Annual Report 2007

Lantmännen

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FINANCIAL REPORTING

Interim Report Q1	April 29, 2008
Interim Report Q2	July 30, 2008
Interim Report Q3	November 5, 2008

NOTICE OF ANNUAL ASSOCIATION MEETING

The Annual Association Meeting will be held at the Clarion Hotel, Ringvägen 98, Stockholm, on Wednesday, May 7, 2008, at 10.00 AM.

Lantmännen's business areas

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

Svalöf Weibull consists of two units. SW Seed is involved in plant breeding and the production of seed on an international market, primarily northern and central Europe. Weibull Trädgård is the largest horticultural company in the Nordic area, positioned strongly on the Swedish and Danish markets.

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

Lantmännen Energi develops, manufactures and markets energy products. The operation is run within four principal areas: liquid biofuels, solid biofuels, heating, and machinery and the environment. Lantmännen Energi is also responsible for the Group's electricity procurement and becomes involved when energy efficiencies are being made.

Lantmännen Mills is the leading producer and supplier of flour and grain products in Scandinavia, with production plants in Sweden, Denmark, Norway and Latvia. It has a strategically important partner in Germany.

Lantmännen Axa develops, produces and markets consumer products, primarily based on grain. Its most important markets are Sweden, Norway and Denmark. Production and sales also take place in Ukraine and Latvia.

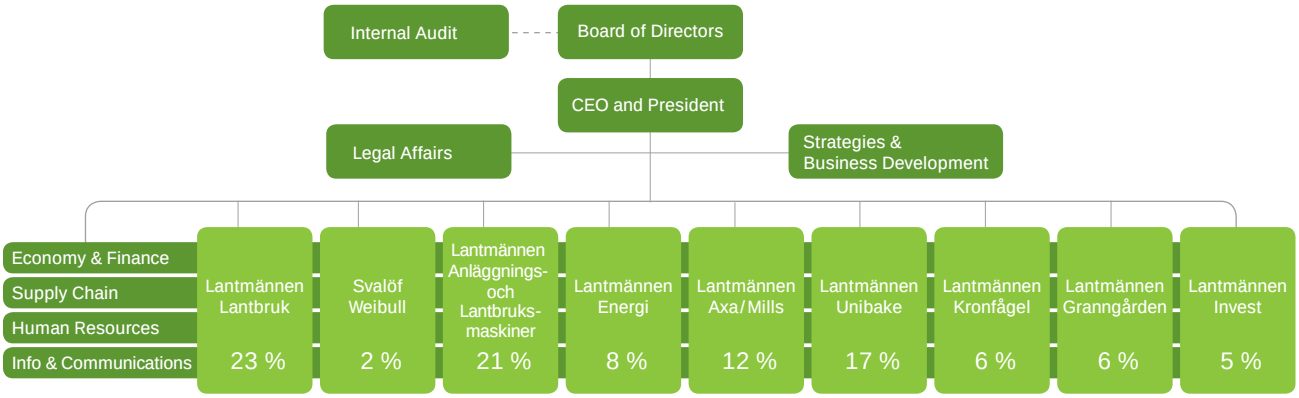
Lantmännen Unibake is Europe's largest producer of frozen bakery products and the largest producer of fresh bread in Scandinavia. There are production units in Sweden, Denmark, Norway, Germany, Belgium, Poland and Russia, and sales units in Spain, the U.S., Japan, Korea, Finland and the Baltic states.

Lantmännen Kronfågel is the largest chicken producer in the Nordic region, with strong market positions in Denmark and Sweden, where the production units are located. Production consists of fresh, frozen and processed chicken products.

Lantmännen Granngården operates a retail business oriented towards products for Agriculture and Forestry, Pets & Gardening, House & Home and Outdoor Leisure. Through its wholly owned subsidiary, Lantmännen Nordpost, it runs an e-tailing and mail order sales operation.

Lantmännen Invest covers companies that originate in various research projects as well as companies that do not belong directly within any of the other business areas, but which operated businesses that can be related to farmland and its utilization.

The Group in brief



A new organization will be in effect as of February 1, 2008. Lantmännen Axa and Lantmännen Mills will be merged into a single business area, Lantmännen Axa/Mills. However, the Annual Report 2007 presents results according to the organization in 2007, with the two business areas Lantmännen Axa and Lantmännen Mills separately. The new organization also includes two new corporate functions, Strategy & Business Development and Supply Chain.
The percentages refer to 2007 net sales by business area, including intercompany sales.

Key figures

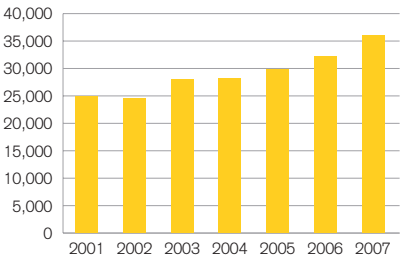
SEK M, Definitions, see page 52	2007	2006	2005
Net sales	35,989	32,256	29,807
Operating income	870	183	120
Operating margin, %	2	1	0
Income after financial items	822	244	526
Net income for the year	588	332	511
Return on capital employed, %	7	5	5
Total assets	28,743	25,343	24,568
Net debt	8,413	6,581	
Equity ratio, %	34	37	38
Investment in fixed assets	2,259	1,726	1,263
Number of members	41,951	44,249	48,759
Average number of employees	12,830	12,833	12,230

Sales by market

SEK M	2007	2006	2005
Sweden	21,876	20,668	19,625
Denmark	4,875	4,120	3,631
Norway	2,570	2,286	1,802
Germany	2,691	2,203	2,344
U.K.	764	558	510
Baltic countries	740	429	356
Belgium	563	328	81
Poland	346	255	222
Rest of Europe	1,225	1,138	982
Rest of world	339	271	254
Total	35,989	32,256	29,807

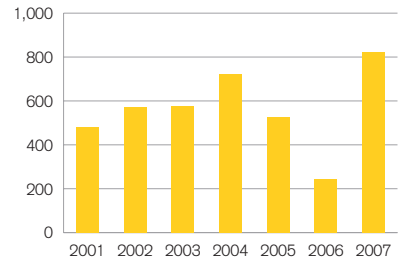
Group net sales

SEK M



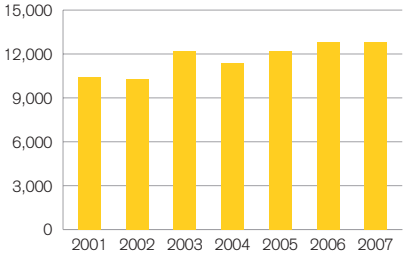
Income after financial items

SEK M



Employees in the Group

Number



Lantmännen is one of the Nordic areas largest groups within food, energy and agriculture. In 2007 the Group had nearly 13,000 employees, with sales totaling SEK 36 billion. Lantmännen is owned by 42,000 Swedish farmers. Arable land and its possibilities constitute the basis of Lantmännen's operations. The Group operates in all links of the value chain, from farmland to table.

Year in brief

Net sales for the Group amounted to SEK 35,989 M (32,256), up 12 percent over the previous year, adjusted for changes in the Group, 10 percent.

Operating income increased by SEK 687 M to SEK 870 M (including capital gains of SEK 315 M from the sale of operations) compared with the previous year, when operating income was SEK 183 M.

Income after financial items was SEK 822 M (244) and financial items were SEK –48 M (61). Capital gains on the sale of shares amounted to SEK 184 M.

Net income for the year after tax and minority interests amounted to SEK 588 M (332).

Dividends in the form of refunds and final price adjustments were paid out in the amount of 1 percent for 2007, a total of SEK 83 M (59). The Board of Directors proposes that the Annual Association Meeting approve a 5 percent (5) dividend on contributed equity, a total of SEK 50 M (56) as well as a contribution issue of SEK 150 M (99).

Investment amounted to SEK 2,259 M (1,726). Work on the new production line at the ethanol plant in Norrköping is proceeding according to plan. By the end of the reporting period a total of SEK 657 M had been spent on the project.

Significant events

First quarter 2007

- Lantmännen took over complete responsibility for Kronfågel, when LRF sold its remaining stake.
- Lantmännen Kronfågel closed the Farre slaughterhouse in Denmark, but the processing plant was not affected.
- Lantmännen Granngården opened a new store in Haparanda.

Second quarter 2007

- Per Strömberg was named CEO of Lantmännen, taking office on September 1, 2007.
- Lantmännen Lantbruk and Scan AB together invested SEK 100 M in Sveriges Djurbönders Tillväxtbolag to encourage new business start-ups in Swedish livestock production.
- Lantmännen Lantbruk launched heat-treated meal feed after investing in a feed plant in Falkenberg.

Third quarter 2007

- A decision was made for Lantmännen Lantbruk to invest in a new seed plant in Eslöv and concentrate its production of clover and grass seed production there.
- Lantmännen Lantbruk is committed to the biological seed treatment methods ThermoSeed, Cedomon and Cerall, since they were more effective than tested chemical products for the third year in a row.
- A decision was made for Lantmännen Lantbruk to invest SEK 165 M in a new feed plant in Lidköping.
- Lantmännen sold its shareholding in Norrköpings Hamn och Stuveri AB with a capital gain of SEK 46 M.

Fourth quarter 2007

- Lantmännens Owner Forum began, where members are to discuss key owner issues and share their views on principles of ownership and management.
- Lantmännen sold its shares in the company Analycen to the Eurofins Group with a capital gain of SEK 269 M.
- The pace of Lantmännen Lantbruk's Projekt Blåljus concerning closures of grain elevators is adjusted to new market conditions, since a large number of grain farmers plan increased grain cultivation in 2008.
- Lantmännen increased its participation in HaGe Kiel, Germany's third largest agribusiness company. Its holding is now 20 percent, as opposed to the previous 5 percent.
- A decision on a new strategic vision for the Group was made at the Board meeting on December 17.

First quarter 2008

- Lantmännen took over Raisio's shares in GoGreen and JSC Rigas Dzirnavnieks (the Riga mill), and Raisio took over Lantmännen's shares in Melia Oy.
- On February 1 an organizational change was carried out. Axa and Mills became a single business area, and two new corporate functions were created, Strategy & Business Development and Supply Chain.
- At the beginning of February the Supreme Court handed down a decision in the case between Lantmännen and the State. The case concerned whether the State should be regarded as having a right of recourse against Lantmännen for the expenses the State had pursuant to current zoonosis legislation for a salmonella outbreak in 2003.The Supreme Court ruled that the State did not have a right of recourse. Provisions related to the case, estimated at approximately SEK 120 M, will be reversed in 2008.
- A property in Uppsala was sold in January with a capital gain of just over SEK 160 M.
- An agreement was reached to sell the holding in Svenska Foder AB to Dansk Landbrugs Grovvareselskab, DLG, and to acquire part of DLG's holding in HaGe Kiel.
- The competition authorities in Denmark initiated an investigation of price fixing in the bread industry. Lantmännen's Danish bread business is affected.

Group overview

Business areas, key figures for 2007

	Lantmännen Lantbruk	Svalöf Weibull	Lantmännen Anläggnings- och Lantbruks-maskiner	Lantmännen Energi	Lantmännen Mills	Lantmännen Axa	Lantmännen Unibake	Lantmännen Kronfågel	Lantmännen Granngården	Lantmännen Invest
Net sales, SEK M	9,096	921	8,456	3,089	2,922	1,684	6,751	2,507	2,401	2,105
Operating income, SEK M	144	11	397	2	119	53	226	71	–94	301
Return on capital employed, %	5	4	25	0	7	25	4	8	–28	43
Return on operating capital, %	6	3	33	0	6	31	4	12	–37	70
Average number of employees	1,090	443	1,623	291	811	578	4,436	1,322	978	807

Seven year financial summary, SEK M	2007	2006	2005	2004	2003	2002	2001
Net sales	35,989	32,256	29,807	28,197	28,038	24,469	24,820
Income							
Income before depreciation	2,172	1,815	1,633	2,042	1,743	1,452	1,218
Depreciation, amortization and impairment losses	–1,302	–1,632	–1,513	–1,264	–1,100	–807	–791
Operating income	870	183	120	778	643	645	427
Financial income and expenses	–48	61	406	–58	–67	–75	56
Income after financial items	822	244	526	720	576	570	483
Income after tax	588	332	511	383	333	342	239
Capital							
Total assets	28,743	25,343	24,568	22,656	22,447	18,826	18,559
Equity	9,483	9,038	8,872	8,337	7,998	7,805	7,521
Net debt	8,413	6,581	-	-	-	-	-
Investment	2,259	1,726	1,263	873	4,066	1,212	1,484
Average capital employed	19,400	-	-	-	-	-	-
Average operating capital	17,110	-	-	-	-	-	-
Key figures							
Return on equity, %	7	4	8	7	6	6	5
Return on capital employed, %	7	5	5	6	6	7	5
Return on operating capital, %	5	-	-	-	-	-	-
Net debt/income before depreciation	4	4	-	-	-	-	-
Equity ratio, %	34	37	38	38	37	43	42
Dividends and contribution issue							
Central refund/final price adjustment	83	59	64	134	70	72	75
Local refund/final price adjustment [1]	-	-	75	65	84	89	69
Investment dividend, SEK M [2]	50	56	50	49	38	38	23
Contribution issue, SEK M [2]	150	99	100	39	–	–	171
Total dividends and contribution issue	**283**	**214**	**289**	**287**	**192**	**199**	**338**
Other							
Average number of employees, Group	12,830	12,833	12,230	11,387	12,178	10,268	10,402
Number of members	41,951	44,249	48,759	49,922	52,367	53,371	55,831

[1] *Local dividend does not occur after 2005.*

[2] *Pursuant to the Board of Directors' proposal for 2007.*

Definitions, see page 52.

Chairman's comments

2007 – a good year for Lantmännen

For Lantmännen, farmers and the general public, 2007 was a year marked by a sharp rise in grain prices.

Seen in a wider context, the higher grain prices primarily appear to have helped consumers and opinionmakers better understand that agriculture is part of an international market where supply and demand determine the price.

Within the Group there are several areas that did very well in 2007. Such widely differing operations like construction machinery and Danish pastry help us to present earnings for Lantmännen that are the best in years. The happiest news is the performance of Lantmännen Kronfågel. Lantmännen Lantbruk managed to combine in an exemplary fashion its improvement efforts with a proactive focus on us farmers - good quality market information and drying agreements feel really good.

At Lantmännen Energi the year saw both a positive performance and big challenges. To assess the effects of rising grain prices the Board analyzed various alternatives for producing liquid biofuels. The Board's decision to expand Lantmännen's ethanol plant in Norrköping remains firm.

Business opportunities for Lantmännen's owners

Lantmännen aims to be the farmer's best business partner, but it must also create business opportunities on owners' farms and yield returns on invested capital. At the end of 2007 the Group Board adopted a new Group strategy. I want to see a forward-looking focus as the basis for greater profitability in the Group. Improved earnings will help us create resources to strengthen our brands, R&D and product development. This, in turn, will generate better earnings, which can then be devoted to creating business opportunities for Lantmännen's owners.

Lantmännen enjoys a unique position, where a solid balance sheet and a large number of well-run operations in many ways directly and indirectly benefit Lantmännen's owners, the farmers of Sweden. The dividend is the owners' share of Lantmännen's earnings. Since the merger in 2001 Lantmännen has distributed just over SEK 1.5 billion, which has gone back to the owners. If we include the dividend proposed for 2007, this adds up to just over SEK 1.8 billion. I dare say that is an excellent deal.

Business environment

The public debate has swung from how to deal with agricultural surpluses to how the soil will suffice for both food and energy. The effect of grain prices on Lantmännen's ethanol venture is just one of many examples of how quickly assumptions can change.

During the year we saw how the European Commission decided to scrap import duties on grain and to repeal the fallow requirements for the 2008 harvest. At the same time the Common Agricultural Policy is being overhauled, the so-called "Health Check." In Sweden I note that the Alliance Government is pushing a free trade line that goes considerably further than similar ambitions in the EU.

The commitment to stem climate change is another factor from the outside world affecting the Group. As a significant producer of bioenergy, Lantmännen has big opportunities to help to bring about a sustainable society.

Owner Forum

When I am out at meetings I am often asked how Lantmännen will be owned and managed in the future. These are exactly the questions discussed in the Owner Forum. In the districts the Owner Forum has opened peoples' eyes and created a lively debate. I am both pleased by and proud of the involvement within Lantmännen regarding owner issues. For parallel with the strategies of the Group Board there needs to be a common vision and a clear direction for ownership and management of the future Lantmännen.

New challenges in 2008

The goal of strategic efforts is a more focused and more profitable Group. The results for 2007 show that we are on the right path. The positive trend stems from targeted efforts and not least on the amazing commitment of numerous knowledgeable and loyal employees. One of our strategies is emphasizing the importance of Lantmännen as a healthy and interesting workplace for the employees of today - and tomorrow.

I am confident that together with our new CEO and Group President Per Strömberg we will be able to develop Lantmännen into an accountable and more profitable enterprise.

Norastrom, February 2008

Thomas Bodén
Chairman of the Board, Lantmännen

President's comments

A focused and profitable Lantmännen

Lantmännen is on the right path. I am pleased to present earnings for 2007 that show that the action program we began has begun to bear fruit. Earnings that clearly show that Lantmännen is beginning to recover and thus can make further efforts for Lantmännen, for farmers and the public debate to become a more cost-effective, competitive and successful enterprise.

Although Lantmännen is on the right path, nevertheless, we need to start posting even better numbers. We are a big group that is reasonably expected to perform better. And the potential is there; we see this clearly when we compare ourselves with other companies that operate in our industries.

Vigorous and forward-looking efforts

Moving forward, we need to free up resources for vigorous efforts. This is one of the key reasons for the new strategies that were formulated in fall 2007.

Cost-effectiveness, at every stage, is a key factor for success, where continuous improvement efforts in purchasing, production and logistics are particular focus areas in the coming years. To ensure the efforts in these areas a corporate function has been created to focus precisely on the supply chain.

A greater focus on marketing and R&D

We will reinvest a large portion of the resources we are freeing up by our cost-cutting efforts in more and better marketing and an intensified focus on R&D and product development.

One of the strategies is to boost our efforts in the area of sustainable development. This is a key part of our brand promise – we take responsibility from farmland to table. This brand promise is something we must handle, for the sake of the environment as well as our businesses. This effort will be an important basis for the communication of the Lantmännen brand more, and more clearly in 2008 than in the past.

Slimmer and more focused

Our business and product portfolios need to become slimmer and more focused and we need to prioritize among our business areas and operations. That is why, on the basis of the criteria importance for owners, profitability potential and growth potential, we have done assessments of around 30 businesses and divided them into three areas: concentration areas within core business, other core businesses and business for disposal. The primary focus areas are the business areas Lantmännen Lantbruk, Lantmännen Unibake and Lantmännen Axa/Mills. In the next few years around three to four enterprises will be sold per year, while there will be acquisitions in our focus areas. To deal with these issues in an optimal manner, we have set up a corporate function for Strategy and Business Development.

Implementation of the various strategies should ensure that Lantmännen will become a powerful player in the international market. Above all, the Baltic Sea region is an interesting market where we will see more of Lantmännen's businesses and products in the future.

Full attention to improvement efforts

I look at Lantmännen's earnings performance in its operations with confidence. At the same time there is uncertainty regarding ethanol issues, where high grain prices and any scrapping of ethanol duties may substantially impact Lantmännen's earnings. But with a full focus on strategy efforts, in which Lantmännen's committed employees will be more involved than before, we will strengthen the enterprise and be well armed for the fight for desirable and valuable market positions. Lantmännen is also increasing its efforts to improve management throughout the organization, an important step toward getting all of Lantmännen's employees to continue these improvement efforts.

Lantmännen has an exciting journey ahead of it. The goal is a focused and profitable Lantmännen, were we put owners, customers and employees first.

Stockholm, February 2008

Per Strömberg
CEO and Group President
Lantmännen

Lantmännen's owner organization

Along with 42,000 other farmers a member of Lantmännen is the owner of an economic association. In turn, the Association owns manufacturing businesses, which are operated in a number of companies. The Association is thus both a democratic member organization and an organization for owner influence. The districts are the basis for the members' role as owners of Lantmännen.

During the year there was an intensive effort in the districts with the Owner Forum, the aim of which is to give Lantmännen's owners the opportunity to discuss key owner issues.

Lantmännen's owners

Membership in Lantmännen requires a person to be engaged in farming or other food production. A member can be a physical person or legal entity. There are three different membership categories:

- direct member
- local association
- organization member.

At the beginning of 2008, the number of direct members was 35,688. In addition, there were 3,909 members in 25 local associations in southern and western Sweden. The local associations have an agreement with Lantmännen and receive a portion of the final price adjustments and refunds on sales with Lantmännen. Kalmar Lantmän, with 2,722 members, is an organization member of Lantmännen. Although this involves collaboration on certain matters, members conduct their business with Kalmar Lantmän and receive their financial dividends from it.

District organization

The districts are the basis of the members' role as owners of Lantmännen. In 2007 the country was divided into 32 districts, which vary both in the number of members and geographical extent.

During the spring all members in the district are called to the district meeting. Representatives from the Group Board and Group Management attend. The district meetings of 2007 were held between March 12 and March 23. The district meeting elects the district board and elects delegates to the Annual Association Meeting. For every 500 members (or fraction thereof) in each district, one delegate is elected to the Annual Association Meeting. The district chairman serves as an ex-officio member.

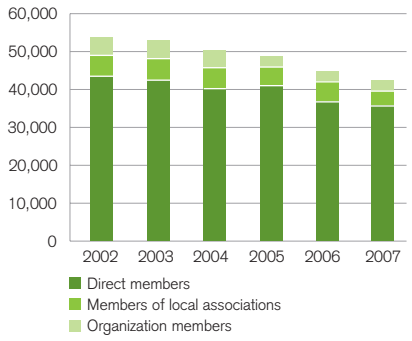
The district boards work for the overall Lantmännen Group and shall be responsible for membership issues. To support the district boards, there are regional membership directors that are employed by Lantmännen's Membership Department.

In the fall, Lantmännen's district division in Northern Sweden was discussed. The affected district boards unanimously recommended mergers of Södra Lappmarken and Umeå-Örnsköldsvik and of Luleå and Kalix to the Group Board. The members were also invited to a number of information meetings. On December 17 the Group Board approved the mergers. At the district meetings in spring 2008 boards will be elected for the two new districts.

Annual Association Meeting

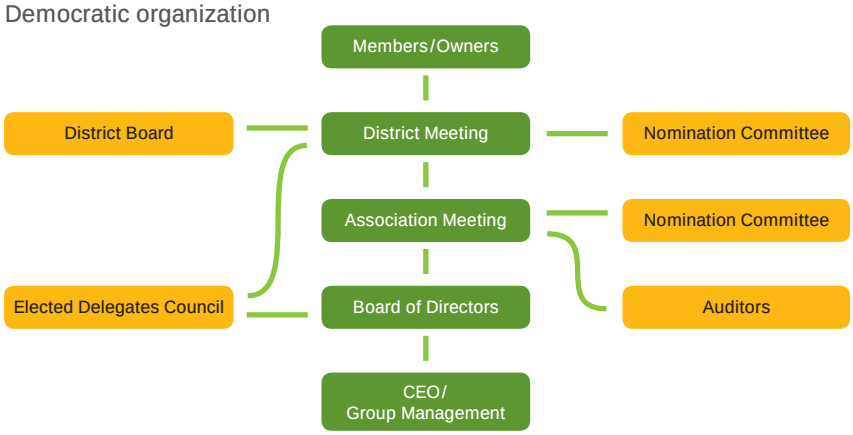
Normally held once a year, the Annual Association Meeting is Lantmännen's supreme decision-making body. The Annual Association Meeting reviews the previous year's activities and results, considers incoming motions, elects the Association Board of Directors, and determines

Membership trend



The number of farmers in Sweden is falling as agriculture grows in size. The number of members in Lantmännen is following this trend.

Democratic organization



whether the Board of Directors and CEO and Group President are to be discharged from liability. The 2007 Annual Association Meeting was held on April 25 in Stockholm with all 107 meeting delegates present. The Meeting considered motions on forms of ownership and owner governance as well as Lantmännen's relationship with Svenska Foder AB. The Owner Forum was also discussed at the Meeting. Lantmännen's new CEO and Group President, Per Strömberg, was introduced.

Delegates also met on October 18 to discuss Lantmännen's future strategy.

Elected Delegates Council

The board chairmen of all districts and board chairmen of organization member constitute the Elected Delegates Council. Two representatives of the local associations, chosen by the Association Board, are also included. The Association Board, the Association's elected auditors and a representative of the Nomination Committee.

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

The Elected Delegates Council held five meetings in 2007. A statutory meeting was held in conjunction with the Annual Association Meeting, and a meeting was held in Norrköping on November 28-29, 2007. Three meetings were held by telephone, at which the Elected Delegates Council was informed about the financial situation in connection with interim reports and an information meeting in connection with the sale of Lantmännen Analycen.

Owner survey

In the spring 2,400 members were interviewed about their views on Lantmännen. The survey contained questions on confidence, innovation, strategy and the role of owners, among others. The owner survey is the basis of the Owner Satisfaction Index.

The index had fallen compared with the previous survey. Some factors explaining the poorer results are poor profitability in a number of business areas and a negative media image of the cooperative form of enterprise.

Owner Forum – dialog on the future of Lantmännen

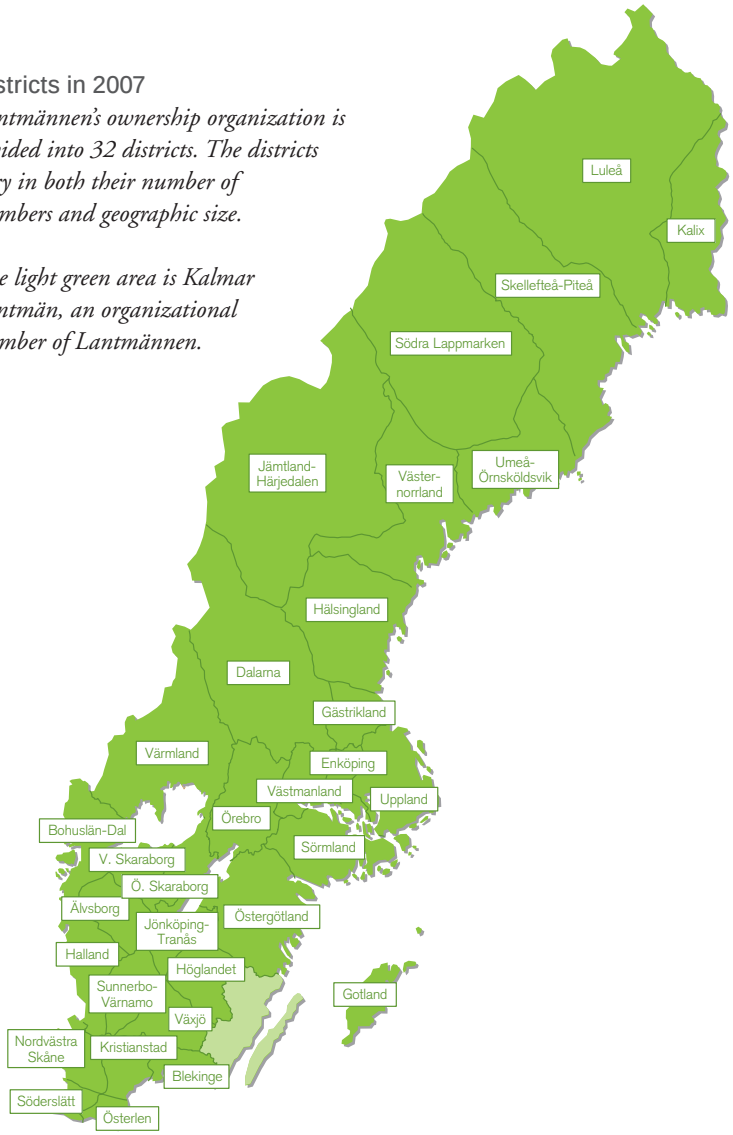
During the year there was great involvement in Lantmännen's Owner Forum. The project is a follow-up of "Owning Lantmännen," implemented in 2005. The Owner Forum has two aims: one is to raise awareness of Lantmännen's operations and requirements and the other is to provide a forum for owners to discuss key owner issues. Following a discussion on district boards, owners will have an opportunity to voice their views on the principles of ownership and governance that Lantmännen's Group Board should defend in ongoing development work.

Instructional materials in two parts have been produced, and in October, two coach training sessions were held for district representatives. The district boards and Nomination Committees held three meetings. Summaries of the discussions at district board meetings were presented at meetings with representatives of the Group Board. The Owner Forum will continue in 2008 with two district board conferences, among other gatherings.

Districts in 2007

Lantmännen's ownership organization is divided into 32 districts. The districts vary in both their number of members and geographic size.

The light green area is Kalmar Lantmän, an organizational member of Lantmännen.



Financial benefits to owners

Lantmännen's task is to help increase the profitability of its owners' farms as well to attain the highest possible return on owners' contributed capital. There are many factors that need to be weighed together when the financial benefit of the Association is to be considered.

The owners' share of Lantmännen's earnings

Lantmännen's performance and earnings are the basis of dividends to its owners in the form of refunds, final price adjustments, investment dividends and contribution issues. The dividend is the individual member's share of the Group's profit. Since the merger in 2001, a total of SEK 1,802 M has been distributed to the owners.

Lantmännen's profit also benefits members through commitments to R&D and investment directly benefiting members' interests and helping to grow operations on the farm. Some examples are Lantmännen's part ownership in Sveriges Djurbönders Tillväxtbolag and investment in Nötcenter Viken to promote livestock production.

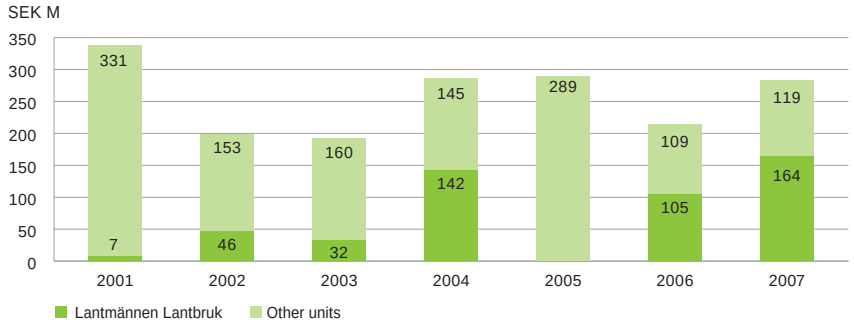
Dividends

SEK M	2001	2002	2003	2004	2005	2006	2007
Central refund/ final price adjustment	75	72	70	134	64	59	83
Local refund/ final price adjustment [1]	69	89	84	65	75	-	-
Investment dividend	23	38	38	49	50	56	50 [2]
Contribution issue	171	-	-	39	100	99	150 [2]
Total	338	199	192	287	289	214	283

[1] *Does not occur after 2005.*

[2] *Pursuant to Board of Directors' proposal.*

Where does the dividend come from?



Between 2001 and 2007 the total dividend to Lantmännen's owners amounted to SEK 1,802 M. Each year the dividend to owners has exceeded the earnings of Lantmännen Lantbruk and the balance (the light green portions of the bars) came from the other business areas. Thus, Lantmännen Lantbruk's primary task is not maximum returns but boosting the profitability of owners' farms through efficient operations.

Dividends

The owners receive part of Lantmännen's profits through:

- Refund and final price adjustment, paid in proportion to the farmers' purchases from and deliveries to the Association and is calculated as a percentage of transactions with Lantmännen Lantbruk during the year.
- Investment dividend or "interest" on capital contributions made in proportion to how much paid-in and issued contribution the member has.
- Contribution issues, which involve the Association allocating capital contributions to the members individually and reducing the nonrestricted equity (collective capital) in the Association. Total equity is not changed.

Lantmännen's dividend policy guides dividend levels. The goal is to maintain a steady and high level of dividends over time. Its aim is for the dividend level to be adjusted in light of the financial position, earnings, cash flow, investment needs, anticipated profitability, etc.

At the end of 2007 a review of Lantmännen's dividend policy began. This effort will continue in 2008, when the results from the Owner Forum along with Lantmännen's new Group strategy form the basis of a new dividend policy.

The Group Board decides on the level of refund and final price adjustment, while the Association Meeting decides on investment dividend and contribution issues as proposed by the Board.

Return requirements

Lantmännen has wide-ranging industrial operations, aimed at bolstering its agriculture-related activities. The profits generated in the industrial portion not needed for operation and development are returned to the economic association, Lantmännen ek för, which can use these profits as dividends to members. Through Lantmännen's ownership of operations along the entire value chain, from crop input products to food production, farmers earn money on their commodities at every stage of processing.

Return on equity is a goal for the management of the Group. For controlling and following up earnings by business area, this goal has been broken down into two financial key figures; Return on capital employed and operating margin. The return requirement varies by business area and company and is based on business assessments. Lantmännen Lantbruk has a lower return requirement, which is connected to its task of contributing to the profitability of the owners' farms.

The goal for the Group is a 10 percent return on equity. In 2007 the return on equity increased to 7 percent. In 2007 the return on capital employed increased to 7 percent. The operating margin in 2007 was 2 percent.
(See page 3)

Capital contributions

The members of Lantmännen contribute risk capital in the form of owner contributions. Although members own the contributions, the Association manages the funds during the period of membership. By year-end 2007, capital contributions amounted to SEK 1,017 M. Of this amount SEK 591 M was contributed and SEK 426 M was issued capital.

Each owner builds up capital in his or her own contribution account through final price adjustments, refunds and investment dividends. There is also the option of making cash contributions.

The obligation to invest is calculated as 10 percent of the members' average contribution-related sales with Lantmännen Lantbruk for the past five years. In 2007 it was decided also to include petroleum products in the contribution-related sales.

The lowest contribution is SEK 5,000 and the highest amount is SEK 150,000, which is 10 percent of SEK 1.5 M. Members with contribution-related sales exceeding SEK 1.5 M may request to have their contributions increased to 10 percent of their average sales. Members also have an account for contribution issues.

Definitions

The owners receive part of the profits through:

Refund and final price adjustment, paid in proportion to the farmers' purchases from and deliveries to the Association and are calculated as a percentage of transactions with Lantmännen Lantbruk during the year.

Investment dividends: "Interest" on the capital contribution.

Contribution issues: Non-restricted equity is transferred to the members as capital contributions.

Goals and strategies

To achieve Group earnings of SEK 1 billion a new Group strategy was formulated in 2007. To reach this earnings target the Group endeavors to become slimmer and more focused and to make better use of Group synergies. The new strategy is divided into eight substrategies.

A new strategy for boosting profitability

Lantmännen's target is a 10 percent return on equity. This corresponds to income after financial items of around SEK 1 billion. As a step toward reaching this target Lantmännen's Group strategy was overhauled in 2007. To bolster Lantmännen's profit potential the Group's portfolio of enterprises and products needs to become slimmer and more focused. There needs to be tougher prioritizing among business areas and businesses.

For that reason the Group has formulated a portfolio strategy. On the basis of the criteria importance to owners, profit potential and future growth potential, assessments were made of around 30 businesses. On this basis the Group identified future concentration areas within the core business and areas for disposal.

There is no room to keep all operations and still expand core activities. Sales of operations will make room for expansion. An example of disposals taking place in 2007 is the sale of Lantmännen Analycen to Eurofins Danmark A/S.

Lantmännen has excellent chances to boost the Group's profit potential through further coordination. Profitability can be raised by focusing more on cost-effectiveness and ongoing improvements in the supply chain, i.e., purchasing, production and logistics.

There will also be a focus on taking better advantage of Group synergies. This applies in a number of areas, primarily administration (shared services, payroll), properties, IT systems and market communication, as well as R&D.

Lantmännen's Group strategy

Lantmännen's strategy is to increase overall profitability and competitiveness. The strategy is based on Lantmännen's tasks: to help increase the profitability of its owners' farms and to maximize the return on owners' capital in the Association. The new strategy is divided into eight substrategies, which are described in brief below.

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 lays the foundation for a competitive Swedish farm sector. There are targeted activities in a number of Group operations, such as at Svalöf Weibull, which is carrying out a development program for Nordic seed varieties, and at Nötcenter Viken there is research and testing of clover and grass seed and cattle feed.

2. Focus on core businesses

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

Lantmännen's portfolio strategy is aimed at becoming slimmer and more focused. The primary concentration areas are the business areas Lantmännen Lantbruk, Lantmännen Unibake and Lantmännen Axa/Mills.

3. Increased cost-efficiency through continuous improvement work

Increased cost-efficiency by focusing on continuous efforts for improvement.

Increasing cost-effectiveness frees up resources for Lantmännen's future commitments to Lantmännen's brands and product development. Key areas for streamlining are in the supply chain, i.e., purchasing, production and logistics.

4. Develop strong brands

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

Today, Lantmännen has a large number of well-known product brands. Focusing on the Lantmännen brand along with the product brands will serve to increase both profitability and competitiveness.

5. Develop product portfolio through active research and development

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

R&D efforts in product development need to be more vigorous to ensure long-term market leadership. The share of new products of Lantmännen's sales needs to grow.

6. Improve cooperation with our customers

Stimulate increased demand from consumers by developing cooperation with our customers.

Along the chain from farmland to table there is further potential in the Group to bolster offerings to customers in the food area as well as in others.

7. Sustainable development

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

For Lantmännen, which operates along the entire chain from farmland to table, sustainability issues are an obvious and vital part of its business.

8. Employees and organization

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

Lantmännen's organization is to be developed through evolution rather than revolution. For example, Corporate Functions are being strengthened in areas where group synergies can be exploited. The intention is to increase the earnings potential of the Group in its entirety.

Financing and risk

Making Lantmännen competitive for the long term requires sufficient finances for ensuring investment. Lantmännen's long-term financial strategy is to ensure that the Group's funds are used in the best way possible to give owners a good return and lenders adequate security.

In recent years Lantmännen has invested in several large company acquisitions that will generate cash flow to the Group for many years to come. In 2006 it was decided to invest in a new mill in Vejle, Denmark, and a new production line at the ethanol plant in Norrköping. A large portion of this investment has been financed with outside loans. The new Group strategy involves a continued ambition to invest and make selective acquisitions in priority focus areas. This places heavy demands on continued financial maneuvering room, which is why Lantmännen will be selling selected parts of its operations, stepping up the capital streamlining that has begun but also undertaking supplemental borrowing.

Lantmännen's operations are financed by equity and by debt, most of which is interest-bearing. For Lantmännen a high level of financial stability is crucial. The relationship between equity and debt is determined in part by the chosen level of financial risk, in part by the amount of equity needed to meet lenders' standards in order to borrow on favorable terms. The goal is to be perceived and accepted as an investment grade financial counterparty. In 2007 Lantmännen was designated as investment grade by the banks. There is currently no official rating by any of the credit rating agencies.

Financial strategies

Operational strategy

Operational strategy in financial undertakings refers to control of the risk of incurring losses due to deficient routines and/or irregularities. Proper internal control, appropriate administrative systems and human resource development are the basis for eliminating the operational risks.

Lantmännen's financial risk management is centralized to minimize risk and make the most of economies of scale and synergies. The Corporate Finance function is responsible for the Group's borrowing, manages its currency and interest rate risk and functions as the Group's in-house bank.

Lantmännen's financial risks are governed by the Finance Policy, which is set each year or as needed by Lantmännen's Board. The policy is based on the following:

- *Management according to the set risk policy*
- *Identifying where the risks arise*
- *Effective management of risks*
- *Reliable methods for measuring risk*
- *Reporting according to set reporting routines*

The Finance function continuously monitors the Group's financial risks. These risks are followed up monthly by the Group's Risk Committee. If needed, extraordinary meetings of the Risk Committee are called. In 2007 there were no noted violations in the Group of the Finance Policy.

Liquidity and borrowing strategy

To achieve a high credit rating requires good earning capacity and cash flow and a high degree of financial flexibility. To ensure this, Lantmännen works constantly to have a well-diversified loan portfolio. Among ways to achieve this is to have a number of financial institutions as counterparties and a maturity structure in the portfolio well weighted term-wise, where long-term binding loan agreements are a key ingredient.

The strategy for borrowing is aimed at minimizing the risk that financing will be inadequate or unprofitable at a certain time and at ensuring a high degree of financial preparedness. In 2007 the higher and fluctuating grain prices clearly showed the need for high financial preparedness.

Lantmännen has a borrowing facility with five banks of SEK 5,000 M and overdraft facilities totaling SEK 1,200 M. At December 31, 2007, Lantmännen's total unutilized credit line was SEK 1,007 M.

Lantmännen has a covenant with the five banks furnishing the borrowing facility whereby Lantmännen's equity ratio must always be higher than 25 percent. Lantmännen is also committed to borrowing a maximum (excluding deposits from members) of around SEK 2.8 billion in addition to the borrowing facility. The average remaining fixed credit period was 2.9 years at year-end.

Interest rate strategy and interest rate structure

The interest rate strategy is crucial for Lantmännen to deal with the risk of an impact on earnings and cash flow from a change in market rates. How much and how quickly a change in interest rates affects earnings depends on the fixed interest strategy chosen. In principle, loans are taken out with short fixed rate periods, but with capital tied up for a long time. Interest rate swaps make it possible to achieve the desired fixed rate and desired protection of the total interest expense. Using interest rate swaps in combination with loans with short fixed interest periods achieves a high level of flexibility. Lantmännen's average fixed-rate period was 11 months at year-end.

***Lantmännen Finans AB** is a credit and marketing company under the supervision of Finansinspektionen (FI), the Swedish Financial Supervisory Authority. The company primarily finances farm machinery and construction equipment for Lantmännen Maskin's and Swecon's customers via installment loans and leasing. Total assets in 2007 were SEK 1,172 M (937) and income after financial items was SEK 11 M (6). In 2008 new solutions tailored to the industry will be launched for financing farm machinery and construction equipment.*

Farming

Machinery

Business area

Lantmännen Anläggnings- och Lantbruksmaskiner

Lantmännen Anläggnings- och Lantbruksmaskiner operates in two units: Lantmännen Maskin focuses on farming and Swecon is active in the area of construction equipment. The companies are leaders in their respective markets.

Lantmännen Maskin imports, markets and sells farm equipment in Scandinavia. Swecon does the same for Volvo construction equipment in Sweden, the Baltic region and central Germany.

The company has market-leading positions in the area of tractors, combines and construction equipment thanks to a close cooperation with leading manufacturers, an extensive service network and streamlined spare parts distribution.

Sales and earnings

Sales were SEK 8,456 M (7,689), up 10 percent. Sales grew for both Lantmännen Maskin and Swecon and in all markets. Operating income amounted to SEK 397 M (340). For Lantmännen Maskin it is Swedish and Norwegian operations that posed the biggest earnings gains, while Swecon's improvement is primarily due to positive earnings performance in Germany and the Baltics.

Lantmännen Maskin

Operations

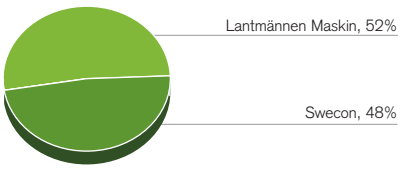
In 2007 the focus was on internal improvement efforts in Swedish operations. An analysis and survey of the organization and the way it works were performed. The results formed the basis of the ongoing work to streamline and centralize administrative routines. There was also a focus on cost-effectiveness and a special project was carried out for cost-saving measures. A common business system, M3, was introduced, which involved a considerable effort from the entire organization.

The year also saw a clearer focus on retail operations in the Swedish market. The retail product line was pared down to a select product assortment aimed at the professional machinery user. During the year the boards and managements of Lantmännen Granngården and Lantmännen Maskin decided to run their retail operations in two independent retail chains.

A new corporate imaging proposal for store layout and exterior signage was drawn up, and rebranding efforts began during the year.

In Norway discussions began with dealers to increase use of Lantmännen's corporate image.

Sales, Lantmännen Anläggnings- och Lantbruksmaskiner



Key figures	2007	2006	2005
Net sales, SEK M	8,456	7,689	6,809
Operating income, SEK M	397	340	168
Operating margin, %	5	4	2
Return on capital employed, %	25	27	12
Investment in fixed assets, SEK M	293	256	135
Average number of employees	1,623	1,594	1,633

Markets

The market performance for tractors was positive in Scandinavia with a big increase in the total market in Sweden and Denmark, while Norway saw a slight decline.

In Sweden, Valtra is the market leader. During the year, Claas tractors were introduced in the Swedish market, and continue to trend upward. In Norway, Valtra and Claas increased their market share in a retreating overall market. In Denmark, Valtra's market position was strengthened, while Claas's deteriorated somewhat.

There is greater interest in larger combines throughout Scandinavia. Claas is still the biggest combine brand in the Scandinavian market. In Denmark the year started off with lower combine volumes, though the market eventually recovered. In Sweden demand for combines grew, thanks to a favorable investment climate owing to a good harvest and high grain prices.

Sales of used machines were positive in 2007. Faster turnover and proactive sales adjusted inventories to a good level. The concept of a common marketplace for used machines was a hit with customers as well as sales staff. To improve opportunities for offering used machines, such as combines and forage harvesters, Scandinavian operations will increase their collaboration.

Sales of spare parts did very well. Refill, the automated inventory resupplying system, was introduced at all local warehouses in Sweden. Lantmännen Maskin will consider the option of offering the system to dealers in Norway and Denmark.

Despite operating below capacity early in the year, the operation recovered and posted better earnings than in 2006. Before the harvest season a new, nationwide on-call service, Sverigejour, was introduced. The concept will be developed further before the 2008 season to an on-call service better tailored to the overall need.

Outlook for 2008

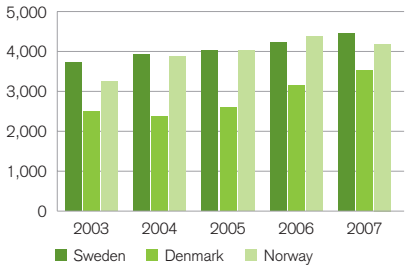
The market for farm machinery is expected to be stable with good demand.

Construction of the first machinery center at Lantmännen Maskin is expected to start in 2008. The Örebro machinery center will be a full-scale facility, featuring equipment sales, spare parts sales and service. There will be a permanent machinery display as well as a lineup of used machines. There will also be a training center for personnel and customers.

The development of and improvement processes in the company continue. An expanded collaboration in Scandinavia is the foundation for reaching the goal of being Europe's biggest equipment company.

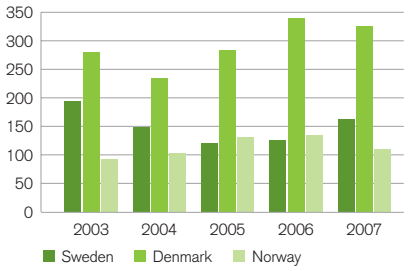
Total market, registered tractors

Number

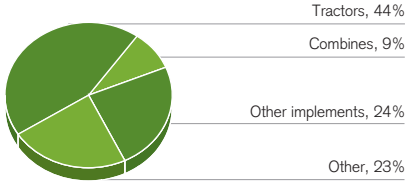


Total market, combines

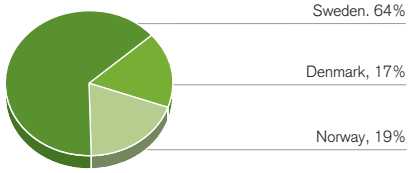
Number



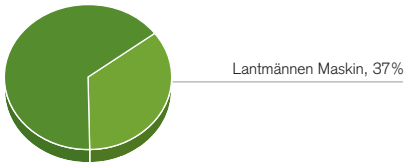
Sales, Lantmännen Maskin



Sales by country



Market share, tractors in Sweden



Swecon

Operations

Swecon is an importer and dealer of Volvo Construction Equipment (CE) in Sweden, Estonia, Latvia, Lithuania and parts of Germany. The product line comprises front loaders, dumpers, excavators, road planers, backhoes and compactors. Operations comprise marketing and sales of these products as well as service and supplying spare parts directly to customers. The key customer segments are construction, forestry and lumber milling, mining, state enterprises and local governments, and agriculture and other manufacturing.

In 2007 several projects started and ended to improve Swecon's service facilities. They involved improving benefits to customers and the working environment.

In Sweden three facilities reopened as part of the improvement program, which will be ongoing over several years. In Germany a facility is being refurbished and enlarged to improve the central warehouse and logistics for spare parts, and a whole new service facility is being built. The structure in the Baltic companies is being reinforced in steps using smaller regional service stations and mobile service.

Since October 2007 Swecon has been running the service facility in Kiruna under its own auspices. It was taken over from the previous partner under contract to improve customer service in fast-growing area.

In November, Swecon's Swedish operation put a new business system into operations that supports the development of processes and makes possible better customer service. The system needs to be broken in and requires continued training of staff.

Volvo CE acquired Ingersoll Rand's road equipment business during the year. For that reason, Swecon assumed responsibility for products and customers in Sweden in November and designated resources for this. Negotiations on the changeover from Dynapac to Volvo's equivalent line in the Baltics are ongoing. In Germany the integration is predicted to go more slowly.

Markets

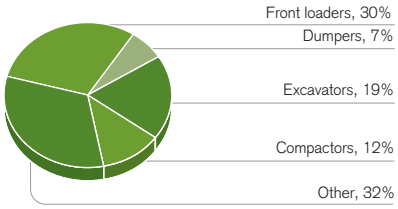
The markets where Swecon operates performed well in 2007. The strong global demand for machinery resulted in long delivery times, with considerable delays due to disruptions in production. For that reason, the changes in the market depended more or less on the availability of equipment, which caused Swecon temporarily to lose market share (that it partly recovered in the fall).

The Swedish market had a stable trend during the year. The German market grew, though growth slowed somewhat during the year. In the Baltics, demand is flattening out in Estonia, and there are increasing signs of the market overheating in Latvia.

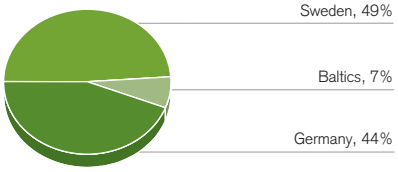
Outlook for 2008

Swecon's aim is to increase volumes in all market areas. This applies especially in Sweden, where the delivery situation in 2007 resulted in a certain decline in market share. There is a general focus on human resource development in all Swecon companies. In addition, the service market will be worked more actively by dedicated personnel in the Swedish company.

Sales, Swecon



Sales by country



Energy

aspen 2t

aspen 4t

Värmepellets
Värmepellets
Värmepellets

Mineral
Motorolja

Sågkedjeolja

Energy and the world around us

Global energy consumption continues to grow in step with increasing industrial production and rising living standards. Even though bioenergy and wind power are gaining in strength, fossil energy sources such as oil, coal and natural gas dominate the energy supply. The climate threat, rising oil prices and security of supply prompt more and more people to choose renewables.

Bioenergy in the EU

Sweden is a leader in the EU, with over 40 percent of energy from renewables, of which bioenergy accounts for around a quarter. Lantmännen actively helps to propel the development of biofuels from fields and forests.

In the EU, dependence on fossil energy is not only viewed as a climate problem but also as a supply problem. The commitment to bioenergy and other renewables is intended to make member states more independent, and through the development of industry and agriculture, more competitive. In most EU countries energy use is falling, except for transportation, which at the same time is nearly 100 percent dependent on fossil fuels. The share of renewables is growing in all sectors, but remains modest except in Sweden and a few other countries.

In March 2007 EU member states agreed to reduce carbon emissions by 20 percent by 2020 compared with 1990 levels. In addition, at least 10 percent of the transportation's total consumption is to be liquid biofuels. The earlier target was 5.75 percent transportation biofuels by 2010. If these biofuels are based on crops, 15-17 million hectares will be needed. This corresponds to 10 percent of the entire EU's agricultural acreage. The grain surpluses that Europe has become used to will disappear, and fields lying fallow will have to come under the plow.

Ethanol and RME

Although policymakers are eager to boost the use of liquid biofuels, there is uncertainty regarding that fuels that will be eventual winners. Current alternatives, - ethanol, RME (rapeseed methyl ester) and to a certain degree biogas - are expected to enjoy a strong market position for at least the next ten years.

In Sweden, all gasoline is five percent ethanol-blended (pursuant to EU legislation) and diesel contains five percent RME (Swedish legislation). An EU decision mandating a ten percent ethanol blend is expected in around two years, and then the ethanol market will explode. However, the uncertainty regarding import duties and the high grain prices have resulted in the construction of several planned ethanol plants in Europe being postponed. Lantmännen considers it very important that import duties be maintained while Swedish and European ethanol production is built up.

Increasing the blend of RME will take a few more years. The growth of the EU biodiesel market has slowed, while production capacity has expanded. Here, too, there is uncertainty in the form of high commodity prices and subsidized imports.

Shrub willow (*Salix* spp.)

European agricultural and energy policy has become increasingly more favorable to energy crops. New forms of aid have made shrub willow (*Salix* spp.) a profitable alternative to traditional agriculture.

Cogeneration plants in Sweden and the rest of Europe are showing great interest in shrub willow chips as fuel. The industry was previously notorious for poorly planned cultivation, irrational volumes and poor marketing. Today things look completely different. The challenge now is to induce more farmers to grow shrub willow.

Alkylate gasoline

More and more consumers are discovering the advantages of alkylate gasoline, also called green gasoline. While alkylate gasoline is certainly not a renewable, it is the cleanest petroleum product in existence, and it is less harmful to humans and to the environment. The market is growing in all of Europe.

To date, customers have been professionals in the areas of forestry and horticulture, but now private individuals are expected to be the next big customer category.

Fuel ethanol in the Swedish market

Cubic meters, m^3	2007
Lantmännen Agroetanol	57,000
Other Swedish production	13,000
Import	310,000
Total, Sweden	380,000
Agroetanol's share, %	15

Business area

Lantmännen Energi

Lantmännen Energi unites Lantmännen's energy operations and develops, produces and markets energy products. It operates in four business units: Liquid Biofuels, Solid Biofuels, Heating, and Machinery and the Environment. The brands are Agrol and Aspen. Lantmännen Energi is responsible for electricity purchasing, energy efficiency and conversion to bio-based energy solutions for the Group.

Sales and earnings

Net sales were SEK 3,089 M (2,622), up 18 percent. The increase in sales is explained in part by the acquisition of Lantmännen Aspen, which was consolidated as of June 2006 and had sales in 2007 of SEK 362 M (187, June-December 2006) and in part by higher trading volume at Lantmännen Agroetanol.

Operating income was SEK 2 M (73). The decline is primarily explained by lower earnings in Solid Biofuels and Liquid Biofuels. For Solid Biofuels, earnings were negatively impacted by weak sales as a consequence of the mild winter. For Liquid Biofuels it is primarily production and marketing problems in the biodiesel business that explain the considerable deterioration in earnings. An SEK 29 M impairment was recognized in 2007 concerning fixed assets in the Karlshamn plant.

Liquid Biofuels

Lantmännen Agroetanol

Lantmännen Agroetanol is Sweden's only large-scale manufacturer and supplier of grain-based fuel ethanol. Its customers are the major oil companies. The Norrköping plant produces approximately 57 million liters of ethanol annually, using 140,000 tonnes of grain as the feedstock. In 2006 it was decided to locate a new ethanol production line in Norrköping, and the construction project started in 2007. The investment will approximately amount to SEK 1.3 billion. The enlarged part of the plant go into production in fall 2008. Lantmännen's annual production of fuel ethanol is estimated at 210 million liters. In 2007, studies of feedstock alternatives to grain were stepped up.

Lantmännen Ecobränsle

Lantmännen Ecobränsle manufactures and markets biodiesel based on rapeseed oil, i.e., RME (rapeseed methyl ester). Its customers are oil companies, freight companies, municipalities, industries and farmers. The past year has been marked by poor profitability, primarily due to poorer market prices, but also to production problems at the Karlshamn plant. For that reason a pause in production is planned for 2008. Instead the focus will be on already existing trade in 100 percent RME.

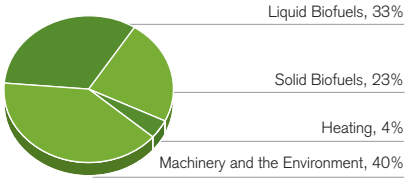
Solid Biofuels

Lantmännen Agroenergi

Lantmännen Agroenergi manufactures, markets and sells pellets, powders, briquettes, logs and shrub willow (*Salix* spp.). The products are manufactured in Sweden and Latvia and are used by district heating stations, local heating stations, commercial and industrial properties and homeowners. All its refined biofuels are sold under the brand name of Agrol. Lantmännen Agroenergi has increased its share of the Swedish pellets market, including by taking over Statoil's pellets sales to homeowners.

Interest in shrub willow as an energy crop is increasing in Europe, and new plantings are up sharply. In 2007 cuttings produced in-house and under license were sold for planting 3,380 hectares of shrub willow. This is an increase of 75 percent over 2006, and a continued upward trend is expected for 2008.

Sales, Lantmännen Energi



Key figures	2007	2006	2005
Net sales, SEK M	3,089	2,622	2,187
Operating income, SEK M	2	73	78
Operating margin, %	0	3	4
Return on capital employed, %	0	7	9
Investment in fixed assets, SEK M	744	168	93
Average number of employees	291	258	215

Heating

Lantmännen Agrovärme

Lantmännen Agrovärme runs 28 district heating stations in the southern and central parts of Sweden. Customers are local authorities, state and municipal enterprises, industries, homeowners and other private property owners. Over 90 percent of heat deliveries come from renewables such as biofuels and waste heat.

In 2007 a new district heating plant was opened in Ödeshög, which operates on 97 percent biofuel.

The introduction of the quality and environmental management systems ISO 9001 and ISO 14001 was an ongoing project during the year, and will continue in 2008.

Machinery and the Environment

Lantmännen Energi

Lantmännen Energi produces and markets lubricants under the brand name Agrol, many of whose products are environment-friendly. Agrol is a market leader in Swedish agriculture. Contractors and forestry are also among Agrol's main customer groups, but industrial enterprises and the state are becoming increasingly important. Sales of lubricants as well as distillates increased.

The two payment and credit cards, Lantmännenkortet and Agrolkortet, sold very well, passing 65,000 customers.

Lantmännen Aspen

Lantmännen Aspen develops, manufactures and markets alkylate gasoline under the product name Aspen gasoline, for small engines in lawn mowers, chain saws, scooters and boats. The company is a market leader in Europe and during the year invested in a new warehouse, further boosting productivity. Sales in Canada have begun, and the market there has shown keen interest in the product. Sales were up sharply in all 14 markets in Europe.

Significant events in 2007

The Government floated a proposal to scrap the import duty on ethanol from countries outside the EU from January 1, 2009, igniting a debate on ethanol. Lantmännen Energi was a keen participant. It was important to get the message out that the energy return on investment from the operations in Norrköping is high and that carbon emissions are reduced by 80 percent when using this ethanol compared with gasoline.

A decision was made for Lantmännen Ecobränsle to suspend indefinitely RME production in Karlshamn starting in February 2008.

An agreement was reached for Lantmännen Agroenergi to take over Statoil's pellets sales to residential customers, sales that correspond to around 30,000 tonnes of pellets.

Outlook for 2008

Lantmännen Agroetanol will start its new production line in Norrköping. For that reason the focus will be on securing production as well the supply of feedstock.

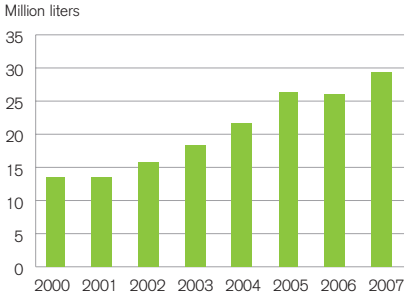
In 2008 Lantmännen Agrovärme will offer conversions to the Lantmännen facilities that want to use renewable biofuels rather than fossil fuels. Another goal is for all district heating plants to meet the quality standards of the Swedish District Heating Association.

Lantmännen Agroenergi aims to bolster its market position in processed biofuels and shrub willow in Sweden and internationally. The overall market for solid biofuels is growing, which is intensifying the competition for feedstocks. For that reason securing feedstock supply will be a high priority.

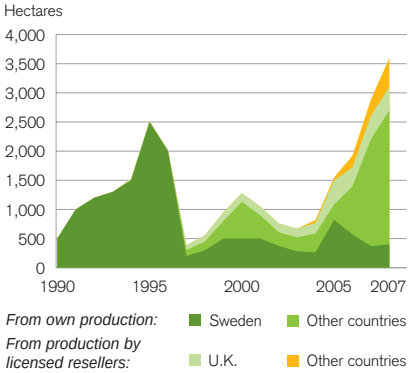
In 2008 Lantmännen Energi has high hopes for the launch of Agrol lubricants in Denmark and for the continued market performance in Norway. A whole new logistics system will be introduced. Several functions will be added to the two payment and credit cards.

Lantmännen Aspen is celebrating its 20th anniversary in 2008. The focus on the consumer market continues. Distribution will be expanded to make products even more widely available. Investment will be made to further boost productivity.

Sales of Aspen gasoline



Planted acreage of ***Salix*** spp.



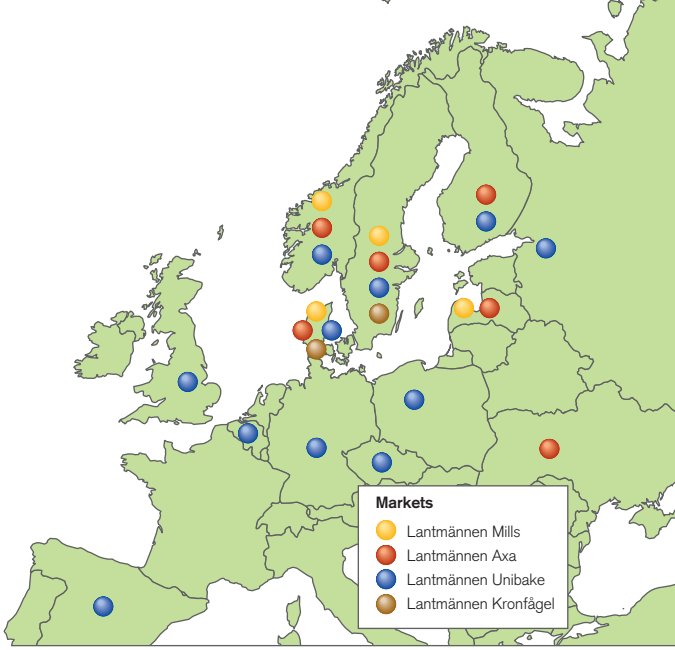
Sales of fuel pellets in Sweden

Food

Food and the world around us

In 2007 globalization made itself felt in earnest with consequences for demand, supply and prices of food and farm products worldwide. The prices of various grain, dairy and meat products shot up.

A key factor for Lantmännen's food business is what consumers choose: four major trends are health, convenience, enjoyment and sustainable development.



Why food is more expensive

The world population is growing by 75 million per year, and more and more people live in cities. In developing countries that are rapidly growing, like China and India, demand for food is soaring, and dietary habits are changing more to animal products. This has helped raise the price of milk to Swedish farmers as well. Grain prices, too, are affected, since increased meat and milk production requires more animal feed. This in turn results among other things in higher bread prices.

The increased demand for grain is the reason for the sharp rise in the price of wheat, for example, which is shown in the figure on page 13.

The long-run assessment suggests a booming world market for agricultural products. Confidence in the future among Swedish farmers is high. Most of them expect higher profitability and plan to invest. But there are questions about how climate change and revamped agricultural policies may affect their own operations.

Changes in food shopping habits

Closer to home, the grocery stores continue to bolster their position. Centralized purchasing, internationalization and the growth of store brands are expected to continue.

The food industry is going global

The food industry is a mature one, and the reaction to limited opportunities for organic growth is mergers and acquisitions. In several industries Nordic or Northern European players are emerging. Obvious examples are in dairy and livestock production. Similar structural pressure exists in the milling, baking and poultry businesses, which is propelling Lantmännen's international ambitions.

Consumer trends

A key factor for Lantmännen's food-related business is what consumers choose to put in their shopping carts. Four major trends in the Nordic consumer market are health, convenience, enjoyment and sustainable development.

Health is probably the most noticeable megatrend in the food sector. It is a key underlying reason for the rising demand for whole-grain and poultry products in Sweden.

New from Lantmännen in 2007 was bread with added fiber, specially designed for various consumer needs. The first bread types contain prebiotic fiber, which stimulate the beneficial bacteria in the intestines. They quickly became a hit in both Sweden and Denmark. The unique fiber blends were developed by a partnership between research and product development at Lantmännen.

Convenience is a fast-growing concept among consumers. We have less time to prepare meals and want more ready-to-eat food in the stores. Another key ingredient is availability. We want to eat where we are – in the car, on the train or on the way between activities.

Lantmännen has several ready-to-eat food concepts: GoGreen offers exciting vegetarian alternatives. During the year, Gooh!, ready-to-eat food in partnership with the Operakällaren restaurant, began to be sold outside of specialty stores and now reaches an even larger circle of customers. And despite the health trend: indulging oneself is still a key market segment. Everyday usefulness is complemented by enjoyment, delicacies and tasty recipes for the weekend. Price-consciousness goes hand in hand with a greater interest in premium products.

Sustainability – a new megatrend

Sustainability issues, with the climate issue at the center, are attracting growing interest. A lot of people want to know about how they can and should make choices that will do the most to help bring about a more sustainable Earth. We are seeing the beginnings of yet another megatrend for the food industry.

Business area

Lantmännen Mills

Lantmännen Mills is the leading supplier of flour and grain products in Scandinavia, with twelve production facilities located in Sweden, Denmark, Norway and Latvia. Lantmännen Mills also has a strategically important partner in Germany through its part-ownership in the milling company VK Mühlen (18 percent).

Sales and earnings

Sales were SEK 2,922 M (2,447), up 19 percent. The increase is chiefly due to the high prices of grain-based products. Operating income was SEK 119 M (141). The deterioration is primarily due to not being fully able to pass on the sharp rise in grain prices to customers.

Operations

Lantmännen Mills' ambition is to be the leader in everything from product innovation and manufacturing to sustainable development.

Lantmännen Mills produces flour, meal, flour mixes, breakfast cereals and pasta. Approximately 85 percent of production goes to bakeries of all sizes and to food industry.

Flour products are marketed under the brands Nord Mills in Sweden, Regal in Norway, HavneMøllerne in Denmark and Rigas Dzirnavnieks as well as Rezeknes Dzirnavnieks in Latvia. The added value for the customers is uniform high quality, reliability of supply, a wide assortment, a high level of service and a competitive price.

Consumer products account for 15 percent of production. They are marketed by Lantmännen Axa and are sold under well-known brand names, such as Kungsörnen and Axa in Sweden, Amo, Kornkammeret and Gluten in Denmark, Regal and Axa in Norway and Herkules and Hercogs in Latvia.

Market position

Lantmännen Mills is Scandinavia's market leader in flour and other grain products, with nearly 50 percent of the entire market.

A dramatic rise in prices in the European grain market began already in 2006, which escalated in 2007. The result was that the price nearly doubled during the spring and summer of 2007. Lantmännen Mills had to compensate for the higher prices for grain. Several price increases were carried out in Sweden, Denmark and Latvia. Even the price in Norway was affected, despite the government control of the price of grain.

Trends and product development

Product development is an important competitive tool, and at Lantmännen Mills new products and concepts are often developed in close collaboration with customers.

There are several future trends regarding food. There is an ever growing interest in whole-grain, high-fiber and low GI (glycemic index) products. The environmental debate has also prompted consumers not only to go after the lowest price, but make more and more conscious choices.

The demand for organic and locally-produced food is growing. A study of climate labeling for food is also under way. At the same time, consumers are looking for convenience and want to splurge now and then. For that reason, sales of premium products rose during the year, and new products have been developed in this segment.

Key figures	2007	2006	2005
Net sales, SEK M	2,922	2,447	2,309
Operating income, SEK M	119	141	125
Operating margin, %	4	6	5
Return on capital employed, %	7	8	7
Investment in fixed assets, SEK M	250	296	242
Average number of employees	811	790	827

Significant events in 2007

For decades and up until the summer of 2006, grain prices remained quite stable. In the wake of the dramatic price rise in the European grain market in 2007, all players in the food industry came to realize that this is a development that is probably here to stay. During the year, a lot of time was spent on explaining and clarifying the situation to customers and even to customers' customers. A customer seminar was held in Sweden with the aim of giving customers impartial information on what is happening in the grain market.

The attention surrounding global warming put a spotlight on product safety and sustainable development. Lantmännen Mills welcomes this and will continue to develop its operations in these areas.

In 2005 it was decided to introduce a common business system for Scandinavian operations. The new system, implemented in the first half of 2007, enables Lantmännen Mills to exploit the synergies in its business area, boost efficiency, and improve reporting and analysis.

Outlook for 2008

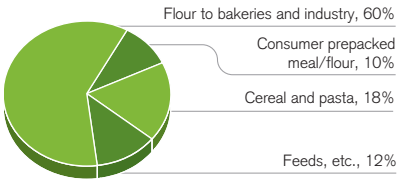
A change in demand requires adapting production facilities. Already in 2005 it was decided to invest approximately SEK 500 M in a new mill in Vejle, which will replace the existing mills in Denmark. The facility, which will meet very high standards for quality and traceability, is expected to be up and running by summer 2008.

A decision was also made to invest just over SEK 40 M in a special mill in Vejle to handle cut grain as an ingredient for bread production. This investment will enable production to meet growing demand, while streamlining manufacturing and logistics. The new special mill is scheduled to go into operation in October 2008.

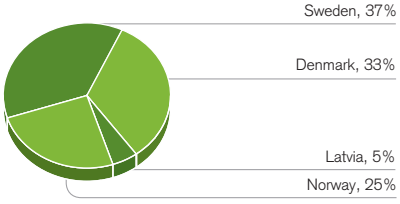
The mill in Kristiansand, Norway, will be shut down in the first half of 2008, affecting ten persons. The production in Kristiansand will be moved to the mill in Oslo.

By focusing on making the structure of its milling facilities more efficient, on cost-effectiveness and innovation, Lantmännen Mills will further strengthen its competitiveness. It is expected that the coordination of Scandinavian operations that has been initiated and the strategic partnership with the milling businesses VK Mühlen will yield ample synergies. There are also opportunities for further development of operations in the Baltics as well.

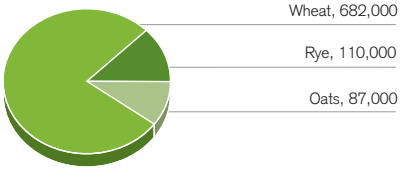
Sales, Lantmännen Mills



Sales by country



Commodity use, tonnes



Business area

Lantmännen Axa

Lantmännen Axa develops, manufactures and markets various products, based primarily on grain, under strong brands such as Axa, Kungsörnen, Gyllenhammars, Start, Amo, Regal and Kornkammeret. The key markets are Sweden, Norway and Denmark. However, there are also production and sales in Ukraine and sales in Latvia.

Sales and earnings

Sales were SEK 1,684 M (1,563), up 8 percent. The increase is explained by higher sales in several markets and by the sharp price increases for grain, which were able to be passed on to customers. Operating income amounted to SEK 53 M (56). The decline compared with the previous year is primarily attributable to Swedish operations, while Danish and Norwegian operations reported a positive earnings performance during the year.

Operations

Lantmännen Axa develops new products and markets and sells to grocery stores, restaurants and food service. Own production of pasta and breakfast products takes place in Ukraine, and production of pancake products and ground meat-based convenience foods in Laholm. Sales of breakfast foods, pasta and flour take place in Sweden, Norway, Denmark and Lithuania, but also in Russia and Ukraine.

Together with Raisio Oy in Finland, Lantmännen Axa owns GoGreen, which is a brand for beans, peas and nondairy products for Nordic grocery stores. Odalmannen, which is owned by Lantmännen Axa, is tasked with purchasing and handling grocery products for GoGreen, among other duties. In Finland, Lantmännen Axa's partnership with Raisio Group means that the Axa, Start and Kungsörnen brands are represented in the Finnish market.

The Gooh! brand is marketed in the segment of ready-to-eat foods in collaboration with the Operakällaren restaurant in Stockholm.

At Lantmännen Axa there is also Lantmännen Foodservice, which produces and markets products for the food service business and restaurants. Lantmännen Food R&D is also part of Lantmännen Axa and is a bridge between research and product development.

Markets

The major trend toward healthy and wholesome foods continues, and consumption of healthy breakfast cereals and muesli, whole-grain pasta and oatmeal is growing. The ready-to-eat food trend has accelerated, and both Gooh! and Lantmännen Foodservice are continually developing new products.

Whole-wheat and high-fiber products are big sellers in all product categories, and Lantmännen Axa is the leader in most of its markets.

The products in the ready-to-eat food concept Gooh! have become very popular. To make them more available to consumers, a "Shop-in-shop" was tested in 2007 in the country's ten biggest grocery stores.

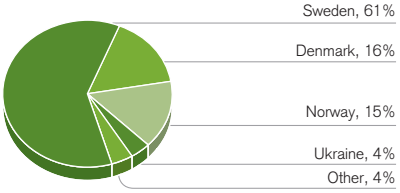
Lantmännen Foodservice made further inroads in the food service and restaurant market. To meet the growing demand for gourmet ready-to-eat foods, it presented a number of new entrees based on ground meat.

GoGreen products are right for the time and showed robust growth during the year. For instance, the newly launched line of beans in Tetra Recart packaging has already taken a 15 percent market share.

Trends and product development

In its development efforts Lantmännen Axa concentrates on meeting the consumers' demand for good, wholesome and convenient food products. Researchers see a growing interest in whole grains and whole-grain products. According

Sales by country



Key figures	2007	2006	2005 *
Net sales, SEK M	1,684	1,563	4,069
Operating income, SEK M	53	56	–156
Operating margin, %	3	4	–4
Return on capital employed, %	25	19	–4
nvestment in fixed assets, SEK M	23	35	171
Average number of employee	578	636	2,906

* *2005 includes the fresh bread business. Starting in 2006 fresh bread is included and reported in Lantmännen Unibake.*

to the most recent surveys, whole grains are firmly established, while interest in glycemic index (GI) will continue to grow. What is expected is a greater focus on products with specific dietary fiber types for various health benefits.

To meet consumer demand, several new products were launched in 2007. Kungsörnen launched a new product series, "Matlagningskorn,"consisting of barley, oats and wheat as alternatives to such starches as rice, couscous, bulgur and quinoa. Common to these products is that they contain beta glucane, a soluble dietary fiber that may lower cholesterol.

The next generation of pasta is the white high-fiber pasta that is a new kind of white pasta with six percent finely milled wheat fiber. It bears the "keyhole" label as a healthy alternative and has a scientifically tested low GI, which means it will cause blood sugar to rise slowly and not to a high level.

The Danish brand Kornkammeret has very successfully met the major Danish trend toward organic products and became a market leader in the environmental category during the year.

What is called "category management" is becoming an increasingly important part of working with customers. This partnership is based on finding mutual category solutions whereby the customer is supplied with products from Axa's brands, but where Axa can also supply the customer with products to be sold under private labels.

Significant events in 2007

The sharply rising grain prices affected all Lantmännen Axa products. For customers and consumers to better accept a future with more volatile grain prices, Lantmännen Axa appeared in the media during the year to explain the changes.

Lantmännen Axa's operations in Denmark and Norway have made significant advances in their respective markets.

GoGreen's brand is top-of-mind among customers with regard to wholesome foods, and in December, GoGreen won the health magazine ToppHälsa's award as "Food of the Year".

Outlook for 2008

Lantmännen Axa continues to refine and position its brand portfolio to meet today's and tomorrow's needs. Ready-to-eat food concepts, such as breakfasts, lunches, in-between snacks and dinners, are a logical development of this business model, to go from unprocessed commodities to a convenient, ready-to-eat product. These products are to be represented at many of the places the consumers are, such as in the service trades and in food service and restaurants.

To meet the growing demand in the food business Lantmännen Axa will focus on developing its employees and optimizing work methods. In a world that is turning faster and faster, employees need to constantly develop their skills and have the right tools for ensuring a rapid pace of innovation.

AXA Sports Club

Lantmännen Axa's sports club, AXA Sports Club, has a steadily growing membership and is today one of the Nordic countries' biggest sports associations, with around 38,000 members in Sweden, Norway and Denmark. The club's aim is to teach young people, sports enthusiasts and athletes on all levels about the significance of one's diet in relation to results and well-being, and to promote sports and athletic activities.

AXA Sports Club's activities are to be more closely linked to marketing and sales strategies. There will be a big push in the area of equestrian sports, where the need to learn to eat right is in great demand.

Business area

Lantmännen Unibake

Lantmännen Unibake is Europe's largest manufacturer of deep-frozen bakery products and Scandinavia's biggest manufacturer of fresh bread. Products are marketed to food service, industry and the retail trade. Lantmännen Unibake has operations in Denmark, Sweden, Norway, Germany, Belgium, Poland, Russia, the U.S., Spain, Finland, Japan and Korea, as well as in the U.K. (associated company). There are also sales units in the Netherlands, Canada, Australia, France and the Baltic countries.

Sales and earnings

Sales were SEK 6,751 M (5,639), up 20 percent. Corrected for the purchase of the Belgian company Belpan, which was implemented in 2006 and thus affects comparability between the years, the rise was 10 percent.

Operating income amounted to SEK 226 M (86). The sharp improvement in earnings is largely explained by the acquisition of Belpan.

The restructuring of the fresh bread business in Sweden continues on schedule. In 2007 this effort reached its intermediate targets, and earnings continue to improve. Losses, however, are still considerable.

In 2007 the business area was affected by the sharp rises in commodity prices, primarily for flour and butter, which placed heavy demands on the ability to deal with the new market challenges.

Operations

Lantmännen Unibake boasts one of the world's widest assortments of baked goods, with products for any meal of the day. The company leads the Scandinavian market. There is growth in the international markets, especially in the countries in Eastern Europe, where Lantmännen Unibake is currently enjoying a big success.

Lantmännen Unibake has two main segments: one is food service/catering with in-store bakeries, service stations, restaurants, bakeries, cafés and convenience stores and the other is prepackaged consumer products for the retail trade. The sales breakdown is 58 percent deep-frozen bread and 42 percent fresh bread products.

Products are marketed under the following brands:

Scandinavia: Hatting, Schulstad Bake Off, Pastridor, Paaskebrød, Korvbrödsbagarn, Skoga, Schulstad, Axa, and Bageri Skogaholm.

Other markets: Unibake, Schulstad Royal Danish Pastry and Pastridor.

Significant events in 2007

In 2007 Lantmännen Unibake focused especially on creating organic growth in units in its Scandinavian home market as well as internationally.

Successful turnaround in fresh bread

In 2006, Lantmännen Unibake took over management responsibility for Lantmännen's fresh bread operations, which produce prepackaged consumer products for the retail trade. Extensive efforts followed to reverse the long-term downward trend in Swedish operations, Lantmännen Färskbröd Sverige.

A tightly run turnaround project was initiated, involving among other things putting in place a new Swedish organization, adjusting the product line and quality and a number of efficiency-enhancement projects in selected areas for improvement. After the first year, earnings are markedly better than the target, and faith in profitable Swedish operations has been restored.

A new bakery in Suhl, Germany, was integrated into operations

The acquisition and integration of a modern bakery in Germany in 2006 is completed. The bakery is now in full production and added extra capacity for the production of garlic bread for the Central European market.

Key figures	2007	2006	2005 *
Net sales, SEK M	6,751	5,639	2,898
Operating income, SEK M	226	86	200
Operating margin, %	3	2	7
Return on capital employed, %	4	2	8
Investment in fixed assets, SEK M	494	445	217
Average number of employees	4,436	4,027	1,489

* *2007 and 2006 include fresh bread operations, 2005 is excluding fresh bread. In 2005 fresh bread is included and reported in Lantmännen Axa.*

Lantmännen Unibake launches around 150 new bread products each year. A large number of these are developed on the basis of specific desires from Lantmännen Unibake's customers in the various markets.

Belpan in Belgium was integrated into operations
The bakery in Belgium, which was purchased in 2006, is now fully integrated into Lantmännen Unibake. The purchase has fully met expectations. The Belgian operation is known for its croissants, which are of very high quality. Croissants were the category in 2007 that saw the highest growth, increasing 17 percent.

Positive performance in Russia
In 2006, Lantmännen Unibake was able to open a newly established bakery south of Moscow. This means Lantmännen Unibake is the first to enter the gigantic and challenging Russian market. Performance in 2007 showed a big potential, and the company has signed contracts with a number of important Russian customers. In addition, the bakery was approved as a supplier to one of the biggest players in the global fast food market.

Robust growth in Poland
Lantmännen Unibake's Polish fresh bread business is posting over 30 percent growth for the second year in a row. The company' business model and products have proved a good fit with the wishes of Polish customers. To match capacity to the heavy demand, an upgrade of capacity for fast food products began and is expected to be ready in 2008.

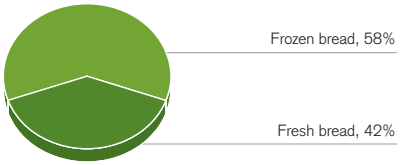
Croissants and Danish pastry to the U.S.
In the U.S., Lantmännen Unibake is enjoying a big success with French croissants and Danish pastry. Customers include cruise operators, hotel chains and theme parks.

Acquisitions and modernization in Denmark
In 2007 a bakery for deep-frozen products was purchased in Hobro, Denmark. The bakery specializes in Danish pastry and snack products, and the acquisition adds extra capacity and expertise to the Danish parent company. An explosion at the bakery in Karup in spring 2007 meant that production of French hotdog buns was reestablished at a new, modern large-scale production line at the bakery in Holstebro.

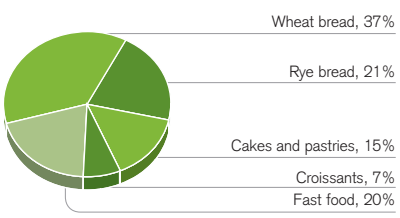
Outlook for 2008

The future for Lantmännen Unibake offers major challenges and exciting opportunities with big international potential. The company continues its growth strategy based on organic growth and consolidating existing companies as well as acquiring operations that provide access to new markets or new skills. In addition, the company is continuing to focus on implementing a successful turnaround of its fresh bread operations in Sweden.

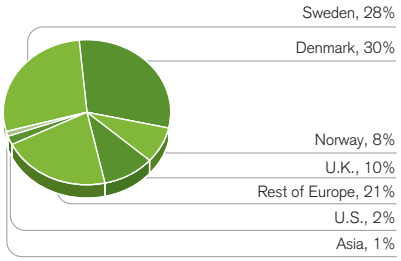
Sales, Lantmännen Unibake



Sales by product category



Sales by country



Business area

Lantmännen Kronfågel

Lantmännen Kronfågel is the largest chicken producer in the Nordic countries with strong market positions in Sweden and Denmark. Lantmännen Kronfågel produces and sells fresh, frozen and processed chicken products. The products are marketed under the well-known Kronfågel and Danpo brands.

Sales and earnings

Sales were SEK 2,507 M (2,242), up 12 percent. Operating income amounted to SEK 71 M (–312) including reversal of negative goodwill in the amount of SEK +36 M (+343). The year was characterized by the extensive action program carried out to reverse the negative earnings trend. The sharp improvement in earnings is largely explained by higher production efficiency and lower overhead costs, but also to higher sales.

Operations

Lantmännen Kronfågel's customers are found in the retail trade, restaurants and food service as well as the food industry. Among grocery stores, Lantmännen Kronfågel is well represented at all the big players, like ICA, Coop Norden, Axfood and SuperGros.

Global markets are characterized by stiff competition and low-priced imports, which put pressure on prices in the domestic markets in Sweden and Denmark.

Price is single most significant competitive factor, but consumer interest in quality, safety, origin, the environment and health is rising. These consumer-driven trends benefit Lantmännen Kronfågel, which - owing its comprehensive quality system - meets the high standards for foods of good quality.

Markets

Lantmännen Kronfågel Sverige's consumer market share increased in both frozen as well as fresh chicken in 2007. In a market that grew by four percent, Lantmännen Kronfågel increased its sales by eight percent. Its market share was 53 percent, which is an increase of four percent over the previous year.

In Denmark, Lantmännen Danpo performed positively, with rising sales and earnings in the grocery trade. The total market share for the brand Danpo is around 18 percent, a reduction of six percentage points compared with the previous year. Brand familiarity in candid interviews is 94 percent, which means that the Danpo brand is still very strong. The reduction of Danpo's market share is explained by a sharp rise in deliveries, primarily to the Swedish chain Coop Sverige. In general the Danish market for chicken grew, and Danish consumers have great faith in both private labels and branded products, thanks to continuous communication on food safety.

Significant events in 2007

Focus on operations

At the beginning of 2007 Danish and Swedish managements were split in order to turn things around and focus entirely on operations. The earnings improvement since achieved is primarily a result of careful planning and optimization of the entire production process. An efficient system for following up sales every week and an extensive hunt for costs in all parts of the company also helped improve earnings. Clear leadership has moved the center of gravity to a healthy and committed focus on day-to-day business.

Key figures	2007	2006	2005
Net sales, SEK M	2,507	2,242	1,721
Operating income, SEK M	71	–312	0
Operating margin, %	3	–14	0
Return on capital employed, %	8	–24	0
Investment in fixed assets, SEK M	37	150	98
Average number of employees	1,322	1,460	1,529

Production results improved week by week, and delivery reliability is back at Lantmännen Kronfågel's traditionally high level after a chaotic period in summer 2006. Marketing has been tightened up as well, and is now clearly and expressly aimed at earnings and sales.

Export markets have recovered after the crisis in 2007 in connection with avian flu and the publication of the Mohammed drawings.

Dramatic price increase

Because of sharply higher feed prices a whopping 12 percent price increase in Sweden to retailers was necessary in the fall of 2007. The price increase was a difficult process that was carried out in a constructive collaboration with retailers. Export prices increased all year, and in the Danish domestic market they follow the level of grain prices.

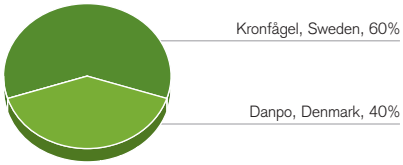
Outlook for 2008

In 2007 Lantmännen Kronfågel had a stable earnings improvement, with results exceeding the strategic plan's forecasts. Despite this, there is still a way to go to adequate profitability. That is why in 2008 the Group will be consistently continuing the efforts begun in 2007 with their clear focus on operations.

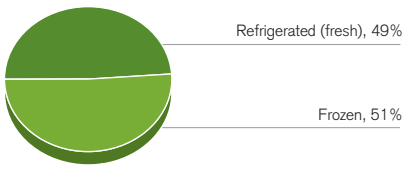
In 2008 Lantmännen Kronfågel Sverige will be investing in a new design for the Kronfågel brand, intended to bolster its identity and help make the brand even stronger.

In 2008 Lantmännen Danpo will make the most of the position it has obtained through communicating about food safety to increase sales of products under the Danpo brand.

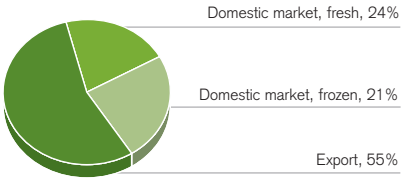
Sales, Lantmännen Kronfågel



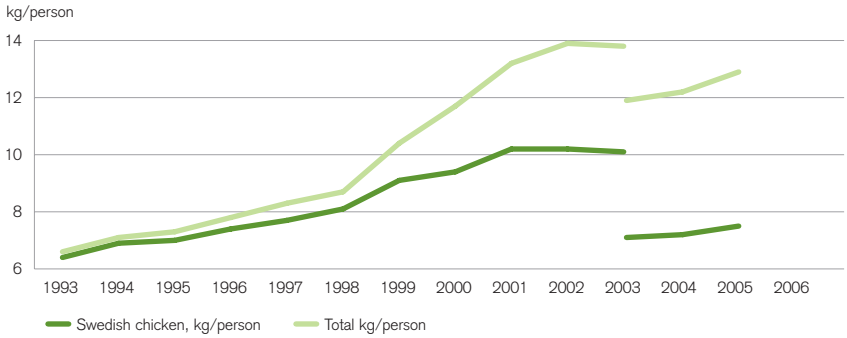
Sales, Lantmännen Kronfågel, Sweden



Sales, Lantmännen Danpo, Denmark



Consumption of chicken in Sweden



In 2006 the trend whereby the entire increase in consumption is based on imported chicken was broken, when consumption of Swedish chicken rose by around 4%.

In 2004 the Swedish Poultry Meat Association began calculating consumption in kg/person according to a new model adapted to the one used in the EU, which yields lower consumption.

Lantmännen Granngården and Lantmännen Invest

Business area

Lantmännen Granngården

Lantmännen Granngården is Lantmännen's retail business, focusing on products for Farming & Forestry, Pets & Gardening with supplemental product ranges in House & Home and Outdoor Leisure. In 2007 sales took place at 112 company-owned outlets as well as about 25 dealers in Sweden. Lantmännen Granngården also sells via the Internet and mail order through the wholly-owned subsidiary Lantmännen Nordpost.

Sales and earnings

Sales were SEK 2,401 M (2,650), down 9 percent. The reduction is primarily explained by the discontinuation of product lines carried out, sales of stores and a smaller number of dealers. Operating income for 2007 amounted to SEK –94 M (–15). Charged to earnings were costs for ongoing change efforts, where action programs in the areas of product lines, logistics, purchasing and personnel have priority. Operating income was also negatively affected by the fact that overheads do not yet match the lower sales.

Operations

Lantmännen Granngården's customers comprise foresters and farmers, pet owners, house and summer cottage owners, entrepreneurs and private individuals who need products for recreation and leisure.

Lantmännen Nordpost's customers are mostly full-time farmers, hobby farmers and horse owners. The lower sales for Lantmännen Granngården in 2007 meant that costs needed to be adjusted, and a cost-saving program, Spar 20, was implemented in the fall. The full effect of program will be achieved in 2008.

In four locations, Sjöbo, Arninge, Arboga and Gnesta, extensive rebuilding and relocating took place in accordance with the chain's new concept. The new concept, with appurtenant customer attractions, layout and marketing resulted in a decision to stop joint sales for Lantmännen Maskin and Lantmännen Granngården. Focusing is the watchword for both areas.

Lantmännen Granngården is gradually passing wholesalers and increasing its direct purchasing from manufacturers in low-cost countries. Farming-related products such as feed and freight-intensive products like stall straw and soil/peat are exceptions from these imports. Dealing direct and imports provide positive effects on margins and make it possible to develop a private label - Granngårdens - which was established in 2007 for the retail chain. It is primarily in product lines for animals, gardening and outdoor leisure. The company brand Revir for Nordpost's line of fences has been in use since 2003.

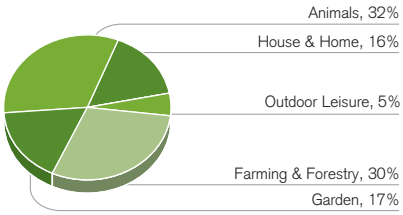
Despite the extensive change effort the focus areas grew by 3 percent.

A comprehensive action program was initiated in 2007 to lower logistics costs. Costs at the distribution center are now being controlled, and lower costs are expected there in 2008.

In 2007 Lantmännen Granngården concluded agreements with dealers who either signed dealer agreements or delivery agreements. The difference is that dealer agreements give dealers the right to the entire Granngårds concept, while delivery agreements are limited to being pure purchase contracts without brand and marketing support.

Nordpost carried out big changes in 2006, laying the groundwork for the positive earnings performance that took place during the year.

Sales,
Lantmännen Granngården



Key figures	2007	2006	2005
Net sales, SEK M	2,401	2,650	2,571
Operating income, SEK M	–94	–15	–26
Operating margin, %	–4	–1	–1
Return on capital employed, %	–28	–4	–6
Investment in fixed assets, SEK M	12	8	12
Average number of employees	978	1,046	1,021

In 2007 Granngårdens was established as a private label, primarily in product lines for livestock, gardens and outdoor leisure. An example is Granngårdens seed vending machine.

Granngårdens

NORDPOST

Markets

Lantmännen Granngården's potential market is around SEK 66 billion in its focus areas, of which about SEK 1 billion pertains to Nordpost's market in Sweden and Norway. There is stiff price competition and sharply increased share of imported articles, not only from Asia, but also from countries in Eastern Europe and South America. The e-tailing trend is growing.

The chains' share of the total market is increasing, primarily in the bigger towns. Retail chains are developing new concepts with smaller outlets for smaller towns. The total number of retail chains in Sweden is 120, a number that is continually rising. The two biggest chains have a market share of around 50 percent.

Lantmännen Granngården's market for animal and horticulture products is growing, while fewer farmers buy farming supplies in stores.

There is a greater focus on how companies address ethical, social and environmental issues. This has an impact on Lantmännen Granngårdens choice of product lines and suppliers (Code of Conduct).

Significant events in 2007

In 2007 the product line for the retail operation was dramatically reduced. Lantmännen Granngården eliminated the professional construction product line and the product line for hunting, fishing and scooters. A limited assortment of building supplies remains in stock until the last building supply store is sold.

As a consequence of this pare-down, Lantmännen Granngården has worked intensely to clear out product lines. These closeout sales had a negative impact on earnings, and December a nonrecurring write-down was undertaken on old inventory, which went far in contributing to the loss.

A decision was made in 2007 to close 17 stores. A new store opened in Haparanda.

Ten building supply stores were sold during the year, two more are on the selling list for 2008 and six small, unprofitable stores are being closed. Together will the reduction in product lines, these changes resulted in reduced sales for the business area by 9 percent.

In 2007 Nordpost set up a new market in Norway, where sales started with good margins. At the end of November, Nordpost Outlet opened in Enköping.

Outlook for 2008

During the transition to 2008 the concept and message for retail operations will be refined. More and broader marketing channels will be utilized. Lantmännen Granngården needs both higher visibility and to get customers to see its offerings more clearly. In 2008 there will be an intense focus on sales in stores and bolstered margins.

Business area

Lantmännen Invest

Lantmännen Invest comprises two different kinds of companies: Companies that have their roots in various research projects, and companies that do not belong in any of the other business areas, but which carry on business in various ways that can be related to farming.

Sales and earnings

Sales were SEK 2,105 M (2,011), up 5 percent. Lantmännen Bygglant and Lantmännen Krafft report the biggest gains in sales.

Operating income amounted to SEK 301 M (45). Earnings include the SEK 269 M capital gain from the sale of Lantmännen Analycen. Lower operating income at Lantmännen Doggy and Lantmännen Bygglant explain most of the deterioration in earnings from underlying business activities, which in 2007 amounted to SEK 32 M.

Research companies

Lantmännen Invest acts an incubator for research projects that have commercial potential. Once the companies reach a certain size, they are either moved to some other business area or sold.

In 2007 Lantmännen BioAgri was transferred to Lantmännen Lantbruk's Crop production Division, where it now constitutes the Biological Plant Protection unit.

Lantmännen AS-Faktor

Lantmännen AS-Faktor was established in 1996 to develop and process products from Swedish farms. Research and development is based on a Swedish-discovered protein called antisecretory factor (AF), which regulates the fluid balance in animal and human cells.

Lantmännen has developed a special piglet feed, which in extensive trials proved be effective against diarrhea. Today 60 percent of all Swedish piglets are fed with AF-enriched feed.

Even humans have proved to do better from higher AF levels. Lantmännen AS-Faktor has developed a special processed cereal product, SPC-Flakes, which was tested in patients at Sahlgrenska University Hospital in Gothenburg and proved to be effective in treating several different disorders where fluid balance is important. Thus, the AF protein does not only have a beneficial effect on intestinal disorders, but also on caked breast and the inner-ear disorder Ménière's disease.

Growth companies

Lantmännen Bygglant

Lantmännen Bygglant engages in construction and installation of fittings and equipment for the farm sector. It cooperates with leading suppliers in the industry. Lantmännen Bygglant is involved in all or part of engineering, procurement and construction or works exclusively as suppliers of equipment and materials.

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

Lantmännen Doggy

Lantmännen Doggy is a market leader in dog and cat food in Sweden. Other markets are Germany, Norway, Finland, the Baltics, Russia, Poland and the U.K. In Germany the subsidiary Bozita GmbH markets under the Bozita and Robur brands.

Lantmännen Doggy primarily markets products under its own brand

Key figures	2007	2006 *	2005
Net sales, SEK M	2,105	2,011	1,798
Operating income, SEK M	301	45	16
Operating margin, %	14	2	1
Return on capital employed, %	43	18	34
Investment in fixed assets	22	48	69
Average number of employees	807	898	868

** 2006 figures adjusted to enable comparison with 2007 following internal reorganization. 2005 figures have not been adjusted.*

but also under private labels. Since 2005 the company, in collaboration with Tetra Pak, has developed a line of moist cat food in Tetra Recart packaging, yielding not only logistical but also environmental benefits. This packaging is recyclable and easy for the customer to use.

In 2007 a new, expanded line of both dog and cat food in Tetra Recart was launched on the international specialized retail market. The products have been a great success in Germany and Russia, for example. In 2008 an expanded line will also be launched in Swedish grocery stores. The company's dry pet food products will also be launched in new consumer-friendly packaging.

The company is now certified according to ISO 22000 (food safety standard).

Lantmännen Krafft
For several years Lantmännen Krafft has been a market leader with approximately 75 percent of the Swedish market for horse feed. Lantmännen Krafft company is increasingly focusing on exports to France, Finland and Italy. In 2007, volumes were up 10 percent, and a number of new products were launched, including a new feed for racehorses. This contains SPC-Flakes, which were developed by Lantmännen AS-Faktor.

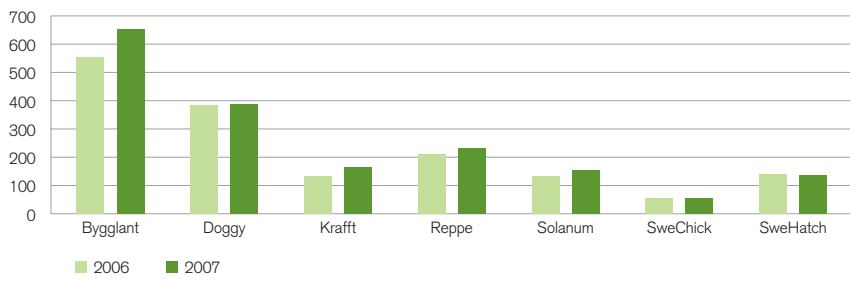
Lantmännen Reppe
Lantmännen Reppe extracts and processes various parts of wheat for products such as glucose syrup, dextrose solutions, gluten flour, starch, bran and sprouts. These products are primarily intended for the food industry in the production of confectionery, ice cream and beverages. Lantmännen Reppe is also one of Scandinavia's largest distilleries and produces rectified spirits of the highest quality. The customer base is primarily the Nordic market.

Lantmännen Solanum
Lantmännen Solanum contracts with farmers in southern Sweden to grow potatoes, which are then sold to Procordia Food AB or processed at the company's own plant in Kävlinge. Solanum supplies the food service market, via Lantmännen Axa, with peeled or boiled potatoes and baked potato dishes. Baked potato dishes are primarily sold to the consumer market, via a dedicated sales organization.
Lantmännen SweChick
Lantmännen SweChick delivers day-old chicks and eggs for hatching intended as breeding birds for broilers. Production covers about 65 percent of the Swedish market and 100 percent of the Danish, Norwegian and Icelandic markets. Lantmännen SweChick produced 2.2 million breeding birds per year, which is the basis for about 280 million broilers.

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

Outlook for 2008
In 2008 the companies are going to bolster their positions in the Swedish market, but also increase their focus on the various export markets. To be able to present new products and concepts to the companies' customers in the coming years, product development is also a focus area in 2008.

Sales in the companies in Lantmännen Invest
SEK M



Associated companies

Reported amounts refer 100 percent to the companies in question.

Associated companies are companies in which the Group has a long-term participation and a significant but not dominant influence on the operational and financial management. This is normally the case when the Group holds no less than 20 percent and no more than 50 percent of the votes.

GoGreen AB

GoGreen AB is 50 percent owned by Lantmännen and 50 percent owned by Raisio Oy, Finland. GoGreen sells beans, peas and lentils as well as milk-free dairy products mainly to the grocery trade.

Net sales were SEK 57 M (45) and income after financial items was SEK –9 M (–8).

Lantmännen reached an agreement with Raisio to take over its shares in GoGreen in 2008, after which Lantmännen will own 100 percent of the company.

HaGe Kiel

HaGe Kiel, Germany, is 20 percent owned by Lantmännen and 55 percent owned by Dansk Landbrugs Grovvareselskab, DLG, Denmark. HaGe Kiel is Germany's third largest agribusiness. Operations, which include the sale of crop production inputs and feed and equipment, are primarily in northern Germany, though the company is also a major player in Poland.

Sales are estimated to be SEK 10,800 M (10,695) and income after financial items SEK 160 M (51).

Hedegaard A/S

Hedegaard A/S, Danmark, is a publicly traded company that is 29 percent owned by Lantmännen. Lantmännen increased its earlier holding at the end of May 2007, after which the company is consolidated as an associated company. Denmark's third-biggest agribusiness, the company engages in trading in grain and feed and food production.

Sales are estimated to be SEK 1,800 M (1,652) and income after financial items SEK 0 M (36).

Leibur AS

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

Net sales were SEK 219 M (173) and income after financial items was SEK 38 M (24).

Mackmyra

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

Sales are estimated to be SEK 40 M (25) and income after financial items SEK 5 M (2).

Melia Oy

Melia Oy, Finland, is 25 percent owned by Lantmännen and 75 percent owned by Raisio Oy, Finland. Melia Oy produces and sells flour, breakfast foods and pasta in Finland.

Net sales were SEK 686 M (681) and income after financial items was SEK –12 M (29).

Lantmännen reached an agreement with Raisio for Raisio to take over Lantmännen's participation in Melia in 2008.

Scandinavian Farmers AB

Scandinavian Farmers AB is 50 percent owned by Lantmännen and 50 percent owned by Dansk Landbrugs Grovvareselskab, DLG, Denmark. The company develops both owners' earlier operations in farm supplies and grain in the Baltic market. Sales and market share performed positively, and most of the synergies with the parent companies were realized. In 2007 the company sold its stake of just over 10 percent in HaGe Kiel to Lantmännen.

Net sales were SEK 957 M (574) and income after financial items was SEK 0 M (13).

Svenska Foder AB

Svenska Foder AB is 49 percent owned by Lantmännen and 51 percent owned by Dansk Landbrugs Grovvareselskab, DLG, Denmark. The company sells feed it manufactures itself and products for crop production to farmers as well as engages in trading grain.

Sales are estimated to be SEK 2,400 M (1,908) and income after financial items SEK 45 M (18).

An agreement was reached to sell the holding in Svenska Foder to DLG in 2008.

Viking Malt Oy

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

As a consequence of the sharp rise in malting barley and malt prices, sales rose during the year, amounting to SEK 1,078 M (729). Income after financial items was SEK 66 M (–37).

Employees • Research and development • Sustainable development

Issues dealing with proper ethics and high moral standards, social accountability and balancing life and work are becoming increasingly important, especially so that employees can be proud of their jobs.

Research and product development should satisfy customer demands for innovative and healthful products.

Producing safe and wholesome foods, developing sustainable farming and reducing dependence on fossil energy are Lantmännen's biggest challenges.

Employees

Issues involving proper ethics and high moral standards, social accountability and balancing life and work are increasing in importance. Lantmännen is striving to have a healthy yet stimulating working environment and employees who are proud to belong to the Group.

Health and a good working environment

The focus on health and the working environment continued in 2007. Supervisors and managers were offered seminars and training courses, and a guide in these areas has been produced. Among employees efforts continue based on Eat-Exercise-Live-Work.

The number of wellness counselors has risen to around 70, and local wellness efforts are propelled forward with their assistance.

During the year a detailed survey of Lantmännen's working environment efforts was completed. Based on the outcome, working groups were set up with the participation of all of Lantmännen's business areas. They drew up action templates to support systematic efforts to improve the working environment. Efforts began to devise a Group-wide working environment policy.

Human resource development

Work to ensure an adequate overview of management resources continues. A key objective is to increase internal mobility and highlight inspiring job tasks and opportunities for personal development in various parts of the Group.

To ensure the supply of future managers and long-term competitiveness, efforts continue to bolster and refine Lantmännen's "employer brand." This takes place through regular attendance at "labor market days"(opportunities for students to get acquainted with prospective employers), among other activities. This effort has had a positive impact and increased attention both outside and inside the Group.

Evidence of these efforts is Lantmännen's rocketing up toward the top of the 2007 Företagsbarometern and Karriärbarometern, which measure students' and young employees' expectations for their jobs and careers.

Awareness of and interest in Lantmännen's multifaceted operations are constantly growing.

Lantmännen's first Group-wide trainee program wound up in November after 15 months with 17 new employees in various positions in the Group.

To attract and retain the talent already in the Group, the international manager development program Grow began in November. The program is aimed at young, well-educated and motivated employees with great potential to becoming future managers at Lantmännen.

The first Group-wide introduction day for new supervisors was held.

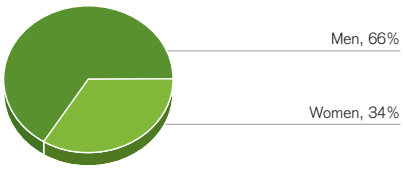
During the year, 250 supervisors participated in a five-day manager training program.

All supervisors in the Group attended five managers' meetings, at which leadership was a recurring topic. Lantmännen's objectives, visions and strategies were focused on, along with current topics such as the grain situation and bioenergy. Good examples from the actions plans from various business areas were presented.

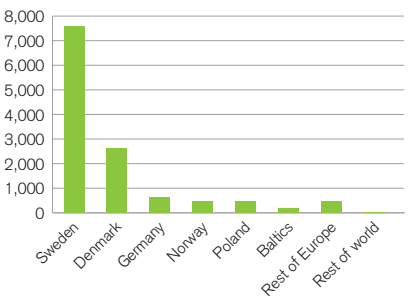
Corporate social responsibility

During the year Lantmännen formulated a Group-wide diversity policy with appurtenant guidelines. To facilitate and ensure proactive and targeted efforts, templates and tools were developed. These efforts are followed up in personnel statistics, sick leave, pay surveys, nondiscrimination plans and employee surveys.

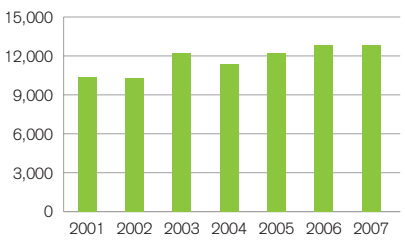
Employees, percentages of men and women



Number of employees by country



Average number of employees



In the fall, 1,100 managers gathered at five different sites for a day to hear how CEO Per Strömberg and others envision the future of Lantmännen, the commitments that will be made and the areas to be focused on.

Internal processes such as recruiting, staffing, manager development and strategy work are developed with the aim of supporting increased diversity.

Lantmännen is now able to offer through the Group private group and health insurance for its employees in Sweden on favorable terms.

Insikt

A Group-wide employee survey, Insikt, was carried out for the second time. The response rate in the entire Group rose from 76 to 83 percent. Several key performance indicators improved since the previous year; for example, at the Group level, the management index rose from 63 to 68. The share of employees who state that they have had a performance assessment interview rose sharply from 53 to 63 percent. The survey also revealed that there are several areas needing continued focus.

The reports on the results from Insikt formed the basis for improvement activities that all supervisors incorporated into action plans. The effort to carry out these improvement activities is followed up regularly at a Group level.

At the same time as employees responded to the Insikt survey, customer surveys were done in many parts of the Group. The customer surveys comprise just over 10,000 interviews in several countries. Besides this, a separate owner survey was done in the form of interviews of just over 2,400 owners.

Increased coordination

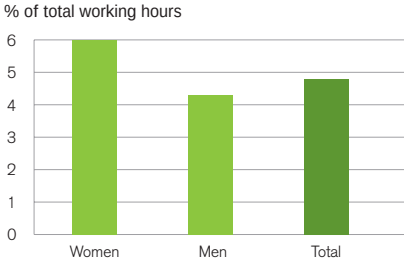
Right before the summer a corporate project portal was launched for all of Lantmännen. There is a project model with templates that guide projects through the process. Training programs for project managers, project members, purchasers and members of steering groups were devised to improve skills and raise the quality and efficiency in project work.

A corporate network for project managers was started.

A common payroll system for Sweden was introduced, and work to harmonize benefits and remuneration structures continues. For most employees in Sweden job evaluations were performed according to a uniform structure for unionized as well as white-collar employees.

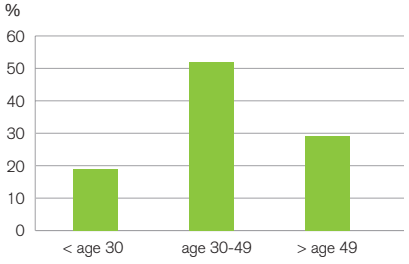
In February a corporate spontaneous application database was launched. Here, line supervisors can easily and cost-effectively look for new employees. Around 750 persons have chosen to register.

Sick leave



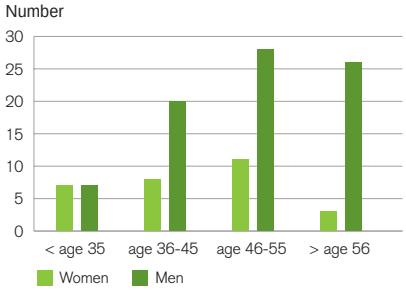
For the Lantmännen Group total sick leave for the year was 4.8 percent, for women 6.0 percent and for men 4.3 percent.

Age breakdown



19 percent of employees at Lantmännen are age 29 or younger, 50 percent between ages 30 and 49 and 27 percent are age 50 or older.

Gender breakdown in management groups*



Women are underrepresented in most management groups. In the youngest age group there are equal numbers of women and men.
** Refers to management groups for the business areas and corporate functions.*

Research and development (R&D)

Research and development (R&D) is a priority area at Lantmännen and is engaged in several business areas and companies. Here is a small selection of R&D at Lantmännen.

Designer fibers for the digestive tract

Lantmännen Food R&D is a bridge between research and product development for Lantmännen' food production. In 2007, four Innovation Project Managers were named at Lantmännen Mills and Lantmännen Unibake to promote innovation efforts.

A project began in 2007 to compile a Nordic dietary portfolio and investigate how it affects the risk of heart disease. The hypothesis is that a Nordic diet, correctly composed, can have key health benefits comparable to the Mediterranean diet. Whole grains, rapeseed oil, salmon, herring, root vegetables and berries are part of the Nordic dietary portfolio.

The development of specially designed fiber blends, based on various consumer needs, is another important focus area. The first products are breads containing prebiotic fiber, which stimulate the beneficial bacteria in the intestines. The launch quickly became a success in both Sweden and Denmark. Feeling sated is a topic for the future, and more knowledge about feeling sated may be important for controlling caloric intake.

Climate labeling is another important issue. Work is ongoing to calculate the carbon footprint of Lantmännen's products.

25 new kinds of bread per year

Lantmännen Unibake, Schulstad Danmark, produces and sells fresh bread and each year launches around 25 new products. Product development takes place in a "funnel" system with broad intake of product ideas, ranging from long-term strategic projects to those to be launched during the year. Product development, marketing and sales collaborate all the way from idea to finished product.

On larger, strategic projects, collaboration is with Lantmännen Food R&D, suppliers, research institutions, interest groups and others. An example is bread containing Multifiber or Smartfiber, developed in parallel in Sweden and Denmark. Research and development of the fiber blends took place at Lantmännen R&D in collaboration with development bakers and marketing departments at Lantmännen Schulstad Danmark in Denmark and Lantmännen Färskbröd Sverige in Sweden. The nutritional functions need to mesh with baking properties and concepts.

The focus of Lantmännen Färskbröd's product development has been to optimize sensory characteristics. In 2007 this resulted in three big sellers: Varsågod!, Hjärtegott! and Smart & Gott!

Less rain damage with new crops

Breeding work at Svalöf Weibull/SW Seed is aimed at developing more competitive crops. This is a matter of yields and yield stability, resistance to disease, stalk strength and various quality requirements, such as baking quality. Today, DNA profiles for certain characteristics are used to select plants for further breeding.

To identify common research goals, Svalöf Weibull, together with the other business areas at Lantmännen, have formed three groups to work on food, feed and energy. Svalöf Weibull participates in numerous international research partnerships. One is a consortium in England of five research institutions and eleven companies, which are working on what happens when seeds germinate in the ears in the rain. This is a topical issue, not least in 2007 when the quality of grain deteriorated from rain during the harvest, which resulted in in-ear sprouting.

By understanding what happens biochemically and identifying DNA markers for in-ear sprouting, plants that do not sprout so readily can hopefully be selected for.

Finding the best collaborative partner is key issue for the future. To share in the most advanced research and methods, SW Seed participates in national and international collaboration projects. The new methods are then adapted to the breeding work at home.

Medical innovation in progress

Lantmännen AS-Faktor is an R&D company set up around the discovery AF (antisecretory factor), a naturally occurring protein found in humans and animals. AF regulates secretion, i.e. the water and ion balance in the various cells and organs in the body. Since 1999 a cereal has been on the market consisting of specially processed grain, SPC-Flakes, used to treat humans as well as animals with digestive problems, among others.

Development work at AS-Faktor is intensive and follows several different tracks.

Medicinal foods are SPC-Flakes and Salovum powdered eggs. The latter is produced from eggs of hens given feed that raises the AF content of their eggs. The powdered eggs will be tested against viral gastroenteritis. It was previously tested in a diarrhea study of children in Pakistan and proved effective. Salovum is sold in pharmacies and is also effective of Ménière's disease, which is caused by fluid in the middle ear.

Pharmaceutical development is also part of the future picture, based on a synthetically produced peptide.

In 2007 Lantmännen Krafft launched a new horse feed, based on SPC-Flakes, which can help horses that train and race to feel better. Racehorses that travel a lot often have upset stomachs.

Feed containing AF to combat diarrhea in newborn calves is being tested at Nötcenter Viken. A dog treat from Lantmännen Doggy containing SPC-Flakes has begun to be sold in Germany.

Feeds matched to the animals' needs

Feed development at Lantmännen Lantbruk covers a broad area, from research-like activity to development of ready-to-use concepts for livestock production. All development projects should eventually lead to products that are profitable for customers and that make Lantmännen competitive in the feed market.

In 2007 a large number of new products were launched, feeds as well as supplements. New manufacturing techniques, such as heat-treating meal have been put into operations. Heat treatment of feed is usually accomplished by pelletizing, which results in whole pellets or pellet crusher. In certain cases, however, it is advantageous to use meal as animal feed. Heat treatment of meal requires special technology that Lantmännen Lantbruk was first to introduce in Sweden in 2007.

In feed development the focus is on evaluating commodities and increased knowledge of the animals' needs. Supplier evaluations and assessments of various ways of processing commodities are increasingly important to more exactly match the feed's function with the needs of the animals, which increases in step with their genetic capacity. New products that meet the new requirements for organic production were developed in the fall. This means that only, or nearly only, organically raised commodities go into these feeds at different levels based on animal species.

Sustainable development

Producing safe and healthy foods, developing sustainable farming, and reducing dependency on fossil energy sources are some of society's biggest challenges in achieving sustainability. These are also Lantmännen's challenges.

Active work on sustainable development

A clearly cohesive strategy is vital for realizing Lantmännen's vision: We make the best of our soil and give opportunities to everyone for a sounder life. Our strategy is to carry out measures that incrementally improve profitability and steer operations in a sustainable direction.

Arable land and its possibilities are the basis of Lantmännen's operations in the areas of food, energy and farming. Lantmännen operates in all links of the value chain - from farmland to table.

The Sustainability Report, "Steps toward Sustainability, 2007" describes activities in the area of sustainable development.

Events in 2007

Lantmännen's code of conduct

Work on a code of conduct for Lantmännen and its suppliers began in 2007, with introduction to start in 2008.

In 2007 Lantmännen was criticized for not having a code of conduct for suppliers, when the Fair Trade Center published a report on bad conditions in the tuna industry in Thailand. Through Lantmännen Doggy, Lantmännen is the fifth largest importer of tuna in Sweden. Lantmännen was also criticized for imports of Thai chicken and Finnish powdered eggs for various products within Lantmännen Axa Food Service. There is decision in principle to give priority to Swedish ingredients. But they must be competitive.

Unique methods of seed treatment

Lantmännen developed sustainable methods for treating seed. This means less spraying and better harvests. Cedomon and Cerall contain a soil bacterium that is a natural enemy of seed-borne disease that the plant may be at risk of. Another method is ThermoSeed, where heat is used instead of chemicals. These methods are now being marketed in around ten countries in Europe.

Handling of chemicals

During the year a decision was made on an all-out effort on a common way of working with the chemical products handled in operations. The new way of working will reduce the risk to human health and the environment, while lowering handling costs. This will also make possible a proactive effort to phase out hazardous chemical products.

Consumer survey

In the fall an in-depth consumer survey was conducted. It revealed that consumers connect Lantmännen with the land and farmers, with which they have positive associations. In all groups surveyed people say spontaneously that the environment and health are essential aspects in choosing foods.

The survey is part of the analysis of the surrounding world that is done on an ongoing basis. Lantmännen attaches great importance to customer expectations, wishes and needs.

Lantmännen's climate work

The food production chain - from farmland to table - accounts for around 25 percent of greenhouse emissions globally speaking. That is why the climate issue is crucial for those who operate in it.

Lantmännen's work to reduce its climate impact affects the four main areas where this impact is greatest:

- Logistics
- Energy use
- Bioenergy products
- Food products

Already today Lantmännen is able to point to climate measures, particularly regarding energy use and logistics. Lantmännen's large-scale production of renewable energy helps reduce society's dependence of fossil fuels.

GreenLine - sustainable logistics

Lantmännen's efforts to move its logistics work in a sustainable direction go under the name GreenLine. In 2007 a pilot project started that covered a portion of the flow of bulk truck transports. The target for the project is to cut carbon dioxide emissions by 730 tonnes. GreenLine aims to make Lantmännen's transports greener, more economical and safer in traffic, while giving drivers a better working environment. The target is a 20 percent reduction in carbon dioxide emissions by 2010. This corresponds to 17,000. Lantmännen's goal is to broaden GreenLine to include all of Lantmännen's shipping by 2009.

The route to the goal and vision

GreenLine consists of subprojects for truck and rail haulage. For haulage by truck, carbon emissions are reduced by applying "EcoDriving" and using greener fuels. Beyond this Lantmännen is overhauling ordering and alternative delivery days to optimize consignment frequency and the fill rates of shipping containers.

To improve traffic safety Lantmännen is working to promote seat belt use and require "alco-locks"of its providers

of trucking services. Of course, trucking jobs should be able to be performed in a lawful manner with regard to driving and rest times and speed limits, which results in a better working environment for drivers. Moving shipments from road to rail yields big gains for the environment and traffic safety. For that reason great pains are being taken to find profitable solutions for transport by rail.

For the second year in a row Lantmännen Mills has received Green Cargo's climate certificate.

Transport agreements

All of Lantmännen's haulage agreements were terminated in 2007 and recontracted for. Through "QIII Quality in procurement for road transport" Lantmännen has added requirements covering quality and the working and natural environment. To give sellers of transportation services an incentive to improve their sustainability work, Lantmännen will be concluding longer-term contracts with those who already meet the requirements and shorter ones with those who still have a bit to go, but who nevertheless aim to be better.

Climate-labeled foods

A lot of people want to make choices that are good for the climate. Buying an electric or other kind of green vehicle is one choice, given how much energy we use every day. But we are so far unable to make food choices with a lower climate impact in a straightforward way. Both the Government and consumers are demanding a climate labeling system for food to make conscious choices possible.

Lantmännen's climate labeling efforts

During the past year Lantmännen has been an active participant in the climate labeling efforts of KRAV and the Swedish Seal of Quality. As a consultee, Lantmännen made a constructive contribution to the end result, expected to be ready in 2008. To underscore Lantmännen's commitment to climate labeling, Lantmännen has chosen to be actively involved in the project's steering group in 2008. Moreover, an effort has begun to determine the carbon footprint of 20 key items in Lantmännen's product assortment, such as flour products, oatmeal, pasta and bread, by doing a lifecycle analysis. This efforts is being headed by a working group consisting of Lantmännen Axa, Färskbröd Sverige (fresh bread in Sweden), Kronfågel, Food R&D and a corporate function for sustainable development.

Anyone can make a contribution

All players along the chain, from primary producer to the end consumer can do their part to make the food sector sustainable in the long run. Consumers can help by buying foods in season and buying local produce, but also by not always driving to the store.

Examples of improving energy efficiency in 2007

40 percent of Lantmännen's electricity use is covered by the Swedish Energy Agency's Program for Energy Efficiency (PFE). After two years in the program, energy efficiency has increased by 10-20 percent in participating business areas.

Sustainable Energy

Business area	Balanced scorecard	Result	Outcome*	Analysis
Lantmännen Lantbruk	Energy efficiency in seed plants	2007: 72 kWh/tonne 2006: 80 kWh/tonne 2005: 84 kWh/tone	↗	The positive energy efficiency outcome is attributed to a serious focus on energy use and better energy awareness at the plants. New automated control systems made it possible to realize the ambition of optimizing manufacturing, thus helping reduce energy use.
Lantmännen Mills	Energy efficiency in milling operations	2007: 0.21 MWh/tonne 2006: 0.21 MWh/tonne 2005: 0.18 MWh/tonne	→	During the year, energy efficiency efforts had a positive outcome. This effect is not visible in the outcome, since the volume of more energy-intensive products rose at the expense of bulk goods.
Lantmännen Unibake	Energy efficiency	2007: 0.97 MWh/tonne 2006: 0.97 MWh/tonne 2005: 1.02 MWh/tonne	→	Energy efficiency improved across the board at Unibake, especially in the Swedish fresh bread business, where energy efficiency is up 9 percent. The reasons total figures do not reflect these improvements are mergers and acquisitions of new operations in Russia and Belgium, for example.
Lantmännen Invest *Doggy*	Energy efficiency	2007: 0.53 MWh/tonne 2006: 0.49 MWh/tonne 2005: 0.50 MWh/tonne	↘	The poorer result is due to a higher share of products in Tetra packaging, which requires more energy, but resulted in lower use of canned goods and transportation.
Lantmännen Invest *Reppe*	Energy efficiency	2007: 1.8 MWh/tonne 2006: 1.8 MWh/tonne 2005: 2.0 MWh/tonne	→	Energy consumption per manufactured unit depends of the product mix of starch syrup, wheat gluten flour and rectified spirits. Manufactured volumes of the various products were about the same in 2007 as in 2006.

** A change of at least three percentage points is required for the outcome arrow to indicate a change.*

The total market for biofuels is growing in Sweden and in the rest of Europe. Lantmännen is actively contributing to increased use of biofuels from fields and forests. One interesting crop is shrub willow (Salix spp.), which has garnered increased attention in recent years.

Operations requiring notifications and permits in 2007

Lantmännen operates in Sweden and other countries. This table reports which parts of the Group have operations that require notifications and permits in Sweden under the Ordinance (1998:899) concerning Environmentally Hazardous Activities and the Protection of Public Health. For similar operations outside Sweden the number of plants and countries is indicated. The certifications encompass all or parts of operations in Sweden and abroad.

Operations	Business activity requiring notification in Sweden	Business activity requiring a permit in Sweden	Corresponding business activity outside Sweden	Affected business activity in Sweden and other countries
Lantmännen Lantbruk	37	15	0	Seed plants (5), grain elevator (31+5), feed plant (1+9), logistics centers (0+1)
Svalöf Weibull	3	3	0	Use of organic solvents (1), peat cutting (0+3), greenhouse (1), seed plant (1)
Lantmännen Anläggnings- och Lantbruksmaskiner				
Lantmännen Maskin	6	0	0	Vehicle washing (6)
Swecon	21	0	0	Interim storage of waste oil (21)
Lantmännen Energi	26	7	0	Pond for storage of sludge (1), district heating plant (11), "Ready Heat" plant (8+1), energy production (1+1), fuel plant (5+1), ethanol production (0+1), RME production (0+1), storage of hazardous and flammable products (0+1), storage of hazardous products (0+1)
Lantmännen Mills	0	4	8	Mills, pasta and breakfast food manufacturing in Sweden (4), Norway (3), Denmark (3) and Latvia (2)
Lantmännen Axa	0	4	1	Food industries in Sweden (0+4) and Ukraine (1)
Lantmännen Unibake	7	0	20	Bakeries in Sweden (7), Denmark (11), Poland (2), Germany (2), Norway (1), Belgium (3) and Russia (1)
Lantmännen Kronfågel	0	2	2	Poultry slaughterhouse with cutting operations in Sweden (2) and Danmark (1), processing operations in Denmark (1)
Lantmännen Invest				
Lantmännen Doggy	1	1	0	Animal feed manufacturing (1+1)
Lantmännen Solanum	0	1	0	Washing of potatoes, handling of wash water (0+1)
Lantmännen Reppe	0	2	0	Production of starch products, glucose syrup, gluten and ethanol (0+2)
Lantmännen SweChick	7	0	0	Breeding farm (2), production farm for hatching (5)
Lantmännen SweHatch	7	7	0	Breeding farm (6), production farm for hatching (1+4), hatchery waste (0+3)

Definitions & glossary

OPERATIONAL EFFICIENCY

Operating margin
Operating margin is calculated as operating income as a percent of net sales for the year.

CAPITAL EFFICIENCY

Capital employed
Capital employed is calculated as total assets minus noninterest-bearing liabilities.

Operating capital
Operating capital is calculated as non-interest-bearing assets minus noninterest-bearing liabilities. Tax assets and tax liabilities are not included in operating capital's assets and liabilities.

PROFITABILITY

Return on equity
Return on equity is calculated as net income for the period, where opening refunds and final price adjustment are restored, divided by average (opening and closing) shareholders' equity.

Return on capital employed
Return on capital employed is calculated as operating income plus financial income divided by average (opening and closing) capital employed.

Return on operating capital
Return on operating capital is calculated as operating income divided by average (opening and closing) operating capital.

FINANCIAL STABILITY

Equity ratio
Equity including minority interests in percent of the balance sheet total.

Interest coverage ratio
Interest coverage ratio is calculated as operating income plus interest income divided by interest expense.

Net debt
Net debt comprises interest-bearing liabilities, including pension liabilities and accrued net interest, less financial assets.

OTHER

Financial assets
Financial receivables, short-term investments and cash and bank.

GLOSSARY

Blåljus (Blue Light)
Project aimed at lowering costs in the grain business by reducing the number of receiving sites for grain, among other measures.

GI
Glycemic index; indicates how quickly carbohydrates are metabolized in the body.

GMO
Genetically modified organisms; plants with characteristics added with the aid of gene technology.

GreenLine
Project to ensure sustainable and secure transportation while saving on resources.

Intervention price
The guaranteed price that the EU pays for milling wheat, barley and maize.

RME
Rapeseed methyl ester, also referred to as biodiesel.

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Board of Directors' report

The Board of Directors and the CEO and Group President of Lantmännen ek för, Corporate Identity No. 769605-2856, hereby present the Annual Report for the 2007 financial year. The earnings and financial position of the Parent Company and Group are stated in the following income statements and balance sheets with associated comments and notes.

The Group's business and organization

Lantmännen is one of the largest corporate groups in the Nordic countries in the areas of food, energy and agriculture. Its most important markets are found in the Nordic countries, the Baltic Sea area and Northern Europe. The starting point for Lantmännen's activities is farmland and its possibilities, where the Group is active in all links of the value chain, from farm to table.

The Lantmännen Group is organized into ten business areas. The core business, focused on farmers, operates in the business area Lantmännen Lantbruk. Other business areas are Svalöf Weibull, Lantmännen Anläggnings- och Lantbruksmaskiner, Lantmännen Energi, Lantmännen Mills, Lantmännen Axa, Lantmännen Unibake, Lantmännen Kronfågel, Lantmännen Granngården and Lantmännen Invest. Starting in 2008 the operations in the business areas Lantmännen Axa and Lantmännen Mills will be combined into a single business area, Lantmännen Axa/Mills.

Changes in the Group structure and strategic acquisitions

During the first quarter of 2007 Lantmännen acquired the remaining 9 percent of Lantmännen Kronfågel Holding AB from LRF, after which Lantmännen owns 100 percent. The deal involved LRF paying Lantmännen compensation of SEK 535 M to dissolve the shareholder agreement and the sharing of losses that it entailed.

In connection with the deal for Kronfågel, Lantmännen also acquired LRF's minority holdings of 9 percent each in the energy companies Lantmännen Agroenergi AB, Lantmännen Agroetanol AB and Odal Energi AB. Following the transaction Lantmännen owns 100 percent of these companies. LRF's 13 percent holding in Mackmyra Svensk Whisky AB was also acquired. Following this acquisition Lantmännen controls 26 percent of the capital and 19 percent of the votes in the company, which was consolidated as an associated company as of April 2007.

At the end of May Lantmännen acquired 15.7 percent of the listed Danish agribusiness company Hedegaard A/S. Lantmännen now owns 29 percent of the company, which was consolidated as an associated company as of June 2007.

In September the business area Lantmännen Unibake acquired 100 percent of the shares in the Danish bakery Doense Dybfrost A/S.

In October Lantmännen increased its participation in HaGe Kiel, Germany's third largest agribusiness company. Its holding is now 20 percent, as opposed to the previous 5 percent.

In October Lantmännen sold its shares in the subsidiary Lantmännen Analycen to the Eurofins Group.

In October it also sold its shareholding in the associated company Norrköpings Hamn och Stuveri AB to Norrköping Municipality.

Other important events

After being managed for much of the year by two acting presidents, Per Strömberg took office as the regular CEO and Group President of Lantmännen on September 1.

As part of the restructuring of Lantmännen Kronfågel the slaughterhouse in Farre, Denmark was closed during the spring. The processing plant in Farre was not affected.

Because Lantmännen Granngården is focusing on the Agriculture, Forestry, Pets and Gardening product areas, ten stores serving the DIY/building supplies market were sold during the year. Beyond the product range changes, the earnings performance of Granngården

	Net sales		Operating income	
SEK M	2007	2006	2007	2006
Lantmännen Lantbruk	9,096	8,066	144	74
Svalöf Weibull	921	983	11	–96
Lantmännen Anläggnings- och Lantbruksmaskiner	8,456	7,689	397	340
Lantmännen Energi	3,089	2,622	2	73
Lantmännen Mills	2,922	2,447	119	141
Lantmännen Axa	1,684	1,563	53	56
Lantmännen Unibake	6,751	5,639	226	86
Lantmännen Kronfågel	2,507	2,242	71	–312
Lantmännen Granngården	2,401	2,650	–94	–15
Lantmännen Invest	2,105	2,011	301	45
Other and Eliminations	–3,943	–3,656	–360	–209
Total	35,989	32,256	870	183

has also given rise to the implementation of a restructuring program called Spar 20 (Save 20). When fully implemented, a key part of the plan, downsizing the workforce by just over 100 people, will save an estimated SEK 30 M on a full-year basis.

Together with Scan AB Lantmännen is investing SEK 100 M in a development agency called Sveriges Djurbönders Tillväxtaktiebolag. Through this venture Lantmännen will encourage new business start-ups in Swedish livestock production, which will ensure continued demand for the volumes of grain and other feed materials produced by our members.

A decision was made to invest in a new, modern and efficient seed plant in Eslöv. The factory is scheduled for completion in the fall of 2009, concurrent with the closure of plants in Landskrona and Norrköping. The investment will save an estimated SEK 10 M per year.

A decision was also made to invest in a state-of-the-art feed plant in Lidköping. Estimated at SEK 165 M, the investment will mean that two factories will be combined into one. The annual cost savings is estimated at SEK 10 M. According to plan the new full-range plant will open in early 2009.

Projekt Blåljus will be adjusted in response to the new situation high grain prices have given rise to in the market. This means no change in the goal of achieving a competitive business, but in 2008 at least the facilities will remain open as they were in 2007. So far the project has enabled savings of SEK 120 M.

During the fall a decision was made to halt indefinitely the production of RME at the factory in Karlshamn starting the beginning of 2008. The decision entailed a SEK 29 M impairment loss on fixed assets.

At its December meeting the Board adopted a new strategy for Lantmännen's businesses. Among other things the strategy involves refocusing on core businesses, a greater effort at marketing, a greater commitment to R&D and greater cost-efficiency business-wide. The new strategy is described in greater detail on page 10.

Besides the disposal of Lantmännen Analycen as part of the increasing focus on core businesses, the decision was made to evaluate various strategic alternatives for Weibull Trädgård. One of these is disposal.

In the fourth quarter the work began at Lantmännen's Owner Forum, where members are to discuss important owner issues and share their views on future principles for owning and managing Lantmännen.

Net sales

Net sales in the Lantmännen Group amounted for the year to SEK 35,989 M (32,256), an increase of 12 percent compared with the previous year. Adjusted for changes in the Group, primarily the acquisition of the Belpan Group and Aspen in 2006, cumulative net sales were up 10 percent.

The higher grain prices, affecting the majority of the Group's business areas, is a contributing factor in the substantial rise in sales during the year.

At Lantmännen Lantbruk net sales were up 13 percent, totaling SEK 9,096 M (8,066). Higher grain and feed prices had a positive impact on sales. In addition, the volume of crop production inputs sold rose during the year.

At Lantmännen Unibake net sales were up 20 percent, totaling SEK 6,751 M (5,639). The rise is explained by the acquisition of the Belpan Group in 2006, but also by higher sales volumes combined with higher prices.

Net sales at Lantmännen Anläggnings- och Lantbruksmaskiner amounted to SEK 8,456 M (7,689), an increase of 10 percent. Sales were up in both construction and agricultural machinery. The strong demand for machinery from construction companies as well as agriculture resulted in long delivery times for new equipment, adversely impacting Lantmännen's sales.

Lantmännen Mills increased its net sales by 19 percent to SEK 2,922 M (2,447). The higher net sales are primarily a result of the higher grain prices.

Net sales at Lantmännen Energi were up 18 percent and totaled SEK 3,089 M (2,622). Of the increase, approx. SEK 175 M is an effect of the acquisition of the Aspen Group in June 2006. Moreover, trading volume at Lantmännen Agroetanol also increased.

Operating income

Compared with the previous year, when the operating income was SEK 183 M, operating income in the Lantmännen Group increased by SEK 687 M to SEK 870 M.

Earnings are affected by significant items affecting comparability. Adjusted for these items, accumulated operating income amounted to SEK 718 M (346). A comparison of these items is contained in the table on page 56.

Lantmännen Lantbruk's operating income increased by SEK 70 M to SEK 144 M. Increased sales of crop production inputs, higher grain volumes and lower costs resulting from ongoing restructuring contributed to the improvement.

Operating income at Svalöf Weibull amounted to SEK 11 M (–96). The improvement is primarily explained by significant restructuring costs being charged against earnings the previous year. This program has resulted in lower costs and improvement in underlying earnings at SW Seed.

Lantmännen Anläggnings- och Lantbruksmaskiner reported operating income of SEK 397 M (340). Increased sales of farm machinery are the main explanation for the improvement compared with the previous year.

In Lantmännen Energi operating income decreased from SEK 73 M to SEK 2 M. The sharp decline in earnings is attributed in part to the mild weather at the beginning and end of the year, which led to low sales of solid biofuels, and in part to production and marketing problems in the biodiesel business.

Lantmännen Unibake's operating income increased from SEK 86 M last year to SEK 226 M this year. The acquisition of the Belpan Group explains approximately one-third of the earnings

Major items affecting comparability

SEK M	2007	2006
Capital gains from		
- sale of properties	-	174
- sale of businesses	315	
Impairment loss on fixed assets		
- Lantmännen Kronfågel	-	–428
- Other business areas	–29	-
Reversal of negative goodwill related to impairment loss in Lantmännen Kronfågel	-	168
Structural costs (2007, demolition of grain elevators –160)	–168	–76
Other (Net)	34	–1
Impact on operating income	152	–163
Capital gains from sale of shares, etc.	200	208
Impact on income after financial items	352	45
Operating income adjusted for items affecting comparability	718	346
Income after financial items adjusted for items affecting comparability	470	199

improvement, but also important is the fact that earnings in the fresh bread business continue to improve, from SEK –105 M the previous year, to SEK –52 M this year. This improvement also included Lantmännen Färskbröd Sverige, the Swedish operation.

Operating income for Lantmännen Kronfågel, before the reversal of negative goodwill, improved considerably, amounting to SEK 35 M (–655). The previous year's earnings included an impairment loss on fixed assets totaling SEK –368 M. The extensive measures carried out, such as the closure of the slaughterhouse in Farre, have had the desired effect and contributed to the substantial improvement. Moreover, a change in product mix in Sweden and better prices and margins in Danish operations improved earnings. After the reversal of negative goodwill cumulative operating income was SEK 71 M (–312).

Lantmännen Granngården's operating income deteriorated by SEK 79 M to SEK –94 M. Earnings were impacted by closure costs for sold stores and costs for downsizing the product range during the year.

Lantmännen Invest's operating income totaled SEK 301 M (45). Earnings include the SEK 269 M capital gain from the sale of Lantmännen Analycen. The decrease in the underlying business is attributed to the deterioration in earnings in Lantmännen Doggy and Lantmännen Bygglant.

A provision of SEK 160 M for grain elevator demolition costs was charged to income for the full year.

Income after financial items

Income from financial items amounted to SEK –48 M (61) and income after financial items came to SEK 822 M (244).

Financial items for the year include SEK 184 M in capital gains from the sale of shares and a SEK 16 M refund from Pensionsgaranti. The previous year's financial items included capital gains from the sale of shares and other securities in the amount of SEK 208 M. Adjusted for these items, the Group's financial items amounted to SEK –248 M (–147). The higher financial expenses are primarily explained by increased borrowing for acquisitions and investments, but also by substantially higher average interest rates compared with the previous year.

Net income for the year

Net income for the year after tax and minority interests amounted to SEK 588 M (332).

Refund and final price adjustment affect earnings in the amount of SEK –83 M (–64). Minority share of net income for the year totaled SEK –17 M, compared with SEK +70 M the previous year. In 2006 the positive performance of the minority share of income was chiefly due to LRF's share in Kronfågel's negative earnings. The tax expense was SEK –134 M compared with SEK +82 M in 2006. The positive tax in 2006 is partly an effect of the impairment loss in Lantmännen Kronfågel.

Financial position

The Group's equity on December 31, 2007 was SEK 9,483 M, compared with SEK 9,038 M at the end of the previous year. Of the change of SEK 445 M, SEK 588 M comes from net income for the year and SEK 149 M from positive translation differences from translation of foreign subsidiaries. Payments of capital contributions from members increased equity by SEK 26 M, while the payment of SEK 56 M in investment dividend and refunds of capital contributions of SEK 262 M reduced equity. Most of the refunded capital contributions concern adjustments owing to changed assumptions regarding members' obligation to invest in the Association.

Total assets were SEK 28,743 M (25,343). The increase in total assets is primarily an effect of higher grain prices affecting the value of inventories and accounts receivable and the large capital outlays in the mill in Vejle and the ethanol plant increasing the value of the Group's fixed assets.

The Group's net debt increased during the year by SEK 1.8 billion to SEK 8.4 billion. The Group's pension liability is included in the net debt.

The equity ratio was 34 percent (37).

Cash flow and liquidity

The Group's cash flow during the year totaled SEK –400 M (–640).

Operating activities contributed a positive cash flow of SEK 219 M (553).

Investment activity for the period resulted in a negative cash flow totaling SEK –1,322 M (–1,758). For investment in fixed assets, SEK 2,259 M (1,726) was spent, while sales of fixed assets yielded a positive cash flow in the amount of SEK 147 M (299), a net outflow of SEK –2,112 M (–1,427). Investment in new businesses contributed SEK +22 M (–1,283), in which SEK +535 M came from the acquisition of the minority interests in Kronfågel. The sale of businesses yielded a positive cash flow of SEK 401 M (175), of which most came from the sale of Lantmännen Analycen. Financial investments decreased, thereby contributing a positive cash flow of SEK 367 M (777) to investing activities.

Financing activities contributed a positive cash flow totaling SEK 703 M (565), with increased borrowing contributing SEK 1,000 M (625) and contribution payments contributing SEK 26 M (25). Refunds of contribution funds and dividend to the Association's members resulted in an outflow of SEK –318 M (–80) and dividend to minorities resulted in an outflow of SEK –5 M (–5).

The Group's liquid funds at year-end amounted to SEK 484 M (875). Lantmännen's borrowing facility and the Group's overdraft facilities in Swedish kronor and foreign currency as of December 31, 2007 were utilized in the amount of SEK 6.2 billion, which means that Lantmännen's combined unutilized credit line at the end of the year was SEK 1,007 M .

Investment

The Group's investment in fixed assets totaled SEK 2,259 M (1,726). The biggest ongoing capital outlays concern a new mill in Vejle, Denmark, and a new ethanol plant in Norrköping. The total amount invested in the Vejle mill is SEK 395 M, of a total estimated investment of approx. SEK 500 M. The total amount invested in the ethanol plant in Norrköping amounted at the end of the year to SEK 657 M. Of the total investment amount of approximately SEK 1,300 M, most has been contracted for.

Environmental information

The Group is engaged in activities requiring notification under the Swedish Environmental Code in 115 plants and activities requiring permits in 46 plants in Sweden. The Group's activities requiring notification and permits are comprised of grain facilities, mills, plants for the manufacture of feed, ethanol, fuel pellets as well as pasta and breakfast foods. The impact on the external environment is in the form of noise, emissions to air, energy consumption, transportation and waste.

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

No material injunctions were issued in Sweden in 2007 pursuant to the Swedish Environmental Code.

Environmental protection work in the Group is based on its adopted policy of sustainable development, which prescribes that the Group shall carry out measures step by step to steer its activities in a sustainable direction with respect to the principle of not subjecting nature to systematic increased concentrations of toxins from society's production.

For more information about the Group's work to protect the environment see the section on Sustainable Development on pages 49-51.

Personnel

Average number of employees in the Lantmännen Group was largely unchanged compared with the previous year and amounted to 12,830 (12,833), of which 7,592 (7,915) are in Sweden.

In the Parent Company the average number of employees was 1,317 (1,364).

Lantmännen's goal is to be viewed as an attractive employer known for a healthy working climate where expertise is nurtured and fostered throughout the entire Group. In January 2008 Lantmännen's equal opportunity and diversity policy was adopted. Among other things, the policy establishes that the Group shall safeguard and value the expertise, qualities and experience of all employees regardless of gender, age, ethnicity, religion or other beliefs, sexual orientation, disability or other individual differences. In addition, it states that the Group will not tolerate any bullying, harassment and discrimination.

For more information about human resources work in Lantmännen see the section on Employees on pages 45-46.

Senior executives

The guidelines for remuneration of senior executives in 2007 are stated in Note 5. The Association Meeting adopts remuneration guidelines on the basis of Board proposals. The Board's proposal regarding guidelines for remuneration of senior executives in 2008 is in conformity with current guidelines with the exception of termination and severance pay. For members of Lantmännen's Group Management the proposal calls for 12 months' notice from the company and 6 months from the employee. In addition, severance pay equal to 12 months' fixed salary shall be paid with full deduction of any salary from a new employer. Already signed agreements will not be changed.

Significant risks and uncertainty factors

Risks in the Group's activities can mainly be divided into operating risks relating to business activities and risks relating to financing activities. The operating risks are normally handled by the operating units in the Group while financial risks are mainly handled by the corporate finance department. The finance risks are described in greater detail in Note 26 and in the section on financing on page 11.

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

Strategic risk

Risks associated with business trends and long-term planning are primarily

handled through Group Management discussion of decisions of a strategic and tactical nature followed by Board action plus an annual strategic planning process. The strategic plan is discussed and questioned within the Group on the basis of external and internal considerations. All units and levels are involved in the strategic process, which ensures that plans and approaches are well thought through. The decision to invest in an ethanol plant was a strategic decision based on assumptions about long-term goverment policies. The entire investment entails a large risk should government policies change. The proposal that Sweden do away with customs duties that all other EU countries are keeping, is an example of how political decisions can crucially change operating conditions, thereby putting Swedish ethanol production at risk.

Operating risk
Lantmännen's ability to increase profitability and returns for its owners largely depends on how well the Group succeeds in developing new products and maintaining cost-efficient production while also expanding operations. Handling price fluctuations and structural measures are also important factors in maintaining and increasing profitability. Lantmännen's ambition in all business areas is to grow through a combination of organic growth complemented by selected acquisitions in certain business areas. Integrating acquired businesses is an extensive process that can entail higher than expected costs.

Lantmännen is active in competitive markets that are mature in most cases. This means that demand is relatively stable at the same time as price competition is strong in the majority of product categories. Commodity prices have risen sharply in the last six months. Higher commodity prices for grain directly or indirectly affect most of the Group's businesses. Group earnings depend on costs being passed on to customers in the form of higher prices. The sharp price hike for rapeseed oil and softening demand for biodiesel caused a drop in sales.

In individual markets and operations crucial changes in the playing rules, such as the imposition or elimination or raising or lowering of customs duties and taxes and other political decisions, can happen. The decision on the investment in the ethanol plant in Norrköping was founded on the assumption of continued customs duties on ethanol imported from countries outside the EU. Changes in customs rules, high grain prices and uncertainties regarding the price of ethanol represent significant risk factors that can alter the conditions for Swedish production of fuel ethanol. The construction of the ethanol plant in Norrköping is proceeding according to plan, with completion scheduled for the fall of 2008. In Lantmännen's estimation, grain prices will not remain at their current high level and ethanol prices will rise during the period the ethanol plant will be in operation. On the basis of that estimation, a calculation for the plant shows a present value that exceeds the investment amount.

Should the situation change in the years to come the value of the investment will be reviewed, which may entail an impairment write-down of the value of the plant.

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

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

Financial risk
The Group is exposed to financial risks that can cause fluctuations in the Group's earnings and cash flow as a result of changes in prices, exchange rates, interest rates and refinancing as well as credit and counterparty risks.

The handling of Lantmännen's combined financial risks is regulated and discussed in the Group's financial policy. The financial policy is set annually or as needed by Lantmännen's Group Board. The financial policy describes how the Group's financial risks are to be managed in its financing operations and in its business operations.

Financial handling of risk has basically been centralized in the Group's Corporate Finance department, which continually works on monitoring and controlling the Group's financial risks. These risks are followed up monthly at meetings with the Group's Risk Committee. The Group's financial risk handling is centralized to make the most of economies of scale and synergies and to minimize handling risks. The Group's Corporate Finance department is responsible for Group borrowing, currency and interest rate risk management, and controlling Group commodity and electricity price risks. It also functions as the Group's in-house bank.

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

Insurance risk
The Group's operations are exposed to insurable risks to property and goods. Lantmännen has a special Risk Management function whose goal is to minimize the total cost of the Group's insurable risks. This is partly done by continuously developing risk prevention and risk-limiting efforts in operations and partly through intra-Group insurance solutions. Insurable risks are placed with large Swedish and international direct insurance companies or in the Group-owned captive companies that purchase reinsurance in the international reinsurance market.

Research and development (R&D)
R&D costs for the year were SEK 340 M (368). Expenditure on R&D includes all expenses that can directly be attributed

to R&D activities or that reasonably and consistently can be allocated to the activities.

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

For further information on Lantmännen's R&D see page 47.

Expected future developments

Given the uncertainties in the world economy the cyclical situation can above all affect the Group's more economy-sensitive operations such as machinery, energy and retail sales. Dwindling demand in the building and construction sector could be particularly hard on Swecon.

Farmland and its possibilities constitute the basis for Lantmännen's value chain, from farm to table. The international social debate on the greenhouse effect and the growing interest in bioenergy is enlarging agriculture's market. Traditionally, arable land has been an important resource for the production of food and has now also become an increasingly significant resource in the production of bioenergy. Based on the growing demand for bioenergy and Lantmännen's expertise in this area, significant investment is being made in the production of liquid biofuels and other products. For this investment long-term assumptions from society are crucial. The energy conversion will mean changes in the markets for agricultural commodities through increased international demand.

The shrinking number of farms raising livestock implies a risk to the Group's feed manufacturing. Continued streamlining of feed operations will therefore be an important element in strengthening market positions.

In the food segment, the interest in health has resulted in a continued, increased demand for healthy and wholesome foods. Health and convenient food solutions are strong consumer trends. Lantmännen's food business is a strong player in both of these areas, which the Group will continue to focus on.

To create growth opportunities and be an attractive partner to international customers in the grocery trade Lantmännen will continue on its course of international acquisitions and entering into strategic partnerships to continue to develop the food business primarily in the Baltic countries and Northern Europe.

To ensure that Lantmännen remains a cost-efficient partner to its customers a shared corporate function has been created with the task of streamlining the supply chain in Group purchasing, production and logistics.

Two of the largest investments in Lantmännen's history will come on stream in 2008. The new mill in Vejle, Denmark is scheduled to open in the summer and a fall start-up is planned for the ethanol plant in Norrköping.

In general business in 2008 will be characterized by the realization of Lantmännen's new strategy, where a strong focus will be placed on developing the Group's core businesses.

Changes to accounting policies

In 2007 there have been no new or changed recommendations or other rules affecting Lantmännen's reporting.

Events after the balance sheet date

Lantmännen and the Finnish food group Raisio have agreed to phase out the long-standing collaboration between the companies. This involves an exchange of shares, where Lantmännen will take over all of Raisio's shares in GoGreen and JSC Rigas Dzirnavnieks (the Riga mill) while Raisio takes over Lantmännen's shares in Melia.

A decision was made to merge Lantmännen Axa and Lantmännen Mills into a single business area as of February 1, 2008. Together, Axa and Mills will form one of the Nordic region's biggest food industry players, with sales of approx. SEK 3.8 billion (2007) and more than 1,400 employees.

At the beginning of February the Supreme Court handed down a decision in the case between Lantmännen and the State through the Swedish Board of Agriculture. The case originated in the salmonella outbreak in 2003, when Lantmännen's feed plant in Norrköping was affected by salmonella, which spread to around fifty pork producers in the surrounding area. The case concerned whether the State should be regarded as having a right of recourse against Lantmännen for the expenses the State had pursuant to current zoonosis legislation. The Supreme Court ruled that the State did not have a right of recourse. The provisions for expenses related to this case, which are no longer necessary and are estimated to be around SEK 120 M, will be reversed in 2008.

A property in Uppsala was sold in January with a capital gain of just over SEK 160 M.

An agreement was reached to sell the entire holding in Svenska Foder AB to Dansk Lantbrugs Grovvareselskab, DLG. Under the agreement Lantmännen will also acquire part of DLG's holding in HaGe Kiel. The acquisition is equivalent to 5 percent of HaGe Kiel's total assets and after the acquisition Lantmännen will own 25 percent of HaGe Kiel.

The competition authorities in Denmark have initiated an investigation of price fixing in the bread industry. Lantmännen's Danish bread business is affected.

PARENT COMPANY LANTMÄNNEN EK FÖR

Organization

In the Parent Company Lantmännen's core business activities are conducted in the business area Lantmännen Lantbruk. In the Parent Company there are also group functions and property management.

Number of members

The number of members on December 31, 2007 totaled 41,951 (44,249).

Net sales and operating income

Net sales in the Parent Company were SEK 9,323 M (8,341). Sales in Swedish kronor rose for feed, grain and crop production products. Operating income amounted to SEK –292 M (–98). Lantmännen Lantbruk improved its operating income by SEK 70 M as a consequence of higher sales and lower costs. Other business posted operating income down SEK 264 M from the previous year. Lower capital gains of SEK 132 M on the sale of properties as well as SEK 160 M in additional expenses for demolishing grain elevators explain the entire deterioration.

Income after financial items

Income after financial items totaled SEK 237 M (–22). Financial items for the year include the SEK 301 M capital gain from the sale of shares and SEK 167 M in dividends, of which SEK 150 M are from Group companies. The acquisition of the minority interests in Kronfågel also resulted in a liability of SEK 186 M regarding shareholders' contribution being reversed.

Investment

Investment for the year in tangible fixed assets totaled SEK 275 M (174). In 2007 Lantmännen Lantbruk commenced two large capital expenditures, one in the new feed plant in Lidköping, and another in the new seed plant in Eslöv. These expenditures are the main reason for the increase in investment compared with 2006.

Refund and final price adjustment

The Board of Directors has decided to give a 1 percent (1) refund on members' purchases of feed, fertilizer, seeds, plant protection, grain and petroleum products as well as 1 percent (1) final price adjustment on delivered grain. SEK 83 M has been earmarked for this purpose (the provision in 2006 was SEK 64 M and the actual outcome SEK 59 M).

Investment dividend

The Board of Directors proposes that the Annual Association Meeting approve payment of 5 percent (5) dividend on paid and issued contributions to direct members. To attain equal treatment with regard to tax consequences among direct members, organization members or local associations, it is proposed that organization members and local associations receive an investment dividend of 3.6 percent (3.6). SEK 50 M (56) is allocated to this.

Contribution issue

The Board of Directors proposes that the Annual Association Meeting approve a contribution issue of SEK 150 M (99). The issued capital will be distributed as follows: 50 percent based on the members' paid-in contributed equity and 50 percent based on the members' 2007 sales with the Association. Sales are calculated on the same basis as for the distribution of refund and final price adjustment.

Equity ratio

The equity ratio was 35 percent (41).

Proposal for allocation of profit

Non-restricted equity in the Group amounts to SEK 5,999 M, of which it is proposed that SEK 170 M be deposited into the statutory reserve in the Parent Company.

The Board of Directors proposes that the Parent Company's unappropriated earnings of SEK 4,397,198,000 be allocated in the following manner:

	SEK
Investment dividend	50,019,000
Contribution issue	150,000,000
Provisions for statutory reserve	170,000,000
Carried over to new account	4,027,179,000
	4,397,198,000

The Annual Report is to be approved by Lantmännen ek för's Association Meeting and will be presented for consideration at the Annual Association Meeting on May 7, 2008.

Income statement

		GROUP		PARENT COMPANY	
SEK M	Note	2007	2006	2007	2006
Net sales	2, 3	35,989	32,256	9,323	8,341
Less excise duties		–220	–201	–185	–181
Change in products in progress, finished goods and work in progress for third party		193	60	154	20
Capitalized work for own account		-	1	-	-
Other operating revenue	3	633	503	56	187
		36,595	32,619	9,348	8,367
Operating expenses					
Raw materials and consumables		–13,668	–11,579	–4,891	–4,235
Goods for resale		–8,955	–8,200	–2,808	–2,349
Other external costs	4	–5,940	–5,659	–1,020	–954
Payroll expenses	5	–5,913	–5,675	–774	–774
Depreciation, amortization and impairment losses, tangible and intangible fixed assets	6	–1,302	–1,632	–147	–153
Reversal of negative goodwill	29	29	343	-	-
Other operating expenses		–46	–62	0	0
Total operating expenses		–35,795	–32,464	–9,640	–8,465
Share of income of associated companies	19	70	28		
Operating income	10	870	183	–292	–98
Income from financial items					
Income from participations in Group companies	7	-	-	337	–141
Income from participations in associated companies	8	0	2	116	1
Income from other securities and receivables that are fixed assets	9	213	202	201	88
Interest income from Group companies		-	-	266	139
Other interest income and similar income items		254	243	127	240
Interest expenses to Group companies		-	-	–61	–39
Interest expenses and similar income items		–515	–386	–457	–212
Total financial items		–48	61	529	76
Income after financial items	10, 11	822	244	237	–22
Refund and final price adjustment		–83	–64	–83	–64
Year-end appropriations	12			–10	21
Income before tax		739	180	144	–65
Tax on net income for the year	13	–134	82	96	44
Minority share of net income for the year		–17	70	-	-
NET INCOME FOR THE YEAR		588	332	240	–21

Balance sheet

SEK M	Note	GROUP 2007	GROUP 2006	PARENT COMPANY 2007	PARENT COMPANY 2006
ASSETS					
Fixed assets					
Intangible assets	14				
Patents, licenses, trademarks, etc.		368	384	185	197
Goodwill		2,510	2,512	-	-
Capitalized development costs		76	32	15	7
		2,954	2,928	200	204
Tangible fixed assets	15				
Land and buildings		3,192	3,010	235	228
Investment properties	16	71	-	382	400
Plant and machinery		3,567	3,174	322	291
Equipment, tools, fixtures and fittings		480	544	98	108
New construction in progress		1,605	933	161	88
		8,915	7,661	1,198	1,115
Financial fixed assets					
Participations in Group companies	17	-	-	6,019	5,551
Receivables from Group companies	18	-	-	289	289
Participations in associated companies	19	991	642	628	292
Receivables from associated companies	20	77	92	18	17
Other long-term securities holdings	21	999	1 203	161	327
Deferred tax asset	13	118	432	86	67
Other long-term receivables	22, 35	139	64	16	19
		2,324	2,433	7,217	6,562
Total fixed assets		14,193	13,022	8,615	7,881
Current assets					
Inventories	23	6,303	4,804	2,309	1,475
Accounts receivable		5,922	4,539	2,382	1,927
Receivables from Group companies	18	-	-	6,695	5,249
Receivables from associated companies	20	69	184	54	167
Tax assets	13	84	149	30	36
Minority interest, receivable		-	332	-	-
Other current receivables		836	539	145	110
Prepaid expenses and accrued income	24	501	500	499	192
		13,715	11,047	12,114	9,156
Short-term investments	25	385	452	8	60
Cash and bank balances		450	822	67	234
Total current assets		14,550	12,321	12,189	9,450
TOTAL ASSETS		28,743	25,343	20,804	17,331

SEK M	Note	GROUP 2007	GROUP 2006	PARENT COMPANY 2007	PARENT COMPANY 2006
EQUITY AND LIABILITIES					
Equity	27				
Restricted equity					
Contributions		1,017	1,154	1,017	1,154
Restricted reserves		2,467	2,332	1,665	1,553
		3,484	3,486	2,682	2,707
Non-restricted equity					
Non-restricted reserves, retained earnings		5,411	5,220	4,157	4,246
Net income for the year		588	332	240	–21
		5,999	5,552	4,397	4,225
Total equity		9,483	9,038	7,079	6,932
Minority interests		289	328		
Untaxed reserves	12			311	301
Provisions					
Provisions for pensions	28	1,642	1,643	713	698
Provisions for deferred tax	13	225	554	-	-
Negative goodwill	29	340	77	-	-
Other provisions	30	745	704	261	135
Total provisions		2,952	2,978	974	833
Long-term liabilities					
Long-term liabilities to credit institutions	26	5,042	4,903	4,786	4,432
Liabilities to Group companies	18	-	-	-	-
Other long-term liabilities	31, 32	337	551	28	13
Total long-term liabilities		5,379	5,454	4,814	4,445
Current liabilities					
Current liabilities to credit institutions	26	1,063	812	0	0
Prepayments from customers		32	3	-	-
Accounts payable		4,201	3,074	1,559	990
Liabilities to Group companies	18	-	-	3,142	2,155
Liabilities to associated companies	20	35	0	34	-
Tax liabilities	13	77	23	-	-
Other current liabilities	32, 33	3,653	2,262	2,405	1,297
Accrued expenses and prepaid income	34	1,579	1,371	486	378
Total current liabilities		10,640	7,545	7,626	4,820
TOTAL EQUITY AND LIABILITIES		28,743	25,343	20,804	17,331
Pledged assets	38	1,007	1,233	34	41
Contingent liabilities	38	571	558	1,419	1,283

Changes in equity

SEK M	GROUP Contributed capital	GROUP Restricted reserves	GROUP Non-restricted equity	GROUP Total equity	PARENT COMPANY Contributed capital	PARENT COMPANY Restricted reserves	PARENT COMPANY Non-restricted equity	PARENT COMPANY Total equity
Equity as of Dec. 31, 2005	1,040	2,396	5,436	8,872	1,040	1,356	2,537	4,933
Translation differences		–233	80	–153				-
Transfer between restricted and non-restricted equity		–28	28	0				-
Net income for the year			332	332			–21	–21
Investment dividend paid			–50	–50			–50	–50
Contributed capital paid in by members	33			33	33			33
Contributed capital paid out to members	–30			–30	–30			–30
Allocation of profit	100	150	–250	0	100	150	–250	0
Provided through mergers	11	47	–24	34	11	47	1,834	1,892
Group contributions				-			243	243
Tax effect of Group contributions				-			–68	–68
Equity as of Dec. 31, 2006	1,154	2,332	5,552	9,038	1,154	1,553	4,225	6,932
Translation differences		210	–61	149				-
Transfer between restricted and non-restricted equity		–187	187	0				-
Net income for the year			588	588			240	240
Investment dividend paid			–56	–56			–56	–56
Contributed capital paid in by members	26			26	26			26
Contributed capital paid out to members	–262			–262	–262			–262
Allocation of profit	99	112	–211	0	99	112	–211	0
Group contributions				-			276	276
Tax effect of Group contributions				-			–77	–77
Equity as of Dec. 31, 2007	1,017	2,467	5,999	9,483	1,017	1,665	4,397	7,079

Please see Note 27 for more information about equity.

Of contributed capital paid out in 2007, SEK 231 M is related to repayments as a result of changed assumptions regarding members' obligation to invest in the Association, while SEK 31 M concerns repayment to members who have left the Association.

In 2008 contributed capital in the amount of SEK 50 M will be repaid to members. SEK 26 M concerns repayment to members who have left the Association, and SEK 24 M is related to repayments to members as a result of changed assumptions regarding the obligation to invest in the Association.

Cash flow statement

	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
OPERATING ACTIVITIES				
Income after financial items	822	244	237	–22
Adjustments for items not included in cash flow [1]	684	1,153	–361	–48
	1,506	1,397	–124	–70
Paid tax	–52	–80	-	0
Cash flow from operating activities before changes in working capital [2]	1,454	1,317	–124	–70
Cash flow from changes in working capital				
Change in inventories	–1,426	–57	–834	125
Change in operating receivables	–1,459	–361	–542	1,004
Change in operating liabilities	1,650	–346	34	–236
	–1,235	–764	–1,342	893
Cash flow from operating activities	219	553	–1,466	823
INVESTING ACTIVITIES				
Acquisitions of businesses [3]	22	–1,283	-	19
Disposals of businesses [4]	401	175	-	-
Investment in intangible assets	–64	–40	–11	–9
Investment in tangible fixed assets [5]	–2,195	–1,686	–264	–165
Sale of fixed assets	147	299	85	422
Change in financial investments	367	777	–796	–1,710
Cash flow from investing activities	–1,322	–1,758	–986	–1,443
FINANCING ACTIVITIES				
Paid-in capital contributions	26	25	26	25
Repaid capital contributions	–262	–30	–262	–30
Change in loans	1,000	625	2,526	–116
Dividend paid	–61	–55	–57	–50
Cash flow from financing activities	703	565	2,233	–171
Cash flow for the year	–400	–640	–219	–791
Liquid funds at beginning of year	875	1,539	294	1,086
Exchange rate difference in liquid funds	9	–24	-	-
Liquid funds at year-end [6]	484	875	75	295

[1] Adjustments for items not included in cash flow

Depreciation and impairment of fixed assets	1,302	1,632	147	196
Less share of income of associated companies	–70	–28	-	-
Dividends received from associated companies	7	-	-	–1
Capital gains/losses from sale of fixed assets and businesses	–437	–363	–322	–243
Other items	–118	–88	–186	-
Total	684	1,153	–361	–48

Cash flow statement (continued)

SEK M	GROUP 2007	GROUP 2006	PARENT COMPANY 2007	PARENT COMPANY 2006
2) **Interest paid and dividends received**				
Dividends received	28	21	166	137
Interest received	171	473	863	376
Interest paid	–399	–459	–980	–246
Total	–200	35	49	267
3) **Acquisition of businesses/mergers in the Parent Company**				
Acquired assets and liabilities				
Intangible assets	134	1,028		200
Tangible fixed assets	209	511		3,710
Financial assets	307	15		–127
Inventories	2	185		-
Operating receivables	9	272		1,774
Liquid funds	2	25		19
	663	2,036	0	5,576
Minority	–47	-		-
Untaxed reserves	-	-		114
Provisions	317	107		54
Loans	4	349		2,958
Operating liabilities	409	272		558
Merger gain				1,892
	683	728	0	5,576
Purchase price paid	–20	1,308	0	0
Liquid funds in acquired businesses	–2	–25		–19
Effect on liquid funds	–22	1,283	0	–19
4) **Disposals of businesses**				
Disposed assets and liabilities				
Intangible assets	6	0		
Tangible fixed assets	56	94		
Financial assets	65	2		
Inventories	-	24		
Operating receivables	123	45		
Liquid funds	10	24		
	260	189		
Minority	9	-		
Provisions	34	1		
Loans	12	52		
Operating liabilities	109	30		
Capital gains/losses	–315	–93		
	–151	–10		
Purchase price received	411	199		
Liquid funds in disposed businesses	–10	–24		
Effect on liquid funds	401	175		
6) **Liquid funds**				
Cash and bank balances	450	822	67	235
Short-term investments, with a maturity less than 3 months	34	53	8	60
Total	484	875	75	295

5) **Investment**

During the year investment in tangible fixed assets through finance leases amounted to SEK 18 M (56) in the Group.

The Group's total liquidity reserve at year-end was SEK 1,007 M.

Notes with accounting policies

Amounts in SEK M unless otherwise stated

Lantmännen ek för operates as an economic association and has its head office in Stockholm, Sweden. The head office's address is S:t Göransgatan 160 A. Its corporate identity number is 769605-2856.

ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

The Swedish Financial Accounting Standards Council has ceased operations and no changes in recommendations and statements have taken place during the year.

The Board of Lantmännen has decided that Lantmännen shall apply International Financial Reporting Standards (IFRS) in preparing its consolidated financial statements starting in 2010, which means that the comparative year of 2009 will also be presented according to IFRS.

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

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

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

USE OF ESTIMATES

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

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

CONSOLIDATED FINANCIAL STATEMENTS

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

Subsidiaries

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

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

If the cost of the participations in the subsidiary exceeds the fair value in the acquired company's identifiable net assets, the differential amount is recognized as consolidated goodwill.
Negative goodwill arises when the cost is less than the fair value of the acquired company's identifiable net assets. Negative goodwill is recognized as a provision in the balance sheet.

All receivables and liabilities, income and expenses as well as unrealized gains and Group contributions in intra-Group transactions are eliminated in their entirety.

Associated companies

Associated companies are companies in which the Group has a long-term holding and a significant influence but not control over their operational and financial management. This is normally the case when the Group holds no less than 20% and no more than 50% of the votes.

Holdings in associated companies are recognized normally according to the equity method and measured originally at cost. The Group's income statement recognizes the Group's share of associates' income after financial income and expenses, adjusted for any depreciation or reversals of acquired surplus and deficit values, as "Share of income of associated companies." The Group's share of the associates' reported taxes is included in the Group's tax expense. Profit-sharing accumulated after the acquisition, which has not yet been realized through dividends, is allocated to the equity reserve, which constitutes a part of the Group's restricted equity. The equity method means that the book value of shares in the associates recognized by the Group corresponds to the Group's share of the associates' equity with the addition of any residual value of the consolidated surplus and deficit values.

If the Group's share of any accumulated losses exceeds the cost of the participations in the company, the book value will be zero, and the recognition of continued losses ceases insofar as the Group is not restricted by guarantees or other commitments vis-à-vis the associated company.

Unrealized gains on transactions between the Group and its associates are eliminated in proportion to the Group's holding in the associate. Unrealized losses are eliminated in the same manner as unrealized profits insofar as no impairment loss exists.

In cases where an associate has little activity, the company is not reported according to the equity method but at cost adjusted for any impairment loss in the Group as well. Dividends and similar measures from these companies are recognized in the Group's income statement as income from other securities.

Joint ventures
Companies in which Lantmännen together with other parties have contractual joint control over the entity known as a joint venture are recognized as associates according to the equity method.

Translation of foreign subsidiaries
The current method is applied to foreign currency translation of the income statements and balance sheets of independent non-Swedish companies. This method entails that all assets, provisions and liabilities are translated at the closing rate and that all items in the income statement are translated at the average exchange rate for the year. Any translation differences are recognized directly in equity, as is the translation difference on financial instruments held as a currency hedge for these net assets.

When an independently run foreign company is divested, accumulated translation differences attributable to the entity are recognized, after deduction for the effect of any currency hedging of the net investment, in the Group's income statement.

Mergers
Mergers are recognized in accordance with BFNAR 1999:1 "Mergers of wholly-owned limited companies." The consolidated value method is applied, which means that Lantmännen ek för has reported the merged subsidiary's assets and liabilities at the values these had in the consolidated financial statements. The same principle was applied in connection with the merger of the external Norrbottens Lantmän. The value of assets and liabilities recognized in the 2005 financial statements of Norrbottens Lantmän was included in Lantmännen's financial statements as of the merger in 2006.

Minority interest
The minority interest share of the Group's net profit or loss is recognized in the Group's income statement on a special line after the tax expense for the year. In the balance sheet, the minority interest share in the net assets of subsidiaries is recognized as a special item, outside the Group's equity.

REPORTING BY SEGMENT
Lantmännen's primary segment reporting format is business segments. A business segment is a part of an operation that provides products and services that are subject to risks and opportunities different from those of other business segments. Lantmännen's internal management is based on a division of its activities into business areas. The business areas correspond to the operation's business segments.

Geographical areas constitute the Group's secondary segment. A geographical area provides products and services within a particular economic environment that is subject to risks and opportunities that are different from those of other economic environments.

For descriptions of the various segments, see Note 2.

INTANGIBLE ASSETS
An intangible asset is recognized when the asset is identifiable, the Group controls the asset, and it is expected to yield future financial benefits.

Goodwill
Goodwill is the amount by which the acquisition price exceeds the fair value of the net assets acquired by the Group in conjunction with a company acquisition or net assets purchase. Goodwill arising through the acquisition of associated companies is included in the carrying amount of the associated company.

Goodwill is carried at cost less accumulated amortization and any impairment loss. Goodwill is amortized on a straight-line basis over the asset's useful life, which currently varies between 5 and 20 years. Goodwill related to strategic acquisitions, in accordance with the Group's long-term vision, is calculated to have a useful life of 20 years.

Negative goodwill arises if the fair value of acquired net assets exceeds the acquisition price.

Negative goodwill is recognized under provisions in the balance sheet. Negative goodwill relating to expectations of future losses in the acquired company is reversed as these losses occur. Other negative goodwill is reversed over the average remaining useful life of depreciable assets in the acquired company.

Research and development (R&D)
Lantmännen's expenditure on research is recognized as an expense in the period in which it is incurred. Research costs refer to expenditure on research for the purpose of obtaining new scientific or technical knowledge.

In the Group, expenditure on development is recognized as an intangible asset on the condition that it is technically and commercially feasible to complete the asset and that it is deemed to yield future financial benefits. A further precondition is that the value of the asset can be calculated in a reliable manner. In respect of development of seed, this means that costs can be capitalized only after an official variety test has shown potential success for the variety. With regard to the development of fuels, costs are capitalized only after the product can demonstrate technical acceptance and commercial potential and political decisions have been made. Currently, all expenditure on development of commercial products and similar items is expensed.

Expenditure on development of business-related IT systems is capitalized if the general preconditions according to the above are met and the total expense is calculated to exceed SEK 3 M.

Other intangible assets
Other intangible assets comprise trademarks, patents and licenses. The assets are carried at cost less accumulated amortization and impairment losses. Depreciation is straight-line over the expected useful life of the asset and is between 5-20 years.

Trademarks that are part of strategic acquisitions and that are deemed to be retained indefinitely are amortized over 20 years.

Expenditure on internally generated trademarks as well as internally generated goodwill is recognized as an expense when it is incurred.

Subsequent expenditure
Expenditure attributable to an intangible asset added after the date of acquisition is added to the cost if the expenditure increases the future economic benefits from the asset. All other expenditure is expensed when it is incurred.

TANGIBLE FIXED ASSETS
Tangible assets, mainly consisting of plant, equipment and properties, are carried at cost less accumulated depreciation according to plan and any impairment losses.

Cost includes expenditure that can be directly attributed to the acquisition of the asset. For major investments, in which the total investment

value is at least SEK 100 M and the investment term lasts at least 6 months, interest during construction is included in the cost of the asset.

Depreciation principles for tangible assets

Scheduled depreciation is based on the original cost less calculated residual value. Depreciation is straight-line over the asset's estimated useful life. Land is assumed to have an indefinite useful life and is therefore not subject to depreciation.

The following depreciation schedules are applied:

Buildings	14–50 years
Grain elevators	30–33 years
Property fixtures	10–25 years
Production equipment	10–20 years
Cars and trucks	5–10 years
Office equipment	5–10 years
Computers	3–5 years

Investment properties

Investment properties are recognized in the balance sheet at cost less accumulated depreciation and any impairment loss plus any appreciation. The fair value of investment properties is given as supplemental information in Note 16.

In Lantmännen there are investment properties in the Parent Company. The properties that are leased out and used by other Group companies have been recognized as operating properties in the consolidated financial statements. In the Group's balance sheet properties that are leased out at more than 90 percent to entities other than Group companies are classified as investment properties.

Impairment losses

The carrying amount of the Group's fixed assets is reviewed on an ongoing basis. At each balance sheet date an assessment is made as to whether there is any indication that the assets' value is reduced so that there is a need for recognizing an impairment loss. If that is the case, the asset's recoverable value is calculated. The recoverable value is the higher of the value in use and the net selling price. An impairment loss is recognized if the recoverable value is less than the carrying amount.

The net selling price is considered to be the most likely price when sold in a normally functioning market, less selling costs. Value in use is considered to be the present value of the estimated future cash flows that are expected by using the asset and the calculated residual value at the end of its useful life. When calculating the value in use, future cash flows are discounted at an interest rate before tax intended to take into account the market assessment of risk-free interest and risk involved with the specific asset. In Lantmännen the risk premium is estimated in relation to the proximity of the operation to the farmer. Operations close to the farmer have a lower risk premium level.

An asset that depends on other assets is considered not to generate any independent cash flows. Such an asset is instead transferred to the smallest possible cash-generating unit, based on an impairment test.

A reversal of impairment losses takes place when the reason for the impairment, fully or partially, has lapsed.

Subsequent expenditure

Subsequent expenditure on a tangible fixed asset increases the cost of the asset until that part of the asset's performance is improved in relation to the level that applied when it was originally acquired. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCIES

Receivables and liabilities in foreign currencies are translated at the closing rate. Exchange rate differences for operating receivables and operating liabilities are included in operating income, while differences in financial receivables and liabilities are recognized among financial items.

INVENTORIES

Inventories are valued according to the lower value principle; that is, the lower of historical cost or the net selling price on the balance sheet date. The historical cost is calculated by applying the FIFO method (First In/First Out) or weighted average prices. The historical cost for self-produced goods includes raw materials, direct wages, other direct costs and production-related overhead costs, based on normal production capacity. Borrowing costs are not included in the inventory values.

CONSTRUCTION CONTRACTS AND SIMILAR ARRANGEMENTS

In the consolidated financial statements the "percentage of completion method" is applied to the construction contracts where the outcome can be calculated in a satisfactory manner. Income and expenses are recognized in the income statement in relation to the engagement's stage of completion.

The stage of completion is determined on the basis of contract costs expended in relation to the total calculated contract costs for the engagement. Expected losses are expensed immediately.

FINANCIAL ASSETS AND LIABILITIES – FINANCIAL INSTRUMENTS

Financial instruments recognized in the balance sheet include, on the asset side, liquid funds, accounts receivable, shares and other equity instruments, loan receivables and bond receivables as well as derivatives. Financial liabilities include accounts payable, loans and derivatives. Derivative instruments include forward contracts, futures and swaps used primarily to cover risks of exchange rate fluctuations and exposure to interest-rate risks.

A financial asset or financial liability is recognized in the balance sheet once the company becomes party to the instrument's contractual terms. Accounts receivable are recognized in the balance sheet when the invoice has been issued. Accounts payable are recognized when an invoice is received. A financial asset or part of the asset is eliminated from the balance sheet (derecognized) when the rights in the agreement are realized or expire. A financial liability or part of a financial liability is eliminated from the balance sheet when the obligation in the agreement is fulfilled or otherwise is settled.

Financial fixed assets

Equities and fixed-income securities acquired for continuing use in the business are classified as Financial fixed assets and are measured at cost or amortized cost. Financial fixed assets consisting of shares are recognized at cost after any impairment write-downs to fair value. The review is done per holding and an impairment write-down to fair value is done when the impairment is deemed to be permanent. Amortized cost of fixed-income securities is determined based on the effective interest rate on the acquisition date. This means that premiums and discounts are deferred and amortized over the term of the instrument.

Accounts receivable

Accounts receivable are recognized at the amount expected to be paid based on an individual assessment of doubtful accounts receivable.

Short-term investments

Short-term investments include assets with short terms and a credit rating of at least K1 according to Standard & Poor's criteria.

Short-term investments are measured at the lower of cost and fair

value on the balance sheet date. The measurement is performed at the portfolio level. This means that, for instruments that are included in the same portfolio, unrealized gains are charged against unrealized losses. Excess losses are recognized as a financial expense. Excess gains are not recognized but are disclosed in Note 26.

Liquid funds
Liquid funds comprise cash, immediately available bank deposits as well as other money market instruments with an original maturity less than three months. Items that have a fixed interest rate are measured at their amortized value.

Interest-bearing liabilities
Interest-bearing liabilities include loans from members and credit institutions.

Interest-bearing loans are initially recognized at cost corresponding to the fair value of the performance received. The transaction costs are deferred and amortized over the term of the loan. After the date of acquisition the loan is measured at the amortized cost according to the effective interest method. Amortized cost is determined from the effective interest rate calculated at the time the loan was taken out. This means that premiums and discounts and share issue expenses are deferred and amortized over the term of the loan.

Transaction exposure
Currency exposure relating to future currency flows (upon order or projected flows) is hedged through forward exchange contracts. Forward contracts that protect the currency flow are not recognized in the balance sheet. Changes in the value of forward contracts are recognized in the same period as the currency flow occurs.

Translation exposure
Investments in foreign subsidiaries (net assets including goodwill) have, to a certain extent, been hedged through taking out loans in foreign currencies. These are recognized at the closing rate on the balance sheet date. In the Parent Company exchange rate differences recognized in income are charged to equity in the consolidated financial statements to offset translation differences from net assets in the subsidiary.

DERIVATIVES AND HEDGE ACCOUNTING
Holdings of financial derivative instruments comprise interest rate and currency swaps, interest rate and currency futures, commodity derivatives and electricity derivatives. Financial derivative instruments that are hedging instruments hedge either an asset or a liability, a net investment in foreign operations or are a hedge of an actual or forecast transaction. Hedges are designed so that they can be expected to be effective. A hedge is effective if the change in fair value of the hedged item and hedging instrument roughly offset each other concerning the risk that is hedged.

Currency derivatives are normally used to hedge assets or liabilities against currency risk. Exchange differences attributable to currency derivatives that hedge net investments in foreign operations are recognized in the Group under equity.

The change in the value of derivatives is recognized in the same period as the projected flow occurs. The interest component is accrued over the term of the contract and is recognized under financial items.

Currency exposure relating to future currency flows is hedged through forward exchange contracts. The forward contract that protects the currency flow is not recognized in the balance sheet. Changes in the value of the contracts are recognized in the same period in which the currency flow occurs. Projected flows arise when an order is placed or from forecast transactions.

The fair value presented is based on official market quotations on the balance sheet date and generally accepted methods for estimating the market value of financial instruments. Translation to SEK was done at the quoted exchange rate on the balance sheet date.

Assets and liabilities in foreign currencies
To hedge an asset or liability against exchange rate risk, currency futures are used and accounting is performed according to recommendation BFN R 7 of the Swedish Accounting Standards Board. That means that the hedged asset or liability is valued at the forward rate if the hedge term is less than three months and according to the exchange rate on the date that the currency hedge is done if the hedge term exceeds three months. The difference between the forward rate and the exchange rate on the day the hedge was taken out is accrued over the term of the forward contract. Exchange rate differences that arise in translating operating receivables and liabilities are recognized in operating income while exchange rate differences that arise in translating financial assets and liabilities are recognized in financial items. Fair value of outstanding forward exchange contracts is the value of the difference between contracted forward rate and actual forward rate on the balance sheet date. Disclosure of the fair value is made in Note 26.

Interest rate risk
Interest rate derivatives are entered into for the purpose of changing the fixed-rate period of underlying financial assets and liabilities.

To hedge against interest rate risks, Lantmännen uses interest rate swaps. Amounts payable or receivable according to the interest rate swap agreement are recognized on an ongoing basis as interest income or interest expense. Fair value of outstanding derivatives is based on market conditions existing at the balance sheet date. Disclosure of the unrealized fair value is made under Off balance in Note 26.

Commodity price risk
Commodity derivatives are entered into for the purpose of reducing earnings fluctuations caused by variations in the price of commodities, particularly wheat and soybeans. Hedge accounting is applied, which means that the effects on income from the commodity derivative are recognized in the income statement in the same period as the commodity costs regarding hedged commodity purchases are recognized in the income statement. Outstanding commodity derivatives that do not meet the criteria for hedge accounting are stated at market value and unrealized losses are recognized in income. Fair value of outstanding derivatives is based on market conditions existing at the balance sheet date. Disclosure of the unrealized fair value is made under Off balance in Note 26.

Electricity price risk
Electricity derivatives are entered into for the purpose of reducing earnings fluctuations caused by variations in the price of electricity. Fair value of outstanding derivatives is based on market conditions existing at the balance sheet date. Disclosure of the unrealized fair value is made under Off balance in Note 26.

PROVISIONS
Provisions are recognized when Lantmännen has or is considered to have a formal or informal commitment as a result of recent events and it is likely that payments will be required to honor the commitment. An additional condition is that it is feasible to make a reliable estimate of the amount that needs to be paid out. For significant amounts, a present value calculation is performed to take into consideration the temporal aspect.

Provisions for guarantee obligations are made on the basis of previous years' guarantee expenses and an assessment of the future guarantee risk. Provisions are made when the product or service has been sold. Provisions for restructuring are made when a detailed, formal plan for measures is in place and well-founded expectations have been created

for those who will be affected by the measures. No provisions are made for future operating losses.

Derivatives and delivery agreements that will not be completed with deliveries and that can not be subject to hedge accounting are tested on the balance sheet date to see if the derivative/delivery agreement can be considered nonperforming. Provisions are made for nonperforming contracts.

EMPLOYEE BENEFITS

Pensions

In Sweden the majority of employees are covered by defined benefit pension plans through PRI Pensionstjänst AB (PRI). There are also defined benefit plans in Norway, Germany and the Netherlands. In other countries all employees are covered by defined contribution plans.

In defined contribution plans the company pays fixed fees to a separate legal entity and has no obligation to pay further fees. The Group's earnings are charged with costs as the benefits are earned.

In defined benefit plans benefits are paid to employees and previous employees based on the salary upon retirement and the number of years in service. The Group bears the risk of paying out promised benefits. The defined benefit plans are both funded and unfunded. If the plans are funded, assets are separated principally into retirement benefit plans. These plan assets can only be used to pay benefits under the pension agreement.

The calculated present value of the defined benefit plan obligation and the fair value of the plan assets associated with the obligation are netted in the balance sheet as either a provision or a long-term financial receivable. Offsetting of a surplus in a plan against a deficit in a different plan occurs only if the company has a right to use the surplus in one plan to regulate a deficit in a different plan or if the intention is to regulate the obligations on a net basis.

Pension costs and pension obligations for defined benefit plans are calculated according to the Projected United Credit Method. This method allocates the costs for pensions as the employees carry out services for the company that increase their entitlement to future benefits. The company's obligation is calculated annually by independent actuaries. The obligation comprises the present value of the expected future payments. The discount rate that is used corresponds to the interest rate for high-quality corporate bonds or treasury bonds with a maturity that corresponds the average term for the obligations and the currency. The interest rate for high-quality mortgage-backed bonds with corresponding maturity is used for Swedish pension plans.

When establishing the defined benefit obligation's present value and fair value of plan assets actuarial gains and losses may occur. These either occur when the actual result deviates from the previously calculated assumption or the assumption is changed. The portion of the accumulated actuarial gains and losses over the previous year-end that exceeds 10% of the larger of the obligation's present value and the plan assets' fair value is recognized in the income statement over the expected average remaining service period for the employees who are included in the plan.

A special payroll tax is calculated on the difference between pension costs established according to RR 29 and pension costs established according to the rules that are applied to legal persons. The calculated future payroll tax is recognized in the balance sheet as "Other provisions." The present value of the provision is not calculated.

Parent Company

The Parent Company applies the Pension Obligations Vesting Act and the Swedish Financial Supervisory Authority's rules relating to defined benefit pensions. This is a requirement for tax deductibility. The financial statements follow FAR's recommendation No. 4, Recognition of pension liabilities and pension costs. The most significant differences vis-à-vis the rules in RR 29 are how the discount rate is set, that the calculation of defined benefit obligations occurs from the present salary level and that actuarial gains and losses are recognized as soon as they are arise. Pension obligations are recognized as a provision for pensions in the balance sheet insofar as it is permitted by the Pension Obligations Vesting Act.

Other long-term remuneration to employees

The same principles are applied as for defined benefit plans, in addition to the fact that all actuarial gains and losses are recognized immediately.

Termination benefits

A provision for costs in connection with termination of personnel is recognized only if the company is demonstrably committed to ending an employment situation before the normal date or when benefits are provided as an incentive to encourage voluntary termination. If the company terminates personnel, a detailed plan is created which, at the very least, contains workplace, positions and approximate number of affected persons as well as the benefits for each personnel category or position and the time for the plan's implementation.

Bonuses

Provisions for bonuses are expensed on an ongoing basis in accordance with the substance and financial reality of current agreements.

TAXES

The Group's tax cost consists of current tax and deferred tax. Taxes are recognized in the income statement, except when the underlying transaction is recognized directly in equity, whereby the appurtenant tax is also recognized in equity. Current tax is tax that must be paid or received for the current year. Current tax also includes adjustments to current tax attributable to previous periods.

Deferred tax is calculated according to the balance sheet method for all temporary differences that arise between the tax-related value and the carrying amount of assets and liabilities. Deferred tax is calculated by applying the tax rates and tax rules decided or declared on the balance sheet date. In connection with company acquisitions temporary differences arise between the consolidated value of assets and liabilities and their tax-related value. Temporary differences related to non-deductible goodwill are not taken into consideration in calculating deferred taxes. Deferred taxes related to temporary differences attributable to participations in subsidiaries and associates are not recognized, since in each case Lantmännen can control the date for the reversal of these, and it is not deemed probable that a reversal will occur within the near future.

Deferred tax assets related to deductible temporary differences and loss carryforwards are recognized only in so far as it is deemed probable that these will result in lower tax payments in the future.

Parent Company

Because of the connection between accounting and taxation, the Parent Company recognizes untaxed reserves including deferred tax liabilities. However, in the consolidated financial statement untaxed reserves are divided into deferred tax liabilities and equity.

REVENUE

Revenue is recognized exclusive of VAT and, in the present case, has been reduced by the value of discounts provided.

Revenue from the sale of goods and services is recognized in connection with deliveries to the customer and in accordance with applicable terms of sale, i.e. when all significant risks and benefits of the ownership are transferred to the customer. Rental income is recognized in the period the renting out occurs.

In the consolidated financial statements the "percentage of completion method" is applied to the construction contracts where the outcome can be calculated in a satisfactory manner. Revenue is recognized in the income statement in relation to the contract's stage of completion.

Remuneration in the form of interest/royalties/dividends is recognized as revenue once it is likely that the financial benefits associated with the transaction accrue to the company and that they can be calculated in a reliable manner.

Interest income is recognized over the maturity of the asset in question with the application of the effective interest method.

Royalties and similar revenue are recognized on an accrual basis in accordance with the economic substance of the relevant agreement.

Dividends are recognized when the right to receive the dividend is deemed certain.

GRAIN REVENUE RECOGNITION

Lantmännen buys most of its grain from farmers within the framework of what is called Pool 1 and Pool 2. Pool 1 refers to deliveries to Lantmännen from harvest to the middle of October and Pool 2 from the middle of October to the end of March. Lantmännen treats purchasing and sales within the respective Pools as one business. The total sales price for all grain in a Pool, per crop and grade, is distributed using an average price for the sold grain within the Pool. The price that Lantmännen pays the farmer for deliveries within the Pool is set on the basis of the sales price for grain within the Pool. This means that sales of grain within a Pool have a fixed gross margin that is used in recognizing all revenue from grain sales within the Pool. The accounting method applied corresponds to the principle for percentage of completion.

REFUND AND FINAL PRICE ADJUSTMENT

Members of Lantmännen ek för receive a refund for purchases made from the Association and 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/beginning of the next year. The refund and final price adjustment, which is part of the economic association's dividend to its members, is recognized as an expense in the income statement. The item is recognized after financial income and expenses and it is not accrued on a current basis during the year but is instead recognized in its entirety in December.

LEASING

The Group acts both as lessor and lessee. The Group acts as a lessor only with respect to goods that are normally sold by the Group, i.e. in conjunction with customer financing.

Leasing is classified in the consolidated financial statement either as finance or operating leasing. Finance leasing is present when the financial risks and rewards incident to ownership are substantially transferred to the lessee. If not, the leasing is considered operational.

For the lessee, recognition of finance leasing means that the fixed asset is recognized as an asset item in the balance sheet and that a corresponding liability is initially recognized. The fixed asset is depreciated according to plan over the asset's useful life while the lease payments are recognized as interest and amortization of the original recognized liability. The Group's liability to the lessor is recognized as Other interest-bearing liabilities and allocated between a short-term and a long-term portion.

With operating leasing the lessee does not recognize an asset in the balance sheet and the total lease payment is expensed on a straight-line basis over the term of the lease.

When the Group is the lessor, the leased asset for operating leasing is recognized as a fixed asset in the balance sheet and is depreciated in accordance with the Group's principles. The lease payments are included in operating income and allocated on a straight-line basis over the term of the lease. In the case of finance leasing the transaction is recognized as a sale by which a receivable is created that is recognized as a finance lease receivable. Payments received in connection with finance leasing are recognized as interest income and amortization of the finance lease receivable.

Parent Company

All lease agreements in the Parent company are recognized according to the rules for operating leasing. The Parent Company is solely a lessee.

GOVERNMENT GRANTS

Government grants are recognized in the balance sheet and the income statement when there is reasonable certainty that the terms associated with the grant will be met and that the grant will be received. Grants are accrued systematically in the same manner and over the same periods as the costs for which the grant is intended to compensate.

GROUP CONTRIBUTION AND SHAREHOLDER CONTRIBUTION

Parent Company

Group contributions and shareholder contributions are recognized in accordance with the statement from the Swedish Financial Accounting Standards Council's Emerging Issues Task Force, URA 7.

Shareholder contributions are capitalized in shares and participations to the extent impairment is not required. The recipient charges the shareholder contribution directly to equity.

Group contributions are recognized according to economic substance. This means that Group contributions made so as to minimize the Group's total tax are charged directly to retained earnings less the current tax effect. A Group contribution that is equal to a shareholder contribution is recognized, taking the current tax effect into account, as an investment in participations in Group companies to the extent impairment is not required. The recipient charges this form of Group contribution directly to retained earnings.

RELATED PARTIES

Through its control the Parent Company is a related party to its subsidiaries and subsidiaries' subsidiaries. Through their significant influence both the Group and the Parent Company are related parties to their associated companies, which accordingly comprise directly as well as indirectly owned companies.

Pricing for the delivery of goods and services between companies within the Group is set at market prices.

Through their right to participate in the decisions that concern the Parent Company's strategies, Board members have significant influence over the Parent Company and are therefore considered related parties. An economic association's purpose is to promote its members' financial interests through the financial business in which its members participate. In accordance with this, purchasing and selling of goods and services during the financial year has occurred between the Parent Company and individual Board members who are members of the Association. In the same manner, individual Board members participate in the financing of the Association. Transactions between Board members and the economic association, in their capacity as owners, have occurred in accordance with the Association's objectives. The Association's general pricing and terms have been applied. Information about amounts is therefore not disclosed regarding these transactions.

NOTE 1 ACQUISITIONS AND DISPOSALS

Acquisitions

During the year the following companies were acquired:

Company	Business	Acquisition Date	Purchase price, SEK M	Goodwill SEK M	Annual sales, SEK M	Number of employees	Acquired share	Holding after acquisition
Lantmännen Kronfågel Holding AB	Food	Mar-07	[1]	–292	[2]	[2]	9%	100%
Lantmännen Agroetanaol AB	Energy	Mar-07	[1]	47	[2]	[2]	9%	100%
Lantmännen Agroenergi AB	Energy	Mar-07	[1]	36	[2]	[2]	9%	100%
Odal Energi AB	Energy	Mar-07	[1]		[2]	[2]	9%	100%
Doense Dybfrost A/S	Bakery	Sep-07	105	19	65	35	100%	100%
Gooh AB	Food	Sep-07	5		[2]	[2]	30%	100%
Other acquisitions			48	28	-	-		

[1] Acquisition of the minority share in Lantmännen Kronfågel Holding AB means that the minority owner, LRF, paid Lantmännen a consideration of SEK 535 M to dissolve the existing shareholder agreement and the sharing of losses this entailed. The deal also included Lantmännen's acquisition of minority shares in Lantmännen Agroetanol AB, Lantmännen Agroenergi AB and Odal Energi AB plus the associated company Mackmyra Svensk Whisky AB. The net effect of the deal involved a cash payment from LRF of SEK 485 M. Valuation of the respective acquired shares has been done on the basis of a market valuation of the respective businesses.

[2] Included as a subsidiary in the Group from before.

The acquisition balance sheets are preliminary for all acquisitions made in 2007.
The companies are consolidated as subsidiaries according to the purchase method.
There are no plans for any parts of the acquired companies to be disposed of.

Disposals

Company	Business	Sale date	Sale price, SEK M	Capital gain, SEK M	Consolidated sales 2007, SEK M	Average employees 2007
Lantmännen Analycen AB	Laboratory	Oct-07	300	269	315	378

NOTE 2 SEGMENT REPORTING

PRIMARY SEGMENT – BUSINESS SEGMENTS
Financial Year 2007

SEK M	Lantbruk	Svalöf Weibull	Anläggnings- och Lantbruks-maskiner	Energi	Mills	Axa	Unibake	Kron-fågel	Grann-gården	Invest	Other busi-ness	Elimi-nations	Total Group
Net sales													
External sales	7,856	641	8,442	2,214	1,671	1,677	6,751	2,504	2,381	1,719	133		35,989
Internal sales	1,240	280	14	875	1,251	7		3	20	386	435	–4,511	0
Total net sales	9,096	921	8,456	3,089	2,922	1,684	6,751	2,507	2,401	2,105	568	–4,511	35,989
Income													
Income per business segment	144	11	397	2	119	53	226	71	–94	301	–451	91	870
Operating income	144	11	397	2	119	53	226	71	–94	301	–451	91	870
Of which share of income of associated companies		0		2	–3	–4	22	2			51		70
Financial income													467
Financial expenses													–515
Refund and final price adjustment													–83
Tax expense for the year													–134
Minority interest													–17
Net income for the year													588
Other disclosures													
Assets	4,729	792	3,298	2,498	2,498	471	7,040	854	516	690	4,169	–581	26,974
Share of equity in associates		5		4	126	0	113	12		19	712		991
Unallocated assets													778
Total assets	4,729	797	3,298	2,502	2,624	471	7,153	866	516	709	4,881	–581	28,743
Liabilities	2,026	379	1,804	726	498	382	1,128	668	273	272	2,271	–581	9,846
Unallocated liabilities													9,414
Equity													9,483
Total equity and liabilities	2,026	379	1,804	726	498	382	1,128	668	273	272	2,271	–581	28,743
Investment	159	19	293	744	250	23	483	37	12	22	217		2,259
Depreciation, amortization and impairment losses	–93	–41	–128	–128	–137	–42	–512	–50	–10	–67	–94		–1,302

Note 2 (continued)

Financial Year 2006

SEK M	Lantbruk	Svalöf Weibull	Anläggnings- och Lantbruks- maskiner	Energi	Mills	Axa	Unibake	Kron- fågel	Grann- gården	Invest	Other busi- ness	Elimi- nations	Total Group
Net sales													
External sales	6,884	703	7,665	1,778	1,371	4,056	3,142	2,239	2,620	1,646	152	-	32,256
Internal sales	1,173	280	24	844	1,076	44	113	3	30	374	369	–4,330	0
Total net sales	8,057	983	7,689	2,622	2,447	4,100	3,255	2,242	2,650	2,020	521	–4,330	32,256
Income													
Income per business segment	78	–96	340	73	141	–47	189	–312	–15	41	–205	–4	183
Operating income	78	–96	340	73	141	–47	189	–312	–15	41	–205	–4	183
Of which share of income of associated companies	-	0	-	1	7	8	5	–6	-	-	13	-	28
Financial income													447
Financial expenses													–386
Refund and final price adjustment													–64
Tax expense for the year													82
Minority interest													70
Net income for the year													332
Other disclosures													
Assets	4,044	825	2,359	1,549	2,061	442	6,678	1,389	607	828	2,778	–367	23,193
Share of equity in associates	-	4	-	2	125	3	98	11	-	-	399	-	642
Unallocated assets													1,508
Total assets	4,044	829	2,359	1,551	2,186	445	6,776	1,400	607	828	3,177	–367	25,343
Liabilities	1,254	451	1,457	416	499	219	1,020	361	338	404	1,939	–367	7,991
Unallocated liabilities													8,314
Equity													9,038
Total equity and liabilities	1,254	451	1,457	416	499	219	1,020	361	338	404	1,939	–367	25,343
Investment	65	23	256	168	296	130	350	150	8	48	233		1,726
Depreciation, amortization and impairment losses	–96	–45	–118	–79	–149	–251	–240	–463	–15	–74	–104		–1,632

SECONDARY SEGMENT - GEOGRAPHICAL AREAS

Financial Year 2007

SEK M	Sweden	Denmark	Norway	Germany	U.K.	Belgium	Poland	Baltics	Rest of Europe	Rest of world	Elimi- nations	Total Group
External sales	21,876	4,875	2,570	2,691	764	563	346	740	1,225	339		35,989
Assets	33,753	5,297	1,200	1,143	89	792	298	588	2,409	55	–16,881	28,743
Investment	1,365	440	58	246		98	12	28	11	1		2,259

Financial Year 2006

SEK M	Sweden	Denmark	Norway	Germany	U.K.	Belgium	Poland	Baltics	Rest of Europe	Rest of world	Elimi- nations	Total Group
External sales	20,668	4,120	2,286	2,203	558	328	255	429	1,138	271		32,256
Assets	29,436	4,585	1,126	823		684	242	368	620	54	–12,595	25,343
Investment	943	372	95	239		22	13	23	17	2		1,726

	PARENT COMPANY	
	2007	2006
Net sales per business segment		
Lantbruk	9,037	7,979
Other	286	362
Total	9,323	8,341
Net sales per geographical market		
Sweden	8,300	7,486
Rest of Europe	1,023	843
U.S.	0	12
Total	9,323	8,341

The primary basis for division by segment is the Group's business areas. In the business organization, the Group's focus is on product and business development. The purpose is to simplify the organization and to increase customer orientation. The Group's operational structure and internal reporting to Group Management and the Board of Directors are based on business area reporting. Intra-Group selling between segments is based on a market-based internal price, which is based on the arm's length principle, i.e. between parties that are independent of each other, well-informed and with an interest in carrying out the transaction.

The assets, provisions and liabilities that are used in the segment's operations are included in the business area. The assets and liabilities that are included are intangible assets and tangible fixed assets, current assets, operating liabilities and provisions attributable to the sale of goods and services. Financial assets and liabilities as well as allocations to pensions have not been allocated to the respective business areas. Assets, liabilities and provisions are attributed directly to the business area or allocated to the segment in a reasonable and reliable manner. All tangible and intangible asset investment, with the exception of investment in expendable equipment and acquisition of companies, is included in the segments' investment.

Note 2 (continued)

Business segments

The Group consists of ten business areas structured differently. The business areas are described in brief below:

The Lantmännen Lantbruk business area is the Group's core business with grain, feed and crop production as its key areas.

The Svalöf Weibull business area is engaged in plant breeding and seed production and is through Weibull Trädgård the leading garden supplier in the Nordic countries.

The Lantmännen Anläggnings- och Lantbruksmaskiner business area imports, markets and sells tractors, tools, combines, and construction machinery. Service and spare part sales are also part of operations.

In the energy sector Lantmännen Energi is active in fields such as biofuel and grain-based ethanol, etc.

The Lantmännen Mills business area develops, produces and markets flour, flour mixes, breakfast cereals and pasta for the food industries and bakeries in Northern Europe.

Lantmännen Axa markets and sells mainly breakfast foods, pasta, flour and meal concepts.

Lantmännen Unibake is Northern Europe's largest manufacturer of fresh and frozen bread products for both the food service and grocery sectors.

Lantmännen Kronfågel is the largest producer of fresh, frozen and processed chicken products in the Nordic countries.

Through the business area Lantmännen Granngården Lantmännen is engaged in retailing focusing on farming and forestry, pets and gardening.

Lantmännen Invest includes several different businesses directly or indirectly related to farmland and its utilization and that have their roots in various research projects, or that do not belong in any of the other business areas.

Geographical areas

Geographical areas constitute the Group's secondary basis for division. The information presented regarding the segment's revenue is related to the geographical areas grouped according to where the customers are located.

Information relating to the segments' assets and the period's investment in tangible fixed assets and intangible assets is based on geographical areas grouped according to where the assets are located, i.e. where the company produces the goods and services.

NOTE 3 BREAKDOWN OF REVENUE

	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
Net sales				
Sales of goods	34,575	30,950	7,804	6,898
Contracting	308	267	-	-
Service engagements	752	812	-	-
Royalties	112	50	-	-
Rental activities	213	155	52	52
Other	29	22	1,467	1,391
Total	35,989	32,256	9,323	8,341
Other operating income				
Services	41	30	-	-
Capital gains	361	178	36	163
Government grants	13	16	0	2
Royalties, license income	0	1	-	-
Rental activities	23	18	-	-
Other	195	260	20	22
Total	633	503	56	187

Group

The Group's capital gains include SEK 33 M (174) in gains from the sale of properties and SEK 315 M (0) from the sale of businesses.

Parent Company

The Parent Company's capital gains include SEK 32 M (163) in gains from the sale of properties.

NOTE 4 FEES AND EXPENSE COMPENSATION TO AUDITORS

	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
Ernst & Young				
Auditing engagement	13	12	3	2
Other engagements	7	3	2	0
Other auditors				
Auditing engagement	1	2	0	0
Other engagements	0	7	0	5
Elected representatives				
Auditing engagement	1	1	1	1

Other engagements refers mainly to audit-related consultations in connection with acquisitions and taxes.

NOTE 5 EMPLOYEES AND PAYROLL EXPENSES

Average number of employees	2007	of which women, %	2006	of which women, %
Group				
Sweden	7,592	30%	7,915	30%
Denmark	2,614	37%	2,535	40%
Germany	639	40%	478	36%
Norway	477	39%	439	37%
Poland	470	35%	450	34%
Belgium	346	36%	314	62%
Ukraine	273	59%	297	57%
Latvia	153	31%	150	31%
Russia	149	54%	107	47%
Estonia	36	19%	34	18%
Finland	19	63%	7	43%
U.S.	15	27%	13	38%
Lithuania	14	14%	10	10%
Spain	10	60%	7	43%
U.K.	6	17%	15	27%
Japan	6	50%	7	29%
Netherlands	6	0%	5	0%
Korea	4	25%	4	25%
France	1	100%	9	44%
Canada	0	0%	37	38%
Group, total	12,830	34%	12,833	34%
Parent Company				
Sweden	1,317	28%	1,364	26%
Parent Company, total	1,317	28%	1,364	26%

Note 5 (continued)

Wages, salaries and remuneration	2007		2006	
SEK M	Boards and CEOs	Other employees	Boards and CEOs	Other employees
Subsidiaries				
Sweden	46	1,988	32	1,923
Denmark	13	1,077	11	1,020
Germany	6	216	6	171
Norway	8	205	8	187
Belgium	11	119	5	33
Poland	5	59	2	14
Latvia	1	18	1	15
Ukraine	1	14	1	12
Russia	1	9	0	5
Finland	1	8	-	4
Estonia	1	7	1	5
U.S.	1	7	-	6
Japan	1	4	-	4
U.K.	1	3	1	8
Spain	3	3	1	3
Netherlands	1	2	1	2
Korea	-	2	-	1
Lithuania	0	2	0	1
France	-	0	0	5
Canada	-	-	-	20
Subsidiaries, total	102	3,743	70	3,439
Of which variable component	*3*		*4*	
Parent Company				
Sweden	7	477	15	465
Parent Company, total	7	477	15	465
Of which variable component	*0*		*0*	
Group, total	109	4,220	85	3,904
Of which variable component	*3*		*4*	

Payroll expenses	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
Wages, salaries and remuneration	4,320	3,989	485	480
Social security expenses	966	911	156	159
Pension costs [1]	308	344	92	84
Other payroll expenses	319	431	41	51
Total	5,913	5,675	774	774

[1] Of the Group's pension costs, SEK 13 M (12) is related to the Group Boards of Directors and CEOs. The outstanding pension obligations for these persons amount to SEK 22 M (7). Of the Parent Company's pension costs, SEK 1 M (1) is related to the Group Board of Directors and CEO and Group President. The outstanding pension obligations for these persons amount to SEK 0 M (0).

Gender breakdown in company management	GROUP		PARENT COMPANY	
Share - Women, %	2007	2006	2007	2006
Boards	14	13	15	18
Other senior executives	23	24	28	28

SICK LEAVE IN THE PARENT COMPANY

Sick leave is stated in percent of normal working hours. Total sick leave for the year was 4 percent (3). For women sick leave was 4 percent (3) and for men 4 percent (4). Of the total sick leave, 61 percent (60) was related to long-term sick leave, i.e., sick leave of 60 days or longer. Long-term sick leave for women was 2 percent (2) and for men 1 percent (2). Total sick leave in the age group up to 30 was 2 percent (2), in the age group 30 - 49, 3 percent (3), and in the age group over 49, 5 percent (4).

SALARIES AND BENEFITS FOR SENIOR EXECUTIVES

Senior executives

Senior executives as referred to in this note include Group Management consisting of the CEO and Group President, business area managers and heads of corporate functions employed by the Parent Company as well as business area managers employed by the subsidiaries. During 2007 the composition of senior executives changed. At the beginning of the year, Group Management consisted of 14 individuals. During the year Lantmännen had two acting CEO and Group Presidents before the regular CEO and Group President assumed office, two people resigned and one joined so that at year-end Group Management consisted of 13 people including the CEO and Group President.

Lantmännen's remuneration committee

Lantmännen's Board of Directors has a special remuneration committee. Among other tasks, the remuneration committee is charged with preparing the Board's decision in salary matters and other remuneration for the CEO and Group President, as well as approving other Group executives' salaries and other benefits.

Lantmännen's remuneration policy

The objective of Lantmännen's remuneration policy is to offer compensation that promotes the recruitment and retention of qualified expertise for Lantmännen. The fundamental guidelines are to:

- ensure that employees at Lantmännen receive compensation that is in line with the market and competitive as well as promote behavior according to Lantmännen's shared values: Openness, seeing the big picture and decisiveness.
- 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, 2007

Lantmännen's remuneration structure has the following components:

- Fixed salary
- Variable salary
- Pension benefits
- Other benefits and severance pay

Fixed salary

For persons in Lantmännen's Group Management salaries are reviewed annually at January 1. The review takes into consideration performance, pay developments in the market, changes in area of responsibility, the company's performance as well as local agreements and rules.

Variable salary

During the first quarter of 2006, Lantmännen introduced a common structure of variable salary for a limited target group. The target group consists of Group Management, members of the business areas' management teams as well as certain senior specialists. Decisions about target groups and guidelines for variable salary are made annually by the remuneration committee at Lantmännen. For 2007 the program consists of quantitative and qualitative targets and covers approximately 150 individuals in the target group. The quantitative targets are linked to the Group's earnings after financial items and to operating income per business area. Total maximum variable salary that can be paid out for 2007 is approximately SEK 26 M, excluding social security expenses. Maximum variable salary that can be paid out to Lantmännen's Group Management for 2007 is 30 percent of fixed salary.

Pensions

Lantmännen offers its employees service pensions unless otherwise regulated by local agreements or in other regulations. In Sweden the majority of employees are included in defined benefit pension plans (ITP) through PRI Pensionstjänst AB. Defined benefit schemes also exist in, among other countries, Norway, Germany and Belgium. There are currently two different pension guidelines for Lantmännen's Group Management. Earning of service pension according to the ITP agreement with pensionable salary maximized at 30 income base amounts where sickness benefits are paid according to the ITP agreement and a premium-based pension where the premium is equal to 25-35 percent of the pensionable salary. Within the premium framework, the employee personally selects the subdivision between old-age, survivor and sickness benefits.

Note 5 (continued)

For the Acting CEO and Group President serving until April 30, 2007 no accrued pension benefits were paid. For the Acting CEO and Group President for the period May 1-August 31, 2007 no accrued pension benefits were paid above and beyond the pension benefits linked to ordinary service. The regular CEO and Group President will receive a defined contribution pension with a premium of 30 percent of the pensionable salary, with a retirement age of 65 years.

Terms for pensions before the age of 65

Four senior executives are accruing entitlement to a pension from 60-63 to 65 years. Three have a defined benefit pension corresponding to 60-70 percent of pensionable salary and one has a defined contribution pension plan with a premium of 33 percent of pensionable salary. Pensionable salary corresponds to the ITP agreement's definition with or without a ceiling. All pension entitlements are accrued on a straight-line basis and guaranteed through insurance. Other senior executives have no entitlement to a pension before the age of 65.

Terms for pensions after the age of 65

Seven executives are accruing in principle a service pension in accordance with ITP, with pensionable salary maximized to 30 income base amounts. Six people are accruing a defined contribution pension with an allocation for insurance corresponding to 25-35 percent of their 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 linear basis and guaranteed through insurance. Sickness benefits are payable in accordance with ITP, in which two people have supplemental health insurance.

Other benefits and severance pay

Other benefits

In addition to the fixed salary, pension and benefits in the case of long-term illness, Lantmännen offers insurance in the case of occupational injuries as well as job-related group insurance in accordance with local agreements and rules. In addition, senior executives are entitled to private health insurance.

Severance pay/termination

Between Lantmännen and CEO and Group President a notice period of six months applies on the company's part and six months on the employee's part. If Lantmännen terminates employment, severance pay is received corresponding to the fixed salary and other benefits (including service pension and insurance during the termination period), in addition to severance pay of 18 months' fixed salary, with full deduction of any salary from a new employer. Since the Acting CEO and Group Presidents' engagement was time-limited, no notice period or severance pay applies in addition to the fixed remuneration for an agreed-upon period. Other senior executives have a notice period of 6-8 months if leaving at their own request and 6-18 months at Lantmännen's request. If terminated at Lantmännen's request, severance pay is paid for 9-18 months of which all but two persons have full settlement for income from other employment during the period severance pay is paid.

Salaries and other remuneration for senior executives SEK 000	Directors' fees	Fixed salary	Variable salary [1]	Pension	Other benefits	Total 2007	Total 2006
Elected Board members in Lantmännen ek för, according the specification below [2]	5,126					5,126	4,719
CEO and Group President [3]						-	4,846
Jörgen Sallenhag		1,687				1,687	
Claes Eriksson		752	240	682	35	1,709	
Per Strömberg		1,705	333	509	25	2,572	
Vice CEO and Group President [4]							
Claes Eriksson		1,503	166	1,365	70	3,104	
Carl-Axel Westlund		612		646	33	1,291	
Group Management, other [5]		22,962	942	5,528	818	30,250	42,504
	5,126	29,221	1,681	8,730	981	45,739	52,069

1) Estimated bonus för 2007, paid in 2008
2) This includes remuneration from both Lantmännen ek för and other Group companies in 2007.
3) Jörgen Sallenhag until April 30, 2007, Claes Eriksson from May 1 to August 31, 2007, Per Strömberg from September 1, 2007.
4) Claes Eriksson from January 1 to April 30 and from September 1, 2007, Carl-Axel Westlund from May 1 to August 31, 2007.
5) The rest of the Group Management numbered 12 people at the beginning of the year and 11 at year-end. One person resigned during the year, but received a salary throughout 2007 which is included in reported amounts. Disclosures regarding the Group Management only apply to people who make up the management of the Lantmännen Group.

Fees to the Board of Directors	2007
Thomas Bodén, Chairman of the Board	746
Elisabet Annell	197
Paul Bergqvist	380
Birgitta Carlander	777
Bengt-Olov Gunnarson, Vice Chairman	515
Nils Lundberg	216
Thomas Magnusson	398
Olle Nilsson	354
Hans Wallemyr	204
Nils Orrenius	437
Lennart E. Bengtsson	323
Christina Birger	310
Bo Sundström	269
Total	5,126

NOTE 6 DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES, INTANGIBLE AND TANGIBLE FIXED ASSETS

	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
Goodwill	199	188	-	-
Patents, licenses and trademarks	36	31	12	13
Capitalized expenditure on development work	24	6	3	2
Subtotal	259	225	15	15
Land and buildings	181	384	44	49
Plant and machinery	702	837	71	64
Equipment, tools, fixtures and fittings	160	186	17	25
Subtotal	1,043	1,407	132	138
Total	1,302	1,632	147	153

Note 6 (continued)

Impairment losses, Group

Lantmännen tests the value of assets in predefined cash-generating units when there are earnings performance indications that are essentially negative and are not deemed to be temporary for the affected units. The recoverable value of the cash-generating units is determined by estimating the value in use. The estimates are based on adopted budgets for the following year and adopted strategic plans for the subsequent two years. Budgets, strategic plans and forecasts for upcoming years are based on market assumptions and cover anticipated cash flows for the existing operations during these three years and during their estimated remaining life. The discount factor that is used for present value calculation of the anticipated future cash flows equals in that case the long-term return requirements, before tax, that Lantmännen set for operations in the cash-generating units.

As the result of annual testing for impairment fixed assets in Lantmännen Ecobränsle were written down by SEK 29 M. The impairment write-down was taken on machinery.

In 2006 fixed assets were written down by SEK 368 M in Lantmännen Kronfågel. The impairment losses, SEK 68 M, were partly due to the decision to close the slaughterhouse in Farre, and partly due to the impairment loss on fixed assets in certain continuing parts in the amount of SEK 300 M. The impairment loss was distributed among buildings, plant and machinery. The impairment loss charged the business area Kronfågel SEK 167 M after the reversal of negative goodwill, which is recognized under other expenses. The earnings performance of Lantmännen Kronfågel improved substantially in 2007, particularly in the latter part of the year. There were no reversals of previous impairment losses in 2007 and none will be done until there is stable positive earnings performance over a longer period.

Impairment losses, Parent Company

During the year properties in the Parent Company were written down by SEK 4 M. In 2006 properties were written down by a total of SEK 9 M.

NOTE 7 INCOME FROM PARTICIPATIONS IN GROUP COMPANIES

	PARENT COMPANY	
SEK M	2007	2006
Dividends	150	43
Capital gains on disposal of participations	-	5
Impairment losses	-	–189
Reversals of impairment losses	187	-
Total	337	–141

In 2007 dividends were received from Lantmännen Invest AB and Lantmännen Finance Ireland. In 2006 shares in Kronfågel Holding AB were written down in the amount of SEK 187 M, which was reversed in 2007.

NOTE 8 INCOME FROM PARTICIPATIONS IN ASSOCIATED COMPANIES

	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
Dividends	0	2	0	1
Capital gains on disposal of participations	-	0	116	-
Total	0	2	116	1

The Group's associated companies, which are reported here, relate to companies not held for their operational business.

NOTE 9 INCOME FROM OTHER SECURITIES AND RECEIVABLES THAT ARE FIXED ASSETS

	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
Dividends	28	28	16	21
Capital gains on disposal of participations	170	106	170	–1
Impairment losses	-	–6	-	–6
Other	15	74	15	74
Total	213	202	201	88

The Group's capital gains in 2007 mainly related to the sale of shares in Swedbank.

The Group's capital gains in 2006 mainly related to the sale of shares in Aarhus Karlshamn, which yielded a capital gain of SEK 107 M.

Income from participations in Nordico Invest II KB and Accent Equity 2003 KB is reported under Other.

NOTE 10 SPECIAL ITEMS AFFECTING INCOME AFTER FINANCIAL ITEMS

The Group's earnings are affected by certain items of a noncomparable nature. An overview of these items is presented in the table below. See also the Board of Directors' report.

	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
Special items under Other operating income				
Capital gains from sale of properties	-	174	-	163
Capital gains from sales of operations	315	-	-	-
Total	315	174	0	163
Special items under Operating expenses				
Impairment losses on fixed assets				
- Lantmännen Kronfågel	-	–428	-	-
- other business areas	–29	-	-	-
Reversal of negative goodwill related to impairment loss in Kronfågel	-	168	-	-
Structural costs	–168	–76	–160	-
Other	34	–1	-	38
Total	–163	–337	–160	38
Total special items in Operating income	152	–163	–160	201
Special items in Income from financial items				
Capital gains	184	181	295	74
Refund FPG	16	-	-	-
Sale of electricity contract	-	27	-	27
Total	200	208	295	101
Total special items in Income after financial items	352	45	135	302

Note 10 (continued)

Special items included in the Group's operating income are distributed across Lantmännen's segments and Other operations according to the following overview:

	GROUP	
SEK M	2007	2006
Lantbruk	-	38
Svalöf Weibull	-	–76
Energi	–37	-
Mills	-	11
Axa	6	-
Unibake	-	–39
Kronfågel	-	–260
Invest	269	-
Other operations	–86	163
Total	152	–163

Of structural costs in 2007, SEK 160 M refers, in the Group and the Parent Company, to costs for planned demolition of grain elevators, which is reported under Other operations in the table above.

NOTE 11 EXCHANGE RATE DIFFERENCES THAT AFFECTED EARNINGS

	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
Exchange rate differences that affected operating income	31	11	20	–4
Exchange rate differences in financial items	–11	20	–102	109
Total	20	31	–82	105

NOTE 12 YEAR-END APPROPRIATIONS AND DEPRECIATION IN EXCESS OF PLAN

	PARENT COMPANY	
Year-end appropriations, SEK M	2007	2006
Change in accelerated depreciation		
- Land and buildings	-	21
- Machinery and equipment	–10	-
Total	–10	21
Accumulated depreciation in excess of plan, SEK M		
Land and buildings	-	-
Machinery and equipment	311	301
Total	311	301

NOTE 13 TAXES

Tax on net income for the year	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
Current tax expense (–)/ tax income (+)				
Tax expense/income for the period	–150	–84	77	67
Adjustment of tax attributable to previous years	–5	0	-	-
Total current tax	–155	–84	77	67
Deferred tax expense (–)/ tax income (+)				
Deferred tax related to temporary differences	52	202	35	–5
Deferred tax as a result of changes in tax rates and changed tax rules	–7	2	-	-
Deferred tax income in tax value of loss carryforwards capitalized during the year	7	2	-	-
Deferred tax expense as a result of utilization of previously capitalized tax value of loss carryforwards	–19	–24	–16	–18
Other deferred taxes	-	–7	-	-
Total deferred tax	33	175	19	–23
Tax on share of income of associated companies	–12	–9	-	-
Total reported tax expense	–134	82	96	44

Reconciliation of effective tax	2007		2006	
	Percent	SEK M	Percent	SEK M
Group				
Income before tax		739		180
Anticipated tax according to applicable Swedish tax rate	28%	–207	28%	–50
Amortization of consolidated goodwill	7%	–49	23%	–41
Other non-deductible expenses	4%	–28	14%	–25
Negative goodwill recognized as income	–1%	8	–53%	95
Tax-exempt capital gains/losses	–13%	93	–39%	71
Non-deductible capital gains/losses	-	-	7%	–12
Tax-exempt dividend	–1%	7	–12%	22
Other non-taxable income	–4%	29	-	-
Utilization of previously non-capitalized loss carryforwards	–1%	11	-	-
Tax attributable to previous year	1%	–5	-	-
Effect of changed tax rates and tax rules	1%	–7	–1%	2
Other	–2%	14	–11%	20
Reported effective tax in the Group	18%	–134	–45%	82
Parent Company				
Income before tax		144		–65
Anticipated tax according to applicable Swedish tax rate	28%	–40	–28%	18
Non-deductible expenses	4%	–6	91%	–59
Tax-exempt capital gains/losses	–22%	32	–22%	14
Other non-taxable income	–67%	97	–102%	66
Utilization of previously non-capitalized loss carryforwards	0%	-	–8%	5
Other	–9%	13	-	-
Reported effective tax in the Parent Company	–66%	96	–68%	44

Note 13 (continued)

Tax items charged directly to equity

	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
Current tax in received/paid Group contributions	-	-	77	68
Total	0	0	77	68

Deferred tax asset/tax liability

	2007			2006		
SEK M	Deferred tax asset	Deferred tax liability	Net	Deferred tax asset	Deferred tax liability	Net
Group						
Intangible assets	-	59	–59	-	56	–56
Land and buildings	-	80	–80	78	124	–46
Machinery and equipment	131	299	–168	155	359	–204
Accounts receivable	10	-	10	14	-	14
Pension provisions	20	-	20	35	-	35
Other provisions	74	-	74	50	-	50
Loss carryforwards	83	-	83	100	-	100
Other	–200	–213	13	-	15	–15
Total/Net deferred tax liability	118	225	–107	432	554	–122
Under Other, net accounting in accordance with legal offsets was applied.						
Parent Company						
Land and buildings	10	-	10	10	-	10
Other provisions	74	-	74	38	-	38
Loss carryforwards	-	-	0	17	-	17
Other	2	-	2	2	-	2
Total/Net deferred tax asset	86	0	86	67	0	67

Change in deferred tax in temporary differences and loss carryforwards

2007, SEK M	Amount at year beginning	Recognized in income statement	Charged directly to equity	Changes acquisition/disposals of companies	Translations differences	Amount at year end
Group						
Intangible assets	–56	–2		-	–1	–59
Land and buildings	–46	–7		–23	–4	–80
Machinery and equipment	–204	28		-	8	–168
Accounts receivable	7	3		-	-	10
Pension provisions	35	–16		-	1	20
Other provisions	50	23		-	1	74
Loss carryforwards	100	–15		3	–5	83
Other	–8	19		-	2	13
Total	–122	33	0	–20	2	–107
Parent Company						
Land and buildings	10	-				10
Other provisions	38	36				74
Loss carryforwards	17	–17				0
Other	2	-				2
Total	67	19				86

Loss carryforwards

Unused loss carryforwards in the Group for which deferred tax assets were not recognized amounted at year-end to SEK 19 M (78). They expire as follows:

	SEK M
2008	10
2009	-
2010	4
2011	5
2012 and later	-
	19

In addition, there are unused loss carryforwards of SEK 290 M (282) in the 60% owned Svalöf Weibull group. The loss carryforwards have not been assigned any value since they currently cannot be used.

NOTE 14 INTANGIBLE ASSETS

Group, SEK M	Patents, licences and trademarks 2007	Patents, licences and trademarks 2006	Goodwill 2007	Goodwill 2006	Capitalized development costs 2007	Capitalized development costs 2006
Opening cost	691	608	4,268	3,413	38	0
Investment	4	-	-	-	61	22
Company acquisitions	28	97	102	1,006	-	3
Company disposals	-	-	–16	–7	-	-
Sales and disposals	–11	–8	-	-	–6	-
Reclassifications	-	–3	0	–12	15	13
Translation differences	1	–3	169	–132	0	0
Closing accumulated cost	713	691	4,523	4,268	108	38
Opening amortization	–285	–271	–1,660	–1,535	–6	0
Company acquisitions	-	-	-	3	-	-
Company disposals	-	-	10	7	-	-
Sales and disposals	-	3	-	1	-	-
Planned amortization for the year	–36	–35	–199	–188	–24	–6
Reclassifications	-	16	0	–1	–2	-
Translation differences	–2	2	–64	53	0	0
Closed accumulated amortization	–323	–285	–1,913	–1,660	–32	–6
Opening impairment losses	–22	–10	–96	–93	0	0
Reversal of impairment losses during the year	-	4	-	-	-	-
Reclassifications	-	–16	–4	-	-	-
Translation differences	0	0	0	–3	-	-
Closing accumulated impairment losses	–22	–22	–100	–96	0	0
Carrying amount at year-end	368	384	2,510	2,512	76	32

Of the Group's total goodwill, SEK 2,510 M, SEK 2,208 M relates to Lantmännen Unibake, SEK 14 M to Lantmännen Axa and SEK 241 M to Lantmännen Energi. The remaining SEK 47 M is distributed among the Group's other business areas and other companies directly owned by the Parent Company.

Of the Group's total trademarks, SEK 34 M relates to Lantmännen Unibake, SEK 61 M to Lantmännen Energi and SEK 185 M is vested in the Parent Company and has not been allocated to any business area.

Parent Company, SEK M	Patents, licenses and trademarks 2007	Patents, licenses and trademarks 2006	Capitalized development costs 2007	Capitalized development costs 2006
Opening cost	247	0	9	0
Investment	-	-	11	9
From mergers	-	247	-	-
Closing accumulated cost	247	247	20	9
Opening amortization	–50	0	–2	0
From mergers	-	–37	-	-
Planned amortization for the year	–12	–13	–3	–2
Closing accumulated amortization	–62	–50	–5	–2
Carrying amount at year-end	185	197	15	7

NOTE 15 TANGIBLE FIXED ASSETS

Group, SEK M	Land		Buildings		Plant and machinery		Equipment, tools fixtures and fittings		Construction in progress	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Opening cost	649	614	5,642	5,586	11,096	10,362	2,220	2,337	933	500
Investment	32	7	244	90	1,091	634	148	149	681	860
Company acquisitions	28	51	173	316	61	491	-	98	-	-
Company disposals	–8	-	–26	-	–2	-	–193	-	–17	-
Sales and disposals	–14	–18	–164	–237	–452	–435	–151	–161	–2	–1
Reclassifications	–33	6	–128	–22	–3	220	–28	–172	–7	–409
Translation differences	14	–11	117	–91	243	–176	30	–31	17	–17
Closing accumulated cost	668	649	5,858	5,642	12,034	11,096	2,026	2,220	1,605	933
Opening depreciation	–144	–137	–2,909	–2,828	–7,524	–7,020	–1,663	–1,673	0	0
Company acquisitions	-	–3	–5	–54	–36	–309	-	–60	-	-
Company disposals	-	-	19	16	2	15	165	30	-	-
Sales and disposals	4	3	61	102	347	323	128	121	-	-
Planned depreciations for the year	–5	–6	–172	–180	–675	–629	–160	–180	-	-
Reclassifications	12	–1	84	–2	3	21	16	84	-	-
Translation differences	0	0	–47	37	–144	75	–20	15	0	0
Closing accumulated depreciation	–133	–144	–2,969	–2,909	–8,027	–7,524	–1,534	–1,663	0	0
Opening revaluations	7	1	24	32	0	0	0	0	0	0
Depreciation of revaluation increment for the year	-	-	-	–1	-	-	-	-	-	-
Reclassifications	-	6	-	–7	-	-	-	-	-	-
Translation differences	0	0	0	0	0	-	-	-	-	-
Closing accumulated revaluations	7	7	24	24	0	0	0	0	0	0
Opening impairment losses	–9	–10	–250	–116	–398	–292	–13	–8	0	0
Sales and disposals	-	-	-	5	2	4	1	-	-	-
Impairment losses for the year	-	–3	–4	–194	–29	–232	-	–6	-	-
Reversal of impairment losses during the year	-	3	-	-	-	24	-	-	-	-
Reclassifications	–5	-	13	53	–8	97	-	1	-	-
Translation differences	0	1	–8	2	–7	1	0	-	-	-
Closing accumulated impairment losses	–14	–9	–249	–250	–440	–398	–12	–13	0	0
Carrying amount at year-end	528	503	2,664	2,507	3,567	3,174	480	544	1,605	933
Tax assessment values of properties in Sweden, SEK M										
Tax assessment values	*442*	*498*	*2,228*	*2,144*	*52*	-	*9*	-	*8*	-
Leasing, SEK M										
Assets held under finance leases are included with a carrying amount of	-	-	*217*	*289*	*124*	*130*	*48*	*94*	-	-

For further information about leasing, see Note 32 regarding leasing commitments and Note 35 regarding customer financing.
In the year's investment related to construction in progress, capitalized interest during the construction period is included in the amount of SEK 28 M (4). Interest was capitalized in 2006 for the first time.

Government grants have reduced the investment for the year in equipment by SEK 1 M (1) and construction in progress by SEK 0 M (8).

Note 15 (continued)

Parent Company, SEK M	Land		Buildings		Plant and machinery		Equipment, tools fixtures and fittings		Construction in progress	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Opening cost	128	138	950	1,065	2,313	2,368	600	612	88	20
Investment	8	4	40	1	105	60	7	15	73	68
Provided through mergers	-	-	-	-	-	13	-	9	-	-
Sales and disposals	–12	–3	–73	–49	–37	–128	–15	–20	-	-
Reclassifications	–2	–11	13	–67	-	-	-	–16	-	-
Closing accumulated cost	122	128	930	950	2,381	2,313	592	600	161	88
Opening depreciation	–59	–66	–750	–829	–1,875	–1,930	–491	–492	0	0
Provided through mergers		-	-	-	-	–13	-	–7	-	-
Sales and disposals	3	3	50	32	34	132	15	20	-	-
Planned depreciations for the year	–2	–2	–14	–18	–71	–64	–17	–23	-	-
Reclassifications	-	6	-	65	-	-	-	11	-	-
Closing accumulated depreciation	–58	–59	–714	–750	–1,912	–1,875	–493	–491	0	0
Opening revaluations	0	0	5	5	0	0	0	0	0	0
Depreciation of revaluation increment for the year	-	-	-	0	-	-	-	-	-	-
Closing accumulated revaluations	0	0	5	5	0	0	0	0	0	0
Opening impairment losses	0	0	–46	–42	–147	–147	–1	–1	0	0
Impairment losses for the year	-	-	–4	–4	-	-	-	-	-	-
Closing accumulated impairment losses	0	0	–50	–46	–147	–147	–1	–1	0	0
Carrying amount at year-end	64	69	171	159	322	291	98	108	161	88
Tax assessment values	*449*	*309*	*1,777*	*1,593*						

NOTE 16 INVESTMENT PROPERTIES

	GROUP			PARENT COMPANY					
	Land	Buildings	Total investment properties	Land		Buildings		Total investment properties	
SEK M	2007	2007	2007	2007	2006	2007	2006	2007	2006
Opening cost	-	-	-	128	109	890	723	1,018	832
New acquisitions	-	-	-	3	-	27	17	30	17
Provided through mergers	-	-	-	-	8	-	85	-	93
Sales and disposals	-	-	-	–5	-	–12	–2	–17	–2
Reclassifications	32	135	167	2	11	–13	67	–11	78
Closing accumulated cost	32	135	167	128	128	892	890	1,020	1,018
Opening depreciation	-	-	-	–50	–40	–568	–444	–618	–484
Provided through mergers	-	-	-	-	–2	-	–35	-	–37
Sales and disposals	-	-	-	0		5	-	5	0
Planned depreciation for the year	-	-	-	–2	–2	–23	–23	–25	–25
Reclassifications	–10	–86	–96	0	–6	0	–66	0	–72
Closing accumulated depreciation	–10	–86	–96	–52	–50	–586	–568	–638	–618
Carrying amount at year-end	22	49	71	76	78	306	322	382	400
Tax assessment values	*51*	*112*	*163*	*225*		*647*		*872*	

At year-end some of the Group's properties were reclassified as investment properties. These reclassifications concern properties where less than 10 percent of the office space is used for Lantmännen's operations.

Fair value and changes therein

	GROUP	PARENT COMPANY	
SEK M	2007	2007	2006
Fair value at beginning of the year	-	1,083	951
New acquisitions	-	2	57
Investment in properties	-	27	20
Disposals	-	–81	–30
Changes in value	-	23	72
Reclassifications	215	39	13
Fair value at year-end	215	1,093	1,083

Fair value is established based on internal estimates. Reconciliation has also been performed against property sales undertaken during the year.

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 has 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

	PARENT COMPANY	
SEK M	2007	2006
Rental income	152	153
Direct costs, including costs for repairs and maintenance	–82	–107
Operating net	70	46

NOTE 17 PARTICIPATIONS IN GROUP COMPANIES

	PARENT COMPANY	
SEK M	2007	2006
Opening cost	5,963	2,135
From mergers	-	3,738
Purchases	281	347
Sales	0	–276
Reclassifications	-	19
Closing accumulated cost	6,244	5,963
Opening revaluations	286	63
From mergers	-	223
Closing accumulated revaluations	286	286
Opening impairment losses	–698	–76
From mergers	-	–433
Impairment losses for the year	-	–189
Reversal of impairment losses for the year	187	
Closing accumulated impairment losses	–511	–698
Carrying amount at year-end	6,019	5,551

"From mergers" 2006 relates mainly to shares acquired through the intercompany merger with Cerealia AB.

The impairment loss in 2006 related to Kronfågel Holding AB. This was reversed in 2007.

Impairments losses for the year and reversals of impairment losses are recognized in the income statement in the item "Income from participations in Group companies."

Note 17 (continued)

Parent Company and Group holdings of participations in Group companies, December 31, 2007
This overview comprises directly-held subsidiaries as well as indirectly-held companies with sales exceeding SEK 200 M.

Company name *Shares and participations in Swedish subsidiaries*	Corp. Ident. No.	Headquarters	Number of shares	Holding in %	Carrying amount, SEK M
AB Svenska Lantmännen	556424-2864	Stockholm	10,000	100.0	0
Agconfas AB	556069-3441	Örebro	120,415	100.0	16
Agropellets AB	556056-1457	Sölvesborg	1,000	100.0	1
Arips AB	556413-4293	Stockholm	6,111,289	100.0	6
Aspplatan AB	556710-6074	Malmö	1,000	100.0	0
Brödmagasinet i Göteborg KB	969685-9074	Stockholm		100.0	8
Ceramyl AB	556054-7449	Stockholm	25,000	100.0	8
Cerealia Bakery Holding AB	556276-6252	Stockholm	1,000	100.0	0
Conagri AB	556294-4701	Malmö	102	51.0	5
Doofmas & Co AB	556547-7394	Stockholm	3,400,000	100.0	238
Eco Trade i Sverige AB	556450-6698	Enköping	65	65.0	0
Fastighets AB Kungsholmsgatan 160	556071-4429	Stockholm	30,050	100.0	3
Fastighets AB Lillåudden A	556739-5024	Stockholm	1,000	100.0	0
Fastighets AB Lillåudden B	556739-5032	Stockholm	1,000	100.0	0
Fastighets AB Lillåudden C	556739-8259	Stockholm	1,000	100.0	0
Fastighets AB Lillåudden D	556739-5040	Stockholm	1,000	100.0	0
Fastighets AB Malmhuset	556671-5339	Haparanda	1,000	100.0	7
Fastighets AB Tre Skåne	556044-1031	Malmö	39,500	79.0	38
Gyllebo Gödning AB	556179-2911	Lidköping	2,000	66.7	0
Kungsplattan AB	556713-0850	Malmö	1,000	100.0	0
Lantmännen Agroenergi AB	556215-0606	Huskvarna	30,000	100.0	232
Lantmännen Agroetanol AB	556028-0611	Norrköping	50,000	100.0	266
Lantmännen Axa AB	556080-0921	Södertälje	100,000	100.0	572
Lantmännen Färskbröd AB	556044-3292	Eskilstuna		100.0	
Lantmännen Schulstad A/S	10 245 613	Copenhagen		100.0	
Lantmännen BioAgri AB	556056-1283	Enköping	19,000	95.0	2
Lantmännen Byggnads AB	556042-8186	Malmö	240,000	100.0	5
Lantmännen Energi AB	556118-3954	Stockholm	400	100.0	34
Lantmännen Fastigheter i Gällivare AB	556653-5802	Stockholm	1,000	100.0	4
Lantmännen Finans AB	556664-8118	Stockholm	3,000,000	100.0	300
Lantmännen Granngården AB	556547-6172	Malmö	301,000	100.0	110
Lantmännen Holding AB	556017-8443	Stockholm	3,000	100.0	4
Lantmännen Invest AB	556003-3192	Stockholm	440,000	100.0	95
Lantmännen Bygglant AB	556301-2771	Örebro	47,500	95.0	
Lantmännen Doggy AB	556055-5129	Vårgårda	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 AS	31 241 316	Farre		100.0	
Lantmännen Maskin AB	556005-7639	Malmö	10,000	100.0	10
Lantmannens Maskin AS	914 109 981	Asker		100.0	
LMB Danmark A/S	75 297 319	Bröndby		100.0	
Lantmännen Mills AB	556017-2222	Malmö	200,000	100.0	512
Lantmännen Mills A/S		Vejle		100.0	
Lantmännen Unibake Sweden AB	556186-7796	Örebro	100,000	100.0	27
Norrbottens lantmän Utveckling AB	556435-4768	Luleå	2,000	100.0	0
Nötcenter Viken AB	556559-4503	Falköping	6,000	66.7	3
Odal Energi AB	556091-6354	Lidköping	500	100.0	4
ReCere Försäkrings AB	516401-8359	Stockholm	7,500	100.0	8
SeedGard AB	556668-7546	Stockholm	10,000	100.0	8
Svalöf Weibull AB	556001-5272	Svalöv	179,200	60.0	49
Weibull Trädgård AB	556033-4350	Hammenhög	5,000	100.0	
Swecon Anläggningsmaskiner AB	556575-1137	Eskilstuna	488,150	97.6	368
Swecon Baumaschinen GmbH	HR B1403	Düsseldorf		100.0	
Valtra Traktor AB	556070-1897	Eskilstuna	140,630	57.4	18
Åhus Foder HB	969723-3394	Åhus		70.0	0
Shares and participations in foreign subsidiaries					
Cerealia Bakeries Holding A/S	26 864 097	Denmark	5,000	100.0	1
Lantmännen Finance Ireland		Dublin		100.0	1,104
Dirual AG	CH-0203002	Zurich	199,997	100.0	22
Lantmännen Axa Norge AS		Oslo	4,226,177	100.0	42
Lantmännen Mills AS		Oslo	17,968,129	100.0	179
Lantmännen Unibake Denmark A/S	37 249 211	Horsens	2,500,000	100.0	1,371
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					6,019

NOTE 18 RECEIVABLES AND LIABILITIES OF GROUP COMPANIES

	PARENT COMPANY	
LONG-TERM RECEIVABLES, SEK M	2007	2006
Receivables at beginning of year	289	289
Carrying amount at year-end	289	289

Long-term receivables from Group companies are financial.

CURRENT RECEIVABLES, SEK M	2007	2006
Financial receivables	6,424	4,905
Operating receivables	271	344
Total	6,695	5,249

CURRENT LIABILITIES, SEK M	2007	2006
Financial liabilities	3,003	1,667
Operating liabilities	139	488
Total	3,142	2,155

NOTE 19 PARTICIPATIONS IN ASSOCIATED COMPANIES

	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
Opening cost	653	693	294	298
Purchases	228	26	216	26
Disposals	–65	–14	–10	–12
Year's share of income of associated companies after tax	56	28	-	-
Income from partnerships	0	0	-	-
Dividend for the year	–9	–28	-	-
Reclassifications	125	–41	130	–18
Translation difference	8	–11	-	-
Closing accumulated cost	996	653	630	294
Opening impairment losses	–11	–19	–2	–2
Reclassifications	6	8	-	-
Closing accumulated impairment losses	–5	–11	–2	–2
Carrying amount at year-end	991	642	628	292

The difference between carrying amount and the share of equity of associated companies in the major acquisitions of the year are presented below.

SEK M	Goodwill
Hedegaard A/S	24
HaGe Kiel	14
Mackmyra Svensk Whisky AB	5

Hedegaard A/S is a listed group in Denmark. Its market capitalization at December 31, 2007 amounted to SEK 134 M.

Impairment losses and reversals of impairment losses are recognized in the income statement in the item "Income from participations in associated companies."

Note 19 (continued)

Parent Company and Group holdings of participations in associated companies, December 31, 2007

Company name *Associated companies owned by the Parent Company:*	Corp. Ident. No.	Headquarters	Number of Shares	Capital share, %	Carrying amount in the Group, SEK M	Carrying amount in the Parent Company, SEK M
Dimela AS		Estonia	500	25	1	1
Fast.bol. Mårten Persson HB	916752-3654	Åhus		50	2	2
HaGe Kiel AG		Germany	3,605,732	20	191	192
Hedegaard A/S		Denmark	235,527	29	131	130
Matsutake AB	556571-6627	Umeå	500	28	0	0
Piteå Spannmåls AB	556090-8187	Piteå	1,500	30	0	0
Scandinavian Farmers AB	556009-3121	Stockholm	85,000	50	55	22
Sveriges Djurproducenters Tillväxt AB	556155-9831	Stockholm	135,000	50	24	24
SweDane Crop Protection A/S	21538388	Denmark	250	50	0	0
SweDane Fertilizer A/S	20296372	Denmark	250	50	0	0
SweDanNo Trade A/S	26207177	Denmark	180	36	0	0
Svenska Foder AB	556039-6060	Lidköping	41,160	49	151	78
Vegolia AB	556020-6574	Stockholm	500	50	0	0
Viking Malt Oy		Finland	1,381,387	38	159	178
Åhus Stuveriintressenter AB	556039-8256	Åhus	5,841	49	1	1
Other associated companies in the Group:						
Mills: Melia Oy		Finland		25	126	-
Axa: Leibur AS	10224864	Estonia		45	97	-
GoGreen AB	556034-8939	Lidköping		50	0	-
Schulstad: Struer Bröd AS		Denmark		33	6	-
Unibake: Bake House Ltd		U.K.		33	10	-
Svalöf Weibull: Nordic Garden AS		Norway		35	4	-
Satec Handelsgesellschaft GmbH		Germany		20	1	-
Aspen: Aspen-Produkte Handels GmbH		Germany		50	4	
Kronfågel: Farmfood AS		Denmark		33	12	-
Invest: Mackmyra Svensk Whisky AB	556567-4610	Mackmyra		(19% votes) 26	19	
Internvinsteliminering					–3	
Total					991	628

NOTE 20 RECEIVABLES AND LIABILITIES OF ASSOCIATED COMPANIES

	GROUP		PARENT COMPANY	
LONG-TERM RECEIVABLES, SEK M	2007	2006	2007	2006
Receivables at beginning of year	92	29	17	18
Receivables added during the year	0	90	0	0
Settled receivables	–15	–27	1	–1
Carrying amount at year-end	77	92	18	17

Long-term receivables from associated companies are financial.

	GROUP		PARENT COMPANY	
CURRENT RECEIVABLES, SEK M	2007	2006	2007	2006
Financial receivables	60	44	48	163
Operating receivables	9	140	6	4
Total	69	184	54	167

	GROUP		PARENT COMPANY	
CURRENT LIABILITIES, SEK M	2007	2006	2007	2006
Financial liabilities	34	-	34	-
Operating liabilities	1	0	-	-
Total	35	0	34	0

NOTE 21 LONG-TERM SECURITIES HOLDINGS

	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
Opening cost	1,243	585	365	271
Assets added	115	229	110	103
Assets removed	–182	–57	–138	–9
Reclassifications	–138	486	–138	-
Translation difference	1	0	0	0
Closing accumulated cost	1,039	1,243	199	365
Opening impairment losses	–40	–48	–38	–31
Assets removed	-	15	-	-
Impairment losses for the year	-	–7	-	–7
Closing accumulated impairment losses	–40	–40	–38	–38
Carrying amount at year-end	999	1,203	161	327

The largest individual holdings of other shares and participations are holdings in Swedbank, LRF as well as VK Mühlen AG. After further acquisitions of shares in the company, Hedegaard A/S was recognized as an associated company starting in 2007.

Shares and participations in the amount of SEK 389 M (476), bonds of SEK 7 M (15) and other interest-bearing receivables of SEK 602 M (712) are part of the Group's long-term securities holdings.

Shares and participations in the amount of SEK 140 M (219), bonds of SEK 0 M (8) and other interest-bearing receivables of SEK 21 M (100) are part of the Parent Company's long-term securities holdings.

Impairment losses and reversals of impairment losses are recognized in the income statement in the item "Income from other securities."

NOTE 22 OTHER LONG-TERM RECEIVABLES

	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
Opening cost	64	659	19	59
Receivables added	93	17	0	0
Settled receivables	–9	–41	–3	–40
Reclassifications	–6	–571	-	-
Closing accumulated cost	142	64	16	19
Opening impairment losses	0	0	0	0
Impairment losses for the year	–3	-	-	-
Closing accumulated impairment losses	–3	0	0	0
Carrying amount at year-end	139	64	16	19

Group receivables include receivables relating to finance leasing in the amount of SEK 62 M (9). Other receivables are of an operating nature.

The Parent Company's receivables are of an operating nature.

See Note 35 regarding customer financing and finance leasing activities.

NOTE 23 INVENTORIES

	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
Raw materials and consumables	2,755	1,763	1,874	961
Products in progress	6	5	-	-
Finished goods and goods for resale	3,513	2,991	412	469
Advance payments to suppliers	29	45	23	45
Total	6,303	4,804	2,309	1,475

NOTE 24 PREPAID EXPENSES AND ACCRUED INCOME

	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
Prepaid rents	16	14	-	-
Prepaid insurance policies	37	56	23	40
Other prepaid expenses	265	222	403	151
Accrued interest income	9	8	-	-
Other accrued income	174	200	73	1
Total	501	500	499	192

NOTE 25 SHORT-TERM INVESTMENTS

	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
Bonds/discount instruments	373	399	8	25
Other short-term investments	12	53	-	35
Total	385	452	8	60

Interest-bearing investments and loan receivables with a maturity of up to one year are recognized as short-term investments.

Short-term investments essentially have a fixed interest rate for less than three months and thus have a very limited interest rate risk.

NOTE 26 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Through its business activities, Lantmännen is exposed to various types of financial risk. By financial risk is meant fluctuations in the Group's earnings and cash flow as a result of changes in prices in commodities markets, exchange rates, interest rates and refinancing as well as credit and counterparty risks.

Lantmännen has a corporate finance function whose key task is to support the management and operating units in line with established finance policy. The overarching goal of the finance function is to make available cost-effective financing as well as identify and effectively limit the Group's financial risks.

The Group's financial policy is established annually by Lantmännen's Group Board of Directors. The finance policy regulates how financial risks shall be handled as well as states the mandate, limits and which financial instruments may be used. The Group's Risk Committee receives regular reports about changes to the Group's financial risks.

CURRENCY RISK

Through its business activities, Lantmännen is exposed to currency risk through changes in exchange rates and how they affect the Group's income statement and balance sheet. The Group's currency exposure includes both transaction exposure and translation exposure. The goal of the Group's currency exchange risk management is to minimize the short-term effect of fluctuations in exchange rates and their effect on the Group's earnings and financial position.

Transaction exposure

The business areas' sale and purchase of foreign currencies must be fully hedged against rate fluctuations vis-à-vis the corporate function Finance at the time the currency risk occurs.

Translation exposure

Effects of changes in exchange rates also occur in translating foreign subsidiaries' assets and liabilities into the Parent Company's functional currency, known as translation exposure.

Currency risks related to capital amounts are eliminated primarily by a corresponding loan in foreign currency. Hedging translation exposure through forward exchange contracts may be done in special cases. In case borrowing occurs in a foreign currency related to an investment in the same country's currency, the exchange rate differences taking into consideration the tax effect are offset against the translation differences in equity.

Currency distribution and payment structure, operating forward contracts

The currency derivatives that are used are forward exchange contracts. The average maturity of the forward contracts is just under six months. At year-end, Lantmännen's outstanding forward contracts were broken down by currency as follows:

SEK M	2008	2009	2010	2011
EUR	–545	–69	-	-
GBP	–388	3	-	-
NOK	–365	-	-	-
USD	63	–35	-	-
DKK	286	–3	-	-
Total	–949	–104	-	-

A nominal amount is shown in the table above in SEK M per currency. Negative amounts represent sales of corresponding currency and positive amounts purchases.

COMMODITY PRICE RISK

Lantmännen is subject to price risk primarily for the commodities grain, soybeans and rapeseed. The pricing of commodities varies over time owing to international supply and demand. Commodity risks are primarily attributable to Lantmännen Lantbruk's activities and to Lantmännen Mills' core business along with Lantmännen Agroetanol's ethanol production.

In addition to hedging prices via delivery agreements, it is also possible to hedge prices through financial contracts on exchanges such as the Chicago Board of Trade (CBOT), Matif and banks. Several commodities are priced either in USD or EUR. The basis for Lantmännen's risk policy is that currency is part of the business's pricing and shall always therefore be hedged when the transaction is made. No currency risk is permitted.

Energy price risk

Through its energy-intensive operations Lantmännen is subject to risks associated with price changes for energy, primarily electricity and gas. If the energy price risk is not hedged, the price changes in the energy market will have a direct impact on the Group's operating income.

The majority part of the Group's electricity consumption is hedged via NordPool. Risk management of electricity prices is aimed at creating predictability for the costs for the purchases of power. Electricity derivatives are priced in EUR. Currency risk in electricity contracts is to be 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	2008	2009	2010
The hedged share of forecast annual need	98%	27%	13%

The Group's total electricity consumption for 2007 was 577 GWh. The total hedged volume for 2008 is 568 GWh.

Concerning gas 50 percent of the price risk has been hedged regarding the forecast annual need for 2008.

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 financial items depends on the borrowing's fixed-rate period.

The Group's fixed-rate period is normally brief but may be extended to limit the effect of a rise in interest rates. Interest rate swaps are among the tools that are used to manage liabilities' fixed-rate periods without changing the underlying loans.

As of December 31, 2007, the Group's loan portfolio has a weighted average fixed-rate period of 11 months, including outstanding interest rate swaps but excluding loans from members.

The weighted average term for the loan portfolio excluding loans from members was 2.9 years at year-end.

Maturity structure of liabilities to credit institution

	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
2007	-	812	-	-
2008	1,063	251	-	-
2009	54	31	-	-
2010	22	0	-	-
2011	4,814	4,425	4,786	4,432
2013-	152	196	-	-
Total	6,105	5,715	4,786	4,432

At the end of the year, the Group's unutilized credit commitments totaled SEK 1,007 M.

Note 26 (continued)

Currency breakdown and payment structure, liabilities to credit institutions

SEK M	Total	0-1 year	1-3 years	3-5 years	> 5 years
DKK	3,102	24	17	2,958	103
EUR	1,422	91	37	1,273	22
SEK	1,037	728	10	285	14
LVL	305	165	11	129	-
NOK	135	2	-	133	-
PLN	49	49	-	-	-
EEK	41	1	1	39	-
GBP	11	-	-	11	-
UAH	2	2	-	-	-
Total	6,105	1,063	75	4,828	139

The table includes currency swaps. Costs of loans, in addition to interest expenses, are deferred and amortized over the term of the respective loan.

Other current liabilities, savings and deposit accounts

Other current liabilities include members' savings of SEK 860 M (747). Deposits via deposit accounts amounted to SEK 386 M (406) of which SEK 90 M was via Lantmännen Finans AB.

REFINANCING RISK AND PAYMENT READINESS

Refinancing and liquidity risk is related to the risk that Lantmännen is unable to meet its payment obligations as a result of insufficient liquidity or difficulty in raising external loans. Lantmännen limits its refinancing risk by having a well-diversified group of counterparties and maturities on its gross debt.

CREDIT AND COUNTERPARTY RISK

Credit and counterparty risk relates to the risk that the counterparty in a transaction cannot fulfill its obligations and thereby imposes a loss on the Group. To limit the counterparty risk only counterparties are accepted with high creditworthiness according to established finance policies and by maximizing the commitment per counterparty. The credit risks for investments are limited by having the Group solely use counterparties with a rating no lower than K1 according to the credit rating agency Standard & Poor's.

Customer credit risk

The credit risk in accounts receivables is handled through special credit rating investigations. Lantmännen applies credit control of its customers by collecting information about the financial position of customers from various credit-rating agencies. In the business area Lantmännen Unibake the risk of credit losses is limited through credit insurance of certain large accounts receivable. At year-end the five largest customers accounted for approximately 10 percent of the total accounts receivable.

FINANCIAL DERIVATIVES

Lantmännen uses financial derivatives to manage and hedge currency risks, commodity risks and interest rate risks that occur in its operations. The financial derivatives related to hedging contracted payment flows are subject to hedge accounting, which entails that unrealized income is recognized off-balance until the underlying flow is reflected in the income statement.

Forward exchange contracts are used to hedge contracted payment flows and hedge balance sheet exposure.

Electricity forward contracts are used to hedge purchases of electricity and create predictability for dealing with costs relating to power purchasing. This trading takes place at the Nordic electricity exchange NordPool.

Lantmännen uses commodity derivatives to hedge balance sheet exposure and forecast commodity purchases. Outstanding commodity derivatives that do not meet the criteria for hedge accounting are stated at market value and unrealized losses are recognized in income.

FAIR VALUE

The table below shows the carrying amount and fair value per type of financial instrument. The fair value of liabilities to credit institutions is calculated as the discounted present value of future payments. The fair value for derivative instruments is based on market prices. Unlisted equity investments are valued individually at the lower of cost or estimated market value.

The difference between carrying amount and fair value arises from the fact that assets and liabilities are not stated at market value in the balance sheet but recognized at the lower of cost and market value.

Financial instruments	GROUP				PARENT COMPANY			
	Carrying amount		Fair value		Carrying amount		Fair value	
Assets, SEK M	2007	2006	2007	2006	2007	2006	2007	2006
Shares and participations								
listed	275	109	391	459	34	108	146	457
unlisted	115	367	115	367	106	111	106	111
Bonds	7	15	7	17	0	8	0	10
Other long-term receivables	741	776	741	776	37	119	37	119
Accounts receivable	5,922	4,539	5,922	4,539	2,382	1,927	2,382	1,927
Other current receivables	836	539	836	539	145	110	145	110
Other short-term investments	385	452	389	456	8	60	10	60
Cash and cash equivalents	450	822	450	822	67	234	67	234
Liabilities, SEK M								
Liabilities to credit institutions	6,105	5,715	6,112	5,720	4,786	4,432	4,793	4,432
Other long-term liabilities	337	551	337	551	28	13	28	13
Accounts payable	4,201	3,074	4,201	3,074	1,559	990	1,559	990
Other current liabilities	3,653	2,262	3,653	2,262	2,405	1,297	2,405	1,297
Off balance, SEK M								
Currency derivatives	–1	0	12	4	–1	0	16	0
Interest rate derivatives	0	1	19	25	0	1	18	14
Commodity derivatives	–13	0	–30	1	–13	0	–30	1
Electricity derivatives	0	0	50	22	0	0	50	22

NOTE 27 EQUITY

Translation differences in equity	GROUP	
SEK M	2007	2006
Accumulated translation difference at beginning of the year	83	236
Translation difference for foreign subsidiaries for the year	239	–247
Income from currency hedging of net investments in foreign subsidiaries for the year, after tax	–90	94
Accumulated translation difference in equity	232	83

Equity method reserve		
Opening balance	213	211
Net income for the year from associated companies transferred to equity method reserve	40	28
Dividends received	–2	0
Disposals of associated companies	–65	–26
Translation difference	–1	0
Equity method reserve on December 31, 2007	185	213

Parent Company

Equity in the Parent Company consists of capital contributions, restricted reserves and non-restricted equity. Capital contributions consist of paid in and issued capital contributions.

The obligation to invest for the individual member is determined by the member's sales value with the Association. Each year the obligation to invest is calculated and excess contributions are disbursed.

Issued capital contributions are non-restricted equity transferred to member contributions. When the member leaves, both paid-in and issued capital contributions are paid to the member.

According to the Board's decision an amount corresponding to contribution issues undertaken shall be transferred from non-restricted equity to restricted reserves in the Parent Company in addition to the statutory provision. That amount in 2007 was SEK 112 M (150).

NOTE 28 PENSIONS

Defined benefit obligations and the value of plan assets.

Defined benefit plans	GROUP	
SEK M	2007	2006
Defined benefit obligations		
Present value of defined benefit obligations	1,858	1,830
Fair value of plan assets	–127	–95
Net value	1,731	1,735
Unrecognized expenses for service during earlier periods	–3	-
Unrecognized actuarial gains and losses	–86	–92
Provisions for pensions, net value	1,642	1,643

Of the total defined benefit obligations in 2007, SEK 146 M pertains to funded plans to which the recognized plan assets belong. The obligation regarding Swedish PRI plans totals SEK 1,621 M and other obligations SEK 91 M.

The net amount is distributed across plans in the following countries:

Sweden	1,554	1,561
Norway	60	55
Germany	27	26
Denmark	0	0
Netherlands	1	1
Total	1,642	1,643

Pension cost	GROUP	
SEK M	2007	2006
Defined benefit plans		
Costs for pensions earned throughout the year	43	51
Interest expense	70	66
Expected return on plan assets	–6	–4
Amortization of actuarial gains and losses	1	0
Past service cost	0	18
Curtailments and settlements	1	–5
Other	0	0
Cost of defined benefit plans	109	126
Cost of defined contribution plans	263	218
Total cost relating to pensions	372	344
The cost is recognized in the following items in the income statement		
Payroll expenses	308	282
Financial expenses	64	62
Total cost relating to pensions	*372*	*344*

The following overview explains how the net amount has changed during the year.

Reconciliation of net amount for pensions in the balance sheet	GROUP	
SEK M	2007	2006
Opening balance	1,643	1,584
Cost of defined benefit plans during the year	114	135
Payment of remuneration	–65	–66
Charges paid-in by employer	–7	–4
Effects of acquired/disposed businesses	–33	21
Curtailments and settlements	1	–5
Expected return on plan assets	–6	–4
Actuarial gains and losses	0	0
Other	–10	–13
Translation difference	5	–5
Closing balance, pension liability	1,642	1,643
Return on plan assets		
Actual return on plan assets	6	11
Expected return on plan assets	6	4
Actuarial income for plan assets for the year	0	7
Actuarial assumptions		
Discount rate	4.9%	4.0%
Future wage increases	3.2%	2.8%
Inflation	2.0%	1.8%
Expected return on plan assets	6.0%	5.4%

Pension liability	PARENT COMPANY	
SEK M	2007	2006
FPG/PRI, credit insured	707	691
Other	6	7
Total	713	698

For certain employees in Sweden insurance premiums are paid to Alecta regarding commitments according to what is called the traditional ITP plan. This ITP plan is a defined benefit plan that comprises several employers. At this point in time, Alecta is unable to provide the information that is required to recognize these benefits as defined benefit plans. The pension plan according to ITP, which is insured through Alecta, is therefore being recognized as a defined contribution plan. Of the costs referenced above for defined contribution plans, SEK 38 M is related to premiums to Alecta. Alecta's surplus can be distributed to the policy holders and/or the insured persons. At year-end Alecta's surplus was 152% (141) in the form of the collective consolidation level. The collective consolidation level consists of the market value of Alecta's assets as a percent of insurance commitments computed according to Alecta's technical provisions, which is not in accordance with RR 29.

NOTE 29 NEGATIVE GOODWILL

	GROUP	
SEK M	2007	2006
Opening cost	502	230
Negative goodwill added at acquisition	292	-
From adjustment of acquisition analyses	-	272
Closing accumulated cost	794	502
Opening reversal	–425	–82
Recognized as revenue against losses and expenses	-	–343
Recognized as income according to special plan	–29	-
Closing accumulated reversal	–454	–425
Carrying amount at year-end	340	77

Reversal of negative goodwill has been recognized in a separate item in the income statement.

The negative goodwill added during the year comes from the acquisition of the minority stake in the Kronfågel Group.

Of closing negative goodwill SEK 40 M pertains to future losses expected in 2008. The remaining portion is recognized as income during the estimated remaining average useful life of the assets that are depreciable in the acquired business. The remaining useful life at December 31, 2007 is estimated to amount to 7 years.

NOTE 30 OTHER PROVISIONS

Group 2007, SEK M	Guarantee commitments	Actuarial provisions	Legal disputes	Structural measures	Other	Total
Carrying amount at beginning of period	75	246	0	133	250	704
Provisions made during the period	64	148	1	192	–4	401
Amounts utilized during the period	–48	–33	-	–79	–96	–256
Reclassifications	-	-	2	–46	44	0
Reversed during the period	-	–105	–2	-	0	–107
Translation differences	2	0	-	0	1	3
Carrying amount at end of period	93	256	1	200	195	745

Parent Company 2007, SEK M	Structural measures	Other	Total
Carrying amount at beginning of period	86	49	135
Provisions made during the period	184	-	184
Amounts utilized during the period	–48	–10	–58
Reclassifications	–46	46	0
Carrying amount at end of period	176	85	261

Increases in previously existing provisions are included in the period's provisions.

In corporate groups the size of Lantmännen, there are normally a number of ongoing disputes. Lantmännen has made an assessment of the most likely outcome of the disputes that are currently at issue and recognizes, in those cases a payment is deemed likely, a corresponding amount as a provision.

In 2007 an additional provision of SEK 160 M was made for demolition of grain elevators. The amount is included in provisions for structural measures in both the Group and Parent Company.

NOTE 31 OTHER LONG-TERM LIABILITIES

	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
Financial liabilities pertaining to leases	298	422	-	-
Other financial liabilities	38	110	25	11
Operating liabilities	1	19	3	2
Total	337	551	28	13

Regarding liabilities for finance leases, see also Note 32. Other liabilities fall due for payment in their entirety within five years.

NOTE 32 LEASING COMMITMENTS

Leasing commitments

The Group is both a lessor and a lessee. The Group as lessor is reported in Note 35, Customer financing. In this note, the Group's lease commitments are reported. In the Group there are both operating and finance lease commitments. In the Parent Company all lease commitments are reported as operating leases.

Operating leasing

Recognized cost of operating leases, SEK M	GROUP 2007	GROUP 2006	PARENT COMPANY 2007	PARENT COMPANY 2006
Minimum lease payments	115	122	5	4
Contingent rents	3	3	0	0
Total	118	125	5	4

Future commitments relating to non-cancellable operating leases are recognized below.

Minimum lease payments come due, SEK M	GROUP 2007	GROUP 2006	PARENT COMPANY 2007	PARENT COMPANY 2006
Within one year	57	56	4	4
Between one and five years	69	89	9	10
Later than five years	2	3	3	3
Total	128	148	16	17

Finance leasing

Liabilities related to finance leases are recognized as interest-bearing liabilities in the Group's balance sheet. Amortization that comes due within one year is recognized as a current liability, and amortization later than within one year as a long-term liability.

Future minimum lease payments broken down by amortization and interest as well as due dates are indicated below:

Due date	2007 Amortization	2007 Interest	2007 Total payment	2006 Amortization	2006 Interest	2006 Total payment
Within one year	60	12	72	68	20	88
Between one and five years	109	37	146	158	60	218
Later than five years	189	20	209	259	36	295
Total	358	69	427	485	116	601

During the year a total of SEK 71 M (68) was paid in minimum lease payments and SEK 0 M (0) in contingent rents related to finance leasing. Of the minimum lease payments SEK 14 M (20) is recognized as interest and the remaining part as amortization of debt. The carrying amount as of the balance sheet date related to the leased assets' value is indicated in Note 15, Tangible fixed assets.

NOTE 33 OTHER CURRENT LIABILITIES

SEK M	GROUP 2007	GROUP 2006	PARENT COMPANY 2007	PARENT COMPANY 2006
Financial liabilities pertaining to leases	60	63	-	-
Other financial liabilities	2,260	1,256	2,058	1,166
Operating liabilities	1,333	943	347	131
Total	3,653	2,262	2,405	1,297

Other financial liabilities include liabilities to members relating to savings and deposit accounts amounting to SEK 1,246 M (1,153).

Regarding liabilities for finance leases, see also Note 32.

NOTE 34 ACCRUED EXPENSES AND PREPAID INCOME

SEK M	GROUP 2007	GROUP 2006	PARENT COMPANY 2007	PARENT COMPANY 2006
Accrued personnel-related expenses	707	732	142	134
Liability relating to discounts, bonus	64	58	0	0
Accrued interest	19	2	0	0
Other accrued expenses	749	548	338	239
Prepaid income	40	31	6	5
Total	1,579	1,371	486	378

NOTE 35 CUSTOMER FINANCING

Customer financing chiefly refers to financing of Lantmännen's sales of farm and construction machinery to end customers. Financing mainly takes place through repayment and lease contracts via Lantmännen Finans AB. Lantmännen Finans AB's outstanding receivables regarding repayment contracts amounted at December 31, 2007 to SEK 952 M, of which SEK 384 M falls due for payment in 2008.

Finance leases

For assets that are rented out on finance leases, the following future lease payments and due dates apply:

Group, SEK M	2007 Gross investment	2007 Present value of future minimum lease payments	2006 Gross investment	2006 Present value of future minimum lease payments
Within one year	15	15	9	9
Between one and five years	48	45	17	16
Later than five years	3	2	1	0
	66	62	27	25
Unearned financial income		4		2
Non-guaranteed residual value		0		0
Total	66	66	27	27

Net income for the year includes SEK 7 M (2) in contingent rents. Total reserve for doubtful receivables is SEK 0 M (0) as of the balance sheet date.

NOTE 36 MERGERS

In 2006 the external economic association Norrbottens Lantmän ek för (797000-1314) and the intra-Group company Cerealia AB (556012-2623) were merged with the Parent company. The income statement and balance sheet for the merged companies as of the merger date are indicated in the table below. The merger with Norrbottens Lantmän affected both the Group and the Parent company, while the merger with Cerealia AB solely affected the Parent company.

SEK M	Norrbottens Lantmän Jan. 1, 2006	Cerealia Jan. 1, 2006
Fixed assets	89	3,821
Current assets	109	1,684
Untaxed reserves	0	–114
Provisions	–53	–1
Long-term liabilities	–18	–2,940
Current liabilities	–89	–469
Added net assets	38	1,981
Income as a result of the merger	34	1,858

NOTE 37 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 to senior executives are reported in Note 5. Dividends from subsidiaries and associated companies are shown in Notes 7 and 8.

Receivables from and liabilities to associated companies are shown in the balance sheet and Note 20.

	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
Intra-Group purchase of total purchase, %	19	19	15	18
Intra-Group sales of total sales, %	13	13	16	17
Associates' purchase of goods and services, SEK M	693	589	602	535
Associates' sales of goods and services, SEK M	42	52	28	43

NOTE 38 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets

Group, SEK M	For own financial liabilities	For other commit-ments	Total pledged assets 2007	Total pledged assets 2006
Real estate mortgages	360	-	360	327
Chattel mortgages	285	-	285	669
Bank accounts	-	34	34	36
Other	326	2	328	201
Total	971	36	1,007	1,233

Pledged assets include excess security of SEK 580 M.

Parent Company, SEK M	Other commitments	Total pledged assets 2007	Total pledged assets 2006
Real estate mortgages	-	0	6
Bank accounts	34	34	35
Total	34	34	41

Contingent liabilities

	GROUP		PARENT COMPANY	
SEK M	2007	2006	2007	2006
Guarantees for				
- Group companies	-	-	1,151	961
- associated companies	142	187	142	187
- other	331	246	28	10
Other contingent liabilities	98	125	98	125
Total	571	558	1,419	1,283

The Board of Directors and the CEO and Group President give their assurance that, to their knowledge, this Annual Report has been prepared in accordance with generally accepted accounting principles for economic associations, the information submitted is in accordance with actual circumstances and nothing of material importance has been omitted that could affect the view of the company created by this Annual Report.

Stockholm, February 26, 2008

Thomas Bodén *Chairman*	Beng-Olov Gunnarsson *Vice Chairman*	Elisabet Annell	Paul Bergqvist
Birgitta Carlander	Nils Lundberg	Thomas Magnusson	Olle Nilsson
Hans Wallemyr	Stig Agnåker	Tommy Brunsärn	Gert Gustavsson

Per Strömberg
CEO and Group President

Our auditor's report was submitted on February 26, 2008

Ernst & Young AB

Lars Träff *Authorized Public Accountant*	Torvald Carlsson	Lars Falck	Anders Åbyhammar

The Group's income statement and balance sheet as well as the Parent company's income statement and balance sheet will be subject to the approval of the Annual Association Meeting.

Audit Report

To the Annual Association Meeting of Lantmännen ek för

Corporate identity number 769605-2856

We have audited the Annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the CEO and Group President of Lantmännen ek för for the year 2007. The Annual accounts and the consolidated accounts of the Association are included in the printed version of this document on pages 54-94. These accounts and the administration of the Association and the application of the Annual Accounts Act when preparing the Annual accounts and the consolidated accounts are the responsibility of the Board of Directors and the CEO and Group President. Our responsibility is to express an opinion on the Annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and the CEO and Group President and significant estimates made by the Board of Directors and the CEO and Group President when preparing the Annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the Annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the Association in order to be able to determine the liability, if any, to the Association of any Board member or the CEO and Group President. We also examined whether any Board member or the CEO and Group President has, in any other way, acted in contravention of the Co-operative Societies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The Annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the Association's and the Group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The report of the Board of Directors is consistent with the other parts of the Annual accounts and the consolidated accounts.

We recommend to the Annual Association Meeting that the income statements and balance sheets of the Association and the Group be adopted, that the profit of the Association be dealt with in accordance with the proposal in the report of the Board of Directors and that the members of the Board of Directors and the CEO and Group President be discharged from liability for the financial year.

Stockholm, February 26, 2008

Ernst & Young AB

Lars Träff
Authorized Public Accountant

Torvald Carlsson

Lars Falck

Anders Åbyhammar

Owner control and the work of the Board

Lantmännen ek för is a Swedish economic association headquartered in Stockholm, Sweden. The governance of the Group is based *inter alia* on the Association's bylaws, the Swedish Co-operative Societies' Act, the governance code for agricultural cooperatives and association enterprises (hereinafter referred to as the Association Code) as well as other applicable laws and rules.

The aim of Lantmännen's Board of Directors and management is for the company to meet the demands on the company of owners, employees and other stakeholders in the best possible manner.

Association Code

The Association Code is modeled on the "Swedish Code of Corporate Governance." Like the "Swedish Code of Corporate Governance," the Association Code is intended to create the proper conditions for an active and accountable ownership role, the proper balance between owners, the Board and management, contribute to a clear division of responsibility between the Association's management and control bodies and to create the greatest possible transparency vis-à-vis owners, the market and society in general. The Association Code is also intended to help ensure that the Swedish Co-operative Societies' Act's principles regarding member participation in the management of the Association are applied in practice.

Owners

The Group's Parent Company is Lantmännen ek för, a co-operative enterprise owned by around 42,000 farmers in Sweden. The owners, i.e., the members of the Association, shall engage in farming or food production in the Association's area of operation. See also description under "Lantmännen's owner organization" on page 6 and "Financial benefits to owners" on page 8.

Contributed capital and voting rights

The members' obligation to invest is based on the sales value of purchases from and deliveries to the Association. The obligation to invest for individual members is ten percent of the value of average sales with the Association for the past five years. The obligation to invest, however, is a minimum of SEK 5,000 and a maximum of SEK 150,000. Of the total contributed capital of SEK 1,017 M, SEK 591 M has been paid in and the rest transferred from distributable equity in the Association. Each member of the Association has one vote regardless of the size of his or her investment.

Association Meeting

The Association Meeting is Lantmännen's supreme decision-making body. The Meeting consists of representatives of the members, delegates, who are elected at the Association's district meetings. The districts are the basis of the members' role as owners of the Association. The districts elect one delegate for every 500 members (or fraction thereof) in the district. Each delegate has one vote at the Meeting. The Association 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 Association Meeting.

The Annual Association Meeting shall be held within six months of the end of the financial year. At the Annual Association Meeting the Association's Board of Directors, Nomination Committee and auditors are elected. Other obligatory business to be considered by the Meeting include adoption of the income statement and balance sheet, allocation of the Association's profit or coverage of its loss, discharging the Board of Directors and CEO and Group President from liability and determination of Directors' and audit fees.

2007 Annual Association Meeting

The Annual Association Meeting was held on April 25, 2007, in Stockholm.

Board members of Lantmännen ek för are elected for two-year terms. The terms of Bengt-Olov Gunnarsson, Birgitta Carlander, Bo Sundström, Christina Birger, Lennart E. Bengtsson and Nils Orrenius were expiring. Nils Orrenius had declined reelection.

The Meeting resolved that the Board of Directors of Lantmännen ek för shall be nine members elected by the Association Meeting as well as the President of the Association, a reduction in the number of members by one person. At the Meeting Birgitta Carlander and Bengt-Olov Gunnarson were reelected to two-year terms. Elisabet Annell, Nils Lundberg and Hans Wallemyr were elected as new members.

The Meeting resolved that the number of auditors should be four, one authorized public accountant and three elected representatives. 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 and Anders Åbyhammar were reelected as elected representative auditors and were joined by Lars Falck, who was newly elected to this post.

The Meeting also passed a resolution on fees for the Board of Directors and other elected delegates, fixed annual remuneration as well as per diem and travel compensation. The Meeting also appointed nine members to the Nomination Committee for the time up to and including the 2008 Annual Association Meeting.

The Association Meeting approved an investment dividend totaling SEK 56 M

to be distributed on paid as well as issued contributed capital and a contribution issue totaling SEK 100 M to be distributed as follows: 75 percent on contribution-based sales and 25 percent on paid-in membership contributions.

In addition to the investment dividend and issue, the Meeting approved a motion to pay SEK 59 M in refunds and final price adjustments. In total, SEK 215 M was refunded to members in 2007.

The total number of elected delegates was 107. Of these, all were present at the Meeting. All Board members and elected auditors were present at the Meeting.

Elected Delegates Council

The Association has an Elected Delegates Council. The district board chairmen and organization members shall be included on the Elected Delegates Council. In addition to this, the Board may appoint additional members.

The Elected Delegates Council's role is to advise the Association Board on development issues of a more long-term nature as well as communicate information between the Board and the districts. The Elected Delegates Council is also charged with taking part in matters of principle and to nominate members to the Association's Nomination Committee.

Elected Delegates Council in 2007

In addition to the obligatory members as stated above, the Board of Directors appointed two representatives of the local associations to the Elected Delegates Council. The Association Board, the Association's elected auditors and a representative of the Nomination Committee also attend meetings of the Elected Delegates Council.

The Elected Delegates Council had two recorded meetings and three information meetings during the year.

Nomination Committee

The Nomination Committee is tasked with preparing and presenting nominations for members of the Association Board and of auditors as well as fees and other remuneration for them and making recommendations for fees and other remuneration for the other elected representatives. The Nomination Committee shall have 7-13 members and be elected by the Annual Association Meeting. The Nomination Committee elects a chairman from among its members.

The Nomination Committee's work is, in view of the Association's current situation and future direction, to assess whether the Board of Directors is appropriately composed with regard to expertise. This assessment is based in part on an evaluation of the Board's work methods and decision processes performed by an independent party at the behest of the Chairman of the Board and in consultation with the Nomination Committee. Any new recruitment to the Board is then made according to a requirement specification produced by the Nomination Committee.

In 2007 the Nomination Committee consisted of nine persons, with Lars Reyier as chairman.

Board of Directors

The Board of Directors' task is, on behalf of the Association's members, to manage the Association's affairs in a manner that best serves the members' economic interest. The Board is responsible for the Association's organization and the management of the Association's affairs as well as for the satisfactory oversight of the Association's accounting, the management of its funds and its financial affairs. The Board decides on the Group's overarching goals, strategic plans and significant policies as well as monitors whether or not they are being complied with and updated. The Board also decides on acquisitions, disposals and major investment as well as approves the annual report and interim reports. The Board is also tasked with overseeing the CEO and assessing the performance of Group Management on an ongoing basis. The Board shall ensure that there is an effective system for follow-up and control of the Association's operations and financial position, that information to the outside is characterized by candor and objectivity, that there is adequate monitoring of compliance with laws and regulations and that the necessary ethical guidelines are laid down.

The work of the Board is governed by a work plan that regulates the division of work and responsibility among the Board of Directors, the Chairman and the CEO. The work plan is updated and adopted no less than once per year, normally at the statutory meeting of the Board.

The Board of Directors of Lantmännen shall consist of no fewer than seven and no more than thirteen members as well as the CEO. The Board of Directors elects a chairman from among its members.

The Board of Directors has an Audit Committee, a Remuneration Committee and an Owner Committee. The purpose of the committees is to develop and streamline the Board's work as well as prepare business within the respective areas. Committees have no decision-making power. Members of the committees are appointed by the Board of Directors at the statutory Board meeting. Instructions for the committees are included in the Board of Directors' work plan.

The work of the Board in 2007

After the Annual Association Meeting on April 25, 2007, the Board of Directors has consisted of nine members elected by the Meeting, three employee representatives as well as the CEO. There are no alternates. The head of the corporate function Legal Affairs & Owner Relations serves as the Board's secretary. None of the Board members elected by the Association Meeting has an employment-like relationship with Lantmännen. Thomas Bodén was elected Chairman of the Board. The Board's composition appears in the presentation on pages 100-101.

During the year the Board of Directors had 18 meetings, five of which were by telephone. At seven of the meetings all the members were present. One member was absent from six of the physical meetings, two members absent from one meeting and three members were absent from one meeting. One member was absent from one of the telephone meetings and two members were absent from two such meetings.

At a meeting in April the Board named Per Strömberg CEO and Group President. During the year the Board decided to sell Lantmännen Analycen and

for work to start on divesting Weibull Trädgård. This is part of a portfolio strategy adopted by the Board. At a meeting in December the budget for 2008 and a new Group strategy were approved. One meeting was attended by the Association's authorized auditor.

Audit Committee
The Audit Committee is tasked with preparing matters relating to risk assessment, internal control, financial reporting and auditing. The committee's work is to ensure that risks are handled in the correct manner, that established principles for financial reporting and internal control are being complied with and that proper relations are maintained with external auditors. The committee shall ensure that external auditors' independence is maintained, evaluate the audit and inform the Nomination Committee of the results. The Group's internal auditors report directly to the Audit Committee.

The committee consists of Birgitta Carlander (chairman), Olle Nilsson and Elisabeth Annell. The Group's internal auditor is the secretary. Members are appointed for one year at a time.

In addition to the minutes of Audit Committee meetings being distributed to the Board of Directors, the committee chairman reports on all important issues orally at the following Board meeting.

The committee had six recorded meetings during the year.

Remuneration Committee
The Remuneration Committee is tasked with preparing matters related to pay and other terms of employment for company management. The Committee drafts principles for remuneration and other terms of employment for Group Management. These principles must be approved by the Association Meeting. The Committee submits its recommendations in this regard to the Board regarding the CEO and to the CEO regarding the other members of Group Management.

The committee consists of Thomas Bodén (chairman), Paul Bergqvist and Nils Lundberg. The Group's HR manager serves as secretary. Members are appointed for one year at a time.

In addition to the minutes of the Remuneration Committee meetings being distributed to the Board of Directors, the committee chairman reports on all important issues orally at the following Board of Directors' meeting.

The committee had five recorded meetings during the year.

Owner Committee
The Owner Committee is tasked with dealing with issues concerning ownership and the owner organization in the Group. The Committee's work is aimed at ensuring that owner issues are dealt with in accordance with the Co-operative Societies' Act and Association bylaws. Its further aim is for the development of bylaws, organization and the relationship to elected officers and owners to take place in a manner that over time adapts to changes in society and business.

The committee consists of Bengt-Olov Gunnarson, chairman, Thomas Magnusson, Hans Wallemyr and Lena Weman. The Group's head of membership is the secretary. Members are appointed for one year at a time.

In addition to the minutes of the Owner Committee meetings being distributed to the Board of Directors, the committee chairman reports on all important issues orally at the following Board of Directors' meeting.

The committee had one recorded meeting during the year.

CEO and Group Management

The CEO and Group President is appointed by the Board of Directors and is responsible for the day-to-day management of the Association. Distribution of work between the Board and the CEO is regulated in the Board of Directors' work plan. Lantmännen's Group Management currently consists of thirteen members, namely the CEO, all business area managers and all heads of corporate functions. Besides the new CEO, one of the corporate functions had an acting head during the year. Group Management's composition appears in the presentation on pages 102-103.

Group Management normally convenes once a month. Group Management has the overarching responsibility for coordinating the Group. Management and oversight of the business areas are ensured by the CEO serving as the Chairman in the majority of the business areas' boards.

Internal Audit

With regard to the rest of the Group, the Internal Audit is an independent activity that is to engage in objective safeguarding and advisory efforts. The Internal Audit shall systematically and in a structured manner assess, and thus help to streamline, the Group's risk management, governance and oversight as well as its management processes.

The Internal Audit reports material observations and suggestions for improvements to the Board via the Audit Committee and also to business operations. The Internal Audit examines the entire Group and is also the independent review function for Lantmännen Finans AB as required by Finansinspektionen, the Swedish Financial Supervisory Authority. In addition to the examination that is carried out according to the Internal Audit plan, the function supports the Board and management with analyses and advice.

In 2007 the Internal Audit identified overarching risks in the Group, prepared an audit plan for 2008 and carried out a number of investigations both in business areas and in central corporate functions. The Internal Audit also participates in various steering groups and committees, to obtain essential information and serve as a consultee on issues concerning risk management and internal governance and control.

External audit

There are four regular auditors of which one is authorized and the other three are elected representatives. All auditors are elected by the Association Meeting. The authorized auditors are the accounting firm Ernst & Young and the authorized auditors' work is led by authorized public accountant Lars Träff. The elected auditors are Torvald Carlsson, Lars Falck and Anders Åbyhammar. All auditors are elected by the Association Meeting for one year at a time.

Lantmännen's vision:

We make the best of our soil and give opportunities to everyone for a sounder life!

Board of Directors and Auditors

Thomas Bodén

Bengt-Olov Gunnarson

Elisabet Annell

Paul Bergqvist

The Board consists of ten members and three employee representatives.

Board members of Lantmännen ek för are elected for two-year terms.

The Annual Association Meeting will be held on May 7, 2008.

Olle Nilsson

Per Strömberg

Hans Wallemyr

Thomas Bodén Chairman
Noraström
Born: 1947
Member since 2000
Other functions at Lantmännen: Scandinavian Farmers, Viking Malt Oy
Education: Business administration, education, sociology, officer training in the Air Force
Main occupation: Farmer, 120 ha
Production: Beef and lamb, coarse fodder

Bengt-Olov Gunnarson Vice Chairman
Borensberg
Born: 1951
Member since 2005
Other functions at Lantmännen: Svalöf Weibull, Scandinavian Farmers, Owner Committee
Education: Farm foreman
Main occupation: Farmer
Production: Crop production, forestry and wind power
Other directorships: Swedish Farmers' Foundation for Agricultural Research, Svensk Raps

Elisabet Annell
Stockholm.
Born: 1945
Member since 2007
Other functions at Lantmännen: Lantmännen Axa
Education: Pol. mag. degree
Main occupation: Directorships
Other directorships: JM, TradeDoubler, Teligent, Atria Scandinavia, Skandia Liv, Catella, Axel Johnson International, Öresundsbron

Paul Bergqvist
Vikbolandet
Born: 1946
Member since 2006
Other functions at Lantmännen: Lantmännen Unibake
Education: Economist
Main occupation: Consultant/directorships
Other directorships: Telenor ASA, Trygg Vesta A/S, chairman Carlsberg Sweden, chairman Sveriges Bryggerier, chairman East Capital Explorer AB, chairman HTC AB, City Mail, Pieno Zvaigzdes (Vilnius), Nova Linja (Kiev)

Olle Nilsson
Hammenhög
Born: 1946
Member since 2004
Other functions at Lantmännen: Svalöf Weibull, Audit Committee
Education: Farm foreman
Main occupation: President of Bollerups Agricultural Institute
Other directorships: Länsförsäkringar Skåne, Hushållningssällskapet Kristianstad

Per Strömberg
Stockholm
Born: 1963
Member since 2007
CEO and Group President
Education: Civilekonom degree with international focus
Other directorships: DLF (Grocery Manufacturers of Sweden)

Hans Wallemyr
Falköping
Born: 1956
Member since 2007
Other functions at Lantmännen: Lantmännen Energi, HaGe Kiel, Owner Committee
Education: Training in agriculture and economics
Main occupation: Farmer
Production: Feeder pigs, potato cultivation, forestry, breeding and training jumping and dressage horses

Birgitta Carlander

Nils Lundberg

Thomas Magnusson

Stig Agnåker

Tommy Brunsärn

Gert Gustavsson

Auditors

Elected representatives
Torvald Carlsson
Gamleby. Born 1951
Auditor since 2000
Education: Agronomist
Main occupation: Farmer
Production: Integrated hog production

Lars Falck
Kristianstad. Born 1962
Auditor since 2007
Education: Farm foreman
Main occupation: Farmer
Production: Crop production

Anders Åbyhammar
Fellingsbro. Born: 1956
Auditor since 2005
Education: Farm foreman
Main occupation: Farmer, Accounting consultant, LRF Konsult
Production: Crop production, forestry, lamb, electricity/hydropower

Authorized Public Accountant
Lars Träff
Ernst & Young, Stockholm

Board secretary

Lena Weman
General Counsel
Head of Legal Affairs &
Owner Relations
Born: 1960
Hired: 2006
Education: Jur. cand. degree and Master of Law

Birgitta Carlander
Lerdala
Born: 1952
Member since 2000
Other functions at Lantmännen: Lantmännen Axa, Lantmännen Energi, Audit Committee
Education: Agronomist
Main occupation: Farmer
Production: Production of piglets with 500 own sows plus recruitment
Other directorships: Länsförsäkringar Livs, Försäkringsföretagarförening, vice chairman Skaraborgs Läns Sjukhem

Nils Lundberg
Skivarp
Born: 1958
Member since 2007
Other functions at Lantmännen: Lantmännen Mills, Remuneration Committee, HaGe Kiel
Education: Agronomist
Main occupation: Farmer, 630 ha
Production: Cultivation of sugar beets, grain and oilseed rape
Other directorships: Betodlarna (beet growers' cooperative), Ljusterö Golf AB

Thomas Magnusson
Tävelsås
Born: 1950
Member since 2005
Other functions at Lantmännen: Lantmännen Lantbruk
Education: Training in agriculture and economics
Main occupation: Farmer, 130 ha arable land and 135 ha forest
Production: Milk, beef
Other directorships: National Board, Federation of Swedish Farmers (LRF), Ryssby Naturbruksgymnasium

Stig Agnåker
Falkenberg
Born: 1943
Member since 2000
HTF Representative
Education: College education in business administration and law, HR administration
Main occupation: Credit Manager

Tommy Brunsärn
Södertälje
Born: 1959
Member since 2007
Representative of Unionen
Main occupation: Head of purchasing, Lantmännen Mills, Järna

Gert Gustavsson
Falkenberg
Born: 1951
Member since 2003
LO Representative
Main occupation: Operator, feed plant Auditors

Group Management

Per Strömberg

Clas Eriksson

Bengt Håkansson

Magnus Johansson

Lantmännen's Group Management consists of thirteen members the CEO, all business area managers and all heads of corporate functions.

Peter Rasztar

Reinhold Svensson

Rutger Ulterman

Per Strömberg
CEO and Group President
Born: 1963
Hired: 2007
Education: Civilekonom degree with international focus
Outside directorships: DLF (Grocery Manufacturers of Sweden)

Clas Eriksson
Vice CEO and Group President
Business Area Manager
Lantmännen Invest and Lantmännen Anläggnings- och Lantbruksmaskiner
Born: 1949
Hired: 1991
Education: Jur. cand. degree

Bengt Håkansson
Business Area Manager
Lantmännen Energi
Born: 1956
Hired: 2001
Education: Local government administration program, Örebro University

Magnus Johansson
Business Area Manager
Lantmännen Axa
Born: 1972
Hired: 1998
Education: Masters in Business Administration
Outside directorships: Svensk Sigill, Livsmedelsföreningen (Li)

Peter Rasztar
Business Area Manager
Lantmännen Kronfågel
Born: 1944
Hired: 2006
Education: Economics, Copenhagen Business School
Outside directorships: Søndagsavisen, Copenhagen and Danish Lithuanian, Give Danmark, Royal Greenland A/S, Nuuk

Reinhold Svensson
Business Area Manager
Lantmännen Mills
Born: 1950
Hired: 1996
Education: Agronomist
Outside directorships: Melia Finland, VK Mühlen, Germany

Rutger Ulterman
Business Area Manager
Granngården
Born: 1955
Hired: 2006
Education: Master of Business Administration, Umeå
Outside directorship: LRF Samköp

Monika Lekander

Bent Pultz Larsen

Arne Rantzow

Elisabeth Wallin Mononen

Lena Weman

Carl-Axel Westlund

Group Management normally convenes once a month.

Group Management has the overarching responsibility for coordinating the Group.

Management and oversight of the business areas are ensured by the Group CEO serving as the Chairman in the majority of the business areas' boards.

Monika Lekander
Business Area Manager
Svalöf Weibull
Born: 1953
Hired: 2005
Education: Civilingenjör degree (M. Sc. equivalent), business and marketing

Bent Pultz Larsen
Business Area Manager
Lantmännen Unibake
Born: 1950
Hired: 1985
Education: Pastry maker

Arne Rantzow
Business Area Manager
Lantmännen Lantbruk
Born: 1955
Hired: 1992
Education: Civilekonom degree

Elisabet Wallin-Mononen
HR Manager and Acting Director of Communication
Born: 1959
Hired: 2005
Education: Jur. cand. degree and MBA, Chicago
Outside directorship: Arbetslivsresurs AR AB

Lena Weman
General Counsel
Head of Legal Affairs & Owner Relations
Born: 1960
Hired: 2006
Education: Jur. cand. degree and Master of Laws

Carl-Axel Westlund
Chief Financial Officer (CFO)
Born: 1947
Hired: 1970
Education: Civilekonom degree
Outside directorships: VK Mühlen, Germany

Lantmännen ek för

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Lantmännen Direkt, tel.: +46-771-111 222
www.lantmannen.com

Svalöf Weibull

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SE-268 81 Svalöv
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www.swseed.se

Weibull Trädgård

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www.weibulls.com

Lantmännen Maskin

Bjurögatan 26
Box 174, SE-201 21 Malmö
tel.: +46-171-26 500
www.lantmannenmaskin.se

Swecon

Bolindervägen 100
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Lantmännen Energi

S:t Göransgatan 160 A
Box 30192, SE-104 25 Stockholm
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www.aspen.se

Lantmännen Mills

Norra Neptunigatan 11
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tel.: +46-40-660 88 00
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Lantmännen Axa

Snickarvägen 9
SE-153 81 Järna
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www.axa.se

Lantmännen Unibake

Oensvej 28-30,
DK 8700 Horsens
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S:t Göransgatan 160 A
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Lantmännen Bygglant

Skvadronvägen 11
Box 1743, SE-701 17 Örebro
tel.: +46-19-605 17 00
www.bygglant.se

Lantmännen Doggy

Doggyvägen 1, SE-447 84 Vårgårda
tel.: +46-322-66 65 00
www.doggy.se

Lantmännen Krafft

Kvarngatan 2, SE-311 83 Falkenberg
tel.: +46-20-30 40 40
www.krafft.nu

Lantmännen Reppe

Stora Räppevägen 73, SE-352 50 Växjö
tel.: +46-470-70 41 00
www.reppe.se

Lantmännen Solanum

Sockervägen 4, Box 56,
SE-244 21 Kävlinge
tel.: +46-46-72 21 00
www.solanum.se

Lantmännen SweChick

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Lantmännen SweHatch

Holmbyvägen 65, SE-240 32 Flyinge
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“Lantmännen’s mission is to contribute to the profitability of its owners’ farms and to maximize the return on the capital that the owners have invested in the association”