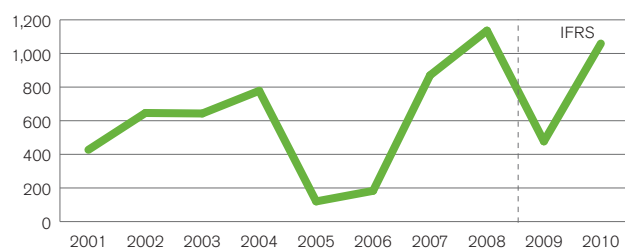
Consolidated income statement

MSEK	Note	2010	2009
Net sales	3 4	35,988	34,978
Other operating income	4	633	718
Change in inventories of finished goods and work in progress		107	12
Capitalized work for own account		2	0
Raw materials and consumables		-13,663	-13,465
Goods for resale		-8,476	-8,080
Employee benefits expense	5	-5,502	-5,851
Depreciation, amortization and impairment	6	-1,565	-1,407
Other operating expenses	7	-6,557	-6,519
Share of income of associates	15	92	91
Operating income	9 10	1,059	477
Finance income	8	194	197
Finance costs	8	-431	-570
Income after financial items	9 10	822	104
Taxes	11	-97	78
Net income for the year		725	182
Net income for the year attributable to:			
Members of the economic association		719	162
Non-controlling interests		6	20

Consolidated statement of comprehensive income

MSEK	2010	2009
Net income for the year	725	182
Other comprehensive income		
Actuarial gains and losses on defined benefit pension plans	169	-53
Available-for-sale financial assets	-22	-5
Cash flow hedges	69	-11
Exchange differences on translation of foreign operations	-770	-264
Net gain on hedge of net investment in foreign operations	431	89
Income tax relating to components of other comprehensive income	-171	-13
Other comprehensive income, net of tax	-294	-257
Total comprehensive income	431	-75
Total comprehensive income attributable to:		
Members of the economic association	425	-92
Non-controlling interests	6	17

The Group's operating income
MSEK



Performance per Sector

	Agriculture Sector		Machinery Sector		Energy Sector		Food Sector		Lantmännen Group	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Net sales	11,111	10,664	8,561	7,129	3,005	3,193	14,484	15,109	35,988	34,978
Operating income	82	-145	206	17	113	94	534	691	1,059	477
Operating income adjusted for items affecting comparability	167	-99	236	64	125	105	784	789	1,223	588
Return on operating capital, %	2.2	-3.4	10.4	0.8	4.7	3.6	5.4	6.4	5.7	2.2
Return on operating capital adjusted for items affecting comparability	4.4	-2.4	12.0	3.1	5.2	4.1	7.9	7.3	6.5	2.8

Agriculture Sector

Net sales in the Agriculture Sector amounted to MSEK 11,111 (10,664), an increase of 4 percent. The positive difference is mainly attributable to Lantmännen Lantbruk's co-operative operations and sharply higher fertilizer sales. The increase was largely the result of the abolition of the fertilizer tax at the turn of 2009/2010, which led to a shift in sales volumes from 2009 to 2010. Lower volumes of grain and Nötfor and lower price levels for grain and fertilizer counteracted the positive sales effect. 459 dairy farms were closed during the year and total milk deliveries fell by 3 percent, which had a negative effect on sales of Nötfor.

Operating income amounted to MSEK 82 (-145). The co-operative operations were mainly responsible for the improvement, as a result of higher sales volumes for fertilizer and seed. This was counteracted somewhat by lower feed and grain volumes. Earnings were also adversely affected by restructuring costs totaling MSEK 85, which mainly comprise costs for the ONE Lantmännen Lantbruk action program launched in the fourth quarter, and the write-down of non-current assets at a number of grain facilities and at the feed plant in Norrköping.

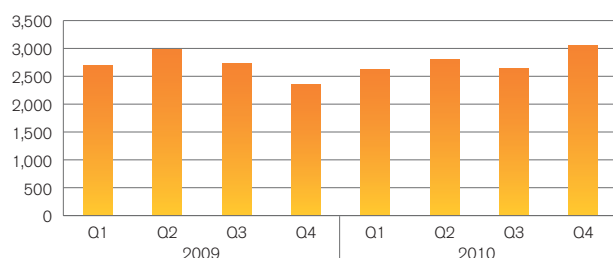
SW Seed's increased license sales in Germany contributed to the higher operating income.

In addition, total earnings for the year from international operations improved compared with the previous year, with HaGe Kiel in particular reporting higher earnings compared with the previous year. Earnings from international operations are reported with a one-month lag and cover the period December 2009 to November 2010.

The earnings of the previous year were negatively impacted by the write-down of fertilizer inventories and downgrading of grain resulting from the poor quality of the harvest totaling MSEK -230.

The aim of the ONE Lantmännen Lantbruk action program is to ensure greater competitiveness and improved profitability into the co-operative operations. Lantbruk Sweden and SW Seed have been merged in the new organization. The organization was introduced as planned on January 1, 2011 and work on the action program continues. It is estimated that planned cost cuts will mean that approximately 60 administrative employees will have to leave the company.

Agriculture Sector, net sales
MSEK



Agriculture-related operations

	Lantbruk's cooperative operations in Agriculture Sector		Lantmännen Maskin in Machinery Sector	
	2010	2009	2010	2009
Net sales	10,110	9,545	4,135	4,071
Operating income	-49	-242	27	-21
Operating income adjusted for items affecting comparability	36	-204	27	-5
Return on operating capital, %	-1.9	-6.9	2.0	-1.6
Return on operating capital, adjusted for items affecting comparability, %	1.4	-5.8	2.0	-0.4

Machinery Sector

Net sales in the Machinery Sector amounted to MSEK 8,561 (7,129), an increase of 20 percent.

Most of the increase in sales is attributable to Swecon, where Swedish operations continue to perform well. The higher sales for Swecon reflect not only a stronger market, but also increasing market shares. Furthermore, the acquisition of Konicke Baumaschinen in Germany boosted sales by just under MSEK 450. The German market is slowly recovering, while the market in the Baltic countries is still weak. The aftermarket, i.e. sales of spare parts and service, was healthy in all of Swecon's markets.

The Swedish and Norwegian operations in Lantmännen Maskin show positive sales growth, while sales in Denmark have fallen sharply in the wake of low market activity resulting from credit constraints. While the overall market for tractors in Sweden and Norway continues to perform positively, the performance in Denmark remains weak.

The new tractor models from Valtra have been well received throughout Scandinavia, and the market shares for Valtra increased in all three markets compared with the previous year. The transfer of the lubricant operations to the Machinery Sector increased sales by MSEK 174 compared with the previous year.

Operating income amounted to MSEK 206 (17). Earnings rose at both Lantmännen Maskin and Swecon. The earnings improvement is primarily a result of lower costs, thanks to an extensive streamlining effort, and of higher sales of construction machinery in Sweden. The lubricant operations also made a positive contribution to earnings.

In Germany, efforts are in progress to integrate Konicke into the existing operations of Swecon Baumaschinen. The integration process will continue during 2011.

Energy Sector

Net sales in the Energy Sector amounted to MSEK 3,005 (3,193), a decrease of 6 percent. The main reason for the decline is that businesses, where sales in 2009 amounted to MSEK 229, were transferred at the turn of 2009/2010 to other units within Lantmännen, including the Machinery Sector. For Lantmännen Agroetanol, net sales grew to MSEK 1,457 (1,389) as a result of sales of ethanol and feed increasing by 20 percent due to higher capacity utilization.

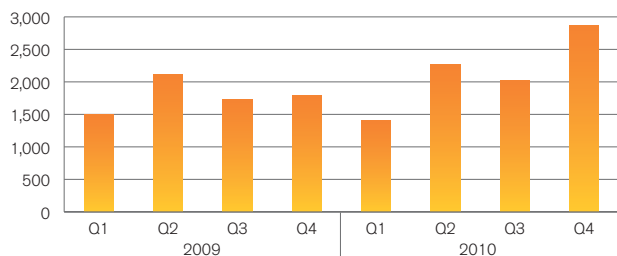
Operating income for the year amounted to MSEK 113 (94). The improved earnings are attributable to Lantmännen Agroetanol, MSEK 4 compared with MSEK -60 the previous year, and to Lantmännen Agroenergi. Lantmännen Agroetanol improved its earnings owing to higher ethanol and feed sales, successful streamlining and a relatively low purchase price for grain. Significant volumes of grain have been delivered on contracts signed before the year's sharp price hikes in the market. The average price of ethanol was virtually unchanged compared to last year in euro terms, but slightly lower than last year in SEK as a result of the stronger Swedish krona.

Lantmännen Agroetanol is highly dependent on the development of ethanol prices and the price of grain. If the liter price of ethanol changes by SEK 1, annual earnings are affected by approximately MSEK 200 at constant prices for inputs and feed. It is estimated that a SEK 0.50 per kilo change in the price of grain will affect earnings by approximately MSEK 185 per year assuming that the price of feed covaries with the price of grain.

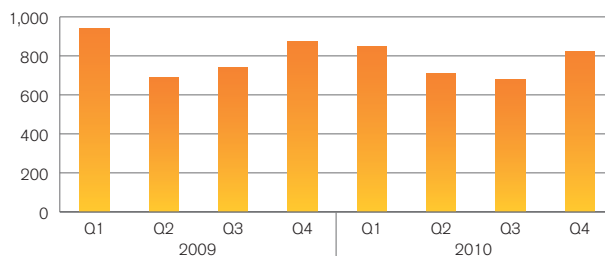
For Lantmännen Agroenergi, the unusually cold winter in Sweden at the beginning and end of the year combined with efficiency measures carried out had a positive impact on earnings.

In the Sector's other operations, Lantmännen Aspen and Lantmännen Reppe, operating income was slightly weaker than last year. In Lantmännen Aspen's case it was mainly due to negative currency effects and for Lantmännen Reppe it was because of lower margins resulting from higher grain prices.

Machinery Sector, net sales
MSEK



Energy Sector, net sales
MSEK



Food Sector

The Food Sector's *net sales* amounted to MSEK 14,484 (15,109), a decrease of 4 percent. Stripped of currency effects, revenues rose by 2 percent.

Lantmännen Kronfågel's net sales rose compared with the previous year in both Sweden and Denmark.

Lantmännen Cerealia's net sales declined 2 percent adjusted for currency effects. In particular, sales fell in Denmark as a result of the changing competitive picture in the bakery and industrial segments. Sales in Sweden also fell, primarily in the food service segment but also to grocery stores. Gooch is seeing steadily increasing sales as a result of the introduction of the concept in a growing number of stores. Thanks to the new production facility in Järna, the number of meals sold increased by 38 percent.

Lantmännen Unibake's net sales fell 9 percent. Adjusted for currency effects, the decrease was 2 percent. In the Danish fresh bread operation, volumes fell for rye bread, and in frozen bread demand has been increasingly focused on low-margin products. In addition, the share of sales to discount chains increased, primarily in Germany, Poland and Scandinavia.

Lantmännen Doggy's sales rose 15 percent, boosted by volume increases not only for Tetra Recart, but also dry food.

Lantmännen Cerealia's acquisition earlier in the year of Sopps, the leading pasta brand in the Norwegian market, has been a success. The same is true of Elsö Pesti in Hungary, a bakery for fast food products in Lantmannen Unibake. Neither of the acquisitions, however, had any significant impact on the Sector's net sales.

Operating income for the Food Sector amounted to MSEK 534 (691). Earnings were impacted by items affecting comparability, including the write-down of Cerealia's mill in Vejle, Denmark by MSEK 192, and were negatively impacted by currency effects. Adjusted for these factors, operating income exceeded that of the previous year.

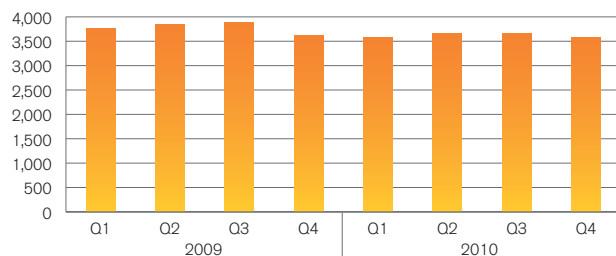
Lantmännen Kronfågel's earnings rose, mainly thanks to increased sales and higher efficiency in Danish production. Earnings increased even adjusted for the glass incident that occurred in 2009 and are estimated to have affected the previous year's earnings by MSEK -70.

Lantmännen Cerealia's operating income fell primarily due to the tough competition in the bakery and industry segment in Denmark.

Stripped of currency effects and items affecting comparability, Lantmännen Unibake's operating income fell, largely due to commodity price increases. Most of the deterioration in earnings occurred at the end of the year.

Despite an increase in sales, Lantmännen Doggy's earnings were in line with the previous year, mainly due to the start-up costs for the new Tetra Recart line.

Food Sector, net sales
MSEK



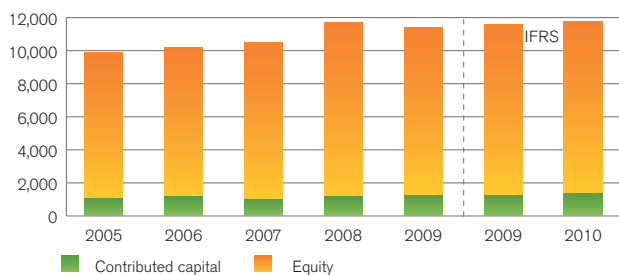
Consolidated statement of financial position

MSEK	Note	2010 Dec 31	2009 Dec 31	2009 Jan 1
ASSETS				
Non-current assets				
Property, plant and equipment	12	9,515	10,451	10,414
Investment properties	13	243	347	300
Goodwill	14	2,779	3,030	2,950
Other intangible assets	14	713	748	778
Investments in associates	15	1,157	1,182	1,167
Non-current financial assets	16	662	1,882	1,852
Deferred tax assets	11	231	469	290
Other non-current assets		44	48	39
Total non-current assets		15,344	18,157	17,790
Current assets				
Inventories	17	5,224	5,646	7,036
Trade receivables and other operating receivables	18	5,417	4,672	6,511
Current interest-bearing assets	19	139	694	655
Current tax assets	11	16	70	86
Cash and cash equivalents	19	869	391	269
Total current assets		11,665	11,473	14,557
Assets, discontinued operations	30	-	-	534
TOTAL ASSETS		27,009	29,630	32,881

MSEK	Note	2010 Dec 31	2009 Dec 31	2009 Jan 1
EQUITY AND LIABILITIES				
Equity				
Member contributions		1,350	1,266	1,157
Other contributed capital		2,090	1,990	1,835
Reserves		-651	-233	-16
Retained earnings		7,601	7,117	7,314
Total equity attributable to members of the economic association		10,390	10,140	10,290
Non-controlling interests		32	85	56
Total equity	20	10,422	10,225	10,346
Non-current liabilities				
Non-current interest-bearing liabilities	21 22	5,096	7,054	8,095
Provisions for pension obligations	23	1,776	1,910	1,757
Deferred tax liabilities	11	100	172	184
Other non-current provisions	24	299	366	451
Other non-current liabilities		49	21	1
Total non-current liabilities		7,320	9,523	10,488
Current liabilities				
Current interest-bearing liabilities	21 22	2,299	3,742	4,586
Trade payables and other operating liabilities	25	6,585	5,908	6,891
Current tax liabilities	11	113	131	45
Current provisions	24	270	101	0
Total current liabilities		9,267	9,882	11,522
Liabilities, discontinued operations	30	-	-	525
TOTAL EQUITY AND LIABILITIES		27,009	29,630	32,881

Contributed capital and equity

MSEK



Equity ratio and net debt/equity ratio

%

Times



- The equity ratio amounted to 38.6% (34.5).
- Return on equity was 7.0% (1.8).
- The Group's average operating capital fell to MSEK 18,756 (21,289).
- The capital turnover rate rose to 1.9 (1.6).

Assets and investments

Total assets amounted at the turn of the year to MSEK 27,009 (29,630). The sale of Lantmännen Finans AB's leasing and hire purchase contracts at the end of June represented a considerable decrease of total assets. Non-current financial assets and current interest-bearing assets decreased by MSEK 1,775, the majority of which was a result of this sale.

The stronger Swedish krona's effect on translation of assets in the Group's foreign operations also caused a decrease in total assets. The value of property, plant and equipment fell by MSEK 1,040 to MSEK 9,758 (10,798). Nearly MSEK 600 of the decrease is due to currency translation effects.

The value of intangible assets decreased by MSEK 286, mainly because the value of goodwill decreased due to exchange rate developments.

Inventories decreased by MSEK 422 partly as a result of continuing capital efficiency programs implemented within the Group.

Group investments in non-current assets amounted to MSEK 1,587 (1,538) during the year. The single largest investment concerned the ongoing establishment of the Danish pastry bakery in Bedford, U.K. Other major investment projects in the Group include an expansion of Reppe's rectified spirits and starch plant in Lidköping and the expansion of the chicken slaughterhouse in Valla.

Liabilities and equity

The Group's equity amounted to MSEK 10,422 (10,225) at year end, of which MSEK 32 (85) refers to minority interests in Group companies, that is, owners other than the members of the economic association. The decrease in the proportion of

equity owned by non-members is mainly due to the acquisition during the year of the minority interest in Bakehouse, a British company in the Food Sector. Net income for the year after tax of MSEK 725 increased equity while dividends paid and above all negative translation differences for foreign operations had a negative effect on equity. Here too, the negative translation differences are an effect of the stronger Swedish krona compared with the previous year-end.

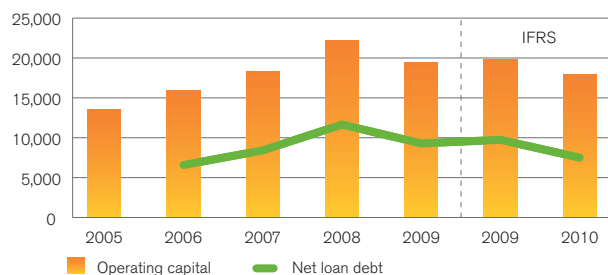
The Group's net loan debt at the end of the year amounted to MSEK 7,501 (9,739). One of the factors behind the decrease is less borrowing attributed to good cash flow from operating activities. The strong Swedish krona has also meant that borrowing in foreign currency decreased in value, thereby also lowering net loan debt.

The Group's available line of credit (payment readiness) is calculated on the basis of Lantmännen's current loan agreements and the terms entered into therein. In June, Lantmännen signed new, long-term credit and loan agreements to replace earlier loan agreements. As of the end of December, payment readiness amounted to MSEK 3,600 (2,639 at the turn of 2009/2010 calculated according to agreements then in force).

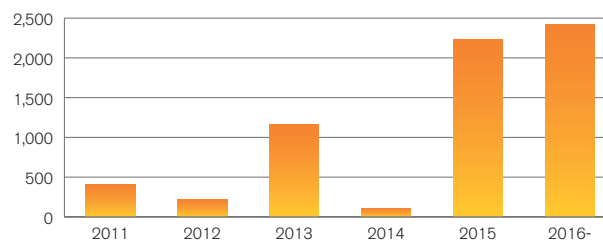
The equity ratio at year-end was 38.6 percent (34.5). About half of the improvement in the equity ratio is attributed to the reduction in total assets following Lantmännen Finans AB's sale of all its leasing and hire purchase contracts.

MSEK	2010	2009
Liabilities to credit institutions	5,193	8,461
Savings and capital accounts, members et al.	1,937	2,048
Pension liabilities	1,776	1,910
Subordinated debentures	56	56
Other interest-bearing liabilities	209	231
Total interest-bearing liabilities	9,171	12,706
Customer financing via		
Lantmännen Finans AB	13	1,623
Other interest-bearing assets	767	835
Short-term investments	382	124
Cash and bank balances	508	385
Total interest-bearing assets	1,670	2,967
The Group's net loan debt	7,501	9,739

Operating capital and net loan debt
MSEK



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

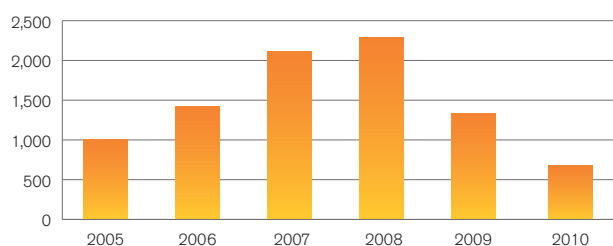


Consolidated statement of cash flows

MSEK	Note	2010	2009
OPERATING ACTIVITIES			
Income after financial items		822	104
Adjustment for items not included in cash flow ¹⁾		1,385	1,080
		2,207	1,184
Paid tax		-76	-46
Cash flow from operating activities before change in working capital	32:1	2,131	1,138
<i>Cash flow from changes in working capital</i>			
Change in inventories		236	1,366
Change in operating receivables		-982	1,901
Change in operating liabilities		772	-850
		26	2,417
Cash flow from operating activities		2,157	3,555
INVESTING ACTIVITIES			
Acquisition of operations	32:2	-225	-172
Divestments of operations	32:3	120	181
Investment in property, plant and equipment	32:4	-1,487	-1,533
Investment in intangible assets		-100	-5
Sales of property, plant and equipment and intangible assets		903	210
Change in financial investments		1,324	36
Cash flow from investing activities		535	-1,283
Cash flow before financing activities		2,692	2,272
FINANCING ACTIVITIES			
Paid-in contributed capital		38	52
Paid-in subordinated debentures		-	56
Refunded capital contribution		-53	-53
Change in loans		-2,093	-2,131
Dividend paid		-72	-65
Cash flow from financing activities		-2,180	-2,141
Cash flow for the year		512	131
Cash and cash equivalents at beginning of year		391	269
Exchange difference in cash and cash equivalents		-34	-9
Cash and cash equivalents at year-end	32:5	869	391
MSEK			
		2010	2009
¹⁾ Adjustment for items not included in cash flow			
Depreciation, amortization and impairment of non-current assets		1,565	1,407
Share of income of associates		-92	-91
Capital gain on the sale of non-current assets and operations		-284	-106
Other items		196	-130
Total		1,385	1,080

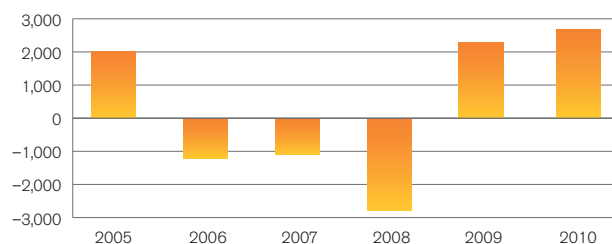
The Group's net investments in property, plant and equipment and intangible assets

MSEK



Cash flow before financing activities

MSEK



- Positive cash flow from operating activities, amounting to MSEK 2,157 (3,555)
- The Group's net investments in non-current assets yielded a negative cash flow of MSEK 684 (1,328)
- Cash flows before financing activities amounted to MSEK 2,692 (2,272).

Cash flow from operating activities

Operating activities during the year provided a positive cash flow of MSEK 2,157 (3,555). The main reason for the positive cash flow in 2010 is the good result from operations before depreciation, amortization and impairment. The strong positive cash flow from operating activities in 2009 was mainly an effect of the capital efficiency measures carried out under the Cash Race project.

Cash flow from investing activities

The disbursements relating to the year's investments in property, plant and equipment and intangible assets amounted to MSEK 1,587 (1,538) at the same time as sales of non-current assets provided a cash inflow of MSEK 903 (210), of which the majority was derived from the sale of properties. In all this yielded a negative cash flow relating to net investments in non-current assets of MSEK 684 (1,328).

Changes in the Group's composition represented a cash flow totaling MSEK -105 (9). The acquisition of new businesses,

mainly the Machinery Sector's purchase of Konicke in Germany and the Food Sector's purchase of the minority interest in Bakehouse, negatively affected the cash flow by MSEK 225 (172). The divestment of operations, mainly the Food Sector's sale of SweChick and the Group's sale of the majority stake in the real estate company Tre Skåne, provided a positive cash flow of MSEK 120 (181). In addition to the purchase prices the amount also includes the change in the Group's borrowing as a direct consequence of the acquisition or divestment.

Interest-bearing receivables and investments declined, yielding a positive cash flow of MSEK 1,324 (36), primarily as an effect of Lantmännen Finans AB's sale of its leasing and hire purchase contracts.

Consequently, total cash flow from investing activities, including investments in non-current assets and businesses, was MSEK 535 (-1,283).

Cash flow from financing activities

Financing activities yielded a negative cash flow of MSEK 2,180 (2,141) mainly due to repayment of borrowings.

Of the MSEK 72 (65) paid out in dividends, MSEK 64 (57) refers to contribution dividends paid out and MSEK 8 (8) to dividends to minority owners of Group companies.

Cash flow for the year

The Group's total cash flow was thus positive, amounting to MSEK 512 (131), and the Group's cash and cash equivalents totaled MSEK 869 (391) at the end of the year.

Consolidated statement of changes in equity

Equity attributable to members of the economic association:													
MSEK	Note	Member contributions		Contributed capital and reserves		Retained earnings		Total equity		Non-controlling interests		Total equity	
		2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Opening balance, January 1		1,266	1,157	1,757	1,819	7,117	7,314	10,140	10,290	85	56	10,225	10,346
Net income for the year		-	-	-	-	719	162	719	162	6	20	725	182
Other comprehensive income, net of tax		-	-	-418	-217	124	-37	-294	-254	-	-3	-294	-257
Total comprehensive income		-	-	-418	-217	843	125	425	-92	6	17	431	-75
Distributions to owners		100	110	100	155	-359	-322	-159	-57	-8	-8	-167	-65
Contributed capital paid in by members		37	52	-	-	-	-	37	52	-	-	37	52
Contributed capital paid out to members		-53	-53	-	-	-	-	-53	-53	-	-	-53	-53
Change in the Group's composition		-	-	-	-	-	-	-	-	-51	20	-51	20
Closing balance, December 31	20	1,350	1,266	1,439	1,757	7,601	7,117	10,390	10,140	32	85	10,422	10,225

For more information about equity see page 94 and Note 20 on page 113.

Equity attributable to members of the economic association, MSEK	2010	2009
Contributed capital, paid in	612	606
Contributed capital, issued	738	660
Other equity	9,040	8,874
Total equity attributable to members of the economic association	10,390	10,140

Parent Company Lantmännen ek för

Organization

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

Number of members

The number of members on December 31, 2010 totaled 36,050 (37,451).

Net sales and operating income

Net sales amounted to MSEK 10,547 (10,130).

Operating income for the year amounted to MSEK -150 (-455). The primary reason for the improved earnings was agriculture operations, mainly as a result of higher sales volumes of fertilizer and seed. This was slightly counteracted by lower feed and grain volumes. Structural costs totaling MSEK 85 (46) were charged against earnings. The restructuring costs for the year consist of costs for the ONE Lantmännen Lantbruk action program and write-down of non-current assets at a number of grain facilities along with the feed plant in Norrköping.

The earnings of the previous year were negatively impacted by the write-down of fertilizer inventories and downgrading of grain resulting from the poor quality of the harvest totaling MSEK -230.

Capital gains from sales of properties were also higher than the previous year and amounted to MSEK 167 compared with MSEK 61 in 2009.

Income after financial items

Income after financial items totaled MSEK 774 (223). Net financial items amounted to MSEK 924 (678). Net financial items include MSEK 404 (153) in foreign exchange gains on loans in currencies other than SEK, owing to the strengthening of the Swedish krona. Currency gains relate primarily to hedging of investments in foreign subsidiaries and are recognized at the consolidated level directly in equity via other comprehensive income. Net financial items for the year also include MSEK 54 (63) in capital gains from the sale of shares and participations, and dividends, primarily from subsidiaries, in the amount of MSEK 485 (487).

Investments

Net investments for the year in non-current assets amounted to MSEK 123 (332). The new feed plant in Lidköping was brought on line during the year.

Equity ratio

The equity ratio at year-end amounted to 41.9 percent (36.6).

Human resources

The average number of employees totaled 1,099 (1,228).

APPROPRIATION OF PROFIT

Refund and final price adjustment

The Board of Directors has decided to pay a 1 percent (0) refund on members' purchases of consumables from Lantmännen ek för and SW Seed and 0.5 percent (0) on members' purchases from the Machinery Sector's Swedish operations. The Board has also decided that a final price adjustment of 1 percent (0) will be paid for delivered grain, oilseeds and grass seed. The refund and final price adjustment will total an estimated MSEK 95 (0). The refund and final price adjustment are recognized directly in equity in the Group.

Contribution dividend

The Board proposes that the Annual General Meeting approve the payment of a contribution dividend of 5 percent (5) on paid-in and issued contributions to direct members, organization members and local associations, a total of MSEK 68 (63).

Contribution issue

The Board proposes that the Annual General Meeting approve a contribution issue of MSEK 177 (100). The issued capital will be distributed as follows: 75 percent based on the members' paid-in and issued contributed capital and 25 percent on the members' 2010 contribution-based turnover with the Association.

In all, the contribution dividend and contribution issue resulted in a return on the contributed capital totaling 18 percent (13) for 2010.

Subordinated debentures

The Board proposes that the Annual General Meeting approve the payment of a 5.5 percent (3) dividend on subordinated debentures, which will amount to MSEK 3 (1).

Proposal for appropriation of profit

The Board of Directors proposes that the Parent Company's unappropriated earnings of TSEK 5,635,654 be allocated in the following manner:

Contribution dividend	TSEK 67,514
Contribution issue	TSEK 177,000
Dividend on subordinated debentures	TSEK 3,092
Provisions for statutory reserve	TSEK 210,000
Carried over to new account	TSEK 5,178,048
Total	TSEK 5,635,654

As a result of the trading in contribution issues, the Board has decided that the date on which the holding entitles the holder to a dividend, in the form of either a contribution dividend or a contribution issue, will be the date of the Annual General Meeting, May 4, 2011.

The dividend is calculated on the basis of the membership roll as updated on December 31, 2010. The contribution dividend and contribution issue amounts may be changed as a result of changes in the membership roll up to May 4, 2011.

The financial statements for 2010 will be presented for a decision at the Annual General Meeting on May 4, 2011.

Parent Company income statement

MSEK	Note	2010	2009
Net sales, external		8,957	8,637
Net sales, intra-Group		1,590	1,493
Net sales, total	34	10,547	10,130
Less excise duties		-11	-84
Change in products in progress, finished goods and work in progress for third party		83	96
Capitalized work for own account		2	0
Other operating income	34	506	374
		11,127	10,516
Operating expenses			
Raw materials and consumables		-5,139	-5,300
Goods for resale		-3,242	-2,897
Other external expenses	35	-1,759	-1,713
Employee benefits expense	5	-898	-910
Depreciation, amortization and impairment of property, plant and equipment and intangible assets		-239	-151
Total operating expenses		-11,277	-10,971
Share of income of associates			
Operating income	36	-150	-455
Income from financial items			
Income from participations in Group companies	37	487	537
Income from participations in associates	37	-5	1
Income from other securities and receivables classified as non-current assets	38	63	12
Interest income from Group companies		273	371
Interest expenses to Group companies		-50	-43
Interest expenses and similar income items	39	156	-200
Total financial items		924	678
Income after financial items	39	774	223
Refund and final price adjustment		-95	-1
Income before tax		679	222
Taxes	40	-35	132
NET INCOME FOR THE YEAR		644	354

Parent Company statement of comprehensive income

MSEK	2010	2009
Net income for the year	644	354
Other comprehensive income		
Group contributions	489	251
Tax effect of Group contributions	-129	-66
Other comprehensive income, net of tax	360	185
Total, comprehensive income for the year	1,004	539

Parent Company statement of cash flows

MSEK	2010	2009
OPERATING ACTIVITIES		
Income after financial items	774	223
Adjustment for items not included in cash flow ¹⁾	194	28
	968	251
Paid tax	0	0
Cash flow from operating activities before change in working capital²⁾	968	251
Cash flow from changes in working capital		
Change in inventories	211	691
Change in operating receivables	1,757	780
Change in operating liabilities	1,034	-929
	3,002	542
Cash flow from operating activities	3,970	793
INVESTING ACTIVITIES		
Investment in intangible assets	0	-3
Investment in property, plant and equipment	-144	-329
Sales of intangible assets and property, plant and equipment	552	160
Changes in non-current financial assets	-1,009	434
Cash flow from investing activities	-601	262
FINANCING ACTIVITIES		
Paid-in contributed capital	37	52
Paid-in subordinated debentures	-	56
Refunded capital contribution	-53	-53
Change in loans	-2,986	-1,048
Dividend paid	-64	-57
Cash flow from financing activities	-3,066	-1,050
Cash flow for the year	303	5
Cash and cash equivalents at beginning of year	83	78
Cash and cash equivalents at year-end³⁾	386	83
¹⁾ Adjustment for items not included in cash flow		
Depreciation, amortization and impairment of non-current assets	239	151
Capital gain on the sale of non-current assets and operations	-219	-123
Reversal of provision	174	-
Total	194	28
²⁾ Interest paid and dividends received		
Dividends received	484	488
Interest received	78	371
Interest paid	-294	-243
Total	268	616
³⁾ Cash and cash equivalents		
Cash and bank balances	211	83
Short-term investments with a maturity less than 3 months	175	0
Total	386	83

Parent Company statement of financial position

MSEK	Note	2010	2009
ASSETS			
Non-current assets			
Intangible assets			
Intangible assets	41	165	188
		165	188
Property, plant and equipment			
Land and buildings	42	234	236
Investment properties	43	90	443
Equipment and other plant and machinery		623	575
Other property, plant and equipment		109	266
		1,056	1,520
Non-current financial assets			
Participations in Group companies	44	6,757	5,621
Participations in associates	15	851	820
Receivables from Group companies		125	178
Receivables from associates		2	24
Other non-current financial assets		285	307
Deferred tax assets	40	133	297
Other non-current assets		10	12
		8,163	7,259
Total non-current assets		9,384	8,967
Current assets			
Inventories	45	1,830	2,041
Trade receivables		1,699	1,245
Receivables from Group companies		8,746	10,321
Receivables from associates		7	81
Other current receivables		74	38
Prepaid expenses and accrued income	46	207	234
		12,563	13,960
Short-term investments		175	0
Cash and bank balances		211	83
Total current assets		12,949	14,043
TOTAL ASSETS		22,333	23,010

MSEK	Note	2010	2009
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Member contributions		1,350	1,266
Subordinated debentures		56	56
Restricted reserves		2,090	1,990
		3,496	3,312
Non-restricted equity			
Non-restricted reserves, retained earnings		4,991	4,541
Net income for the year		644	354
		5,635	4,895
Total equity		9,131	8,207
Untaxed reserves			
	47	311	311
Provisions			
Provisions for pensions	48	736	731
Other provisions	49	247	177
Total provisions		983	908
Non-current liabilities			
Non-current liabilities to credit institutions		4,743	6,628
Other non-current liabilities		49	40
Total non-current liabilities		4,792	6,668
Current liabilities			
Current liabilities to credit institutions		0	1,110
Trade payables		1,653	1,304
Liabilities to Group companies		3,542	2,511
Other current liabilities	50	1,501	1,348
Accrued expenses and prepaid income	51	420	643
Total non-current liabilities		7,116	6,916
TOTAL EQUITY AND LIABILITIES		22,333	23,010
Pledged assets			
	52	453	934
Contingent liabilities			
	52	973	1,460

Parent Company statement of changes in equity

MSEK	Contributed capital	Subordinated debentures	Restricted reserves	Non-restricted equity	Total equity
Equity December 31, 2008	1,157		1,835	4,678	7,670
Net income for the year				354	354
Other comprehensive income, net of tax				185	185
Total comprehensive income for the year				539	539
Contribution dividend paid				-57	-57
Contributed capital paid in by members	52				52
Contributed capital paid out to members	-53				-53
Appropriation of profit	110		155	-265	0
Contributed capital through subordinated debentures		56			56
Equity December 31, 2009	1,266	56	1,990	4,895	8,207
Net income for the year				644	644
Other comprehensive income, net of tax				360	360
Total comprehensive income for the year				1,004	1,004
Contribution dividend paid				-64	-64
Contributed capital paid in by members	37				37
Contributed capital paid out to members	-53				-53
Appropriation of profit	100		100	-200	0
Equity December 31, 2010	1,350	56	2,090	5,635	9,131

Of the contributed capital paid out MSEK 13 (25) refers to refunds resulting from changed assumptions relating to the obligation of members to invest in the association, excess contributions, while MSEK 40 (28) refers to refunds to members who have left the association.

In 2011, an estimated MSEK 44 in contributed capital will be refunded to members. MSEK 43 refers to refunds to members who have left the association and MSEK 1 to refunds to members resulting from changed assumptions relating to the obligation of members to invest in the association.

The yet unmet obligation of members to invest in Lantmännen pursuant to the association's Articles of Association amounted at December 31, 2010 to MSEK 692.

Contributed capital, MSEK	2010	2009
Paid-in contributed capital	612	606
Issued contributed capital	738	660
Total	1,350	1,266

Outstanding subordinated debentures run until December 30, 2014.

Notes to the consolidated financial statements

Amounts in MSEK unless otherwise stated.

Lantmännen ek för conducts its operations as a co-operative economic association and is headquartered in Stockholm, Sweden. The address of the main office is S:t Göransgatan 160 A. Lantmännen's ek för's corporate identity number is 769605-2856. The operations of the Lantmännen Group are described in the Board of Directors' report and in Note 3, Segment reporting. The Group's and the Parent Company's financial statements for 2010 will be adopted by the Annual General Meeting on the 4th of May 2011.

NOTE 1 ACCOUNTING POLICIES

The principal accounting policies applied in preparing this annual report are summarized in this note. The same policies are normally applied to both the Parent Company and the Group. Parent Company policies that differ from those of the Group are described under separate headings.

BASIS OF PREPARATION

Lantmännen's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Annual Accounts Act. IFRS includes International Accounting Standards (IAS) and interpretations of standards known as IFRIC and SIC. In addition to the Annual Accounts Act and IFRS the following recommendation of the Swedish Financial Reporting Board has also been applied: RFR 1, Supplementary Accounting Rules for Groups.

The Parent Company's annual financial statements have been prepared in accordance with the Annual Accounts Act and Swedish Financial Reporting Board recommendation RFR 2, Accounting for Legal Entities.

The 2010 consolidated financial statements are the first consolidated financial statements Lantmännen has prepared in accordance with IFRS. In accordance with IFRS 1 "First time adoption of IFRS" the policies in place at December 31, 2010 were applied in the preparation of financial statements for all periods included in the actual consolidated financial statements, that is, the opening balance for January 1, 2009 and all information regarding 2009 and 2010. Additional information relating to the balance sheet of January 1, 2009 has been disclosed only to the extent Note 33 and the 2009 annual financial statements together do not provide sufficient information. Some of the relief rules contained in IFRS 1 have been applied. A description of the applied relief rules, more significant differences with previous accounting policies and the quantitative effects of the transition are presented in Note 33 on ► pages 121-123

Lantmännen applies the cost method for measuring assets and liabilities except for the categories concerning available-for-sale financial assets, derivative instruments, and financial assets and liabilities measured at fair value in profit or loss. These financial assets and liabilities are not measured at fair value in the Parent Company. Non-current assets and non-current liabilities essentially consist only of amounts expected to be recovered or paid after more than twelve months reckoned from the closing date. Current assets and current liabilities essentially consist only of amounts that are expected to be recovered or paid within twelve months reckoned from the closing date.

New standards, amendments and interpretations adopted by the EU but not yet in force and not early adopted

IAS 24 Related Party Disclosures (revised)

Will be applied from 2011 and clarifies the definition of related parties.

The consolidated accounts are not affected by these changes.

New standards, amendments and interpretations that have been published by the IASB but are either not yet in force or adopted by the EU

IFRS 9, Financial Instruments: Recognition and Measurement

This standard is part of a complete revision of the existing standard IAS 39. While there is no timetable for EU approval, IFRS 9 is likely to apply no earlier than 2013.

Pending the completion of all parts of the standard, the Group has not assessed the effects of the new standard.

IFRS 7, Financial Instruments: Disclosures – revised

This change means that additional quantitative and qualitative information shall be disclosed upon derecognition of financial instruments.

The change is currently not expected to have any impact on the consolidated financial statements.

APPLICATION OF ASSUMPTIONS, JUDGMENTS AND ESTIMATES

To be able to prepare the financial statements in accordance with IFRS, estimates and assumptions must be made that affect reported assets and liabilities and income and expenses as well as other information disclosed. Actual outcome may differ from these estimates. The areas where estimates and assumptions have the greatest impact on carrying amounts are described further in Note 2.

JUDGMENTS IN THE APPLICATION OF ACCOUNTING POLICIES

Contributed capital in an economic association is refunded when the member leaves the association. Based on the rules contained in IAS 32 that are applicable to the contributed capital of co-operative enterprises, Lantmännen, on the basis of the conditions that apply to capital contributions in accordance with its Articles of Association, has made the judgment that the association's contributed capital shall be treated as equity in the consolidated financial statements.

Lantmännen has furthermore made the judgment that the refunds and final price adjustments payable to members, and which depend on the association's performance, shall be considered dividends in the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

The Group's financial statements comprise the financial statements for the Parent Company and all Group entities in accordance with the definitions below. A Group entity is consolidated as of the date the Group has control, or for associates, significant influence over the enterprise, and divested Group entities are included in the consolidated financial statements up to and including the date the Group still has control, or for associates, has significant influence over the enterprise.

Subsidiaries

Subsidiaries refer to the companies in which Lantmännen, directly or indirectly, holds or controls more than 50 percent of the votes or otherwise exercises control.

The consolidated financial statements are prepared according to the purchase method. The cost of the participations in the subsidiary is the amount of cash and the fair value of a different form of consideration paid for the participations. The value of the acquired net asset, the equity in the company, is determined by measuring acquired assets and liabilities and contingent liabilities at their fair value on the date of acquisition. Those fair values constitute the Group's cost. If the cost of the participations in the subsidiary exceeds the fair value in the acquired company's identifiable net assets, the difference is recognized as consolidated goodwill. Whether a minority's share of goodwill should be measured and included as an asset is determined for each acquisition. If the cost is less than the final fair value of the net assets the difference is recognized directly in the income statement.

All intra-Group transactions, including receivables and liabilities, income and expenses as well as unrealized earnings, are eliminated in their entirety.

Note 1 continued

Associates

Associates are companies where Lantmännen has a significant but not controlling, influence. This is normally the case when the Group holds between 20 and 50 percent of the voting rights.

Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. Measurement of acquired assets and liabilities is performed in the same manner as for subsidiaries and the carrying amount for associates includes any goodwill and other Group adjustments. The Group's share of the income after tax which arose in the associate after the acquisition, adjusted for any depreciation/reversals of the consolidated value, is reported on a line in the income statement and is included in operating income. The share of income is calculated on the basis of Lantmännen's share of equity in the associate. The equity method means that the consolidated carrying value of participations in associates corresponds to the Group's share of the equity of associates with the addition of any residual consolidated surplus and deficit values.

Unrealized gains and losses that do not involve an impairment loss are eliminated in proportion to the Group's investment in the associate.

Joint ventures

Companies in which Lantmännen together with other parties have contractual joint control over the entity known as a joint venture are recognized according to the equity method the same way as associates.

Minority interest, non-controlling interest

The minority interest's share of a subsidiary's net assets is recognized as a separate item in consolidated equity. In the consolidated income statement, the minority's share is included in accounting profit and information is disclosed about the amount in connection with the accounting profit. Transactions with minority shareholders are recorded as transactions within equity. Any difference between the minority's share of equity and paid or received consideration is recognized directly as a change in equity attributable to the Parent Company's owners.

With each acquisition, Lantmännen assesses whether the minority's share of equity should be measured at fair value or as a proportion of identifiable net assets.

Translation of foreign Group entities

Statements of financial position and income statements for all Group entities whose functional currency is not the presentation currency are translated into the Group's presentation currency using the following procedures:

- Assets and liabilities are translated at the closing rate of each reporting date reported in the statement of financial position.
- Revenues and expenses are translated at the average rate for each year reported in the income statement and statement of comprehensive income.
- All translation differences that arise are recognized as a separate item under other comprehensive income in the statement of comprehensive income.

In cases where net investments in foreign operations are hedged with financial instruments the foreign exchange differences arising on translation of these instruments are also recognized in the statement of comprehensive income.

When a foreign operation is disposed of, the cumulative translation differences and exchange differences of any financial instruments held for hedging the net investment in the company are recognized as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign operation and translated according to the same principles as the operation.

Parent Company

The Parent Company recognizes all investments in Group entities, associates and joint ventures at cost, adjusted where applicable by accumulated impairment losses.

TRANSACTIONS AND BALANCE SHEET ITEMS IN FOREIGN CURRENCY

The various units within the Group report in the currency used in the economic environment in which the respective entity mainly operates, the functional currency. The consolidated financial statements are prepared in Swedish kronor (SEK), which is the Parent Company's functional and presentation currency.

Transactions in foreign currencies are translated into functional currency using the exchange rates prevailing at the transaction date.

Receivables and liabilities in foreign currency are remeasured at closing-date rates at the end of each reporting period. Exchange differences arising on such remeasurement, and upon payment of the transaction, are recognized in the income statement. However, exchange differences arising on remeasurement of items that are hedging transactions, and that qualify for hedge accounting, are recognized in other comprehensive income. Gains and losses on operating receivables and liabilities are netted and reported within operating income. Gains and losses on borrowings and financial investments are reported as financial items.

Exchange differences on receivables which represent an extended investment in subsidiaries are recognized through other comprehensive income in the same manner as translation differences relating to investments in foreign subsidiaries.

SEGMENT REPORTING

Reported operating segments are consistent with the internal reporting provided to the chief operating decision maker, who is the person that allocates resources and evaluates the results of the operating segments. In Lantmännen this function has been identified as the President, who on behalf of the Board, attends to day-to-day management and governance.

The business segments are consistent with the Group's operational structure in which activities are divided into Sectors. The Sectors are organized around different types of products and services. The four Sectors are Agriculture, Machinery, Energy and Food. Activities not included in a Sector, mainly corporate functions, are reported as Other operations. A further description of the operating segments is set out in Note 3 on [pages 101-103](#)

The Sectors are responsible for their operating income and the assets and liabilities used in their own operations, the operating capital. Financial items and taxes are not within the Sectors' responsibility but are reported centrally for the Group. The same accounting policies are used by the Sectors and the Group. However, accounting for pensions under IAS 19 and financial instruments under IAS 39 is only done at the Group instead of Sector level.

Transactions between Sectors, segments, and also with other operations are carried out on commercial terms.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recognized at cost after deduction for accumulated depreciation and any accumulated impairment. Cost includes expenditure that can be directly attributed to the acquisition of the asset, including the effect of cash flow hedges relating to investment purchases in foreign currencies. Start-up and pre-production costs that are necessary for bringing the asset to its predetermined condition are included in the cost. For major investments, in which the total investment value is at least MSEK 100 and the investment period lasts at least 6 months, interest during construction is included in the cost of the asset.

Subsequent expenditure on property, plant and equipment increases the cost only if it is probable that the Group will have future economic benefit from the subsequent expenditure. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

Investment properties

Investment properties are recognized at cost after deduction for accumulated depreciation and any accumulated impairment. The fair value of investment properties is provided as supplemental information, see Notes 13 and 43. In the Group, properties where more than 90 percent is rented to entities other than Group entities are classified as investment properties. In the Parent Company, properties are classified as investment properties when more than 90 percent is rented to other entities. Parent Company investment properties with Group companies as tenants are reported as operating properties on a consolidated basis.

Depreciation policies for property, plant and equipment

Land is assumed to have an indefinite useful life and is therefore not depreciated. Depreciation of other property, plant and equipment is based on cost less estimated residual value. Depreciation is straight-line over the asset's estimated useful life. Each part of a larger item of property, plant and equipment with a cost that is significant in relation to the asset's total cost and a useful life significantly different from the rest of the asset, is depreciated separately.

The assets' residual values and useful lives are tested at least annually and adjusted as necessary.

Note 1 continued

The following depreciation schedules are applied:

Buildings	14–100 years
Grain elevators	10–33 years
Property fixtures	10–25 years
Equipment and other plant and machinery	50–20 years
Equipment, tools	5–15 years
Vehicles	5–10 years
Office equipment	3–10 years

INTANGIBLE ASSETS

An intangible asset is recognized when the asset is identifiable, the Group controls the asset, and it is expected to yield future financial benefits. Intangible assets such as goodwill, trademarks and customer relationships are identified and measured normally in connection with business combinations. Expenditures on internally generated trademarks, customer relationships and internally generated goodwill are recognized in the income statement as an expense when they are incurred.

Goodwill

Goodwill is the amount by which the acquisition price exceeds the fair value of the net assets acquired by the Group in conjunction with a business combination. The value of the goodwill is allocated to the cash-generating units of an operating segment that is expected to benefit from the acquisition that gave rise to the goodwill. Goodwill is carried at cost less accumulated impairment losses and is tested annually for impairment.

Goodwill arising on acquisition of associates is included in the carrying amount of the associate and is tested for impairment as part of the value of the total investment in the associate.

The reported gain or loss from the disposal of a group entity includes the remaining carrying amount of the goodwill attributable to the disposed of entity.

Trademarks

The value of trademarks is carried at cost less any accumulated amortization and accumulated impairment losses. Trademarks with an indefinite useful life are not amortized but are tested annually for impairment in the same manner as goodwill. Trademarks Lantmännen intends to continue using for the foreseeable future and that have a cost of at least MSEK 10 are classified as trademarks with an indefinite useful life.

The Relief from Royalty Method is used to measure trademarks identified in a business combination.

Trademarks with limited useful lives are amortized on a straight-line basis over their expected useful life, which varies between 5 to 10 years.

Customer relationships

Intangible assets in the form of customer relationships are identified in connection with business combinations. The value of customer relationships is estimated according to Multi-Period Excess Earning Method and carried at cost less accumulated amortization and accumulated impairment losses.

At present, customer relationships are considered to have a useful life of 7 years.

Research and development

Expenditure on research is recognized as an expense in the period in which it is incurred. Expenditure on development is recognized as an intangible asset only if it is technically and financially possible to complete the asset, it is expected to provide future economic benefits and the cost of the asset can be measured reliably. In respect of development of seed grain, this means that costs cannot be capitalized until an official variety test has shown potential success for the variety. With regard to the development of fuels, costs are capitalized only after the product can demonstrate technical acceptance and commercial potential and political decisions have been made. Currently, this means that all expenditure on the development of commercial products and the like is expensed as incurred. Expenditure on development of business-related IS/IT systems is capitalized if the general preconditions according to the above are met and the total expenditure is estimated to exceed MSEK 3.

Capitalized expenditure is amortized on a straight-line basis over the estimated useful life of 5 to 10 years.

Other intangible assets

Intangible assets also include patents, licenses and other rights. The assets are carried at cost less accumulated amortization and impairment losses. Amortization is straight-line over the expected useful life of the asset, which is estimated at 5–10 years.

Subsequent expenditure on other intangible assets increases the cost only if it is likely that the Group will have future economic benefit from the subsequent expenditure. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

IMPAIRMENT LOSSES

Intangible assets with an indefinite useful life are not amortized but are tested for impairment annually or more frequently if there is an indication of impairment. The carrying values of assets that are amortized are tested on a continuous basis. At the end of each reporting period an assessment is made as to whether there is any indication that the value of the assets has been reduced so that there is a need to test for impairment. The asset's recoverable amount is estimated for these assets and assets with indefinite useful lives. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. An impairment loss is recognized if the recoverable value is less than the carrying amount. A previously recognized impairment loss is reversed if the reasons for the earlier impairment no longer exist. However, the amount of the reversal cannot be greater than what the book value would have been if impairment had not been recognized in previous years. Impairment of goodwill is never reversed.

For an asset that depends on other assets generating cash flows, the value in use of the smallest cash-generating unit to which the asset belongs is estimated. Goodwill is always allocated to the cash-generating units that benefit from the acquisition that generated the goodwill.

An asset's value in use is considered to be the present value of the estimated future cash flows that are expected from using the asset and its estimated residual value at the end of its useful life. When calculating the value in use, future cash flows are discounted at an interest rate before tax intended to take into account a market assessment of risk-free interest rates and risk involved with the specific asset. In Lantmännen the risk premium is estimated in relation to the proximity of the operation to the farmer. Operations close to the farmer have a lower risk premium level.

INVENTORIES

Inventories are measured at the lower of cost and net realizable value at the reporting date. The cost is estimated by applying the FIFO method (First In/First Out) or weighted average prices. The cost of self-produced goods includes raw materials, direct wages, other direct costs and production-related overhead costs, based on normal production capacity. Borrowing costs are not included in the measurement of inventories. Net realizable value is the estimated selling price in operating activities less the estimated costs to complete and sell the product.

For recognition of grain stocks, see also "Revenue recognition grain" on [page 100](#)

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 contract's stage of completion. The stage of completion is determined on the basis of contract costs expended in relation to the total calculated contract costs for the contract. Expected losses are expensed immediately.

FINANCIAL ASSETS AND LIABILITIES – FINANCIAL INSTRUMENTS

All financial instruments recognized in the statement of financial position include, on the asset side, cash and cash equivalents, trade receivables, shares and other equity instruments, loan receivables, other interest-bearing instruments and derivatives. Financial liabilities include trade payables, loans and derivatives. Derivative instruments include forward contracts, futures and swaps used primarily to cover risks relating to exchange rate and commodity price fluctuations and exposure to interest-rate risks. Derivative instruments are recognized in the statement of financial position when agreements are made. Trade receivable are recognized in the statement of financial position when the invoice has been issued. Trade payables are recognized when an invoice is received. Other financial assets and financial

Note 1 continued

liabilities are recognized in the statement of financial position on the settlement date. A financial asset or part of the asset is derecognized on the settlement date or when it expires. A financial liability or part of a financial liability is derecognized on the settlement date or when it is extinguished in another manner.

Classification of financial instruments

Measurement depends on how the financial instrument is classified. Classification takes place at the time the transaction is carried out. Lantmännen classifies its financial instruments in the following categories:

Financial assets measured at fair value via the income statement

A financial asset is assigned to this category if it is held for trading. Derivative instruments with a positive market value are assigned to this category if they have not been identified as hedging transactions. Changes in value in this category are recognized in profit or loss.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets in this category are carried at amortized cost and are subject to impairment tests.

Impairment of a financial asset takes place if events occur that provide evidence that the future cash flows from the asset will be adversely affected. Impairment testing of, for example, trade receivables is based on an individual assessment of bad debts and current counterpart.

Available-for-sale financial assets

A financial asset that has not been classified in any of the above categories and is not a derivative instrument is included in this category. Financial assets are carried at fair value, and the change in value is recognized via "Other comprehensive income" in equity until the asset is sold, unless an impairment loss requires a change in value to be reclassified to profit or loss beforehand.

Financial liabilities measured at fair value via the income statement.

Derivative instruments with a negative fair value are assigned to this category, unless the instrument has been identified as a hedging transaction. Changes in the value of these instruments are recognized in profit or loss.

Other liabilities

This category includes all liabilities except for derivative instruments and are carried at amortized cost.

Derivatives used in hedge accounting

This category includes derivatives used in hedge accounting in accordance with what is described in the Derivative instrument and hedge accounting paragraph.

Non-current financial assets

Equities and interest-bearing securities acquired for permanent use in operations are classified as non-current financial assets. The equities are included in the available-for-sale financial assets category. Interest-bearing securities are included in the loans and receivables category.

Trade receivables

Trade receivables are included in the loans and receivables category and are recognized at the amount expected to be paid in based on an individual assessment of doubtful trade receivables.

Short-term investments

Short-term investments mainly include short-term investments in banks with a maturity exceeding 3 months at acquisition but 12 months at the most or, alternatively, instruments that are directly tradable on the market. Short-term investments are included in the loans and receivables category.

Cash and cash equivalents

Cash and cash equivalents comprise cash, immediately available bank deposits as well as other money market instruments with an original maturity less than three months and are included in the loans and receivables category.

Interest-bearing liabilities

Interest-bearing liabilities include mainly loans from credit institutions and members. Also included are deposits from the public in Lantmännen Finans AB.

Interest-bearing loans are initially recognized at cost corresponding to the fair value of the performance received. The transaction costs are amortized over the term of the loan. These liabilities are included in the category other liabilities.

DERIVATIVE INSTRUMENTS AND HEDGE ACCOUNTING

Holdings of financial derivative instruments comprise interest rate and currency swaps, currency forward contracts, commodity derivatives and electricity derivatives.

Derivative instruments are carried at fair value and the result of the remeasurement affects the income statement when the derivative does not qualify for hedge accounting. Hedge accounting may be applied if certain criteria are met with regard to documentation of the hedge relationship and the hedge effectiveness. Most of the derivative contracts used at Lantmännen have been entered into to hedge risks such as currency risk.

The majority of the derivative instruments held by Lantmännen represent hedging instruments that qualify for hedge accounting. Financial derivative instruments that are hedging instruments hedge either an asset or a liability, a net investment in foreign operations or are a hedge of an actual or forecast transaction.

IAS 39 defines three different hedging relationships: cash flow hedges, hedging of net investments and fair value hedges. Lantmännen currently applies only cash flow hedging and hedging of net investments.

A cash flow hedge is a hedge held to reduce the risk of an impact on profit or loss from changes in cash flow relating to a highly probable forecast future transaction or in transactions associated with an asset or liability. In cash flow hedge accounting, the change in the derivative instrument's fair value is recognized in equity via "other comprehensive income." When the hedged position is recognized in profit or loss, the result of the remeasurement of the derivative instrument is also transferred to profit or loss.

Cash flow hedging using various types of derivative instruments is applied to currency and commodity price risks in commercial flows, electricity price risks and interest rate risks in the debt portfolio.

Hedging of net investments refers to hedges held to reduce the effect of changes in the value of a net investment in a foreign operation owing to a change in foreign exchange rates. Foreign currency gains or losses arising from remeasurement of the fair value of the instruments used for these hedges are recognized in equity via "other comprehensive income." The result is reclassified from equity to profit or loss upon disposal of the foreign operation.

Net investments are currently hedged only by borrowing and funding swaps in the corresponding foreign currency.

Currency risk

Currency derivatives are entered into with the aim of limiting the impact of short-term currency movements on Lantmännen's earnings and financial position. The basis for Lantmännen's financial policy is that the currency is part of the pricing and shall therefore be hedged by no later than when agreements are entered into with customers.

Interest rate risk

Interest rate derivatives are used for the purpose of changing the fixed-rate interest period of underlying financial assets and liabilities. Interest rate swaps are used to hedge against interest rate risks. Amounts that are to be paid or received according to the interest rate swap agreement are recognized on an ongoing basis as interest income or interest expense.

Commodity price risk

Commodity derivatives are used for the purpose of reducing earnings fluctuations caused by variations in the price of commodities, particularly wheat, malting barley, oilseed rape and soybeans. Hedge accounting is applied, which means that the effect of the hedge is recognized in the income statement in the same period as the underlying transaction.

Electricity price risk

Electricity derivatives are entered into to increase the predictability of costs, thereby reducing earnings volatility and the need for changes in prices to customers caused by fluctuations in the price of electricity.

*Note 1 continued***Ethanol price risk**

Ethanol derivatives are used for the purpose of reducing earnings volatility caused by variations in the price of ethanol. The ability to hedge price risk through derivatives in the ethanol market is limited because of limited liquidity in the ethanol derivatives market. Financial hedging therefore also takes place through regular sales to the majority of counterparties. Ethanol is priced in EUR or USD. The basis for the Group's financial policy is that the currency is part of the transaction's pricing and shall therefore be hedged by no later than when agreements are established.

Determination of fair value

Lantmännen's financial instruments are mostly priced in the official markets and measurement is done using official market prices or is derived from the quoted market prices. This applies, for instance, to commodity futures and energy derivatives.

For unlisted financial instruments, or if the market for a certain financial asset is inactive, the value is determined through the application of generally accepted valuation techniques, whereby the Group makes assumptions based on market conditions prevailing at the reporting date. The fair value of forward exchange contracts and currency swaps is estimated based on current forward rates at the reporting date, while interest rate swaps are valued using estimates of future discounted cash flows. Market rates form the basis for estimating the fair value of long-term borrowings.

Where an official market price is not available, the valuation is done by an analysis of underlying assets and liabilities according to generally accepted valuation models.

Parent Company

In the Parent Company financial instruments are accounted for using the cost method.

PROVISIONS

Provisions are recognized when Lantmännen has a legal or constructive obligation as a result of past events and it is probable that payments will be required to settle the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. For long-term significant amounts, a present value computation is performed to take the timing aspect into consideration. Provisions for warranty obligations are made and estimated on the basis of previous years' warranty costs and an assessment of the future warranty risk. Provisions are made when the product or service has been sold. Provisions for restructuring measures are made when a detailed, formal plan for measures is in place and well-founded expectations have been created for those who will be affected by the measures. No provisions are made for future operating losses.

EMPLOYEE BENEFITS**Pensions**

Lantmännen has both defined contribution and defined benefit pension plans, whereof a few are funded.

In defined contribution plans the company pays fixed contributions to a separate legal entity and has no obligation to pay further contributions. The costs for these plans are charged to consolidated profit as the benefits are earned.

Defined benefit pension plans define an amount of pension benefit that an employee will receive on retirement, based on factors such as salary, years of service and age. The Group bears the risk of paying out promised benefits. Plan assets in funded plans can only be used to pay benefits under the pension agreement.

The liability recognized in the statement of financial position consists of the net of the estimated present value of the defined benefit plan obligation and the fair value of the plan assets associated with the obligation at the reporting date.

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. An interest rate equivalent to the interest rates of high-quality mortgage bonds is used for Swedish

plans. These bonds are considered equivalent to corporate bonds since they have a sufficiently deep market to be used as the basis for the discount rate.

Actuarial gains and losses may arise in determining the present value of the defined benefit obligation and fair value of plan assets. These arise either when the actual outcome diverges from the previously calculated assumption or the assumption changes.

Lantmännen recognizes actuarial gains and losses directly in Other comprehensive income.

A special payroll tax is calculated on the difference between the pension obligation determined according to IAS 19 and the pension obligation determined according to the rules applied in the legal entity. The calculated future payroll tax is recognized in the statement of financial position as "Other non-current provision." The present value of the provision is not calculated. The change in the provision is recognized to the extent it relates to actuarial gains or losses in Other comprehensive income.

Parent Company

The Parent Company applies the Pension Obligations Vesting Act (Tryggandelagen) and the Swedish Financial Supervisory Authority's rules relating to defined benefit pensions, which is a requirement for tax deductibility. The financial statements follow FAR recommendation No. 4, Accounting of pension liabilities and pension costs. The most significant differences vis-a-vis the rules in IAS 19 are how the discount rate is set and that the obligation is calculated on the basis of present salary level and that actuarial gains and losses are recognized in the income statement as soon as they arise.

Termination benefits

A provision for costs in connection with termination of personnel is recognized only if the company is obligated to end employment before the normal retirement date or when benefits are provided as an incentive to encourage voluntary termination. Estimated severance payments are reported as a provision when a detailed plan for the measure is presented.

Variable salary

Provisions for variable salary are expensed on an ongoing basis in accordance with the economic substance of current agreements.

TAXES

The Group's tax expense consists of current tax and deferred tax. Taxes are recognized in the income statement except when the underlying transaction is recognized directly in equity or other comprehensive income, whereupon related taxation is also recognized in equity or other comprehensive income. However, in the case of contribution dividends, refunds and final price adjustments, which are reported as dividends in equity, the tax effect of these tax deductible items is recognized in the income statement under the rules applicable to the tax effects of dividends. Current tax is tax that must be paid or received for the current year. Current tax also includes adjustments to current tax attributable to previous periods.

Deferred tax is calculated according to the balance sheet method for all temporary differences that arise between the tax-related value and the carrying amount of assets and liabilities. Deferred tax is measured at the nominal amount and estimated by applying the tax rates and tax rules that have been decided or announced as at the reporting date. Deferred taxes relating to temporary differences attributable to participations in subsidiaries and associates are not recognized, since in each case Lantmännen can control the date for their reversal, and it is not deemed probable that a reversal will occur within the near future.

Deferred tax assets relating to deductible temporary differences and loss carryforwards are recognized only in so far as it is deemed probable that these will result in lower tax payments in the future.

Deferred tax assets and deferred tax liabilities are netted when they are attributable to the same taxation authority and the affected company has a legal right to offset tax assets against tax liabilities.

Parent Company

Because of the connection between accounting and taxation, the Parent Company recognizes untaxed reserves including deferred tax liabilities. However, in the consolidated financial statements untaxed reserves are divided into deferred tax liabilities and equity.

Note 1 continued

REVENUE

Revenue is recognized exclusive of VAT and excise duties and is reduced by the value of discounts provided.

Revenue from the sale of goods and services is recognized in connection with deliveries to the customer and in accordance with the terms of the sale, i.e., when all significant risks and benefits of the ownership are transferred to the customer. Rental income is recognized in the period the rental concerns.

The percentage of completion method is applied to the construction contracts where the outcome can be calculated in a satisfactory manner. Revenue is recognized in the income statement in relation to the contract's stage of completion.

Interest income is recognized on a time-proportion basis using the effective interest method.

Royalties and similar revenues are recognized on an accruals basis in accordance with the substance of the relevant agreement.

Dividends are recognized when the right to receive a dividend has been determined.

Other revenue includes compensation for sales outside the Group's ordinary activities and includes external rental income, gain or loss from sales of non-current assets and from disposals of group entities.

REVENUE RECOGNITION – GRAIN

The entire grain harvest that Lantmännen buys according to the agreement for a single harvest year is considered one project. The project starts on July 1, of the harvest year and ends when the grain for this harvest year has been sold out, though no later than September of the following year. The result of the entire project is distributed in this manner evenly in relation to delivered quantities over the lifetime of the project, regardless of fluctuations in actual sale and purchase prices during the period. Whenever a loss is deemed to exist at any time, it is recognized directly in the income statement.

Valuation of current grain stocks is done on the basis of the purchase prices the above-described policies provide at the end of each reporting period.

REFUND AND FINAL PRICE ADJUSTMENT

Members of Lantmännen ek för may receive a refund for patronage with the association and the machinery business plus a final price adjustment on sales to the association. The amount of the refund and final price adjustment is decided by the Board at the end of the year. The refund and final price adjustment are part of the economic association's dividend to its members and is recognized as a dividend on a consolidated basis.

In the *Parent Company* the refund and final price adjustment are recognized as an expense in the income statement. The item is recognized after finance income and costs. It is not recognized on an ongoing basis during the year but is recognized in its entirety in connection with decisions.

LEASING

The Group acts both as lessor and lessee. The Group acts as a lessor only with respect to goods that are normally sold by the Group, i.e., in conjunction with customer financing.

Leasing is classified in the consolidated financial statements as either finance or operating leasing. Finance leasing is present when the financial risks and rewards incident to ownership are substantially transferred to the lessee. If not, the leasing is considered operational.

For the lessee, finance leasing means that the leased asset is reported as a non-current asset in the statement of financial position and a corresponding financial liability is attributed to interest-bearing liabilities. The non-current asset is depreciated according to the same policies as for a similarly owned asset, while the lease payments are recognized as interest and amortization of the initially recognized liability.

With operating leasing the lessee does not recognize an asset in the statement of financial position and the total lease payments are expensed on a straight-line basis over the term of the lease.

When the Group is the lessor, the leased asset for operating leasing is recognized as a non-current asset in the statement of financial position and is depreciated over its estimated useful life. The lease payments are included in operating income

and allocated on a straight-line basis over the term of the lease. In the case of finance leasing the transaction is recognized as a sale by which a receivable is created, which is recognized as a finance lease receivable. Payments received in connection with finance leasing are recognized as interest income and amortization of the finance lease receivable.

Parent Company

All lease agreements in the Parent company are recognized according to the rules for operating leasing. The Parent Company is solely a lessee.

GOVERNMENT GRANTS

Government grants are recognized in the statement of financial position and the income statement when there is reasonable assurance that the terms associated with the grant will be met and that the grant will be received. Grants are accrued in the same manner and over the same periods as the costs for which the grants are intended to compensate. If the government grant or assistance is neither related to the acquisition of assets nor to compensation of costs, the grant is recognized as other income.

Borrowing costs

Borrowing costs that are attributable to investments in assets that take more than 6 months to complete and where the investment amount is at least MSEK 100, are capitalized as part of the investment amount. Other borrowing costs are expensed in the period to which they are attributed.

BIOLOGICAL ASSETS

Biological assets are to be measured and carried at fair value under IAS 41. There are operations within Lantmännen that own and manage biological assets. These assets normally have a short life, less than one year. For that reason Lantmännen has chosen to view the reported cost as an estimate of fair value. These operations account for a tiny fraction of Lantmännen's overall operations.

ASSETS HELD FOR SALE, DISCONTINUING OR DIVESTED OPERATIONS

Lantmännen only reclassifies assets where decisions have been made regarding their sale, if the asset's value is substantial, currently a threshold of MSEK 50.

GROUP CONTRIBUTION AND SHAREHOLDER CONTRIBUTIONS

Parent Company

Group contributions and shareholder contributions are recognized in accordance with the statement from the Swedish Financial Reporting Board's Emerging Issues Task Force, UFR 2.

Paid out shareholder contributions are capitalized in shares and participations to the extent impairment is not required. The recipient recognizes the shareholder contribution directly in equity.

Group contributions are recognized according to economic substance. Since Group contributions are paid so as to minimize the Group's total tax they are reported directly against retained earnings less the current tax effect.

RELATED PARTIES

Through its control the Parent Company is a related party to its subsidiaries and subsidiaries' subsidiaries. Through their significant influence both the Group and the Parent Company are related parties to their associates, which accordingly comprise directly as well as indirectly owned companies.

Pricing of deliveries of goods and services between entities within the Group is set at market prices.

Through their right to participate in the decisions that concern the Parent Company's strategies, Board members have significant influence over the Parent Company and are therefore considered related parties. An economic association's purpose is to promote its members' economic interests through the economic activities in which its members participate. In accordance with this, purchasing and selling of goods and services during the financial year have occurred between the Parent Company and individual Board members who are members of the association. In the same manner, individual Board members participate in the financing of the association. Transactions between Board members and the economic association, have, in their capacity as owners, taken place in accordance with the association's objectives. The association's general pricing and terms have been applied. Information about amounts is therefore not disclosed regarding these transactions.

NOTE 2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements and application of accounting policies are often based on the management's judgments or on estimates and assumptions about the reported amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and factors deemed relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a regular basis. Changes in estimates are recognized in the period in which the change occurs, if the change only affects that period, or in the period the change occurs and future periods if the change affects both the current period and future periods.

Management's accounting estimates and assumptions affect the application of certain accounting policies. A general description of the ones that are expected to have the biggest impact on the Lantmännen Group's reported financial position or results is provided below. For information on the carrying amounts at the reporting date see the statement of financial position with related note references.

Impairment of goodwill and other assets

Impairment of goodwill and other intangible assets with indefinite useful lives is tested annually or whenever there are indications that an impairment loss would arise, for example, due to a changed business environment, disposal decisions or closure of operations. Impairment of other assets is tested as soon as there is an indication.

Management makes certain assumptions concerning the valuation of assets, including date and value of cash flows to be generated by the assets. The estimated future cash flows are based on assumptions that represent management's

best estimate of the economic conditions that will exist during the asset's remaining lifetime, and are based on the latest financial plan. Impairment occurs if the estimated value in use is less than the carrying value.

The discount factors used in the present value calculation of the anticipated future cash flows is the current weighted average cost of capital (WACC) established within the Group for the markets in which the cash-generating units conduct operations.

Deferred tax assets and deferred tax liabilities

Assessments are made to determine deferred tax assets and deferred tax liabilities, particularly in respect of deferred tax assets. The possibility that deferred tax assets will be utilized and offset against future taxable profits is assessed. The fair value of these future taxable profits may differ in relation to the future business climate, earnings potential or changes in tax regulations.

Pensions

The value of pension obligations for defined benefit pension plans is based on actuarial calculations concerning assumptions about discount rates, expected return on plan assets, future salary increases, inflation and demographics. The discount rate, which is the most critical assumption, is based on market return on high-quality corporate bonds, mortgage bonds with maturities corresponding to the pension plan's obligations, or, if there is no deep market for them, the market rate of government bonds. A lower discount rate increases the present value of pension liabilities and the annual cost while a higher discount rate has the reverse effect. A 0.25 percent change in the discount rate changes the pension obligation by approximately MSEK 60.

NOTE 3 SEGMENT REPORTING

INFORMATION ABOUT OPERATING SEGMENTS

Financial year 2010 MSEK	Agriculture Sector	Machinery Sector	Energy Sector	Food Sector	Other operations	Eliminations	Total Group
Net sales							
External sales	9,953	8,529	2,908	14,446	152	-	35,988
Internal sales	1,158	32	97	38	468	-1,793	0
Total net sales	11,111	8,561	3,005	14,484	620	-1,793	35,988
Income							
Income per business segment	82	206	113	534	61	63	1,059
Operating income	82	206	113	534	61	63	1,059
Of which share of income of associates	72	-	2	11	7	-	92
Finance income							194
Finance costs							-431
Tax expense for the year							-97
Net income for the year							725
Other disclosures							
Assets	4,375	3,272	2,832	11,451	2,841	-950	23,821
Equity share of associates	812	-	9	142	194	-	1,157
Unallocated assets							2,031
Total assets	5,187	3,272	2,841	11,593	3,035	-950	27,009
Liabilities	1,259	1,882	501	2,061	2,209	-950	6,962
Unallocated liabilities							9,625
Equity							10,422
Total equity and liabilities	1,259	1,882	501	2,061	2,209	-950	27,009
Investments	187	204	106	955	247	-	1,699
Depreciation, amortization and impairment	-192	-179	-165	-927	-102	-	-1,565

Note 3 continued

Financial year 2009 MSEK	Agriculture Sector	Machinery Sector	Energy Sector	Food Sector	Other operations	Eliminations	Total Group
Net sales							
External sales	9,591	7,118	3,007	15,070	192	0	34,978
Internal sales	1,073	11	186	39	431	-1,740	0
Total net sales	10,664	7,129	3,193	15,109	623	-1,740	34,978
Income							
Income per business segment	-145	17	94	691	-141	-39	477
Operating income	-145	17	94	691	-141	-39	477
Of which share of income of associates	58	-	4	23	6	-	91
Finance income							197
Finance costs							-570
Tax expense for the year							78
Net income for the year							182
Other disclosures							
Assets	4,954	2,804	3,040	12,293	2,678	-827	24,942
Equity share of associates	807	-	9	157	209	-	1,182
Unallocated assets							3,506
Total assets	5,761	2,804	3,049	12,450	2,887	-827	29,630
Liabilities	1,915	1,250	480	2,042	1,181	-827	6,041
Unallocated liabilities							13,364
Equity							10,225
Total equity and liabilities	1,915	1,250	480	2,042	1,181	-827	29,630
Investments	298	84	120	713	323	-	1,538
Depreciation, amortization and impairment	-140	-218	-157	-789	-103	0	-1,407
Opening balance, January 1, 2009 MSEK							
Assets	7,146	3,403	3,243	13,257	2,518	-1,579	27,988
Equity share of associates	786	-	7	159	215	-	1,167
Unallocated assets							3,205
Total assets, excluding discontinued operations	7,932	3,403	3,250	13,416	2,733	-1,579	32,360
Assets discontinued operations ¹⁾				521			521
Total assets, including discontinued operations	7,932	3,403	3,250	13,937	2,733	-1,579	32,881
Liabilities	2,134	1,600	637	1,953	1,680	-1,579	6,425
Unallocated liabilities							15,888
Equity							10,346
Total liabilities and equity excl. discontinued operations	2,134	1,600	637	1,953	1,680	-1,579	32,659
Liabilities discontinued operations ¹⁾				222			222
Total liabilities and equity incl. discontinued operations	2,134	1,600	637	2,175	1,680	-1,579	32,881

¹⁾ Freshbread Sweden

INFORMATION ABOUT GEOGRAPHIC AREAS

MSEK	2010		2009	
	External sales	Non-current assets	External sales	Non-current assets
Sweden	20,049	7,025	19,200	7,490
Denmark	4,573	3,796	4,887	4,543
Germany	3,280	1,448	2,266	1,366
Norway	2,669	359	2,511	391
U.K.	1,260	218	1,478	169
Netherlands	684	16	884	16
Belgium	643	416	642	493
Poland	375	162	461	197
Finland	346	404	383	469
Baltic countries	340	104	371	131
Rest of Europe	1,009	111	1,094	92
U.S.	433	348	479	401
Rest of the world	327	-	322	-
Total	35,988	14,407	34,978	15,758

Note 3 continued

Lantmännen's activities are operationally divided into Sectors.

The Group's operational structure and internal reporting to Group Management and the Board of Directors coincide. The divisions between the Sectors are based on the Group's operations from a product and customer perspective.

Intra-group sales between segments are based on an internal market price, calculated on an arm's length basis, i.e. between parties who are mutually independent, well-informed and with an interest in completing the transactions.

The assets and liabilities that are used in the segment's operating activities are included in the Sectors. The assets and liabilities that are included are intangible assets, property, plant and equipment, current assets, operating liabilities and provisions attributable to the sale of goods and services, i.e., the operating capital of the Sectors. Financial assets and liabilities, provisions for pensions, taxes and gains and losses arising from the remeasurement of financial instruments under IAS 39 have not been allocated to each Sector. Assets and liabilities are attributed directly to the Sectors or allocated to them in a reasonable and reliable manner.

All tangible and intangible asset investments, with the exception of investments in expendable equipment and acquisition of companies, are included in the segments' investments.

The Group consists of four Sectors with different concentrations. Other activities include property management. The Sectors are outlined below:

The Agriculture Sector is the Group's core business with grain, feed and crop production as its key areas. It also includes SW Seed, a plant breeding and seed production company, and Lantmännen Bygglant, which designs and constructs farm buildings and installations.

The Machinery Sector imports, markets and sells tractors, implements, combines, and construction machinery. Service and spare part sales are also part of its operations.

The Energy Sector is active in fields such as biofuels and grain-based ethanol, etc.

The Food Sector combines the Group's food production and consumer product units. It includes:

- Lantmännen Cerealia, which develops, manufactures and markets flour, flour mixes, breakfast cereals and pasta for wholesalers, food industries and bakeries in Northern Europe. It also develops new meal concepts.
- Lantmännen Unibake, Northern Europe's largest manufacturer of fresh and frozen bread products for both the food service and grocery sectors.
- Lantmännen Kronfågel, the largest producer of fresh, frozen and processed chicken products in the Nordic countries.
- Lantmännen Doggy, producer of pet food.

Geographic Information

The information presented regarding the revenue allocated to the geographical areas is grouped according to where the customers are located.

Information regarding assets is based on geographical areas grouped according to where the assets are located, that is, where the entity carries on its production of goods and services, and includes property, plant and equipment, intangible assets and investments in associates.

The Group's major currencies have developed as follows:

MSEK	2010		2009	
	Average rate	Closing rate	Average rate	Closing rate
DKK	1.2813	1.2075	1.4264	1.3915
EUR	9.5413	9.0020	10.6213	10.3530
GBP	11.1256	10.5475	11.9260	11.4850
NOK	1.1916	1.1520	1.2162	1.2430
USD	7.2049	6.8025	7.6457	7.2125

NOTE 4 BREAKDOWN OF REVENUE

MSEK	2010	2009
Net sales		
Sales of goods	34,566	33,760
Construction contracts	301	326
Service contracts	374	594
Royalties	133	161
Rental activities	250	104
Other	364	33
Total	35,988	34,978
Other operating revenue		
Services	11	52
Capital gains	232	106
Government grants	5	11
Royalties, license income	22	0
Rental activities	97	232
Other	266	317
Total	633	718

The Group's capital gains include MSEK 219 (90) in gains from the sale of mostly properties and MSEK 13 (16) from the sale of operations.

NOTE 5 EMPLOYEES AND EMPLOYEE BENEFITS EXPENSE

Average number of employees	of which		2009	of which	
	2010	women		2009	women
The Group					
Sweden	4,650	29%	5,051	29%	
Denmark	2,225	32%	2,373	33%	
Germany	851	29%	578	38%	
Poland	515	31%	518	32%	
U.K.	435	19%	446	19%	
Norway	401	41%	382	36%	
Belgium	366	35%	365	35%	
Ukraine	269	58%	239	58%	
U.S.	210	30%	212	29%	
Latvia	134	31%	133	29%	
Russia	130	48%	129	50%	
Finland	54	15%	49	16%	
Hungary	42	55%	0	0%	
Estonia	35	17%	36	19%	
Lithuania	13	15%	16	19%	
Spain	8	50%	8	50%	
Netherlands	7	14%	6	0%	
France	3	0%	0	0%	
Japan	2	0%	7	29%	
Korea	-	-	4	25%	
Group, total	10,350	31%	10,552	31%	
Parent Company					
Sweden	1,099	34%	1,228	32%	
Parent Company, total	1,099	34%	1,228	32%	

Note 5 continued

Salaries and remuneration

MSEK	2010		2009	
	Boards and CEOs	Other employees	Boards and CEOs	Other employees
Subsidiaries				
Sweden	30	1,303	36	1,396
Denmark	4	900	3	1,448
Norway	7	263	6	180
Germany	4	220	7	232
Belgium	3	181	3	209
U.K.	8	139	10	137
Poland	5	70	4	74
U.S.	0	50	0	55
Finland	2	27	1	30
Latvia	1	20	1	22
Ukraine	1	15	1	13
Russia	0	14	0	13
Estonia	1	6	1	6
Japan	0	6	2	4
Netherlands	1	3	1	3
Spain	2	2	2	2
Hungary	0	2	-	-
Lithuania	0	1	0	2
France	1	1	-	-
Korea	-	-	0	1
Subsidiaries, total	70	3,223	78	3,827
<i>Of which variable component</i>	3		4	
Parent Company				
Sweden	13	556	11	573
Parent Company, total	13	556	11	573
<i>Of which variable component</i>	2		0	
Group, total	83	3,779	89	4,400
<i>Of which variable component</i>	5		4	

MSEK	Group		Parent Company	
	2010	2009	2010	2009
Wages and salaries	3,862	4,489	569	584
Social security costs	781	811	211	201
Pension costs ¹⁾	325	336	88	95
Other employee benefits expense	534	215	30	30
Total	5,502	5,851	898	910

¹⁾ Of the Group's pension costs MSEK 12 (8) relates to the category boards of directors and CEOs. The outstanding pension obligations for these persons amount to MSEK 5 (17). Of the Parent Company's pension costs, MSEK 2 (2) relates to the category board of directors and CEO. The outstanding pension obligations for these persons amount to MSEK 0 (0).

Gender breakdown in executive management

Share of women, %	Group		Parent Company	
	2010	2009	2010	2009
Boards	16	14	29	21
Other senior executives	28	24	50	50

Sick leave in the Parent Company

Sick leave is stated in percent of normal working hours.

Total sick leave for the year was 2 percent (2). For women sick leave was 2 percent (2) and for men 3 percent (3). Of the total sick leave, 52 percent (54) was related to long-term sick leave, i.e., sick leave of 60 days or longer.

Long-term sick leave for women was 1 percent (1) and for men 1 percent (1). Total sick leave in the age group up to 30 was 1 percent (2), in the age group 30-49, 2 percent (2), and in the age group over 49, 3 percent (3).

SALARIES AND REMUNERATION OF SENIOR EXECUTIVES

Senior executives

Senior executives as referred to in this note include Group Management consisting of the President & CEO, Executive Vice President, heads of Sectors and heads of corporate functions. Members of the Group Management may be employed by the Parent Company or by subsidiaries. During 2010 the composition of senior executives changed. At the beginning of the year, Group Management consisted of 9 individuals. During the year one person left the Group Management as a result of organizational change. During the year the President & CEO also functioned as the head of two of the Sectors (Food Sector Q1, Energy Sector Q2-4), which is why the Group Management consisted at year-end of 9 persons including the President & CEO.

Lantmännen's Remuneration Committee

Lantmännen's Board of Directors has a special Remuneration Committee. Among other tasks, the Remuneration Committee is charged with preparing the Board's decisions in salary matters and other remuneration for the President & CEO, as well as approving other Group executives' salaries and other remuneration.

Lantmännen's remuneration policy

The objective of Lantmännen's remuneration policy is to offer compensation that promotes Lantmännen's ambition to attract and retain qualified expertise. The fundamental guidelines are to:

- ensure that employees at Lantmännen receive market-level, competitive compensation that makes it possible to recruit and retain capable employees in line with Lantmännen's shared values: openness, a holistic view and drive.
- offer a salary structure based on individual performance, duties, qualifications, experience and position, which means that it is neutral with regard to gender, ethnicity, disability, sexual orientation, etc.

Remuneration structure, 2010

Lantmännen's remuneration structure has the following components:

- Fixed salary
- Variable salary
- Pension benefits
- Other benefits and severance pay

Fixed salary

Salaries of members of Lantmännen's Group Management are reviewed annually at January 1. The review takes into consideration performance, pay developments in the market, changes in area of responsibility, the company's performance as well as local agreements and rules.

Variable salary

Lantmännen has had a common structure for variable salary for a defined target group since 2006. The target group consists of Group Management, key staff who report to members of Group Management, members of the senior management of Sectors, business areas, or large subsidiaries and the CEOs of smaller companies. Decisions about target groups and guidelines for variable salary are made annually by the Annual General Meeting in the case of the Group Management and by the Board of Lantmännen in other cases. For 2010 the program consists of quantitative and qualitative targets. The quantitative targets represent 75 percent of maximum variable salary and are linked to the economic value operating units add to Lantmännen. This value is calculated by charging the estimated cost of operating capital, currently 8 percent of average operating capital during the year, to operating income. Maximum variable salary that may be paid to Lantmännen's Group Management for 2010 is 30 percent of fixed salary with full achievement of targets. The President and Executive Vice President are expected to achieve the targets for maximum variable salary, while variable salary for the rest of the Group Management is estimated at 92 percent of the maximum outcome. Total maximum variable salary that may be paid for 2010 amounted for all employees entitled to variable salary to approximately MSEK 37, excluding social security costs. In all, MSEK 25.6, excluding social security costs, has been reserved for variable salaries for 2010.

Note 5 continued

Pensions

Lantmännen offers its employees occupational pensions unless otherwise regulated by local agreements or in other regulations. In Sweden the majority of employees are included in defined benefit pension plans (ITP) through PRI Pensionstjänst AB. Defined benefit schemes also exist in Norway, Germany and other countries. There are currently two different pension guidelines for Lantmännen's Group Management: Earning of occupational pension according to the ITP agreement with pensionable salary maximized at 30 income base amounts where sickness benefits are paid according to the ITP agreement and a premium-based pension where the premium is equal to 25-35 percent of the pensionable salary. Within the premium framework, the employee personally selects the subdivision between old-age, survivor and sickness benefits. The President & CEO will receive a defined contribution pension with a premium of 30 percent of pensionable salary, with a retirement age of 65 years. The decision was taken in 2011 to introduce a more uniform executive pension plan for Group Management excluding the CEO. The new executive pension plan represents a premium provision corresponding to 30 percent of salary over 30 income base amounts.

Terms for pensions before the age of 65

One senior executive is accruing entitlement to a pension from 63 to 65 years that is a defined benefit pension equal to 60 percent of a previously stipulated pensionable salary. All pension entitlements are accrued on a straight-line basis and guaranteed through insurance. Other senior executives have no entitlement to a pension before the age of 65.

Terms for pensions after the age of 65

Four senior executives are accruing in principle an occupational pension in accordance with ITP, with pensionable salary maximized to 30 income base amounts.

Five senior executives are accruing a defined contribution pension with an allocation for insurance corresponding to 25-35 percent of pensionable salary, which is the fixed salary with or without a ceiling. Within the premium framework, the employee personally selects the subdivision between old-age, survivor and sickness benefits. All pension entitlements are accrued on a straight-line basis and guaranteed through insurance. Sickness benefits are payable in accordance with ITP, in which two senior executives have supplemental health insurance.

Other benefits and severance pay

Other benefits

In addition to fixed salary, pension and long-term sickness benefits, Lantmännen offers occupational injury insurance as well as occupational group life insurance in accordance with local agreements and rules. In addition, senior executives are entitled to private health insurance.

Severance pay/termination

Between Lantmännen and the President & CEO a notice period of six months applies on the company's part and six months on the employee's part. If Lantmännen terminates employment, he will receive severance pay corresponding to his fixed salary and other benefits (including occupational pension and insurance) during the notice period, plus a termination benefit of 18 months' fixed salary with full deduction of any salary from a new employer. Other senior executives have a notice period of 6-12 months if leaving at their own request and 6-12 months at Lantmännen's request. If terminated at Lantmännen's request, severance pay is paid for 12 months of which all have full deduction for income from other employment during the period severance pay is paid.

Salaries and remuneration of senior executives

TSEK	Directors' fees	Fixed pay ⁵⁾	Variable salary ¹⁾	Pension ⁵⁾	Other benefits ⁶⁾	Total 2010	Total 2009
Elected board members of Lantmännen ek för, according to the following specification ²⁾	4,327					4,327	4,007
President & CEO Per Strömberg ³⁾		5,200	1,560	1,560	108	8,428	7,123
Executive Vice President Clas Eriksson		3,240	972	0	107	4,319	4,033
Group Management, other ⁴⁾		13,039	3,599	3,649	528	20,815	30,616
	4,327	21,479	6,131	5,209	743	37,889	45,779

1) Estimated variable salary for 2010, payable in 2011.

2) This includes remuneration from both Lantmännen ek för and other Group companies.

3) Through waiver of pay the President is entitled to waiver-of-premium insurance that will cover the payment of a monthly premium for occupational pension in the event of illness lasting longer than 90 days. The benefit is limited to a maximum amount equal to his fixed salary for 2009 (SEK 5,200,000). The right to waiver-of-premium insurance ceases when either party terminates the employment. The cost of the insurance is included in Other benefits

4) The rest of the Group Management numbered 7 persons at both the beginning and end of the year. Disclosures regarding the Group Management only apply to persons who make up the management of the Lantmännen Group. During the first quarter of 2010 the President was also responsible for the Food Sector and for the Energy Sector from the second to fourth quarters. During the year the Executive Vice President was also responsible for the Machinery Sector.

5) Certain members of the Group Management are entitled to alternate between fixed pay and pension within the framework of current tax legislation.

6) Mainly company cars.

Fees to the Board of Directors	2010	2009
Thomas Bodén, Chairman of the Board	837	829
Elisabet Annell ⁷⁾	-	109
Paul Bergqvist ⁸⁾	126	359
Birgitta Carlander	582	341
Bengt-Olov Gunnarson, Vice Chairman	513	512
Helle Kruse Nielsen ⁹⁾	268	-
Nils Lundberg	403	389
Thomas Magnusson	383	424
Anitra Steen ¹⁰⁾	391	245
Hans Wallemyr	446	379
Björn Wallin	378	420
Total	4,327	4,007

7) Until April 28, 2009

8) Until May 5, 2010

9) From May 5, 2010

10) From April 28, 2009

NOTE 6 DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT		
MSEK	2010	2009
Depreciation and amortization		
Land and buildings	186	188
Equipment and other plant and machinery	877	967
Equipment, tools, fixtures and fittings	127	123
Intangible assets	113	112
Total	1,303	1,390
Impairment losses		
Land and buildings	68	31
Equipment and other plant and machinery	186	-16
Equipment, tools, fixtures and fittings	1	5
Intangible assets	7	-3
Total	262	17
Total		
Land and buildings	254	219
Equipment and other plant and machinery	1,063	951
Equipment, tools, fixtures and fittings	128	128
Intangible assets	120	109
Total	1,565	1,407

For further details see also Notes 12, 13 and 14.

Impairment losses

Lantmännen tests the value of assets in predefined cash-generating units when there are earnings performance indications that are essentially negative and are not deemed to be temporary for the affected units. Lantmännen also annually tests the value of goodwill and other intangible assets with indefinite useful lives. The recoverable value of the cash-generating units is determined by estimating the value in use. Value in use is considered to be the present value of the estimated future cash flows that are expected by using the asset and the calculated residual value at the end of its useful life. The estimates are based on adopted budgets for the following year and adopted strategic plans for the subsequent two years. Budgets, strategic plans and forecasts for upcoming years are based on market assumptions and cover anticipated cash flows for the existing operations during these three years and during their estimated remaining life. The discount factor that is used for present value calculation of the anticipated future cash flows equals in that case the long-term return requirements, before tax, that Lantmännen sets for operations in the cash-generating units. The risk associated with the specific asset is taken into account in determining the discount rate. In Lantmännen the risk premium is estimated in relation to the proximity of the operation to the farmer. Operations near the farmer have a lower risk premium and thus a lower discount rate than other operations.

The cash-generating units as defined in Lantmännen are at a lower organizational level than those in Lantmännen's segment reporting.

This year's testing of goodwill and other assets with indefinite useful lives has not resulted in any impairment. In assessing the value, growth after three years was deemed to be 1 percent per year; discounting was 10 percent before taxes.

As the result of impairment testing for the year the Food Sector's property, plant and equipment relating to milling operations in Denmark was written down by MSEK 192. The reason for the write-down was the operation's earnings performance. The calculation of the assets' value in use has been made using a discount rate of 7 percent. The write-down is divided between buildings, machinery and installations.

Other write-downs of non-current assets implemented during the year are an effect of decisions on restructuring and not a result of testing the value of the assets in cash-generating units.

Impairment testing for 2009 resulted in a reversal of an earlier write-down of non-current assets in SIA Latvia in the amount of MSEK 8.

NOTE 7 FEES AND REIMBURSEMENT OF EXPENSES TO AUDITORS		
MSEK	2010	2009
Ernst & Young		
Auditing services	14	14
Auditing operations in addition to auditing services	1	0
Tax consultancy services	2	2
Other services	8	4
Total	25	20
Other auditors		
Auditing services	1	1
Other	1	0
Elected representatives		
Auditing services	1	1

NOTE 8 FINANCE INCOME AND COSTS		
MSEK	2010	2009
Finance income		
<i>Income from shares and participations in other companies</i>		
Dividends	20	29
Capital gain on disposal of participations	45	-
Impairment losses	-1	-
Other income	6	-
Interest income and similar profit/loss items		
Interest income, hire purchase contracts		
Lantmännen Finans AB	22	43
Interest income, receivables from members	44	64
Other interest income	58	61
Total finance income	194	197
Interest expense and similar profit/loss items		
Interest cost, pension plan	-71	-65
Interest expense, borrowing	-194	-355
Other expenses, borrowing	-31	-21
Interest expense, liabilities to members	-42	-51
Interest expense, liabilities to the public	-10	-9
Other interest expense	-72	-63
Foreign exchange losses, net	-11	-6
Total finance cost	-431	-570
Total finance income and costs	-237	-373

In the Group, most of the dividends received were for shares in InTrade companies, VK-Mühlen and Malmö Hamn. No interest derives from assets, liabilities measured at fair value.

NOTE 9 COMPARABILITY ITEMS THAT AFFECT INCOME AFTER FINANCIAL ITEMS

The Group's earnings are affected by certain items affecting comparability. An overview of these items is presented in the table below. See also the Board of Directors' report on ► page 81

MSEK	2010	2009
Capital gains from sale of properties	208	58
Capital gains from sale of operations	5	-
Revaluation effect of stepped acquisition of participations in Bakehouse	-	63
Items affecting comparability in Other operating income	213	121
Impairment of non-current assets	-249	-24
Restructuring costs	-128	-208
Total items affecting comparability in Operating income	-164	-111
Items affecting comparability in Finance income and costs		
Capital gains	40	-
Total	40	0
Total items affecting comparability in Income after financial items	-124	-111
Tax impact of items affecting comparability	45	61
Total items affecting comparability in Net income for the year	-79	-50

Items affecting comparability by segment/Sector in 2010

MSEK	Impairment of non-current assets	Restructuring cost	Other	Total
Agriculture Sector	-10	-75	-	-85
Machinery Sector	-	-30	-	-30
Energy Sector	-6	-6	-	-12
Food Sector	-233	-17	-	-250
Other operations	-	-	213	213
Total	-249	-128	213	-164

Restructuring costs within the Agriculture Sector pertain mainly to the action program initiated to create ONE Lantmännen Lantbruk. A provision has been made in the Machinery Sector for restructuring measures in connection with the integration of the company acquired during the year, Könicke Baumaschinen, in the already existing German operations within Swecon. Of the write-downs in the Food Sector MSEK -192 refers to the mill in Vejle.

Items affecting comparability by segment/Sector in 2009

MSEK	Impairment of non-current assets	Restructuring cost	Other	Total
Agriculture Sector	-	-46	-	-46
Machinery Sector	-	-47	-	-47
Energy Sector	-	-11	-	-11
Food Sector	-82	-16	-	-98
Other operations	-	-30	121	91
Total	-82	-150	121	-111

The 2009 restructuring costs are related to the Group's efficiency program, Shape, in conjunction with the introduction of the new Sector structure. Most of these costs were staff related. The write-down of non-current assets was also done as part of the restructuring measures. Write-down of non-current assets was done at their estimated value in use.

NOTE 10 EXCHANGE DIFFERENCES THAT AFFECTED INCOME

MSEK	2010	2009
Exchange differences that affected operating income	23	-51
Exchange differences on financial items	-11	-6
Total	12	-57

NOTE 11 TAXES

MSEK	2010	2009
Tax on net income for the year		
Current tax expense (-)/tax income (+)		
Tax expense/income for the period	-27	-105
Adjustment of tax attributable to previous years	30	-11
Total current tax	3	-116
Deferred tax expense (-)/tax income (+)		
Deferred tax from changes in temporary differences	28	122
Deferred tax income in capitalized loss carryforward	78	68
Utilization of previously capitalized loss carryforwards	-206	-10
Other deferred taxes	-	14
Total deferred tax	-100	194
Total reported tax expense	-97	78

Reconciliation of effective tax	2010 Percent MSEK	2009 Percent MSEK
Income before tax	822	104
Anticipated tax according to applicable Swedish tax rate	26.3% -216	26.3% -27
Non-deductible expenses	4% -29	30% -31
Tax-exempt capital gains/losses	-3% 24	-36% 37
Other non-taxable income	-4% 33	-17% 18
Capitalization of previously uncanceled loss carryforward	-2% 18	-9% 9
Utilization of previously uncanceled loss carryforward	-2% 15	-16% 17
Effect of special tax rules for economic associations*	-5% 43	-15% 16
Tax attributable to previous years	1% -6	10% -11
Reversal of income of associates	-3% 24	-23% 24
Other	0% -3	-25% 26
Reported effective tax in the Group	12% -97	-75% 78

* According to the tax rules applicable to economic associations the dividend proposed by the Board that will be paid in the subsequent year is tax-deductible in the current year and was taken into account in calculating the current tax.

Tax expense for the year has been affected by the capitalization and utilization of previously non-capitalized loss carryforwards. Contribution dividends, refunds and final price adjustments are not recognized in the income statement according to IFRS, although they are tax deductible and as such have a positive effect on reported tax.

Tax items recognized through other comprehensive income in equity

MSEK	2010	2009
Deferred tax recognized in other comprehensive income		
From actuarial gains and losses in defined benefit pension plans	-44	16
Cash flow hedges	-17	5
Available-for-sale financial assets	-6	-10
Total	-67	11
Current tax expense recognized in net income for the year		
Current tax in hedges of net investments	-104	-24
Total tax effects in other comprehensive income	-171	-13

Note 11 continued

Deferred tax asset/tax liability	2010			2009		
	Deferred tax asset	Deferred tax liability	Net	Deferred tax asset	Deferred tax liability	Net
MSEK						
Land and buildings	72	126	-54	68	177	-109
Machinery and equipment	94	341	-247	78	314	-236
Intangible assets	-	104	-104	-	106	-106
Trade receivables	10	-	10	18	-	18
Pension provisions	92	-	92	132	-	132
Other provisions	71	-	71	29	-	29
Loss carryforwards	329	-	329	454	-	454
Other	110	76	34	176	61	115
Total	778	647	131	955	658	297
Offsetting of assets/liabilities	-547	-547	0	-486	-486	0
Total, net deferred tax asset	231	100	131	469	172	297

Deferred tax assets and deferred tax liabilities referring to the same tax authority have been offset against each other.

Change in deferred tax in temporary differences and loss carryforwards

2010, MSEK	Amount at beginning of year	Recognized in income statement	Recognized in other comprehensive income	Changes in acquisition/divestment of companies	Translation differences	Amount at end of year
Land and buildings	-109	57	-	11	-13	-54
Machinery and equipment	-236	-10	-	1	-2	-247
Intangible assets	-106	-10	-	-	12	-104
Trade receivables	18	-8	-	-	-	10
Pension provisions	132	-3	-36	-	-1	92
Other provisions	29	27	-8	22	1	71
Loss carryforwards	454	-128	-	-	3	329
Other	115	-25	-23	-	-33	34
Total	297	-100	-67	34	-33	131

Loss carryforwards

At the end of the year the Group had loss carryforwards of MSEK 1,478 (2,014), of which MSEK 1,254 (1,713) was included in the computation of deferred tax.

The loss carryforwards not included mainly refer to the loss carryforward in the German operation. These have not been assigned any value since it is currently uncertain whether they will be utilized.

The loss carryforwards not included in the computation of deferred tax amount to MSEK 224 (301) and expire as follows:

	MSEK
2014	1
2015 and later	6
	7
Unlimited life	217
Total	224

NOTE 12 | PROPERTY, PLANT AND EQUIPMENT

MSEK	Land and land improvements		Buildings		Plant and machinery		Equipment, tools, fixtures and fittings		Construction in progress		Total property, plant and equipment	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Accumulated cost	768	787	5,661	6,096	14,089	14,301	1,816	1,901	588	739	22,922	23,824
Accumulated depreciation	-104	-116	-2,437	-2,718	-8,866	-8,633	-1,329	-1,413	-3	0	-12,739	-12,880
Accumulated impairment losses	-12	-16	-208	-177	-435	-286	-13	-14	0	0	-668	-493
Book value	652	655	3,016	3,201	4,788	5,382	474	474	585	739	9,515	10,451
Book value at beginning of the year	655	642	3,201	3,039	5,382	5,695	474	498	739	924	10,451	10,798
Investments	15	20	31	36	368	648	89	89	997	823	1,500	1,616
Business combinations	10	1	24	2	176	-	6	6	16	-	232	9
Company divestments	-3	-6	-53	-94	-19	-85	-29	-23	-2	-36	-106	-244
Sales and disposals	-38	-1	-219	-11	-373	-81	-24	-8	-	0	-654	-101
Depreciation for the year according to plan	-10	-11	-175	-172	-877	-967	-125	-123	-2	-	-1,189	-1,273
Impairment losses for the year	-	-2	-68	-29	-191	-1	-1	-5	-	-	-260	-37
Reversal of impairment losses during the year	-	-	-	-	5	17	-	-	-	-	5	17
Reclassifications	56	13	503	525	583	280	107	58	-1,131	-956	118	-80
Translation differences	-33	-1	-228	-95	-266	-124	-23	-18	-32	-16	-582	-254
Book value	652	655	3,016	3,201	4,788	5,382	474	474	585	739	9,515	10,451
Tax assessment values of properties in Sweden												
Tax assessment values	552	563	2,155	2,211								
Leasing												
Assets held under finance leases are included with a carrying value of	-	-	63	76	187	84	20	19	-	-	270	179
Capitalized interest												
Interest capitalized in the opening balances	-	-	18	18	73	73	-	-	2	2	93	93
Reclassifications	-	-	18	-	-16	-	-	-	-2	-	0	0
Translation differences	-	-	-1	-	-2	-	-	-	-	-	-3	0
Total capitalized interest in cost of assets	0	0	35	18	55	73	0	0	0	2	90	93

For further information about leasing, see Note 26 regarding leasing commitments and Note 27 regarding customer financing. During the year, no capitalization of interest occurred since no investments, which fulfilled the requirements for capitalization of interest (> MSEK 100 and longer than 6 months) took place. Government grants reduced the investments for the year in equipment by MSEK 3 (0) and construction in progress by MSEK 0 (0).

NOTE 13 | INVESTMENT PROPERTIES

MSEK	Land		Buildings		Total investment properties	
	2010	2009	2010	2009	2010	2009
Accumulated cost	60	78	292	513	352	591
Accumulated depreciation	-5	-15	-104	-229	-109	-244
Book value	55	63	188	284	243	347
Book value at beginning of the year	63	49	284	251	347	300
Additions	21	-	85	-	106	-
Sales and disposals	-11	-3	-52	-2	-63	-5
Depreciation for the year according to plan	0	-1	-1	-4	-1	-5
Reclassifications	-18	18	-128	39	-146	57
Book value	55	63	188	284	243	347
Tax assessment values	158	134	331	328	489	462

Properties where less than 10 percent of office space is used for the Lantmännen Group's own activities are classified as investment properties in the Group.

Note 13 continued

Fair value and changes therein

MSEK	2010	2009
Fair value at beginning of the year	816	779
Additions	4	-
Investments in properties	26	25
Divestments	-285	-29
Changes in value	38	-34
Reclassifications	114	75
Fair value at year-end	713	816

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	2010	2009
Rental income	72	85
Direct costs, including costs for repair and maintenance	-36	-39
Net operations	36	46

NOTE 14 INTANGIBLE ASSETS

Other intangible assets

MSEK	Goodwill		Brands		Customer relationships		Patents, licenses and similar rights		Capitalized expenditure for development work, internally generated		Total other intangible assets	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Accumulated cost	2,779	3,030	516	418	304	334	335	314	173	173	1,403	1,314
Accumulated amortization	-	-	-146	-131	-74	-48	-261	-213	-109	-84	-665	-551
Accumulated impairment losses	-	-	0	0	-	0	-20	-15	-5	0	-25	-15
Book value	2,779	3,030	370	287	230	286	54	86	59	89	713	748
Book value at beginning of the year	3,030	2,950	287	279	286	246	86	162	89	91	748	778
Investments	-	0	81	0	-	0	2	1	10	4	93	5
Business combinations	69	193	-	12	-	80	1	-	-	-	1	92
Company disposals	-	0	-	0	-	0	-	-	-3	-	-3	0
Sales and disposals	-	0	-	0	-	0	-2	-5	-	-	-2	-5
Amortization for the year according to plan	-	0	-7	-4	-32	-32	-41	-47	-33	-29	-113	-112
Impairment losses for the year	-	0	-	0	-	0	-2	0	-5	-	-7	0
Reversal of impairment losses during the year	-	0	-	0	-	0	-	3	-	-	-	3
Reclassifications	-	25	13	0	-	0	11	-25	1	23	25	-2
Translation differences	-320	-138	-4	0	-24	-8	-1	-3	-	0	-29	-11
Book value	2,779	3,030	370	287	230	286	54	86	59	89	713	748
Allocation of goodwill, brands and customer relationships per Sector												
Machinery Sector	70	6	-	-	-	-	-	-	-	-	-	-
Energy Sector	208	208	50 ¹⁾	50	-	-	-	-	-	-	-	-
Food Sector	2,501	2,816	320 ²⁾	237	230	286	-	-	-	-	-	-
Total	2,779	3,030	370	287	230	286						

¹⁾ Brand with indefinite useful life, Aspen.

²⁾ Of which brands with indefinite useful lives, MSEK 302 (221): Schulstad, Sopps and GoGreen.

Tests for impairment of goodwill and other assets with indefinite useful lives

The carrying value of goodwill and other assets with indefinite useful lives is tested for impairment each year, usually in connection with the September accounts. Individual assets are tested more often if there are indications that the value may have gone down. Other than goodwill, acquired brands that are deemed to have an indefinite useful life are found within Lantmännen. The useful life is deemed to be indefinite in the case of well-established brands in their respective markets, which Lantmännen intends to maintain and further develop.

Both goodwill as well as trademarks with indefinite useful lives are allocated to cash generating units and their value is tested according to the policies described in Note 6 regarding impairment.

NOTE 15 PARTICIPATIONS IN ASSOCIATES

MSEK	Group		Parent Company	
	2010	2009	2010	2009
Accumulated cost	1,158	1,183	853	822
Accumulated impairment losses	-1	-1	-2	-2
Book value	1,157	1,182	851	820
Book value at beginning of the year	1,182	1,167	820	797
Acquisitions	39	22	38	23
Sales	-5	-4	-7	-
Share of income of associates for the year	92	91	-	-
Dividend for the year	-3	0	-	-
Reclassifications	1	-11	-	-
Translation difference	-149	-83	-	-
Book value	1,157	1,182	851	820

Investments for the year in associates pertain mainly to further acquisitions of shares in HaGe Kiel AG and Mackmyra Svensk Whisky AB.

MSEK	Share of income of associates		Dividend from associates	
	2010	2009	2010	2009
HaGe Kiel AG	79	68	-	-
Viking Malt Oy	7	6	-	-
Scandinavian Farmers AB	-4	-10	-	-
Leibur AS	8	19	-	-
Other	2	8	3	0
Book value	92	91	3	0

Any impairments and reversed impairments are recognized in the income statement on the line "Share of income of associates."

Parent Company and Group holdings of participations in associates, December 31, 2010

Company name	Corporate Identity No.	Domicile	Number of participations	Share of capital %	Carrying amount in Group, MSEK	Carrying amount in Parent Company, MSEK
<i>Associates owned by Parent Company:</i>						
Kvarnholmens Smörjmedel AB	556060-5445	Stockholm	284	28	0	0
Hauptgenossenschaft Nord AG (HaGe Kiel AG)	DE134852742	Germany	9,417,994	39	697	575
Mackmyra Svensk Whisky AB	556567-4610	Mackmyra	818,408	(21% of votes) 28	31	31
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	42
AB Tillväxt för Svensk Animalieproduktion	556155-9831	Stockholm	135,000	50	25	24
Svenska Pig AB	556779-6858	Stockholm	230	23	0	0
European Crop Protection A/S	21538388	Denmark	250	50	0	0
SweDane Fertilizer A/S	20296372	Denmark	250	50	0	0
SweDanNo Trade A/S	26207177	Denmark	180	36	0	0
Vegolia AB	556020-6574	Stockholm	500	50	0	0
Viking Malt Oy	FI 0802004-9	Finland	1,381,387	38	183	178
Åhus Stuveriinteressenter AB	556039-8256	Åhus	5,987	50	1	1
					1,006	851
<i>Other associates in the Group:</i>						
Agriculture Sector						
Satec Handelsgesellschaft GmbH		Germany		20	1	-
Energy Sector						
Aspen-Produkte Handels GmbH		Germany		50	9	-
Food Sector						
Unibake Japan		Japan		49	2	-
Struer Brød AS		Denmark		33	6	-
Leibur AS	10224864	Estonia		45	116	-
Farmfood AS		Denmark		33	17	-
Bosarpyckling AB	556673-6608	Bosarp		35	0	-
Total					1,157	851

NOTE 16 NON-CURRENT FINANCIAL ASSETS

MSEK	2010	2009
Receivables from associates	5	27
Other shares and participations	156	154
Bonds	9	8
Receivables via Lantmännen Finans AB	7	1,069
Available-for-sale financial assets	313	334
Derivative instruments	0	1
Other non-current financial assets	165	176
	655	1,769
Finance leasing (Note 27)	7	113
Total	662	1,882

Available-for-sale financial assets

MSEK	2010	2009
Book value at beginning of the year	334	328
Investments	-	14
Remeasurement for the year at fair value	11	7
Translation difference	-32	-15
Book value	313	334

Available-for-sale financial assets, fair value

MSEK	2010	2009
VK Mühlen	208	255
Swedbank	99	75
Cloetta	6	4
Book value	313	334

Available-for-sale financial assets refer to shareholdings in listed companies.

The largest individual holdings in other shares and participations refer to holdings in LRF. The carrying amount of other shares and participations is deemed consistent with fair value.

During the second quarter of 2010 Lantmännen Finans AB transferred all of the company's leasing and hire-purchase contracts to ML Rental AB, a subsidiary of Swedbank.

Remeasurement to fair value of Available-for-sale financial assets is recognized in Other comprehensive income in the consolidated statement of comprehensive income. Impairment losses and reversals of impairment losses are recognized in the income statement under Finance income and costs.

NOTE 17 INVENTORIES

MSEK	2010	2009
Raw materials and consumables	2,136	2,133
Products in progress	9	12
Finished goods and goods for resale	3,079	3,500
Advance payments to suppliers	0	1
Total	5,224	5,646

NOTE 18 TRADE RECEIVABLES AND OTHER OPERATING RECEIVABLES

MSEK	2010	2009
Trade receivables	3,858	3,992
Finance service, members	576	-
Operating receivables from associates	8	9
Derivative instruments	97	0
Other current receivables	488	236
Prepaid expenses and accrued income	390	435
Total	5,417	4,672

Note 18 continued

Age analysis of trade receivables

MSEK	2010	2009
Receivables not yet due	3,311	3,217
Receivables due		
< 31 days	451	477
31-60 days	62	176
61-90 days	16	22
>90 days	118	271
Total	3,958	4,163
Provision for bad debts	-100	-171
Total	3,858	3,992

Actual bad debts for the year amounted to MSEK 7 (17).

Prepaid expenses and accrued income

MSEK	2010	2009
Prepaid rent	15	18
Bonuses and discounts	14	6
Prepaid insurance	24	25
Other prepaid expenses	142	232
Other accrued income	195	154
Total	390	435

NOTE 19 CURRENT INTEREST-BEARING ASSETS AND CASH AND CASH EQUIVALENTS

Current interest-bearing assets

MSEK	2010	2009
Receivables from associates	4	81
Finance leasing in Lantmännen Finans AB	2	79
Hire purchase receivables in Lantmännen Finans AB	4	362
Time deposits	21	113
Interest-bearing receivables	70	32
Other short-term investments	0	5
Derivative instruments	16	12
Other current financial assets	22	10
Total	139	694

Cash and cash equivalents

MSEK	2010	2009
Cash and bank balances	508	385
Short-term investments with a maturity less than 3 months	361	6
Total	869	391

Receivables with a maturity of up to one year and investments with maturities between three months and one year are recognized as current interest-bearing assets.

Short-term investments essentially have a fixed interest rate for less than three months and thus have a very limited interest rate risk.

During the second quarter Lantmännen Finans AB transferred all of the company's leasing and hire purchase contracts totaling MSEK 1,600 to ML Rental AB, a subsidiary of Swedbank.

NOTE 20 EQUITY

MSEK	Member contributions	Other contributed capital	Hedge reserve	Available for sale assets	Translation reserve	Re-tained earnings	Equity attributed to members of the economic association	Equity attributed to non-controlling interests	Total capital
Equity, January 1, 2009	1,157	1,835	-78	62	0	7,314	10,290	56	10,346
Net income for the period after tax						162	162	20	182
Actuarial gains and losses on pension plans ¹⁾						-53	-53		-53
Available-for-sale financial assets				-5			-5		-5
Cash flow hedges			-11				-11		-11
Exchange differences on translation of foreign operations					-261		-261	-3	-264
Net gain on hedge of net investment in foreign operations					89		89		89
Tax relating to components of other comprehensive income			5	-10	-24	16	-13		-13
Other comprehensive income for the period, net of tax	-	-	-6	-15	-196	-37	-254	-3	-257
Total comprehensive income	-	-	-6	-15	-196	125	-92	17	-75
Change in the Group's composition ³⁾							0	20	20
Dividend paid ²⁾						-57	-57	-8	-65
Refund and final price adjustment							0		0
Contributed capital paid in by members	52						52		52
Contributed capital paid out to members	-53						-53		-53
Appropriation of profit	110	155				-265	0		0
Total equity, closing balance December 31, 2009	1,266	1,990	-84	47	-196	7,117	10,140	85	10,225
Net income for the period after tax						719	719	6	725
Actuarial gains and losses in pension plans ¹⁾						169	169		169
Available-for-sale financial assets				-22			-22		-22
Cash flow hedges			69				69		69
Exchange differences on translation of foreign operations					-770		-770		-770
Net gain on hedge of net investment in foreign operations					431		431		431
Tax relating to components of other comprehensive income			-17	-6	-103	-45	-171		-171
Other comprehensive income for the period, net of tax	-	-	52	-28	-442	124	-294	-	-294
Total comprehensive income	-	-	52	-28	-442	843	425	6	431
Change in the Group's composition ³⁾							0	-51	-51
Dividend paid ²⁾						-64	-64	-8	-72
Refund and final price adjustment						-95	-95		-95
Contributed capital paid in by members	37						37		37
Contributed capital paid out to members	-53						-53		-53
Appropriation of profit	100	100				-200	0		0
Total equity, closing balance December 31, 2010	1,350	2,090	-32	19	-638	7,601	10,390	32	10,422

¹⁾ Including payroll tax.

²⁾ Refers to contribution dividend concerning parent association members.

³⁾ Relates mainly to the purchase of Bakehouse in 2009 and buyout of minority interest in Bakehouse in 2010.

Equity in Lantmännen ek för

Equity in the Parent Company consists of contributed capital, restricted reserves and non-restricted equity. The contributed capital consists of paid-in and issued contributed capital.

The obligation to invest for the individual member is determined by the member's turnover value with the association. Each year the obligation to invest is calculated and excess contributions are refunded.

Issued contributed capital is non-restricted equity transferred to member contributions. When a member leaves, both paid-in and issued contributed capital are paid to the member.

Based on IAS 32 rules on the capital contributions of cooperatives Lantmännen has determined that both paid-in and issued contributed capital shall be considered equity in the Group.

According to a special decision within Lantmännen an amount corresponding to the contribution issue undertaken shall be transferred from non-restricted equity to restricted reserves in the Parent Company in addition to the statutory provision. That amount in 2010 was MSEK 100 (110). The Board proposes

that a total of MSEK 210 be transferred to restricted reserves in 2011.

Lantmännen has two overall financial objectives:

- The return on equity shall amount to at least 10 percent
- The equity ratio shall amount to at least 40 percent over a business cycle.

To achieve these objectives, Lantmännen is working on financial instruments for operations and specific profitability targets for each business. These profitability targets are expressed as a percentage of operating capital that varies depending on type of business and profitability levels for comparable companies outside Lantmännen. Lantmännen is endeavoring, for each business, to achieve a return on operating capital at least level with comparable companies.

Future investments are allocated in line with the portfolio strategy, particularly to areas that meet both the profitability requirement and provide opportunities for profitable growth.

The aim of Lantmännen's dividend policy is, over time, to generate regular and stable dividends to members. The goal is to annually distribute approximately 40 percent of Lantmännen's profit excluding items affecting comparability.

See pages 15-22 for further information.

NOTE 21 INTEREST BEARING-LIABILITIES

Non-current interest-bearing liabilities			
MSEK	Note	2010	2009
Non-current liabilities to credit institutions	22	4,895	6,834
Debentures		56	56
Financial liabilities relating to leases	26	103	117
Other long-term interest-bearing liabilities		30	18
Derivative instruments		12	29
Total		5,096	7,054

Current interest-bearing liabilities			
MSEK	Note	2010	2009
Current liabilities to credit institutions	22	298	1,627
Liabilities to members relating to savings		768	827
Liabilities to members relating to capital accounts		539	478
Deposits from the public in Lantmännen Finans AB		630	743
Financial liabilities relating to leases	26	21	31
Other current interest-bearing liabilities		43	35
Derivative instruments		0	1
Total		2,299	3,742

Deposits from the public in Lantmännen Finans AB come from companies, members, employees and other individuals. Accounts offer free withdrawal, interest from the first krona and are covered by the state deposit guarantee of TEUR 100.

NOTE 22 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

RISK MANAGEMENT

Lantmännen is exposed to various types of financial risks through its international operations. By financial risk is meant fluctuations in the Group's earnings and cash flow as a result of changes in prices in commodities markets, exchange rates, interest rates and refinancing as well as credit and counterparty risks. Within its corporate finance function, Group Treasury, Lantmännen consequently conducts internal banking activities through its main office in Sweden and via its subsidiary, Lantmännen Finance Ireland, whose main task is to support the management and group companies in accordance with the stipulated financial policy. The Group's financial policy is established annually by Lantmännen's Board of Directors. The financial policy governs how financial risks shall be handled and specifies the mandate, limits and which financial instruments may be used. The Group's Risk Committee receives regular reports on changes to the Group's financial risks. The main task of Group Treasury is to provide cost-effective financing, identify and efficiently minimize financial risks to which the Group is exposed in its daily business operations and optimize the Group's net financial items and tied-up capital. Group Treasury also handles the Lantmännen's netting system and is responsible for handling the Group's liquidity via cash pools in banks. Only banks and credit institutions that have a high credit rating and participate in the Group's long-term financing are accepted as counterparties to Lantmännen in financial transactions.

CAPITAL STRUCTURE AND FINANCIAL COVENANTS

Lantmännen is actively working on its capital structure to ensure long-term financial stability, meet the organization's need for capital at the lowest cost, and ensure opportunities for future acquisitions. Lantmännen uses multiple financial ratios to measure its capital structure and has, for example, a long-term objective that its equity ratio shall surpass 40 percent.

To fund its activities, Lantmännen has loans from several banks and credit institutions. The credit conditions for the loans depend on the financial performance of Lantmännen and are described in the covenants contained in the agreements. For further information on Lantmännen's covenants, see the "Refinancing risk" section.

Lantmännen also has loans where collateral is pledged as security, mainly in real estate mortgages. For further information see Note 31.

Note 22 continued

CURRENCY RISK

Through its business activities, Lantmännen is exposed to currency risk through fluctuations in exchange rates and how they affect the Group's income statement and statement of financial position. The Group's currency exposure includes both transaction exposure and translation exposure. The goal of the Group's currency exchange risk management is to minimize the short-term effect of fluctuations in exchange rates and their effect on the Group's earnings and financial position.

Transaction exposure

Under the Group's financial policy, the Sectors' sales and purchases in foreign currencies must be currency-hedged by the corporate finance function at the time the currency risk arises. Currency hedging of future currency cash flows is done either by order or through up to 12-month rolling forecasts. Currency risks are managed by Group Treasury and the goal is to minimize the effects of currency fluctuations by using incoming foreign currency for payments in the same currency. In addition, the anticipated flows from financial instruments are hedged in accordance with the guidelines established under Lantmännen's financial policy.

Translation exposure

Translation exposure is the effect of changes in exchange rates when foreign subsidiaries' income statements and statements of financial position are translated into the Parent Company's functional currency (SEK). Currency hedging of investments in foreign subsidiaries (net assets including goodwill) is handled by taking out loans in foreign currencies. These are recognized at the closing rate at the end of the period. In the Parent Company, recognized exchange differences attributable to these loans (after taking account of tax) are reported on a consolidated basis together with the translation differences from net assets of subsidiaries through other comprehensive income in consolidated equity. Only a limited number of currencies in which the net investment is large are hedged. A change in the value of financial instruments used for hedging would, with a 10 percent change up or down in the value of each currency against the Swedish krona, affect the Group's equity by approximately +/- MSEK 400, all else being equal.

Exchange rate fluctuations also affect the translation of foreign subsidiaries' income statements to SEK. This translation is not hedged, and the translation difference is therefore exposed to currency risk and included in the sensitivity analysis presented below.

Foreign-exchange sensitivity in transaction and translation exposure

Lantmännen is primarily exposed to the currencies EUR, DKK, GBP, USD and NOK. Because the currencies represent both inflows and outflows the earnings impact from an exchange rate change will be small. A 10-percent reduction in foreign exchange rates against the SEK would impact the operating profit by approx. MSEK -43 (-55). The calculation holds all other variables constant and ignores any changes in prices and customer behavior in the exchange rate movements.

Sensitivity analysis for major currencies	Risk	Change	Impact on operating income, MSEK	
			2010	2009
	EUR/SEK	-10%	-25	-23
	GBP/SEK	-10%	-5	-6
	DKK/SEK	-10%	11	-10
	NOK/SEK	-10%	-12	-7
	USD/SEK	-10%	-3	-3
	Other	-10%	-8	-6

Currency composition and maturity structure, operational currency futures

The currency derivatives used are forward exchange contracts. The average remaining maturity of the forward contracts is just under 5 months (6). At year-end, the currency breakdown for the Group's outstanding forward contracts was as follows:

MSEK	2011	2012	2013
DKK	382	-	-
NOK	-235	-	-
GBP	-175	-	-
EUR	-969	-17	1
USD	-103	-	-
CHF	-4	-	-
Total, nominally	-1,105	-17	1

Note 22 continued

The nominal net amount per currency is shown in the table above. Negative amounts represent sales of corresponding currency and positive amount purchases. Approximately 5 percent of the forward contracts (net amount) consists of currency futures with a counter currency other than SEK. Because most of the contracts mature in 2011 the value of forward contracts maturing in 2012 and beyond is considered negligible.

PRICE RISK

Lantmännen uses the financial markets to manage price risk in commodity purchases, sales of ethanol and the purchase of energy such as gas and electricity. The purpose of the price hedges that are entered into is to increase predictability and even out rapid fluctuations in the price situation, which also facilitates right prices to customers.

Commodity price risk

Lantmännen is subject to price risk primarily for the commodities wheat, malting barley, oilseed rape and soybeans. The pricing of commodities varies over time owing to international supply and demand. Commodity risks are primarily attributable to Lantmännen Lantbruk's activities and to Lantmännen Cerealia's milling operations along with Lantmännen Agroetanol's ethanol production. In addition to hedging prices via delivery agreements it is possible, particularly in wheat and soybean trading, to hedge prices via exchanges such as the CME Group, Matif and banks. Many commodities are priced either in USD or EUR. The basis for Lantmännen's financial policy is that the currency is part of the transaction's pricing and shall therefore be hedged no later than at the inception of the transaction.

A +/-10 percent movement in the commodity price would affect the valuation of the underlying derivative outstanding on the closing date, thereby impacting earnings by MSEK +/-6 and equity by MSEK +/-85.

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. Most of the Group's electricity consumption, i.e., Sweden, Denmark and Norway, is hedged through Nord Pool. Risk management of electricity prices is aimed at creating predictability in power purchasing costs. Electricity derivatives are priced in EUR. Currency risk in electricity contracts is to be normally at least 70 percent hedged in connection with the setting of the budget price for the next year's electricity consumption.

Electricity price hedging

Maturity year	2011	2012	2013
Hedged share of forecast annual need	88%	57%	8%

In 2010 the Group's total electricity consumption for Lantmännen's operations in the Nordic countries amounted to 568 GWh (580). The total hedged volume for 2011 is 464 GWh. Electricity certificates have been price hedged at 100 percent of 2011's need. The Group's 2011 gas need for Denmark and Sweden has been hedged through forecast hedging at an average rate of approximately 60 percent.

A +/-10 percent change in the price of electricity would affect the valuation of the underlying derivative outstanding on the closing date, thereby impacting earnings by MSEK +/-1 and equity by MSEK +/-37.

Ethanol price hedging

Ethanol derivatives were entered into in 2010 for the purpose of reducing earnings volatility caused by variations in the price of ethanol. Hedging also takes place through regular sales to various counterparties. Ethanol is priced mainly in EUR. Ethanol price risk is attributable to Lantmännen Agroetanol AB in the Energy Sector.

While a +/-10 percent change in the price of ethanol does not affect earnings, the effect on equity would be MSEK +/-2.

INTEREST RATE RISKS

Interest-bearing borrowing means that the Group is exposed to interest rate risks. Interest rate risk means that there is a risk of a negative impact on the Group's

earnings and cash flows as a result of changes in the market rate. How quickly a lasting change in interest rates is reflected in the Group's net financial items depends on the borrowing's fixed-rate period. The Group's fixed-rate period is normally short but may be extended to limit the effect of a rise in interest rates. Interest rate swaps are some of the tools used to manage liabilities' fixed-rate periods without changing the underlying loans. At December 31, 2010, the Group's outstanding liabilities to credit institutions, including outstanding interest rate swaps, had a weighted average fixed-rate period of just over 13 months (8). The weighted average maturity at year-end was 8.2 (3.7) years.

A +/-1 percentage point change in interest rates would affect the valuation of interest rate swaps outstanding at the closing date, thereby impacting earnings by MSEK +/-1 and increasing/decreasing equity by MSEK +/-23.

REFINANCING RISK, LIQUIDITY RISK AND PAYMENT READINESS

Refinancing risk refers to the risk that costs will be higher and opportunities for financing limited when loans and credit are renewed. Liquidity risk is the risk that payment obligations cannot be met. Lantmännen limits its refinancing risk by having a well-diversified group of counterparties and maturities for its loans. By constantly keeping liquid assets or, alternatively, unutilized credit facilities, the Group ensures a sound level of payment readiness, thereby reducing the liquidity risk. Payment readiness is laid down in Lantmännen's financial policy and must not be less than MSEK 1,500.

The Group's total payment readiness at year-end was MSEK 3,600 (2,639).

Maturity structure of liabilities to credit institutions ¹⁾

MSEK	Group		Parent Company	
	2010	2009	2010	2009
2010	-	6,995	-	6,404
2011	408	226	308	43
2012	218	75	200	53
2013	1,164	576	1,145	554
2014	111	69	92	48
2015-	4,655	1,894	4,414	1,734
Total	6,556	9,835	6,159	8,856

¹⁾ Including future interest payments.

Other interest-bearing liabilities, savings and capital accounts

Other current liabilities include members' savings of MSEK 768 (828). Deposits via capital accounts amounted to MSEK 1,168 (1,221), of which MSEK 630 (743) was via Lantmännen Finans AB. These liabilities are formally short-term and may be charged with one day's notice. Experience shows, however, little movement in these liabilities. See Note 21.

Other non-current interest-bearing liabilities consist mainly of subordinated loans, subordinated debentures and long lease liabilities, totaling MSEK 201.

Currency breakdown and maturity structure, liabilities to credit institutions ¹⁾

MSEK	Total	2011	2012-2013	2014-2015	> 2015
DKK	3,122	79	184	1,339	1,520
EUR	1,316	156	144	122	894
SEK	1,987	42	1,054	883	8
GBP	-	-	-	-	-
USD	11	11	-	-	-
LVL	113	113	-	-	-
NOK	-	-	-	-	-
UAH	7	7	-	-	-
Total	6,556	408	1,382	2,344	2,422
Of which interest	1,363	116	222	334	691
Total excluding interest	5,193	292	1,160	2,010	1,731

¹⁾ Includes future interest payments and interest rate swaps.

Note 22 continued

Currency swaps attributable to liabilities to credit institutions ¹⁾

MSEK	Group		Parent Company	
	2010	2009	2010	2009
DKK	1,183	467	1,183	467
EEK	-	43	-	43
EUR	729	19	729	19
GBP	756	67	756	67
LVL	32	37	32	37
NOK	173	87	173	87
PLN	-	25	-	25
SEK	-3,118	-916	-3,118	-916
USD	213	180	213	180
Total	-32	9	-32	9

¹⁾ A positive amount represents a future commitment to repay in the currency.

In credit agreements with banks Lantmännen has made binding financial covenants under which Lantmännen's equity ratio shall always be more than 25 percent, net debt/EBITDA at year-end shall be less than 5, and the Group's interest coverage ratio (defined as EBITDA/net financial items) shall be at least 3.5 times. Should Lantmännen default the bank is entitled to terminate the credits ahead of time. At December 31, 2010 the equity ratio was 38.6 percent (34.5), net debt/EBITDA 3.4 (4.9) and the interest coverage ratio was 8.5 (5.0) times calculated on the full year 2010.

Maturity structure, derivative instruments, nominal amounts

MSEK	December 31, 2010				December 31, 2009		
	2011	2012	2013	2014-	2010	2011	2012-
Forward exchange contracts	-1,268	-17	1	-	-114	-87	-
Interest rate derivatives	274	-	-	529	-	315	533
Energy derivatives	261	118	-	-	142	69	-
Commodity derivatives	-752	-3	-	-	19	-	-
Ethanol derivatives	-75	-	-	-	-	-	-
Total	-1,560	98	1	529	47	297	533

CREDIT AND COUNTERPARTY RISK

Credit and counterparty risk refers to the risk that the counterparty in a transaction cannot fulfill its obligations and thereby imposes a loss on the Lantmännen. Counterparty risk is limited by only accepting counterparties with high credit-worthiness according to the established financial policy and by defining the maximum exposure per counterparty according to the counterparty's creditworthiness.

Financial counterparties are selected on the basis of Standard & Poor's rating for long-term borrowing and taking into account the spread of counterparty risk and other mutual business interaction. Lantmännen has signed ISDA agreements with the majority of counterparties.

Customer credit risk

The credit risk in trade receivables is handled through special credit rating reviews. Lantmännen checks the credit of its customers by collecting information about the financial position of customers from various credit-rating agencies. Lantmännen has a good spread of customers because the Group operates in several countries and in different markets. In Lantmännen Unibake A/S in the Food Sector, the risk of credit losses is limited through credit insurance of certain major customers. Parts of the trade receivables of LM Kronfågel AB, LM Cerealia AB and Lantmännen Unibake Sweden AB were resold to Nordea Finans Sverige AB without recourse. At year-end sold receivables amounted to MSEK 132. During the second quarter Lantmännen Finans AB transferred all of its leasing and hire purchase contracts totaling around MSEK 1,600 to ML Rental AB, a subsidiary of Swedbank. ML Rental has limited recourse. At December 31, 2010 recourse amounted to MSEK 59. The corresponding assets and liabilities of ML Rental are recognized in the consolidated statement of financial position.

See Note 18 concerning trade receivables that are due and provisions.

Since the interest-bearing assets and liabilities of the Parent Company are consistent in all material respects with those of the Group, no special disclosures are provided for the Parent Company.

DISCLOSURE OF FINANCIAL INSTRUMENTS

Measurement of financial assets and liabilities

MSEK	2010		2009	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
2. Non-current financial assets	349	349	1,547	1,547
3. Non-current financial assets	313	313	334	334
5. Derivatives for hedging net investment*	7	7	-	-
5. Derivatives held for cash flow hedge*	124	124	14	14
2. Trade receivables	4,434	4,434	3,992	3,992
2. Other current interest-bearing receivables	123	123	682	682
2. Cash and cash equivalents	869	869	391	391
Financial liabilities				
4. Non-current interest-bearing liabilities	5,084	5,086	7,025	7,037
4. Current interest-bearing liabilities	2,299	2,299	3,741	3,743
1. Non-hedge accounted derivatives*	2	2	3	3
5. Derivatives for hedging net investment*	1	1	-	-
5. Derivatives held for cash flow hedge*	176	176	127	127
4. Trade payables	3,816	3,816	3,102	3,102

* Derivatives are included in balance sheet items non-current financial assets and current receivables as well as non-current and current liabilities.

Balance sheet items classification:

1. Financial assets at fair value through profit or loss.
2. Loans and receivables.
3. Available-for-sale financial assets.
4. Financial liabilities measured at amortized cost.
5. Derivatives for hedging.

Financial assets and liabilities measured at fair value in the statement of financial position as at December 31, 2010

Assets, MSEK	Level 1	Level 2	Level 3	Total
Derivatives with positive fair value	114	17	-	131
Other financial assets measured at fair value	313	-	-	313
Total assets	427	17	-	444
Liabilities				
Derivatives with negative fair value	166	11	-	177
Other financial liabilities measured at fair value	-	-	-	-
Total liabilities	166	11	-	177

Fair value hierarchy with information on basic data for measurement at fair value

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2: Other observable data for the asset or liability than quoted prices included in level 1, i.e., quotations or data derived from prices
- Level 3: Data for the measurement of the asset or liability is not based on observable market data

NOTE 23 PENSIONS

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 in the Swedish system PRI Pensionsgaranti¹⁾. Norway has funded plans.

Defined benefit obligations and value of plan assets in the Group:

Defined benefit plans MSEK	2010	2009
<i>Unfunded plans:</i>		
Obligations according to Swedish PRI Pensionsgaranti plans	1,691	1,791
Other unfunded obligations	51	89
Total, unfunded plans	1,742	1,880
<i>Funded plans</i>		
Defined benefit obligations	133	125
Fair value of plan assets	-99	-95
Total net value of funded plans	34	30
Provisions for pensions, net value	1,776	1,910

¹⁾ Unfunded pension plans that are credit insured by PRI Pensionsgaranti, a mutual insurance company that guarantees employees' future pensions.

The net amount is distributed across plans in the following countries:

MSEK	2010	2009
Sweden	1,713	1,814
Norway	37	64
Germany	25	31
Netherlands	1	1
Total	1,776	1,910

Pension cost MSEK	2010	2009
<i>Defined benefit plans</i>		
Cost of pensions accrued during the year	44	55
Interest expense	76	73
Expected return on plan assets	-5	-8
Curtailments and settlements	-20	-7
Other	0	6
Cost of defined benefit plans	95	119
Cost of defined contribution plans	301	282
Total cost relating to pensions	396	401

The costs are recognized on the following lines in the income statement

Employee benefits expense	325	336
Financial costs	71	65
Total cost relating to pensions	396	401

The following summary explains how the net amount changed during the year

MSEK	2010			2009		
	Defined benefit obligations	Plan assets	Net	Defined benefit obligations	Plan assets	Net
Opening balance	2,005	-95	1,910	1,875	-118	1,757
Cost of defined benefit plans during the year	120	-	120	134	-	134
Payment of benefits	-81	5	-76	-77	6	-71
Fees paid-in by employer	-	-3	-3	-	-10	-10
Effects of acquired/divested operations	-4	-	-4	66	-	66
Curtailments and settlements	-20	0	-20	-26	19	-7
Expected return on plan assets	-	-5	-5	-	-8	-8
Actuarial gains and losses ²⁾	-131	-7	-138	16	29	45
Other	0	0	0	-1	0	-1
Translation difference	-14	6	-8	18	-13	5
Closing balance, pension liability	1,875	-99	1,776	2,005	-95	1,910
Of which unfunded plans			1,742			1,880
Of which funded plans			34			30

²⁾ Payroll tax on actuarial gains and losses is reported as other non-current provision.

Return on plan assets	2010	2009
Actual return on plan assets	12	-20
Expected return on plan assets	5	8
Actuarial result for plan assets during the year	7	-28

Actuarial assumptions	2010	2009
Discount rate ³⁾	4.5%	4.0%
Future wage increases	3.0%	3.2%
Inflation	2.0%	2.0%
Expected return on plan assets	5.1%	6.0%

³⁾ Based on mortgage bonds in 2010 and government bonds in 2009, which resulted in an actuarial gain.

For certain employees in Sweden insurance premiums are paid to Alecta regarding commitments according to what is called the traditional ITP (individual supplementary pension) plan. This ITP plan is a defined benefit plan that comprises several employers. At present, Alecta is unable to disclose the information that is required to recognize these benefits as defined benefit plans.

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 301 (282), MSEK 54 (36) refers to Alecta premiums for traditional ITP. Alecta's surplus may be distributed to the policyholders and/or the insured. At year-end Alecta's surplus in the form of its collective funding ratio amounted to 146 percent (141). The collective funding ratio reflects the market value of Alecta's assets as a percentage of its insurance obligations, calculated in accordance with Alecta's actuarial assumptions, which do not comply with IAS 19.

NOTE 24 OTHER PROVISIONS

MSEK, 2010	Guarantee commitments	Actuarial provisions	Structural measures	Other	Total
Carrying amount at beginning of period	73	29	274	91	467
Provisions made during the period	59	27	149	63	298
Amounts utilized during the period	-36	-2	-103	-10	-151
Effects of divested/acquired operations	-	-	-1	-	-1
Reversed during the period	-1	-	-13	-21	-35
Translation differences	-4	-1	-1	-3	-9
Carrying amount at end of period	91	53	305	120	569
Of which non-current provisions	34	43	160	62	299
Of which current provisions	57	10	145	58	270

Of non-current provisions, MSEK 261 is expected to be used in 2013 and beyond. Increases in previously existing provisions are included in the period's provisions.

In corporate groups of 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 this year's provisions for structural measures, most are attributable to efficiency programs in the Agriculture Sector.

Restructuring provisions at the beginning of year related in particular to the ongoing efficiency program called Shape in connection with the new sector organization. At the end of the year MSEK 53 of the original provision remained. The program is expected to conclude in 2011.

The provisions for structural measures includes a reserve for closing grain elevators (Blåljus).

NOTE 25 TRADE PAYABLES AND OTHER OPERATING LIABILITIES

MSEK	2010	2009
Trade payables	3,816	3,102
Operating liabilities to associates	9	13
Other current liabilities	997	789
Derivative instruments	166	97
Accrued expenses and prepaid income	1,597	1,907
Total	6,585	5,908

Accrued expenses and prepaid income

MSEK	2010	2009
Accrued personnel-related costs	490	567
Bonuses and discounts	48	69
Other accrued expenses	873	961
Prepaid income	186	310
Total	1,597	1,907

NOTE 26 LEASING COMMITMENTS

The Group is both a lessor and a lessee. The Group as lessor is reported in Note 27, Customer financing. The Group's lease commitments are reported in this Note. The Group has both operating and finance lease commitments.

Operating leasing

Recognized cost of operating leases

MSEK	2010	2009
Minimum lease payments	118	138
Contingent rents	2	2
Total	120	140

Future commitments relating to non-cancelable operating leases are reported below.

Minimum lease payments fall due for payment

MSEK	2010	2009
Within one year	17	17
Between one and five years	28	27
Later than five years	11	0
Total	56	44

Financial leasing

Liabilities related to finance leases are recognized as interest-bearing liabilities in the consolidated statement of financial position. Amortization that matures within one year is recognized as a current financial liability, and amortization later than within one year as a non-current financial liability.

Future minimum lease payments broken down by amortization, interest and periods are stated below:

Period	2010			2009		
	Amor-tization	Interest charge	Total	Amor-tization	Interest charge	Total
Within one year	21	3	24	31	3	34
Between one and five years	78	8	86	82	8	90
Later than five years	25	5	30	35	6	41
Total	124	16	140	148	17	165

During the year a total of MSEK 15 (20) was paid in minimum lease payments and MSEK 0 (0) in contingent rents related to finance leasing. Of the minimum lease payments MSEK 3 (4) is recognized as interest and the remaining part as amortization of debt. The carrying amount of the value of the leased assets on the reporting date is stated in Note 12, Property, plant and equipment.

NOTE 27 CUSTOMER FINANCING

Customer financing chiefly refers to financing of Lantmännen's sales of farm and construction machinery to end customers. Until June 2010 financing was mainly arranged through hire purchase and leasing contracts through Lantmännen Finans AB.

On June 30, 2010 Lantmännen Finans AB transferred its leasing and hire purchase contracts to ML Rental AB, a subsidiary of Swedbank Finans. The value of the transferred contracts totaled about SEK 1.6 billion.

Lantmännen Finans AB's outstanding receivables regarding hire purchase contracts amounted at the turn of the year to MSEK 4 (1,456), of which MSEK 4 (492) falls due for payment during the next calendar year.

Finance leases

For assets that are rented out on finance leases, the following future lease payments and periods apply:

MSEK	2010		2009	
	Gross investment	Present value of future minimum lease payments	Gross investment	Present value of future minimum lease payments
Within one year	2	2	68	41
Between one and five years	7	3	116	79
Later than five years	-	-	7	6
	9	5	191	126
Unearned finance income		4		65
Total	9	9	191	191

NOTE 28 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. The Parent Company's dividends from subsidiaries and associates are shown in Note 37.

Receivables from and liabilities to associates are shown in Notes 18, 19, 21 and 25.

	2010	2009
Intra-group purchases of total purchases, %	12	12
Intra-group sales of total sales, %	8	8
Purchases of goods and services from associates, MSEK	418	411
Sales of goods and services to associates, MSEK	35	37

NOTE 29 GOVERNMENT GRANTS

MSEK	2010	2009
Received contributions recognized as revenue	7	11
Received contributions that reduced expenses	12	10
Total	19	21
Contributions received during the year that reduced the value of non-current assets	3	0
Received contributions recognized as deferred income at the closing date	0	0

NOTE 30 ACQUISITIONS AND DIVESTMENTS

During the year the following major acquisitions and divestments were made concerning subsidiaries.

Acquisitions 2010	Activity	Acquisition date	Acquisition price MSEK	Goodwill, MSEK	Other intangible assets, MSEK	Annual revenues, MSEK	Number of employees	Acquired share	Holding after acquisition
Bakehouse Ltd	Food	Jun-10	36	- ¹⁾	- ¹⁾	157	51	37%	100%
Königke Baumaschinen GmbH & Co. KG	Construction machinery	Oct-10	134 ²⁾	69 ³⁾	- ³⁾	1,500 ⁴⁾	200	100%	100%

¹⁾ In connection with the acquisition of 38 percent in 2009 the minority interest was measured at fair value. This means that 100% of goodwill ("full goodwill") was reported as early as 2009 and no further goodwill value was recognized with the acquisition of the remaining share of 37% in 2010. The fair value remeasurement of the previously owned minority interest in connection with the 2009 acquisition resulted in a remeasurement gain of MSEK 63, reported under Other operating income.

²⁾ To make the acquisition Lantmännen repaid the seller's loan. Acquisition-related transaction costs amounted to about MSEK 17. Such transaction costs are reported on a consolidated basis as an operating expense as incurred.

³⁾ The surplus value arising from the acquisition was allocated to goodwill in the preliminary acquisition balance sheet. In connection with the preparation of the final acquisition balance sheet, the values will be determined and probably include other assets.

⁴⁾ Revenue since the acquisition date amounted to MSEK 439 and income after tax MSEK -13. Operations in Königke Baumaschinen will be restructured for integration with Lantmännen's existing German company Swecon Baumaschinen. It is therefore impracticable to disclose the estimated full-year results.

Only a few minor acquisitions were made in addition to the acquisitions of Bakehouse and Königke Baumaschinen.

The acquisition balance sheets are preliminary for all acquisitions made in 2010. The companies are consolidated as subsidiaries according to the purchase method. There are no plans to dispose of any parts of the acquired companies.

The final fair value of the net assets acquired in Bakehouse in 2009 is consistent in all material respects with the earlier preliminary acquisition balance sheets. Goodwill amounted to MGBP 10, customer relationships MGBP 7 and trademarks MGBP 1.

For information on the fair value of net assets of acquired businesses, see Note 32:2 to the statement of cash flows.

Divestments 2010		Sale date	Consolidated, revenue 2010, MSEK	Average no. of employees 2010	Divested share	Holding after divestment
Lantmännen Ecobrånse	Energy	May-10	11	1	100%	0
Conagri	IS/IT	Jun-10	92	87	100%	0
SeedGard	Plant breeding	Jun-10	4	5	51%	0
Lantmännen SweChick	Food	Sep-10	64	24	100%	0
Renewable Fuels Ltd	Energy	Nov-10	5	2	100%	0
Fastighets AB Tre Skåne	Real estate	Dec-10	16	2	79%	0

Note 30 continued

Apart from the acquisition of Bakehouse, no significant acquisitions and divestments were made during 2009.

The January 1, 2009 balance sheet items "Assets, discontinued operations" and "Liabilities, discontinued operations" refer to the sale of the Lantmännen Fresh bread Sweden operation. The deal was completed in January without any effect on earnings in 2009.

The other divestments made in 2009 and 2010 pertain to activities of insignificant value and are consequently not classified as discontinued operations.

For information about the value of net assets of discontinued operations, see Note 32:3 to the statement of cash flows.

NOTE 31 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets

MSEK	For own financial liabilities	Other commitments	Total pledged assets	
			2010	2009
Real estate mortgages	1,122	-	1,122	1,313
Chattel mortgages	10	-	10	10
Bank accounts	-	28	28	21
Other	5	-	5	-
Total	1,137	28	1,165	1,344

Real estate mortgages have been furnished for the liabilities of the Parent Company in the amount of MSEK 966 (1,113), of which MSEK 689 (201) refers to properties owned by subsidiaries.

Contingent liabilities

MSEK	2010	2009
Guarantees for		
- associates	178	70
- other	594	274
Other contingent liabilities	88	295
Total	860	639

The Swedish fresh bread business divested in 2009 conducts part of its operations in a leased property in Umeå. Together with the sold company, Lantmännen ek för is a party to this lease. The aim of the buyer is to continue operations in the property. All lease payments are paid directly by the sold company. Lantmännen subsidizes the lease payment as part of the sales agreement. A reserve for this subsidy has been recognized in the consolidated and Lantmännen ek för's statements of financial position.

In Lantmännen's opinion there is no longer any risk that Lantmännen will be required to make lease payments for the property. No further reserves or contingent liabilities have been recognized for this reason.

NOTE 32 NOTES TO THE STATEMENT OF CASH FLOWS

MSEK	2010	2009
1) Interest paid and dividends received		
Dividend received	20	28
Interest received	119	165
Interest paid	-240	-431
Total	-101	-238
2) Acquisition of operations		
<i>Acquired assets and liabilities</i>		
Intangible assets	69	183
Property, plant and equipment	191	9
Financial assets	21	53
Inventories	114	4
Operating receivables	135	35
Cash and cash equivalents	0	0
	530	284
Non-controlling interests	-	16
Provisions	80	-
Financial liabilities	315	44
Operating liabilities	135	52
	530	112
Assumption of loans of acquired companies	134	
Purchased participations in associates	30	
Buy-out of non-controlling interest	39	
Settlement of liability for purchase price of earlier acquisitions	22	
Purchase price paid	225	172
Cash and cash equivalents in acquired operations	0	0
Effect on cash and cash equivalents	225	172
3) Divestments of operations		
<i>Disposed of assets and liabilities</i>		
Intangible assets	3	0
Property, plant and equipment	130	236
Financial assets	2	16
Inventories	30	28
Operating receivables	60	468
Cash and cash equivalents	0	2
	225	750
Non-controlling interests	9	0
Provisions	16	198
Loans	20	160
Operating liabilities	73	225
Capital gains/losses	-13	-16
	105	567
Purchase price received	120	183
Cash and cash equivalents in sold operations	0	-2
Effect on cash and cash equivalents	120	181
4) Investments		
During the year investment in property, plant and equipment through finance leases amounted to MSEK 112 (13) in the Group.		
5) Cash and cash equivalents		
Cash and bank balances	508	385
Short-term investments with a maturity less than 3 months	361	6
Total	869	391

The Group's total payment readiness at year-end was MSEK 3,600 (2,639).

NOTE 33 IFRS BRIDGES

Beginning 2010 Lantmännen will apply International Financial Reporting Standards (IFRS) in its consolidated financial statements and reporting. The standards will be applied as adopted by the EU and as they are to be applied by listed companies in the EU. Standards according to IFRS are designated IFRS as well as International Accounting Standards (IAS). The latter pertains to standards adopted prior to 2002.

This annual report is the first report prepared and published according to IFRS.

The transition to IFRS has followed IFRS 1 "First-time Adoption of International Financial Reporting Standards". This means, for example, that the comparative period of 2009, including opening balances, has been restated to conform to IFRS. The standards that apply for 2010 are to be applied to all reported financial information in the annual financial statements for 2010.

Lantmännen has chosen to apply IFRS 3 "Business Combinations" retroactively from March 2008. This means that acquisitions made starting in March 2008 are reported according to IFRS 3 from the acquisition date. The acquisitions primarily affected are the bakeries Baco in Finland, Eurobuns in the U.K. and Euro-Bake in the U.S., as well as the distributor Bakehouse in U.K. The effect of this application is that intangible assets other than goodwill have been identified. These assets will continue to be amortized.

Lantmännen previously applied the Swedish Financial Reporting Board's recommendations, which largely correspond with IFRS. Even so, the transition has entailed the following more significant differences or differences in principle compared to before:

Presentation of Financial Statements, IAS 1

The statement of consolidated changes in equity includes only transactions with the owners, the members. Other items, previously recognized directly in equity as well as a number of new measurement items, are reported in the "Statement of comprehensive income." Besides these items, the "Statement of comprehensive income" also includes items in a traditional income statement. Reporting can be done either in a joint statement or in two statements. Lantmännen has chosen the latter and presents a traditional "Income Statement" and a "Statement of Comprehensive Income", which in addition to net income from the "Income statement" contains items under the heading "Other comprehensive income".

The minority interest is included in the reported net income for the period and represents a portion of consolidated equity. Previously, the minority share of income was recognized as a deduction in the income statement and the share of equity as a separate item outside equity.

Reported share of income of associates refers to the Group's participation after tax. Previously, the tax portion was recognized separately in the consolidated tax expense.

Employee Benefits, IAS 19

Lantmännen has chosen to recognize actuarial gains and losses arising in the calculation of defined-benefit pension obligations directly in the "Statement of Comprehensive Income", under "Other comprehensive income". Earlier, the so-called corridor method was applied and actuarial gains and losses were capitalized and amortized according to special rules.

Financial Instruments: Recognition and Measurement, IAS 39

Subordinated debentures are defined as financial instruments and recognized as financial liabilities. Subordinated debentures were previously part of equity.

All financial assets and liabilities shall be reported in the statement of financial position. Previously, derivative instruments were not recognized in the statement of financial position. Measurement depends on how the financial instrument is classified. Previously, they were measured at amortized cost. Classification takes place at the time the transaction is carried out. Lantmännen classifies its financial instruments in the following categories:

Financial assets measured at fair value through profit or loss. A financial asset is assigned to this category if it is held for trading. Derivative instruments

with a positive market value are assigned to this category if they have not been identified as hedging transactions. Changes in value in this category are recognized in profit or loss.

Loans and receivables, i.e., non-derivative financial assets with fixed or determinable payments. Assets in this category are carried at amortized cost and are subject to impairment tests. This corresponds in the main to policies previously applied.

Available-for-sale financial assets A financial asset that has not been classified in any of the above categories and is not a derivative instrument is included in this category. These financial assets are carried at fair value and the change in value is recognized in "Other comprehensive income" in equity until the assets are sold.

Financial liabilities measured at fair value through profit or loss. Derivative instruments with a negative fair value are assigned to this category, unless the instrument has been identified as a hedging transaction. Changes in the values of these instruments are recognized in profit or loss.

Other liabilities. This category includes all liabilities except for derivative instruments and are carried at amortized cost.

Derivative instruments and hedge accounting

Derivative instruments are carried at fair value, and the result of the revaluation is normally recognized immediately in profit or loss. Exceptions from this rule are for transactions where the derivative instrument qualifies for hedge accounting. Hedge accounting may be applied only if certain criteria are met with regard to documentation of the hedge relationship and the hedge effectiveness.

Most of the derivative contracts used at Lantmännen have been entered into to hedge various risks. The rules pertaining to risk management at Lantmännen are described in Note 22 on [page 114](#). The majority of the derivative instruments held by Lantmännen represent hedging instruments that qualify for hedge accounting.

The standard defines three different hedging relationships:

A cash flow hedge is a hedge held to reduce the risk of an impact on profit or loss from changes in cash flow relating to a highly probable forecast future transaction or in transactions associated with an asset or liability. In cash flow hedge accounting, the change in the derivative instrument's fair value is recognized in equity via "Other comprehensive income." When the hedged position is recognized in profit or loss, the result of the revaluation of the derivative instrument is also transferred to profit or loss.

Hedging of net investments refers to hedges held to reduce the effects of changes in the fair value of a net investment in a foreign operation owing to a change in foreign exchange rates. Gains or losses arising from fair value measurement of the instruments used for these hedges are recognized in equity via "Other comprehensive income." The result is reclassified from equity to profit or loss in the same way as before when the foreign operation is divested.

Fair value hedge is a hedge held to reduce the effect on profit or loss of changes in the fair value of a recognized asset or liability. Changes in the fair value of the derivative instruments used for this type of hedge are recognized in profit or loss along with the changes in fair value of the hedged asset or liability.

Lantmännen currently applies cash flow hedging and hedging of a net investment in a foreign operation. For further details see Note 22 on [page 114](#)

Amortization of intangible assets, IAS 38

Intangible assets may have an indefinite useful life. Such assets are treated in the same way as goodwill, i.e. no amortization but an annual test to identify any impairment. Lantmännen has brands with an indefinite useful life, currently Schulstad, GoGreen, Aspen and Soppis. Previously all intangible assets were amortized over a maximum of 20 years.

Agriculture and forestry, IAS 41

Biological assets are to be measured and carried at fair value under IAS 41. There are operations within Lantmännen that own and manage biological assets.

Note 33 continued

These assets normally have a short life span, less than one year. For that reason Lantmännen has chosen to view the reported cost as an estimate of fair value. These operations account for a tiny fraction of Lantmännen's overall operations.

Business Combinations, IFRS 3

Goodwill is no longer amortized but is tested annually for impairment. Goodwill is recognized and measured at amortized cost as at December 31, 2008. No amortization of goodwill has been recognized for acquisitions made after December 31, 2008.

Mandatory impairment testing of goodwill at January 1, 2009 gave rise to a minor impairment of goodwill.

Recognition of negative goodwill is not permitted. Any negative goodwill is recognized immediately in profit or loss when it arises. Previously recognized negative goodwill was booked in equity in the IFRS opening balance at January 1, 2009.

In a step acquisition, which normally entails a company going from being an associate to being a subsidiary, the previous holding must be marked to market and the revaluation recognized in profit or loss. For Lantmännen, this has meant that the remeasurement of the value of the shares in Bakehouse produced an earnings gain of MSEK 63 in the 2009 result.

First-time Adoption of IFRS, IFRS 1

IFRS 1 contains a number of transition-related relief rules, of which Lantmännen has opted for the following:

- Financial information in historical statements and the like for the period prior to 2009 has not been restated under IFRS, with the exception of the closing balance for December 31, 2008, which conforms to the opening balance under IFRS.
- For a number of assets Lantmännen has elected to use revaluations (up or down) as deemed cost at the date of revaluation. The values are considered equivalent to the fair value at the time of the revaluation, totaling MSEK 90 and MSEK 370, respectively.
- Actuarial losses on the transition to IFRS have been recognized directly in equity in the opening balance for January 1, 2009.
- In the transition to IFRS Lantmännen has elected to reset all cumulative translation differences relating to foreign subsidiaries to zero. The translation differences were transferred to the respective "normal" component of equity. In all, the cumulative translation differences amounted to MSEK +780.
- Lantmännen has chosen to identify shares and participations as available-for-sale financial assets in the transition to IFRS.

The quantitative effects of the transition to IFRS are presented in the table below.

Effect of the transition to IFRS on the income statement and comprehensive income for January-December 2009

MSEK	According to previously applied policies	Changed acquisition balance sheets, treatment of goodwill (IFRS 3)	Restoration of reversed negative goodwill (IFRS 3)	Financial instruments at fair value (IAS 39)	Pensions (IAS 19)	Translation differences previously in equity (IAS 1)	Other	According to IFRS
Net sales, excluding excise duties	34,950						28	34,978
Other revenue	654	63		1				718
Depreciation, amortization and impairment	-1,550	199					-56	-1,407
Other operating expenses	-33,847		-71	-4			19	-33,903
Share of income of associates	97						-6	91
Operating income	304	262	-71	-3	0	0	-15	477
Financial items	-370			2			-5	-373
Income after financial items	-66	262	-71	-1	0	0	-20	104
Tax	13	15					50	78
Net income for the period after tax	-53	277	-71	-1	0	0	30	182
Other comprehensive income for the period, net of tax		109		-19	-39	-305	-3	-257
Total comprehensive income for the period	-53	386	-71	-20	-39	-305	27	-75

Note 33 continued

Effect of transition to IFRS on opening balance as at January 1, 2009

MSEK	According to previously applied policies	Changed acquisition balance sheets, treatment of goodwill (IFRS 3)	Restoration of reversed negative goodwill (IFRS 3)	Financial instruments at fair value (IAS 39)	Pensions (IAS 19)	Disposed of operations assets	Other	According to IFRS
Property, plant and equipment	10,974					-384	124	10,714
Goodwill	3,386	-399					-37	2,950
Other intangible assets	459	319						778
Investments in associates	1,195						-28	1,167
Non-current financial assets	1,774			78				1,852
Deferred tax assets	136			23	115		22	290
Other non-current assets	35					-16	20	39
Trade receivables and other operating receivables	6,543			40		-98	26	6,511
Current financial assets	630			25				655
Other current assets and cash and cash equivalents	7,421					-30		7,391
Assets in divested operations						534		534
Total assets	32,553	-80	0	166	115	0	127	32,881
Equity, Parent Company members	10,528	-134	294	-16	-322		-60	10,290
Non-controlling interest/minority interest	56							56
Equity	10,584	-134	294	-16	-322	0	-60	10,346
Non-current financial liabilities	8,219			14		-158	20	8,095
Provisions for pension obligations	1,544				352	-139		1,757
Deferred tax liabilities	132	54		2		-4		184
Other non-current provisions and liabilities	696		-294		85	-35		452
Current financial liabilities	4,565			23		-2		4,586
Trade payables and other operating liabilities	6,768			143		-187	167	6,891
Current tax liabilities	45							45
Liabilities in divested operations						525		525
Total equity and liabilities	32,553	-80	0	166	115	0	127	32,881

Effect of the transition to IFRS on the closing balance as at December 31, 2009

MSEK	According to previously applied policies	Changed acquisition balance sheets, treatment of goodwill (IFRS 3)	Restoration of reversed negative goodwill (IFRS 3)	Financial instruments at fair value (IAS 39)	Pensions (IAS 19)	Sub-ordinated debentures	Other	According to IFRS
Property, plant and equipment	10,667						131	10,798
Goodwill	3,078	-24					-24	3,030
Other intangible assets	391	357						748
Investments in associates	1,174						8	1,182
Non-current financial assets	1,824			58				1,882
Deferred tax assets	282			29	128		30	469
Other non-current assets	33						15	48
Trade receivables and other operating receivables	4,654						18	4,672
Current financial assets	681			13				694
Other current assets and cash and cash equivalents	6,107							6,107
Total assets	28,891	333	0	100	128	0	178	29,630
Equity, Parent Company members	10,148	250	223	-37	-361	-56	-27	10,140
Non-controlling interest/minority interest	69	16						85
Equity	10,217	266	223	-37	-361	-56	-27	10,225
Non-current financial liabilities	6,930			29		56	39	7,054
Provisions for pension obligations	1,514				396			1,910
Deferred tax liabilities	95	67		10				172
Other non-current provisions and liabilities	517		-223		93			387
Current financial liabilities	3,741			1				3,742
Trade payables and other operating liabilities	5,746			97			166	6,009
Current tax liabilities	131							131
Total equity and liabilities	28,891	333	0	100	128	0	178	29,630

Notes to the Parent Company

NOTE 34 BREAKDOWN OF REVENUE

MSEK	2010	2009
Net sales		
Sales of goods	8,636	8,552
Service contracts	321	0
Other	1,590	1,578
Total	10,547	10,130
Other operating revenue		
Capital gains	167	61
Government grants	0	1
Rental activities	87	221
Other	252	91
Total	506	374

Of the Parent Company's total net sales, approximately 13 percent (11) were to customers outside Sweden.

The Parent Company's capital gains include MSEK 167 (61) in gains from the sale of properties.

NOTE 35 FEES AND REIMBURSEMENT OF EXPENSES TO AUDITORS

MSEK	2010	2009
Ernst & Young		
Auditing services	4	3
Auditing operations in addition to auditing services	0	1
Other services	1	0
Total	5	4
Elected representatives		
Auditing services	1	1

NOTE 36 OPERATING INCOME

Transactions with related parties

Transactions with related parties are included as follows in the Parent Company's operating income.

In this context, transactions with members in accordance with the association's objectives are not considered transactions with related parties. Salaries and similar compensation of senior executives are reported in Note 5. Dividends from subsidiaries and associates are shown in Note 37.

	2010	2009
Intra-group purchases of total purchases, %	11	9
Intra-group sales of total sales, %	15	14
Purchases of goods and services from associates, MSEK	408	399
Sales of goods and services to associates, MSEK	26	27

Note 36 continued

Leasing commitments

Operating expenses includes MSEK 6 (4) in operating lease costs.

Future commitments relating to non-cancelable operating leases are recognized below.

Minimum lease payments fall due for payment

MSEK	2010	2009
Within one year	8	2
Between one and five years	15	8
Later than five years	6	6
Total	29	16

NOTE 37 INCOME FROM PARTICIPATIONS IN GROUP COMPANIES AND ASSOCIATES

Income from participations in Group companies

MSEK	2010	2009
Dividends	469	475
Capital gain on disposal of participations	25	62
Capital loss on disposal of participations	-7	0
Total	487	537

In 2010, dividends were received from, among others, SW Seed AB, MSEK 230, Swecon AB, MSEK 146, and Lantmännen Invest AB, MSEK 15.

The capital gain relates mainly to the divestment of Conagri AB and Fastighets AB Tre Skåne.

Income from participations in associates

MSEK	2010	2009
Dividends	0	-
Capital loss on disposal of participations	-4	0
Share of income in partnership	-	1
Impairment losses	-1	-
Total	-5	1

The 2010 capital loss refers to the sale of the shares in Agrico Nordic AB and Dimela.

NOTE 38 INCOME FROM OTHER SECURITIES AND RECEIVABLES CLASSIFIED AS NON-CURRENT ASSETS

MSEK	2010	2009
Dividends	16	12
Capital gain on disposal of participations	40	0
Other	7	0
Total	63	12

The majority of the dividends were received from equities in the InTrade companies. The capital gain refers to the sale of InTrade companies.

Income from participations in Accent Equity 2003 KB is reported under Other.

NOTE 39 EXCHANGE DIFFERENCES THAT AFFECTED INCOME

MSEK	2010	2009
Exchange differences that affected operating income	16	-47
Exchange differences on financial items ¹⁾	404	153
Total	420	106

¹⁾ Reported in Interest expense and similar income items in the income statement.

NOTE 40 TAXES

Tax on net income for the year

MSEK	2010	2009
Current tax expense (-)/tax income(+)		
Tax expense/income for the period	129	66
Total current tax	129	66
Deferred tax expense (-)/tax income (+)		
Deferred tax income in tax value capitalized during the year in loss carryforwards	-	66
Deferred tax expense resulting from use of previously capitalized tax value in loss carryforwards	-183	-
Deferred tax income in temporary differences	19	0
Total deferred tax	-164	66
Total reported tax expense	-35	132

Reconciliation of effective tax	2010		2009	
	Percent	MSEK	Percent	MSEK
Income before tax		679		222
Anticipated tax according to applicable Swedish tax rate	26.3%	-179	26.3%	-58
Non-deductible expenses	1%	-7	2%	-4
Tax-exempt capital gains/losses	-1%	10	-12%	26
Tax-exempt dividends	-18%	120	-57%	126
Contribution dividend deductible for tax purposes	-3%	18	-7%	16
Other	0%	3	-12%	26
Reported effective tax	5%	-35	-59%	132

Tax items recognized in other comprehensive income

MSEK	2010	2009
Current tax in received/paid Group contributions	-129	-66
Total	-129	-66

Deferred tax asset

MSEK	2010	2009
Land and buildings	8	3
Other provisions	28	11
Loss carryforwards	97	280
Other	-	3
Total, net deferred tax asset	133	297

Note 40 continued

Change in deferred tax in temporary differences and loss carryforwards 2010

MSEK	Amount at beginning of year	Recognized in income statement	Amount at end of year
Land and buildings	3	5	8
Other provisions	11	17	28
Loss carryforwards	280	-183	97
Other	3	-3	0
Total	297	-164	133

Loss carryforwards

At the end of the year there were loss carryforwards of approximately MSEK 369, all of which were included in the computation of deferred tax assets.

NOTE 41 INTANGIBLE ASSETS

MSEK	Patents, licenses and trademarks		Capitalized development costs	
	2010	2009	2010	2009
Accumulated cost	262	262	51	51
Accumulated amortization	-114	-102	-33	-23
Book value	148	160	18	28
Book value at beginning of the year	160	172	28	35
Investments	-	-	-	3
Amortization for the year according to plan	-13	-12	-10	-10
Book value	147	160	18	28

NOTE 42 PROPERTY, PLANT AND EQUIPMENT

MSEK	Land ¹⁾		Buildings		Plant and machinery		Equipment, tools, fixtures and fittings		Construction in progress	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Accumulated cost	108	114	812	850	3,098	2,696	572	594	32	178
Accumulated depreciation	-50	-51	-592	-623	-2,278	-1,977	-493	-505	-	-
Accumulated impairment losses	-	-	-44	-54	-197	-144	-2	-1	-	-
Book value	58	63	176	173	623	575	77	88	32	178
Book value at beginning of the year	63	68	173	200	575	387	88	98	178	201
Investments	-	1	-	25	-	109	-	9	123	188
Sales and disposals	-3	-5	-5	-80	-2	-5	-10	-2	-7	-
Depreciation for the year according to plan	-1	-2	-11	-9	-120	-93	-17	-17	-	-
Impairment losses for the year	-	-	-9	-	-53	-	-	-	-	-
Reversal of impairment losses during the year	-	-	4	-	-	3	-	-	-	-
Reclassifications	-1	1	28	37	223	174	16	-	-262	-211
Book value	58	63	176	173	623	575	77	88	32	178
Tax assessment values	298	179	1,355	982						

¹⁾ Including land improvements

NOTE 43 INVESTMENT PROPERTIES

MSEK	Land ¹⁾		Buildings		Total investment properties	
	2010	2009	2010	2009	2010	2009
Accumulated cost	23	101	213	868	236	969
Accumulated depreciation	-10	-40	-136	-486	-146	-526
Book value	13	61	77	382	90	443
Book value at beginning of the year	61	75	382	432	443	507
Investments	-	3	21	92	21	95
Sales and disposals	-47	-10	-299	-23	-346	-33
Depreciation for the year according to plan	-1	-1	-4	-6	-5	-7
Intra-group transfers ²⁾	-	-6	-23	-112	-23	-118
Reclassifications	-	-	-	-1	-	-1
Book value	13	61	77	382	90	443
Tax assessment values, MSEK	55	174	98	471	153	645

¹⁾ Including land improvements.

²⁾ During the year, properties were transferred to the real estate group in Lantmännen Group.

Properties where less than 10 percent of office space is used for the Parent Company's own activities are classified as investment properties.

Fair value and changes therein

MSEK	2010	2009
Fair value at beginning of the year	1,086	1,403
Investments in properties	12	35
Divestments	-362	-78
Intra-group sales	-516	-283
Changes in value	18	-24
Reclassifications	20	33
Fair value at year-end	258	1,086

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	2010	2009
Rental income	27	171
Direct costs, including cost of repair and maintenance	-9	-75
Net operations	18	96

NOTE 44 PARTICIPATIONS IN GROUP COMPANIES

MSEK	2010	2009
Accumulated cost	7,045	5,911
Accumulated write-ups	200	200
Accumulated impairment losses	-488	-490
Book value	6,757	5,621
Book value at beginning of period	5,621	5,692
Acquisitions	1,191	1
Sales	-55	-72
Book value	6,757	5,621

Sales for the year included among others the divestment of Conagri AB, Fastighets AB Tre Skåne and Seedgard AB. The acquisition for the year refers to the capital contribution to Lantmännen Unibake A/S.

Parent Company and Group holdings of participations in Group companies, December 31, 2010

This summary comprises directly-owned subsidiaries as well as indirectly-owned subsidiaries with revenues exceeding MSEK 200.

Company name	Corporate Identity No.	Domicile	Number of shares	Share in %	Carrying amount, MSEK
<i>Shares and participations in Swedish subsidiaries</i>					
AB Skånefågel	556056-1457	Sölvesborg	1,000	100.0	1
Arips AB	556413-4293	Stockholm	6,111,289	100.0	6
Doofmas & Co AB	556547-7394	Stockholm	3,400,000	100.0	238
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	20,000	100.0	3
Lantmännen Cerealia AB	556017-2222	Malmö	200,000	100.0	512
Lantmännen Schulstad A/S	10 245 613	Copenhagen		100.0	
Lantmännen Cerealia A/S	69 120 717	Vejle		100.0	
Lantmännen Energi AB	556118-3954	Stockholm	400	100.0	54
Aspen Petroleum AB	556329-9519	Gothenburg		100.0	
Lantmännen Finans AB	556664-8118	Stockholm	3,000,000	100.0	300
Lantmännen Fastigheter 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	
Akerhus Traktor AS	947340204	Jessheim		100.0	
LMB Danmark A/S	75 297 319	Brøndby		100.0	
Lantmännen SW Seed AB	556001-5272	Svalöv	298,667	100.0	238
Swecon Baumaschinen GmbH	HR B1403	Düsseldorf		100.0	
Swecon GmbH & KG (former Könicke)	DE 115832226	Düsseldorf		100.0	
Lantmännen Unibake Sweden AB	556186-7796	Örebro	100,000	100.0	27
Maselaboratorierna AB	556009-7353	Uppsala	5,000	100.0	0
Nötcenter Viken AB	556559-4503	Falköping	6,000	66.7	3
Swecon Anläggningsmaskiner AB	556575-1137	Eskilstuna	488,150	97.6	372
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	6562531V	Dublin		100.0	1,104
Dirual AG	CH-0203002	Zurich	199,997	100.0	22
Lantmännen Cerealia AS	910629085	Oslo	17,968,129	100.0	222
Lantmännen Unibake Denmark A/S	37 249 211	Horsens	3,000,000	100.0	2,708
LM Unibake GmbH & Co KG	HRA 121351	Verden		100.0	
Unibake Poland Sp. z.o.o.	KRS 000089367	Nieporęt		100.0	
Lantmännen Unibake USA, Inc	36-4034179	U.S.		100.0	
LM Unibake UK Ltd	3315763	U.K.		100.0	
Lantmännen Unibake Benelux NV	0461025063	Londerzeel		100.0	
Lantmännen Unibake Norge AS	989 135 082	Oslo	3,405,694	100.0	34
Total Parent Company					6,757

NOTE 45 INVENTORIES

MSEK	2010	2009
Raw materials and consumables	1,371	1,293
Finished goods and goods for resale	459	748
Total	1,830	2,041

Of the total value of inventories, MSEK 257 (76) relates to goods measured at net realizable value.

NOTE 46 PREPAID EXPENSES AND ACCRUED INCOME

MSEK	2010	2009
Prepaid expenses	103	147
Accrued income	104	87
Total	207	234

NOTE 47 YEAR-END APPROPRIATIONS, UNTAXED RESERVES

Untaxed reserves, MSEK	2010	2009
Accumulated depreciation in excess of plan		
- Intangible assets	111	111
- Machinery and equipment	200	200
Total	311	311

NOTE 48 PENSIONS

All of the Parent Company's pension obligations concern unfunded pension plans and are subject to the Pension Obligations Vesting Act (Tryggandelagen).

The pension liability recognized in the statement of financial position is as follows:

MSEK	2010	2009
Pension plan according to PRI Pensionsgaranti	732	727
Other non-funded pension plans	4	4
Total	736	731

Specification of changes in pension liability during the year:

MSEK	2010	2009
Liability at beginning of year	731	731
Pension expenses recognized for the year	45	41
Pension payments	-40	-41
Liability at end of year	736	731

The calculation of pension obligations under PRI was done by PRI Pensionsgaranti, according to actuarial assumptions adopted by them.

Next year's projected payments for defined benefit pension plans amount to MSEK 41.

Specification of pension-related costs for the period:

MSEK	2010	2009
Current service cost	9	12
Interest cost	37	29
Insurance premiums, equal to	62	67
Net pension cost for the year, excluding taxes	108	108

NOTE 49 OTHER PROVISIONS

MSEK	Restructuring
Carrying amount at beginning of period	177
Provisions made during the period	141
Amounts utilized during the period	-59
Reversed during the period	-12
Carrying amount at end of period	247

Increases in previously existing provisions are included in the period's provisions.

Most of the year's provisions refer to the efficiency programs in the Agriculture Sector. Of the total provisions barely half are expected to be utilized in 2011 while the remainder will not be utilized until after three years.

NOTE 50 OTHER CURRENT LIABILITIES

Other current liabilities include liabilities to members relating to savings and capital accounts amounting to MSEK 1,306 (1,306).

NOTE 51 ACCRUED EXPENSES AND PREPAID INCOME

MSEK	2010	2009
Accrued personnel-related costs	141	125
Accrued interest	23	48
Other accrued expenses	248	449
Prepaid income	8	21
Total	420	643

NOTE 52 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets

MSEK	For own financial liabilities	Other commitments	Total pledged assets	
			2010	2009
Real estate mortgages	425	-	425	913
Bank accounts	-	28	28	21
Total	425	28	453	934

Real estate mortgages are used as collateral for loans from Realkredit Danmark. During the year mortgages were partially replaced by mortgages pledged by Group companies.

Contingent liabilities

MSEK	2010	2009
Guarantees for		
- Group companies	707	1,094
- associates	178	70
Other contingent liabilities	88	296
Total	973	1,460

The change in the guarantees pledged for Group companies mainly refers to reduced guarantees for Lantmännen Finans AB.

NOTE 53 FINANCIAL INSTRUMENTS

MSEK	2010	2009
Shares and participations	131	152
Loans and receivables		
Non-current interest-bearing receivables from subsidiaries	125	178
Non-current interest-bearing receivables from associates	2	24
Other non-current interest-bearing receivables	154	154
Trade receivables	2,101	1,557
Current interest-bearing receivables from subsidiaries	7,766	9,496
Other current interest-bearing receivables	53	100
Short-term investments	175	-
Cash and bank balances	211	83
Total	10,587	11,592
Financial liabilities measured at amortized cost		
Non-current interest-bearing liabilities	4,771	6,646
Trade payables	1,652	1,304
Current interest-bearing liabilities to subsidiaries	3,217	1,958
Other current interest-bearing liabilities	1,349	1,369
Total	10,989	11,277

See also Note 22 for certain information. All of the Group's derivative instruments are held by the Parent Company and the fair value of these is stated in Note 22. The Parent Company does not apply fair value measurement. Instead it recognizes financial instruments using the cost method.

The Board of Directors and the President & CEO hereby certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and give a true and fair view of the Group's financial position and results of operations. The annual financial statements have been prepared in accordance with Generally Accepted Accounting Principles, and thereby give a true and fair view of the Parent Company's financial position and results.

The Directors' Report for the Group and Parent Company give a true and fair overview of the development of Group and Parent Company activities, financial position and results of operations, and describe significant risks and uncertainty factors faced by the Group, the Parent Company and companies belonging to the Group.

Stockholm, February 17, 2011



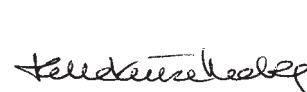
Thomas Bodén
Chairman



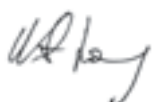
Bengt-Olov Gunnarson
Vice Chairman



Birgitta Carlander



Helle Kruse Nielsen



Nils Lundberg



Thomas Magnusson



Anitra Steen



Hans Wallemyr



Björn Wallin



Tommy Brunsärn



Gert Gustavsson



Görgen Kier



Per Strömberg
President & CEO

Our auditors' report was submitted on February 17, 2011

Ernst & Young AB



Lars Träff
Authorized Public Accountant



Torvald Carlsson



Lars Falck



Anders Åbyhammar

The Group's and Parent Company's annual financial statements are adopted by the Annual General Meeting and will be presented for consideration at the Annual General Meeting on the 4th of May 2011.

Audit Report

To the Annual General Meeting of Lantmännen ek för
Corporate Identity Number 769605-2856

We have audited the annual financial statements, the consolidated financial statements, the accounting records and the administration of the Board of Directors and the President of Lantmännen ek för for the year 2010. The annual financial statements of the Association and the consolidated financial statements of the Group are included in the printed version of this document on pages 76-130. The Board of Directors and the President are responsible for these accounts and the administration of the Association as well as for the application of the Annual Accounts Act when preparing the annual financial statements and the application of International Financial Reporting Standards (IFRSs) as adopted by the EU and the Annual Accounts Act when preparing the consolidated financial statements. Our responsibility is to express an opinion on the annual financial statements, the consolidated financial statements 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 financial statements and the consolidated financial statements are free from 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 policies used and of their application by the Board of Directors and the President and significant estimates made by the Board of Directors and the President when preparing the annual financial statements and consolidated financial statements as well as evaluating the overall presentation of information in the annual financial statements and the consolidated financial statements. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the Association in order to be able to determine the liability, if any, to the Association of any Board member or the President. We also examined whether any Board member or the President has, in any other way, acted in contravention of the Economic Associations Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual financial statements have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the Association's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the Annual Accounts Act and give a true and fair view of the Group's financial position and results of operations. The Board of Directors' Report is consistent with the other parts of the annual financial statements and the consolidated financial statements.

We recommend to the Annual General Meeting that the income statements and statements of financial position of the Association and the Group be adopted, that the profit of the Association be dealt with in accordance with the proposal in the Board of Directors' Report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, February 17, 2011

Ernst & Young AB

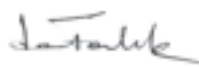


Lars Träff

Authorized Public Accountant



Torvald Carlsson



Lars Falck



Anders Åbyhammar



Corporate Governance Report

The Corporate Governance Report has not been reviewed by the Association's auditors.

Lantmännen ek för is a Swedish co-operative economic association headquartered in Stockholm, Sweden. The governance of the Group is based, inter alia, on the Association's Articles of Association, the Swedish Economic Associations Act, the code of governance for agricultural co-operatives and association enterprises (hereinafter referred to as the Association Code) as well as other applicable laws and rules. According to the Association Code, a corporate governance report shall be prepared.

Lantmännen's Board of Directors and executive management endeavor to meet the demands placed on the enterprise by owners, employees and other stakeholders in the best possible manner.

Association Code

The Association Code is modeled on the 2004 "Swedish Code of Corporate Governance." The Association Code was developed in collaboration between the Federation of Swedish Farmers (LRF) and the larger agricultural co-operative enterprises. Like the "Swedish Code of Corporate Governance," the Association Code is intended to create the proper conditions for an active and accountable ownership role, the proper balance between owners, the Board and executive management, contribute to a clear division of responsibility between the Association's management and control bodies and to create the greatest possible transparency vis-à-vis owners, the market and society in general. The Association Code is also intended to help ensure that the principles of the Economic Associations Act regarding member participation in the management of the Association are applied in practice. The Code is applied today by Lantmännen and in applicable parts of other agricultural co-operatives.

According to the Association Code the Board shall submit a report about how well the internal control relating to financial reporting functioned during the past financial year. Lantmännen's Board of Directors has chosen to make a statement only about the organization of the control. This is consistent with the simplifications applicable since 2008 under the Swedish Code of Corporate Governance.

Owners

The Group's Parent Company is Lantmännen ek för, a co-operative enterprise owned by just over 36,000 farmers in Sweden. Pursuant to the Association's Articles of Association, the owners, i.e., the members of the Association, shall be engaged in farming or food production in the Association's area of operation.



The owners have the opportunity at various owner and district meetings to express their views to the Board of Directors and management through motions and other means. See also the description in A farmer-owned enterprise on ► pages 12-14

Owner relations

During the year the Owner Relations Department had seven, previously nine staff members: five member services staff, the editor of the owner's newsletter The Sprout, and one member manager. The cost of the department and its activities in 2010 amounted to approximately MSEK 33, of which approximately MSEK 9 pertains to the costs of the department itself. District costs amounted to approximately MSEK 13 of the MSEK 33, of which fixed fees approved by the General Meeting accounted for 34 percent and 38 percent were variable fees, with the remaining 28 percent referring to the costs of the districts' various activities.

Together with district meetings and owner meetings mandated by the Articles of Association, approximately 150 activities were carried out in the districts during the year. Training costs amounted to nearly MSEK 2 and the General Meeting cost the department almost MSEK 2. Other activities handled by the department include the Delegates' Meeting, Council of Trustees, District Board Conference, General Meeting Nomination Committee and the owners' newsletter The Sprout. The cost of these activities amounted to approximately MSEK 9.

Contributed capital and voting rights

Each member of the Association has one vote regardless of the size of his or her investment. The members' obligation to invest (contribution liability) is based on the turnover value of purchases from and deliveries to the Association. The Board of Directors decides the product areas that are to comprise the basis of the obligation to invest. The investment obligation of the individual member after the Articles of Association amendment adopted by the Annual General Meeting on April 28, 2009 is 15

percent of the average turnover value with the Association over the last five years. However, the obligation to invest ranges from a low of SEK 10,000 to a maximum of SEK 450,000. Of the total contributed capital of MSEK 1,350, MSEK 612 has been paid in and MSEK 738 issued from distributable capital in the Association. At the end of 2010, the obligation of members to invest totaled MSEK 1,304.

Annual General Meeting

The Annual General Meeting is Lantmännen's supreme decision-making body. The Meeting consists of representatives of members, delegates, who are elected at the district meetings. The districts are the basis of the members' role as owners of the Association. Delegate seats are distributed on the basis of a divisor in proportion to the number of persons entitled to vote in the district and the organization member. The chairmen of district boards and chairman of the board of the organization member are to be delegates. The number of delegates shall not be less than 100. Each delegate has one vote at the Meeting. The General Meeting has a quorum when more than half of the full number of delegates is in attendance. Each member is entitled to have business considered by the General Meeting.

The Annual General Meeting shall be held within six months of the end of the financial year. The Association's Board of Directors, Nomination Committee and auditors are elected at the Annual General Meeting. Other obligatory business to be considered by the Meeting includes adoption of the income statement and statement of financial position, allocation of the Association's profit or coverage of its loss, discharging the Board of Directors and President from liability and determination of Directors' and auditor fees.

The 2010 Annual General Meeting

The Annual General Meeting was held on the 5th of May in Stockholm. Board members of Lantmännen ek för are elected for two-year terms. The terms of Thomas Bodén, Thomas Magnusson, Björn Wallin and Paul Bergqvist, who declined reelection, expired. The Meeting resolved that the Board of Directors of Lantmännen ek för shall consist of nine members elected by the General Meeting and the President of the Association. Thomas Bodén, Thomas Magnusson and Björn Wallin were reelected at the Meeting. Helle Kruse Nielsen was elected as a new member. 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 remuneration for the Board of Directors and other elected representatives, including fixed annual remuneration as well as per diem and travel compensation. The Meeting also appointed nine members to the Nomination Committee for the time up to and including the 2011 General Meeting.

The Meeting approved a contribution dividend totaling MSEK 63 to be distributed on paid-in and issued contributed capital and a contribution issue totaling MSEK 100 to be distributed as follows: 25 percent on contribution-based turnover and 75 percent on paid-in and issued member contributions. In addition to dividend and issue the Board decided not to pay a refund and final price adjustment in view of the unsatisfactory performance of the ag-related operations.

The total number of delegates was 101, of whom 97 were present at the Meeting. All Board members and elected auditors were present at the Meeting.

Council of Trustees

The Association has a Council of Trustees. The district board chairmen and organization member shall serve on the Council of Trustees. In addition to this, the Board of Directors may appoint additional members. The role of the Council of Trustees is to advise the Group Board on development issues of a more long-term nature as well as communicate information between the Board of Directors and the districts. The Council of Trustees is also charged with taking part in matters of principle and nominating members to the Association's Nomination Committee.

Council of Trustees in 2010

In addition to the obligatory members as stated above, the Board of Directors appointed two representatives of the local associations to the Council of Trustees. Also in attendance at Council of Trustees meetings are the Group Board, the Association's elected auditors and the chairman of the Nomination Committee, unless he or she is already part of the above-mentioned group. The Council of Trustees had three minuted meetings during the year.

Nomination Committee

The Nomination Committee is tasked with preparing and presenting nominations for members of the Group Board and auditors as well as their fees and remuneration and make recommendations for fees and remuneration for other elected representatives. The Nomination Committee shall have 7-13 members and is elected by the Annual General Meeting. The Nomination Committee elects a chairman from among its members.

Based on the Association's current situation and future direction, the Nomination Committee's task is to assess whether the Board of Directors is appropriately composed with regard to expertise. This assessment is based in part on an evaluation of the Board's work methods and decision processes performed by an independent party at the behest of the Chairman of the Board and in consultation with the Nomination Committee. Any new recruitment to the Board is then done according to a specified requirement prepared by the Nomination Committee.

Nomination Committee in 2010

In 2010 the 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. Lars Reyier's and Kerstin Mood's terms ended in conjunction with the General Meeting on May 5. Victoria Josefsson and Sören Lundström were elected new members. Per-Olof Malm was elected as the new chairman after Lars Reyier and Kjell Eriksson was elected as the new vice chairman.

Group Board

On behalf of the Association's members, the overarching task of the Board of Directors' is to manage the Association's affairs so that the economic interests of the members are served in the best possible manner. The Board is responsible for the Association's organization and management of the Association's affairs as well as for the satisfactory oversight of the Association's accounting, the management of its funds and its financial affairs. The Board decides the Group's overarching goals, strategic plans and significant policies and monitors whether they are being adhered to and are updated. The Board also decides on acquisitions, divestments and major investments and approves the annual accounts and interim reports. The Board is also tasked with overseeing the President and assessing the performance of the Group Management on an ongoing basis. The Board shall ensure that there is an effective system for follow-up and control of the Association's operations and financial position, that external information is characterized by transparency and objectivity, that there is adequate monitoring of compliance with laws and regulations and that the necessary ethical guidelines are laid down.

The work of the Board is directed by a work plan that governs the division of work and responsibility among the Board of Directors, the Chairman and the President. The work plan is updated and adopted at least once a year, normally at the statutory meeting of the Board.

The Board of Directors of Lantmännen shall consist of no fewer than 7 and no more than 13 members along with the President. The Board elects a chairman from among its members. The Board has an Audit Committee, a Remunera-

tion Committee and an Owner Committee. The purpose of the committees is to develop and streamline the Board's work as well as prepare business within the respective areas. The committees have no decision-making powers. Members of the committees are appointed by the Board at the statutory Board meeting. Instructions for the committees are included in the Board's work plan.

The work of the Board of Directors in 2010

Since the Annual General Meeting on the 5th of May 2010, the Board has consisted of nine members elected by the Meeting, three employee representatives and the President. The head of the corporate function Legal Affairs serves as the Board's secretary. None of the Board members elected at the General Meeting has an employment-like relationship with Lantmännen. Thomas Bodén was elected Chairman of the Board. The composition of the Board is shown in the presentation, see ► pages 138-140

During the year the Board held 17 meetings, of which four by telephone and two per capsulam. The table below shows the attendance of the board members at the meetings.

During the year the Board decided to increase the Group's stake in Bakehouse from 63 to 100 percent, and to acquire Könicke Baumaschinen, which imports and sells Volvo construction equipment in Germany. Decisions were also taken to close the Agriculture Sector's feed mill in Norrköping, to divest Lantmännen SweChick and to sell about 40 properties.

The Association's auditors attended two of the meetings.

Audit Committee

The Audit Committee is tasked with preparing matters relating to risk assessment, internal control, financial reporting and auditing. The committee shall work 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 the independence of

Attendance at 2010 Group Board meetings

	Jan 15 Per Capsulam	Feb 9 Tele- mtg.	Feb 18	Apr 8	Apr 19 Tele- mtg.	Apr 29	May 5 Statutory board mtg.	Jun 14-15	Jun 22-23	Jul 23 Tele- mtg.	Sep 2	Sep 27-29	Oct 10 Tele- mtg.	Oct 27	Nov 12 Per Capsulam	Dec 7	Dec 16-17
Thomas Bodén	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Paul Bergqvist	●	●	●	●	—	●											
Tommy Brunsärn	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Birgitta Carlander	●	—	●	●	●	●	●	●	●	●	●	—	●	●	●	●	●
Bengt-Olov Gunnarson	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Gert Gustavsson	●	●	●	●	—	●	●	●	●	●	●	●	●	●	●	●	●
Görgen Kier	●	●	●	—	●	●	●	●	●	—	●	●	●	●	●	●	●
Nils Lundberg	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Thomas Magnusson	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Helle Kruse Nielsen							●	●	●	●	●	●	●	●	●	—	●
Anitra Steen	●	●	●	—	●	●	●	●	●	●	●	—	●	●	●	●	●
Hans Wallemyr	●	●	●	●	●	●	●	●	●	●	—	—	●	●	●	●	●
Björn Wallin	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Per Strömberg	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

● Present — Not present

Paul Bergqvist stepped down from the Board on May 5, 2010.
Helle Kruse Nielsen was elected to the Board on May 5, 2010.

external auditors is maintained, evaluate the audit and inform the Nomination Committee of the results. The Group's internal audit team reports directly to the Audit Committee.

The committee consists of Birgitta Carlander, chairman, and Nils Lundberg and Hans Wallemyr. The secretary is the head of the Internal Audit. Members are appointed for one year at a time. In addition to distributing the minutes of Audit Committee meetings to the Board of Directors, the committee chairman reports on all important issues orally at the following Board meeting. The committee had four minuted meetings during the year. The table below shows the attendance of the members at the meetings.

The Audit Committee, attendance and number of meetings in 2010

	Feb 5	Apr 28	Jul 22	Oct 26
Birgitta Carlander	●	●	●	●
Nils Lundberg	●	●	●	●
Hans Wallemyr	●	—	●	●

● Present — Not present

Remuneration Committee

The Remuneration Committee is tasked with preparing matters and drafting principles related to pay and other terms of employment for the Group Management. These principles must be approved by the General Meeting. The committee prepares and submits its decision-making documentation to the Board of Directors concerning the President and to the President regarding the other members of Group Management.

The committee consisted until the General Meeting of Thomas Bodén, chairman, Paul Bergqvist and Anitra Steen, with President Per Strömberg as a co-opted member. After the General Meeting Paul Bergqvist was replaced by Helle Kruse Nielsen. The head of CF Human Resources serves as secretary. Members are appointed for one year at a time.

In addition to distributing the minutes of the Remuneration Committee meetings to the Board, the committee chairman reports on all important issues orally at the following Board meeting.

The committee had five minuted meetings during the year. The table below shows the attendance of the members at the meetings.

The Remuneration Committee, attendance and number of meetings in 2010

	Jan 11	Feb 16	Apr 29	Sep 1	Nov 16
Thomas Bodén	●	●	●	●	●
Paul Bergqvist	●	●	●		
Helle Kruse Nielsen				●	●
Anitra Steen	●	●	●	●	●
Per Strömberg	●	●	●	●	●

● Present — Not present

Paul Bergqvist stepped down at the General Meeting on May 5, 2010.
Helle Kruse Nielsen was elected at the General Meeting on May 5, 2010.

Owner Committee

The Owner Committee is tasked with dealing with issues concerning ownership and the owner organization in the Group. The committee's work is aimed at ensuring that owner and member issues are dealt with in accordance with the Economic Associations Act and Articles of Association. Its further aim is for the development of Articles of Association, organization and the relationship to elected representatives and owners to take place in a manner that, over time, adapts to changes in society and business.

The committee consists of Bengt-Olov Gunnarson, chairman, Thomas Magnusson, Björn Wallin and Lantmännen General Counsel Lena Weman. The Group's head of membership is the secretary. Members are appointed for one year at a time.

In addition to distributing the minutes of Owner Committee meetings to the Board, the committee chairman reports on all important issues orally at the following Board meeting. The committee had five minuted meetings during the year. The table below shows the attendance of the members at the meetings.

The Owner Committee, attendance and number of meetings in 2010

	Jan 12 Tele-mtg	Feb 5	Apr 12	Oct 14	Nov 29
Bengt-Olov Gunnarson	●	●	●	●	●
Björn Wallin	—	—	●	●	●
Thomas Magnusson	—	●	●	●	●
Lena Weman	●	—	—	—	●

● Present — Not present

President and Group Management

The President & CEO is appointed by the Board and is responsible for the day-to-day management of the Association. The division of tasks between the Board and the President is regulated in the Board's work plan. Lantmännen's Group Management currently consists of 10 members, namely the President & CEO, Executive Vice President, heads of Sectors and all heads of corporate functions. The composition of the Group Management is shown in the presentation, see ► page 141

Group Management generally meets every six weeks. Group Management has the overarching responsibility for coordinating the Group.

Internal Audit

With regard to the rest of the Group, the Internal Audit is an independent activity engaged in objective safeguarding and advisory efforts. The Internal Audit team shall make assessments in a systematic and structured manner, thereby helping to streamline the Group's risk management, governance and control as well as its management processes.

The Internal Audit team reports material observations and suggestions for improvements to the Board via the Audit Committee and also to business operations. The Internal Audit team examines the entire Group and is also the independent review

function for Lantmännen Finans AB as required by the Swedish Financial Supervisory Authority. In addition to the examinations that are carried out according to the internal audit plan, the function supports the Board and management with analyses and advice.

In 2010 the Internal Audit team identified overarching risks in the Group, carried out examinations in both the Sectors and in corporate functions, and prepared an internal audit plan for 2011. The Internal Audit team also participates in various steering groups and committees to obtain essential information and serve as a consultee on issues concerning risk management, internal governance and control.

External audit

There are four regular auditors of whom 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 auditors' work is led by authorized public accountant Lars Träff. The elected representative auditors are Torvald Carlsson, Lars Falck and Anders Åbyhammar. All auditors are elected by the General Meeting for one year at a time.

The Board of Director's report on internal control of financial reporting

The Board of Directors' report on internal control has not been reviewed by the Association's auditors.

The responsibility of the Board and President for internal control is governed by the Swedish Economic Associations Act. The Board's responsibilities are also governed by the Swedish governance code for agricultural co-operatives 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 in the Corporate Governance Report ► page 133 Lantmännen's Board has chosen to make a statement only about how the internal control is organized.

Below is a description of the most important elements of the Association's system for internal control and handling of risks concerning financial reporting.

The internal control concerning financial reporting is a process involving the Board, the Audit Committee, President, management and other employees and is designed to provide assurance of the reliability of financial reporting. The overarching aim of the internal control is to protect the investments of the owners and the Association's assets.

The control environment comprises the basis of the internal control and includes the values and ethics the Lantmännen Group communicates and practices along with the Group's organizational structure, management, decision-making, actions, responsibilities and the expertise possessed by employees. Other important areas in Lantmännen's internal control are communication and information and follow-up.

The Lantmännen Group's values represent a long-term commitment linked to its mission, business concept, goals and

strategies that guide employees in their daily work. It is the Group's ambition for its slogan, "responsibility from field to fork," to permeate all internal and external actions. In 2008 the Board prepared, adopted and communicated a Code of Conduct for the Group. In 2010 its implementation continued with extensive training efforts to ensure that all employees and other parties covered by the Code of Conduct, such as suppliers, participate in it and understand it.

The Board has the overarching responsibility for the internal control concerning financial reporting. The Board has adopted a written work plan that clarifies the responsibilities of the Board and governs the division of tasks between the Board and its committees. An Audit Committee regularly reports to the Board.

Lantmännen works continuously on ensuring the appropriate expertise in key positions for both the corporate functions and within the various business areas. In addition, there are policies for important areas that define responsibilities, obligations and procedural guidelines. The policy is available on the Lantmännen'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 of financial reporting is done regularly. The follow-up includes analysis of regular financial reports compared with historical experience, budgets and forecasts as well as follow-up of reporting activities. Follow-up is done at the company, business area, Sector and Group level.

Board of Directors

Gert Gustavsson

For information about the Board of Directors see ► page 140



Thomas Magnusson

Tommy Brunsärn

Thomas Bodén

Anitra Steen



Görgen Kier

Per Strömberg

Hans Wallemyr



Birgitta Carlander



Björn Wallin



Helle Kruse Nielsen



Bengt-Olov Gunnarson



Nils Lundberg

Board of Directors

The Board consists of ten members and three employee representatives. Board members of Lantmännen ek för are elected for two-year terms. The Annual General Meeting will be held on the 4th of May 2011.

Holdings of subordinated debentures and contribution issues at December 31, 2010.

Thomas Bodén *Chairman*

Noraström
Born: 1947
Member since 2000
Other functions at Lantmännen: Scandinavian Farmers, Viking Malt Oy, Remuneration Committee
Education: Business administration, education, sociology, Air Force officer training
Main occupation: Farmer
Production: Beef and lamb, course fodder, forestry
Contribution issues: SEK 663,736
Contribution issues related parties: SEK 16,199
Subordinated debentures: SEK 100,000

Bengt-Olov Gunnarson *Vice Chairman*

Borensberg
Born: 1951
Member since 2005
Other functions at Lantmännen: Scandinavian Farmers, Viking Malt Oy, Owner Committee
Education: Agricultural technologist
Main occupation: Farmer
Production: Crop production, forestry and wind power
Other directorships: Foundation for Agricultural Research
Contribution issues: SEK 201,334*
Subordinated debentures: SEK 100,000
Subordinated debentures related parties: SEK 50,000

Birgitta Carlander

Lerdala
Born: 1952
Member since 2000
Other functions at Lantmännen: Audit Committee, SL Foundation, chairman of VL Foundation and Cerealia Foundation
Education: Agricultural economist
Main occupation: Farmer
Production: Piglets with 500 own sows plus recruitment
Other directorships: Länsförsäkringar Livs Försäkrings-företagarförening, vice chairman of Skaraborgs Läns Sjukhem, HaGe Kiel
Contribution issues: SEK 194,213

Helle Kruse Nielsen

Denmark
Born: 1953
Member since 2010
Other functions at Lantmännen: Remuneration Committee
Education: Master of Business Administration
Main occupation: Directorships
Other directorships: Board member of AkerBioMarine ASA, Gumlink A/S, Swedbank AB, Niels Adlers Stipendiefond, NewWaveGroup AB, Oriflame SA
Contribution issues: 0

Nils Lundberg

Skivarp
Born: 1958
Member since 2007
Other functions at Lantmännen: Audit Committee, Scandinavian Farmers
Education: Agricultural economist
Main occupation: Farmer, 600 ha
Production: Crop production: sugar beets, grain and oilseed rape
Other directorships: Betodlarna (beet growers' cooperative), Ljusterö Golf AB
Contribution issues: SEK 1,469,393*
Subordinated debentures: SEK 100,000*
Subordinated debentures related parties: SEK 90,000

Thomas Magnusson

Tävelsås
Born: 1950
Member since 2005
Other functions at Lantmännen: Owner Committee
Education: Agriculture and economics
Main occupation: Farmer
Production: Milk, beef
Other directorships: Vice Chairman of Federation of Swedish Farmers board, Cogeca Presidency
Contribution issues: SEK 112,909
Subordinated debentures: SEK 20,000

Anitra Steen

Torps Gård
Born: 1949
Member since 2009
Other functions at Lantmännen: Remuneration Committee
Education: B.A. in behavioral and social sciences
Main occupation: Consultant/Directorships
Other directorships: Chairman of Telge Inköp AB. Board member of Swedish Trade Federation and of SAS (until April 2011)
Contribution issues: SEK 15

Per Strömberg

President & CEO
Stockholm
Born: 1963
Member since 2007
Education: Master of Business Administration with international focus
Other directorships: Li (Food Companies), Almony AB
Subordinated debentures: SEK 200,000

Hans Wallemyr

Falköping
Born: 1956
Member since 2007
Other functions at Lantmännen: HaGe Kiel, Audit Committee, Cerealia Foundation
Education: Agriculture and economics
Main occupation: Farmer
Production: Wind power, potato cultivation, forestry, breeding and training jumping and dressage horses
Other directorships: Flyinge AB, Åsle Vind AB, Källeberg Vind AB
Contribution issues: SEK 160,996*

Björn Wallin

Vattholma
Born: 1964
Member since 2008
Other functions at Lantmännen: Owner Committee
Education: Agricultural economist
Main occupation: Farmer
Production: Crop production
Other directorships: HaGe Kiel
Contribution issues: SEK 812,801*

Tommy Brunsärn

Södertälje
Born: 1959
Member since 2007
Representative of Unionen
Main occupation: Head of purchasing, Lantmännen Cerealia, Järna

Gert Gustavsson

Falkenberg
Born: 1951
Member since 2002
LO representative
Main occupation: Operator, feed plant

Görgen Jer

Kristianstad
Born: 1959
Member since 2008
LO/Livs representative
Main occupation: Food industry worker

Board Secretary

Lena Weman

General Counsel
Born: 1960
Hired: 2006
Other functions at Lantmännen: Owner Committee
Education: Law degree and Master of Laws, Amsterdam
Subordinated debentures: SEK 20,000

Auditors

Elected representatives

Torvald Carlsson

Gamleby
Born: 1951
Auditor since 2000
Education: Agricultural economist
Main occupation: Farmer
Production: Crop production, forestry, integrated hog production
Contribution issues: SEK 145,188

Lars Falck

Kristianstad
Born: 1962
Auditor since 2007
Education: Agricultural technologist
Main occupation: Farmer
Production: Crop production
Contribution issues: SEK 207,898*
Subordinated debentures: SEK 20,000*

Anders Åbyhammar

Fellingsbro
Born: 1956
Auditor since 2005
Education: Agricultural technologist
Main occupation: Farmer, Accounting consultant, LRF Konsult
Production: Crop production, forestry, lambs, electricity/hydropower
Contribution issues: SEK 114,009

Authorized Public Accountant

Lars Träff

Ernst & Young, Stockholm

* Through company



Johan Karlström

Anette Rosengren

Per Olof Nyman

Lena Weman

Per Arfvidsson

Carl von Schantz

Monika Lekander

Per Strömberg

Håkan Pettersson

Elisabeth Wallin Mononen

Group Management

Lantmännen's Group Management consists of the President & CEO, Executive Vice President, heads of Sectors and heads of corporate functions.

Per Strömberg

President & CEO
 Born: 1963
 Hired: 2007
 Education: Master of Business Administration with international focus
 Outside directorships: Li (Food Companies), Almondy AB
 Subordinated debentures: SEK 200,000

Per Olof Nyman

Executive Vice President and CFO
 Responsible for: Strategy and business development
 Born: 1956
 Hired: 2008
 Education: M. Sc. Industrial and Management Engineering
 Outside directorships: LRF Konsult, board member of associates: Viking Malt Oy, VK Mühlen
 Subordinated debentures: SEK 220,000

Per Arfvidsson

Vice President & Head of CF Supply Chain
 Born: 1962
 Hired: From March 2011
 Education: M. Sc. Mechanical Engineering

Johan Karlström

Senior Vice President & Head of Food Sector
 Born: 1965
 Hired: 2010
 Education: Master of Business Administration
 Outside directorships: DLF (Grocery Manufacturers of Sweden)

Monika Lekander

Senior Vice President & Head of Agriculture Sector
 Born: 1953
 Hired: 2005
 Education: M. Sc. Chemical Engineering, business and marketing
 Subordinated debentures: SEK 100,000

Håkan Pettersson

Senior Vice President & Head of Machinery Sector
 Born: 1956
 Hired: 2002
 Education: M. Sc. Industrial and Management Engineering
 Outside directorships: Chairman of Maskinleverantörerna

Anette Rosengren

Vice President & Head of CF Communication
 Responsible for: Communications, Sustainable Development and R&D
 Born: 1966
 Hired: 2008
 Education: Master of Business Administration
 Subordinated debentures: SEK 50,000

Carl von Schantz

Senior Vice President & Head of Energy Sector
 Born: 1973
 Hired: January 2011
 Education: Master of Business Administration, Kellogg School of Management (USA)

Elisabeth Wallin Mononen

Vice President & Head of CF Human Resources
 Born: 1959
 Hired: 2005
 Education: Law degree and Master of Business and Administration, Chicago
 Outside directorships: Arbetslivsresurs AR AB
 Subordinated debentures: SEK 20,000

Lena Weman

General Counsel & Head of CF Legal Affairs
 Born: 1960
 Hired: 2006
 Education: Law degree and Master of Laws, Amsterdam
 Subordinated debentures: SEK 20,000

Financial overview

Lantmännen is applying IFRS (International Financial Reporting Standards) from 2010. Comparative figures for the years 2001-2008 have not been restated under IFRS rules. 2009 is presented partly according to IFRS and partly according to the policies applied to the financial statements for 2009. A more detailed description of the effects of the transition to IFRS on the 2009 income statement and balance sheet can be found in Note 33 ► pages 121-123

Condensed income statements, MSEK	2010	IFRS	Swedish Financial Reporting Board								
		2009	2009	2008	2007	2006	2005	2004	2003	2002	2001
Net sales (excluding excise duties)	35,988	34,978	34,950	42,592	35,769	32,055	29,610	27,982	27,807	24,297	24,572
Income before depreciation and amortization	2,624	1,884	1,855	3,046	2,172	1,815	1,633	2,042	1,743	1,453	1,218
Depreciation, amortization and impairment	-1,565	-1,407	-1,550	-1,910	-1,302	-1,632	-1,513	-1,264	-1,100	-807	-791
Operating income	1,059	477	305	1,136	870	183	120	778	643	646	427
Finance income and costs	-237	-373	-370	-434	-48	61	406	-58	-67	-76	56
Income after financial items	822	104	-65	702	822	244	526	720	576	570	483
Refund, final price adjustment ¹		-	-1	-122	-83	-64	-139	-199	-154	-161	-144
Tax, minority	-97	78	-7	-22	-151	152	124	-138	-89	-66	-100
Net income for the year	725	182	-73	558	588	332	511	383	333	343	239

¹ Under IFRS refunds and final price adjustments are recognized in the same manner as dividends. Includes local refunds/final price adjustments from 2001 to 2005. Reported amounts may include restatements for previous years.

Condensed statements of financial position, MSEK	2010	IFRS	Swedish Financial Reporting Board								
		2009	2009	2008	2007	2006	2005	2004	2003	2002	2001
Goodwill	2,779	3,030	3,078	3,386	2,510	2,512	1,785	1,872	2,008	445	584
Other intangible assets	713	748	391	459	444	416	327	325	268	50	69
Property, plant and equipment	9,758	10,798	10,667	10,974	8,915	7,661	7,348	6,596	6,666	5,662	5,411
Other non-current assets	2,094	3,581	3,313	3,140	2,324	2,433	2,190	2,033	2,023	1,830	1,727
Total non-current assets	15,344	18,157	17,449	17,959	14,193	13,022	11,650	10,826	10,965	7,987	7,791
Inventories	5,224	5,646	5,646	7,059	6,303	4,804	4,622	4,495	4,633	4,752	4,321
Other current assets	5,572	5,436	5,411	7,266	7,797	6,695	7,256	6,762	6,336	5,618	6,070
Cash and bank balances, cash and cash equivalents	869	391	385	269	450	822	1,040	573	513	469	377
Total current assets	11,665	11,473	11,442	14,594	14,550	12,321	12,918	11,830	11,482	10,839	10,768
Total assets	27,009	29,630	28,891	32,553	28,743	25,343	24,568	22,656	22,447	18,826	18,559
Equity, Parent Company members	10,390	10,140	10,148	10,528	9,483	9,038	8,872	8,337	7,998	7,805	7,521
Equity, minority interests	32	85	69	56	289	328	388	341	321	306	315
Total equity	10,422	10,225									
Provisions			2,206	2,371	2,952	2,978	3,021	2,577	2,743	2,678	2,696
Non-current liabilities	7,320	9,523	6,951	8,220	5,379	5,454	3,045	4,268	4,098	1,577	1,704
Current liabilities	9,267	9,882	9,517	11,378	10,640	7,545	9,242	7,133	7,287	6,460	6,323
Total equity and liabilities	27,009	29,630	28,891	32,553	28,743	25,343	24,568	22,656	22,447	18,826	18,559
Net debt	7,501	9,739	9,289	11,654	8,413	6,581					
Contribution dividend, contribution issue ¹	245	163	163	167	201	155	150	88	38	38	194
Refund and final price adjustment ²	95	1									

¹ According to Board of Directors' proposal for 2010.

² Under IFRS refunds/final price adjustments are recognized in the same manner as dividends.

Key figures	2010	IFRS	Swedish Financial Reporting Board								
		2009	2009	2008	2007	2006	2005	2004	2003	2002	2001
Operating margin, %	2.9	1.4	0.9	2.6	2.4	1	0	3	2	3	2
Profit margin, %	2.0	0.5	-0.2	1.3	1.6	1	2	1	1	1	1
Capital turnover rate, times	1.9	1.6	1.7	2.1	2.0	-	-	-	-	-	-
Return on equity, %	7.0	1.8	-0.7	6.8	7.3	4	8	7	6	6	5
Return on operating capital, %	5.7	2.2	1.4	5.6	5.3	-	-	-	-	-	-
Equity ratio, %	38.6	34.5	35.4	32.5	34.0	37	38	38	37	43	42
Net debt/equity ratio, times	0.7	0.9	0.9	1.1	0.9	-	-	-	-	-	-
Average number of employees	10,350	10,552	10,552	12,671	12,830	12,833	12,230	11,387	12,178	10,268	10,402

Only whole number data are posted for 2001-2006.

Condensed statements of cash flows, MSEK	2010	2009	2008	2007	2006	2005	2004	2003	2002
Cash flow from operating activities									
before changes in working capital	2,131	1,138	1,153	1,454	1,317	1,223	1,425	1,216	1,161
Cash flow from changes in operating capital	26	2,417	-730	-1,235	-764	1,053	418	-296	527
Cash flow from investment in intangible assets									
and property, plant and equipment	-684	-1,328	-2,284	-2,112	-1,427	-1,007	-680	-589	-641
Operating cash flow	1,473	2,227	-1,861	-1,893	-874	1,269	1,163	331	1,047
Cash flow from acquisitions and									
divestments of operations ¹⁾	-105	9	-1,060	423	-1,108	-77	-62	-2,715	-
Total cash flow for the year	512	131	-233	-400	-640	552	519	49	92
Cash and cash equivalents at year-end	869	391	269	484	875	1,539	1,086	513	469

¹⁾ 2010 includes acquisition of 37% of Bakehouse and sale of SweChick, Ecobrånslé and Conagri
2009 includes acquisition of 38% of Bakehouse and sale of Fresh bread Sweden.
2008 includes acquisition of Euro-Bake, Eurobuns and Baco plus the sale of Weibull Trädgård and Granngården.
2007 includes acquisition of the minority interest in Kronfågel and sale of Analycen.
2006 includes the acquisition of the Belpan Group and Aspen.
2003 includes acquisition of Schulstad.

Glossary and definitions

Average capital • Average capital is computed on the opening balance and closing balance of each month included in the accounting period, i.e. thirteen periods for the full year. All average capital ratios are computed in this manner.

Azo dyes • A large group of substances that contain the azo function, which provides color. Used to dye fabrics and leather it is also used in food production.

B2B • Business to business sales.

B2C • Business to consumer sales.

Bioenergy • Energy made from continuously forming biomass. Biomass is biological material that is not transformed chemically or biologically to any extent. Bioenergy is a renewable resource whose share of total energy use has increased in recent decades.

Biological diversity • A term describing the diversity of forms of life and species in an ecosystem. An ecosystem is a living biological community in a specific physical environment.

Capital turnover rate • Net sales in relation to average operating capital.

Carbon dioxide equivalents • Unit that makes it possible to compare the impact of various greenhouse gases on the climate.

Cash Race • Project to improve Lantmännen's working capital.

Climate declaration • Reports a product's carbon footprint throughout its lifecycle. It is based on scientific methods in accordance with international standards and is expressed in carbon dioxide equivalents.

Ecosystem • An ecosystem is a distinct part of nature. An ecosystem consists of all the living components (plants, animals and microorganisms) in an area functioning together with all of the non-living physical factors of the environment (water, wind, minerals).

Ecosystem services • The services that ecosystems provide "free of charge" and benefit mankind in various ways. Examples include water purification, pollination, natural pest control and formation of fertile soil.

Equity ratio • Total of equity and minority interests as a percentage of total assets.

FAME • Fatty Acid Methyl Ester, also known as biodiesel.

Financial assets • Financial receivables, short-term investments and cash and bank balances.

Fossil fuels • Non-renewable sources of energy such as coal, natural gas and oil. The burning of fossil fuels forms carbon dioxide, which builds up in the atmosphere. The net surplus formed is contributing to an enhanced greenhouse effect.

GI • Glycemic index; it indicates how quickly carbohydrates are metabolized in the body.

Global Compact • 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 • Lantmännen's collective term for ensuring sustainable, safe and profitable logistics.

GRI • GRI provides guidelines for sustainability reporting that can be used on a voluntary basis by organizations to report environmental, social and economic aspects of their business, products and services.

IFRS • International Financial Reporting Standards.

Interest coverage ratio • Interest coverage is calculated as operating income plus interest income divided by interest expense.

Intervention price • The guaranteed price that the EU pays for milling wheat, barley and maize (corn).

LDL cholesterol • (Low Density Lipoprotein) otherwise known as the bad cholesterol. Too much LDL is a risk factor in cardiovascular disease.

LEAD • (Learn, Engage, Analyze, Do). Lantmännen's method for systematic and long-term change management.

Net debt • Net debt comprises interest-bearing liabilities, including pension liabilities and accrued net interest, less financial assets.

Net debt/equity ratio • Net debt in relation to total equity and minority interests.

Operating capital • Operating capital equals non-interest-bearing assets minus non-interest-bearing liabilities. Tax assets and tax liabilities are not included in operating capital's assets and liabilities.

Operating margin • Operating margin equals operating income divided by net sales for the year.

Organic farming • In organic farming, the use of mineral fertilizer or chemical pesticides is not permitted. Instead, natural processes are used in cultivation to preserve the fertility of the soil and resist attacks on plants. A well-planned system of crop rotation is important and often requires livestock on the farm.

Payment readiness • Cash, bank deposits and lines of credit that can be used in accordance with current borrowing agreements.

Performance Management • The process of setting expectations and evaluating performance in order to ensure that every unit and every employee contributes to the organization's overall goals.

Precision farming • Farming management concept based on observing and responding to intra-field variations.

Profit margin • Profit margin equals net income for the year divided by net sales for the year.

R&D • Research and Development.

Renewable energy sources • Examples of these continuously renewed sources are sun, wind, water and biofuels.

Return on equity • Return on equity equals net income for the period, where opening refunds and final price adjustments are restored, divided by average equity.

Return on operating capital • Return on operating capital equals operating income divided by average operating capital.

RME • Rapeseed methyl ester, also referred to as biodiesel.

RSPO • Roundtable on Sustainable PalmOil. International round table process to develop criteria for sustainable palm oil.

RTRS • Round Table on Responsible Soy. International round table process to develop criteria for sustainable soy.

Shape • Project to increase the efficiency of how Lantmännen works.

Sludge • Waste product from a waste treatment plant that can be used as fertilizer, primarily as a source of phosphorus, on farmland. The sludge, which contains biologically degradable materials and plant nutrients, can also contain undesirable substances such as heavy metals. Assuring its quality before spreading it on fields is therefore important.

Trans fats • Trans fats are formed when vegetable oils are "hydrogenated." Hydrogenation is a technique used in the food industry to harden fat to give products the desired spreadability, firmness and melting point for cooking and baking purposes.

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Good food from Lantmännen

The green sprout emblem on our packaging guarantees responsibly produced food. Food that we make an effort to provide in a sustainable manner, from field to fork.

