

Annual report 2005



Lantmännen

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Lantmännen

Lantmännen is one of the Nordic area's largest groups within food, energy and agriculture. Examples of brands owned by Lantmännen are Axa, Kungsörnen, Skogaholm, Schulstad, Hatting and Kronfågel. The retail chain is called Lantmännen Grangården. Lantmännen is owned by 49,000 Swedish farmers, has around 12,000 employees, operates in 19 countries and has a turnover of SEK 30 billion.



We take responsibility from farmland to table. We are all part of Lantmännen.



Lantmännen



Stable development despite comprehensive restructuring programme

NET TURNOVER in 2005 amounted to SEK 29,807 million (28,197), an increase of 6%. Excluding Kronfågel, which was consolidated into the Group from May, turnover was largely unchanged.

OPERATING RESULTS diminished to SEK 120 million (778). The change is explained primarily by significant structural costs in the form of write-downs and provisions that do not have an impact on cashflow.

PROFIT AFTER NET FINANCIAL ITEMS was SEK 526 million (720). Net financial items have been positively affected by capital gains from sales of shares.

PROFITS FOR THE YEAR were SEK 511 million (383). The change can primarily be explained by positive tax due to deferred tax liabilities.

DIVIDEND is payable for 2005 business in the form of discounts/final price adjustments of SEK 75 million (65), 1% (2) central discounts/final price adjustments of SEK 64 million (134) and proposals to the general meeting of a 5% (5) dividend on investments, amounting to SEK 51 million (49) and an investment issue of SEK 100 million (39).

STRUCTURAL COSTS and other costs of a one-off nature have been charged to the operating result by a total of SEK –595 million. The largest of these are write-downs of silos and animal feed factories at SEK 174 million, a change of agency within Lantmännen Anläggnings- & Lantbruks-

maskiner at SEK 77 million, bad debts in Lantmännen Anläggnings- & Lantbruksmaskiner of SEK 53 million, write-downs in Lantmännen Mills at SEK 65 million, closures of Lantmännen Axa bakeries at SEK 121 million and structural costs within Lantmännen Unibake amounting to SEK 27 million.

ACQUISITIONS. Major companies that have been acquired during the year are Kronfågel and Semper Foodservices.

MERGERS. In the autumn, the Board made the decision on a merger with Norrbottens Lantmän as at 1 January 2006.

CAPITAL GAINS in conjunction with sales of shares amounted to SEK 377 million for Karlshamns, SEK 38 million for Biomar and SEK 30 million for Ceba.

INVESTMENTS during the year amounted to SEK 1,263 million (873). The largest individual investment decision related to the mill in Vejle, Denmark, at an estimated cost of approx. SEK 500 million with an estimated operating start date of early 2008.

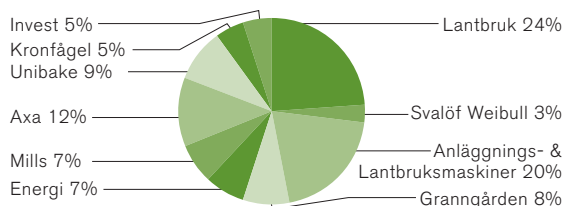
ORGANISATION. Essential organisational changes were carried out in 2005. A new business organisation with new business areas and staff functions were implemented in spring 2005. During the autumn of 2005, the decision was made to set up a new marketing organisation within Lantmännen Lantbruk and a new member organisation.



Key figures

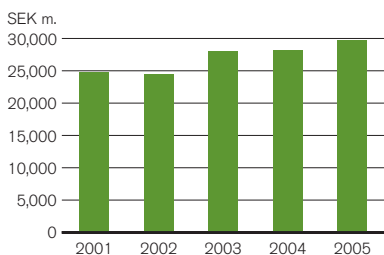
	2005	2004
Net turnover, SEK m.	29,807	28,197
Operating profit/loss, SEK m.	120	778
Operating margin, %	0	3
Profit after net financial costs, SEK m.	526	720
Profit after tax, SEK m.	511	383
Return on capital employed, %	5	6
Balance sheet total, SEK m.	24,568	22,656
Equity/assets ratio, %	38	38
Investments, SEK m.	1,263	873
No. of employees	12,230	11,387

Share of Group turnover per business area including sales internally within the Group



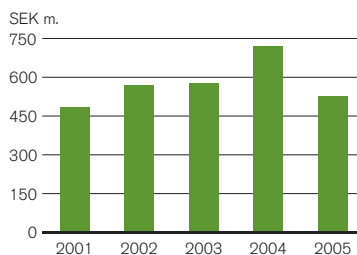
In terms of turnover, Lantmännen Lantbruk is the largest business area, with 24% of the Group's turnover.

Net turnover



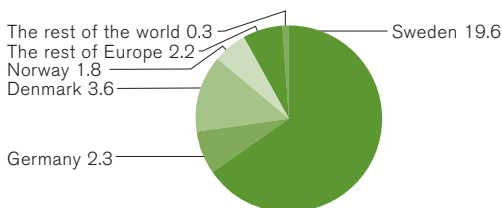
Net turnover in 2005 amounted to SEK 29,807 million, an increase of 6% compared to the previous year.

Profit/loss after net financial costs



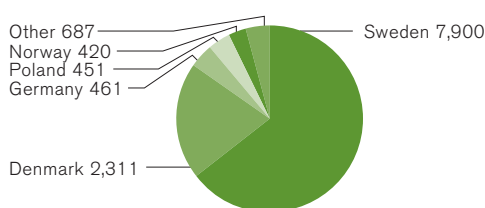
The Group's consolidated profits after net financial items were SEK 526 million.

Turnover per country (in SEK billion)



One third of Lantmännen's total turnover comes from markets outside Sweden.

Number of employees per country



Close to 65% of the Group's employees are found in Sweden.

New conditions in the world around us – threats as well as opportunities



“Over the past year, the EU’s agricultural policy is the one external factor that has had the greatest impact on Swedish farmers,” states Thomas Bodén, Chairman of the Lantmännen Board and Birgitta Johansson-Hedberg, President and CEO, in a conversation about Lantmännen and external factors.

The world around us is changing rapidly. There are fewer farming units though they are larger. Globalisation is increasing. People are living and consuming according to different patterns – demanding sounder products, wanting to know about their origins and content. Most people agree that we have to handle the soil and the environment in a responsible manner. The major retail grocery chains are strengthening their positions, with own-brands playing a significant role. Food imports are growing and there is stiff pressure on prices. For the food industry, strong reliable brands are necessary to have an impact and gain shelf space.

These changes imply threats and opportunities for Lantmännen. The healthy-eating trends together with requirements for sustainability, soundness and quality of life are all to our corporate advantage. Consideration for the environment opens up alternative energy sources. The future supply of energy is a key issue and the demand for biofuel is growing. All of this has huge potential.

Thomas Bodén, Chairman of the Lantmännen Board, and Birgitta Johansson-Hedberg, President and Group CEO at Lantmännen, are in agreement on the above scenario and about how Lantmännen should act in the face of changes in social and environmental factors.

“The increases in farm sizes, combined with a more deregulated market with increased international competition and pressure on prices, mean that Lantmännen has to become more efficient. The large-scale nature and negotiating strength of the food industry and the retail trade,

combined with increasing consumer awareness in the choices they make, forces us to become even more distinct, more sensitive and more customer-oriented. Lantmännen is operating in the toughening international competition and, to increase our competitive power, we introduced a comprehensive process to bring about change in 2005”, says Birgitta Johansson-Hedberg.

The medium term review (the MTR reform) of the EU’s agricultural policy is perhaps the one external factor that has had greatest impact on Swedish farmers.

“To date, a reduction in grain production has been the clearest effect of the MTR reform. The fact that subsidies now disengage more from production could mean major changes in what farmers will be producing,” says Thomas Bodén.

In public debate during the year, it has emerged that the uncertainty regarding EU’s political agenda have made many farmers hesitate about investing for the future.

“But now we know the approximate guidelines for the next few years and I think it seems as if many people therefore now have a more positive view on future opportunities,” says Thomas Bodén.

He maintains that the major efficiency measures that Lantmännen have introduced, and which are also taking place within other cooperative companies, are aimed at producing improved business conditions on the international market.

“There are many factors which indicate good business opportunities for the future. One example of this is the increasing requirement for food and bio-energy, indicating a greater demand for products from farmland,” Thomas Bodén adds.

Birgitta Johansson-Hedberg agrees.

“I am aware that there is disquiet among Sweden’s farmers. We live in a changeable world and huge investments are required. The overhaul that we have given our business is the result of our belief that there is reason to be optimistic about Swedish agriculture,” says Birgitta Johansson-Hedberg.

She lists five factors that form the basis for such a belief in the future:

- Increased demand for foods because of the rapidly increased standard of living in China and the rest of Asia.
- Increased demand for bio-energy raw materials grown on arable land as a consequence of a high oil price and a



- limited supply of oil for energy.
- Sweden’s rich supply of clean water, which is a scarce raw material in a global perspective.
- Sweden also has a climate that is good for cultivation, with cold winters which reduce the pressure from pests and moulds. Climate changes could have a positive effect on our conditions for cultivating the land as well.
- The conditions for effective Swedish agriculture are naturally also good, thanks to our efficient and well-educated farmers.

LANTMÄNNENS PROGRAMME FOR CHANGE

In 2005, Lantmännen introduced a comprehensive transformation of its business operation. Ultimately, the target is to increase customer-focus and owner-benefit in Lantmännen. This is being done partly by reducing costs and increasing productivity, and partly by investing, developing and expanding.

“The areas affected by the work to increase productivity include Lantmännen Lantbruk’s grain and animal feed operation and the Group’s bakery structure. These are areas in which we intend to improve capacity utilisation considerably and so we have wound up less profitable units. Within several areas, we have carried out or are planning major

investments. This applies to areas such as bio-energy and milling. We are now planning one more ethanol plant and have also cut the first turf for Europe's most modern mill at Vejle in Denmark. We also see interesting development opportunities for Lantmännen Unibake's specialist products on the international market, for example by exporting Danish pastries to Asia," says Birgitta Johansson-Hedberg.

NEW OWNER ORGANISATION

After an extra general meeting in November 2005, Lantmännen was ready to introduce a new member and owner organisation at the start of the new year. The country's 73 branches have been subdivided into around 30 districts in which the district boards will be doing more work with the whole Group than they previously did. Because there are fewer sections within the organisation, there is a desire to reinforce the feeling of ownership and to improve the democratic process. It will now be easier for elected representatives to familiarise themselves with the various business areas and to gain a wider perspective of the Group.

"I am extremely pleased that we established the new owner organisation in 2005. This will reflect a holistic view of all of Lantmännen's business affairs and will make a considerable contribution to owner-benefit. Together with the other members of the Board, I will be involving myself a great deal in the implementation of this. The owners' commitment means a lot for Lantmännen's success," says Thomas Bodén.

DEVELOPMENT AND INVESTMENT

Lantmännen has a double mission:

"We shall contribute to increasing the profitability of our owners' farms and we shall maximise the yield on our owners' capital in the association, by refining farmland resources. The prerequisite for this is of course that we win the customer's confidence and increase our market shares. Ultimately, it is the customers who decide whether we succeed. Pleasingly enough, surveys show that we do have many satisfied customers. But of course there is also room for improvement," says Birgitta Johansson-Hedberg.

The surveys carried out in 2005 show that farmers are more satisfied as customers than they are in their ownership roles.

"Within all parts of the Group, we will be producing action plans to increase close contact with customers and commitment amongst employees as well as creating greater confidence amongst our owners. However, we want to raise the level of ambition even higher. We have introduced a very extensive programme of change in our operations. That is something that will benefit Lantmännen's owners," says Birgitta Johansson-Hedberg.

There are a few basic principles in this programme of change.

"One such action is that we are lowering costs in our grain, animal feed and machinery operations and making efficiencies in our bakeries," says Birgitta Johansson-Hedberg.

At the same time as Lantmännen is carrying out rationalisations, the areas of expansion are also undergoing development.

"For example, this is taking place by means of a stimulation package for those farmers who want to expand their own livestock production. We are also making investments in the energy field. In December, the first turf was cut for a biodiesel plant in Karlshamn. We are now planning a second ethanol factory and are not excluding further investment within the bio-energy area," says Thomas Bodén.

BELIEF IN LIVESTOCK PRODUCTION

The fact that Lantmännen is undergoing development is also noticeable in the company acquisitions that were made in 2005, including Semper Foodservices, Skurups Fjärrvärme and Kronfågel.

"The acquisition of Kronfågel shows our belief in Swedish livestock production. In general, Kronfågel's development adhered to the plans drawn up. It is still too early to determine what effects the bird flu will have," states Thomas Bodén.

"This spring, Lantmännen will continue to invest in the Lantmännen brand. To strengthen Swedish agriculture and Swedish food production, we will continue our programme of internationalisation and restructuring. 2006 lies ahead. There are several development opportunities for Swedish agriculture and we are working to be its best business partner," concludes Birgitta Johansson-Hedberg.

International group of companies within foods, energy and agriculture

Lantmännen is one of the Nordic areas largest groups within food, energy and agriculture. In 2005, the Group had 12,000 employees and a turnover amounting to SEK 30 billion.

Lantmännen is owned by 49,000 Swedish farmers. The farmland and the opportunities it provides are the starting points for the Group's business operation. Lantmännen is active throughout all areas of the value chain from farmland to table.

NORTHERN EUROPE THE HOME MARKET

Lantmännen is an international group actively operating in 19 countries. Northern Europe constitutes the home market, but Lantmännen has extensive sales outside Europe as well.

Wheat, rye and barley are ground into flour at mills in Sweden, Denmark, Norway and Latvia, and fresh and frozen bread is supplied from the Group's bakeries in Sweden, Denmark, Norway, Germany, Poland, Estonia and Russia.

Lantmännen Unibake is the largest producer of frozen bread products in Northern Europe, responsible for almost half of turnover from markets outside Scandinavia, primarily the USA and Japan.

The subsidiary Lantmännen Kronfågel is the largest producer in Scandinavia of chickens and chicken dishes, holding a leading position in Sweden and Denmark, and exporting extensively to countries such as Germany and the UK.

STRONG BRANDS

Within the service and retail grocery businesses, the consumer comes into contact with the well-known and strong Lantmännen brands of Axa, Kungsörnen, Skogaholm, Schulstad, Kronfågel and Hatting.

Lantmännen's chain of shops, Lantmännen Granngården, has more than 100 retail outlets throughout Sweden, selling a wide range of items for pets, outdoor living and gardening.

MAJOR INVESTMENTS IN BIOENERGY

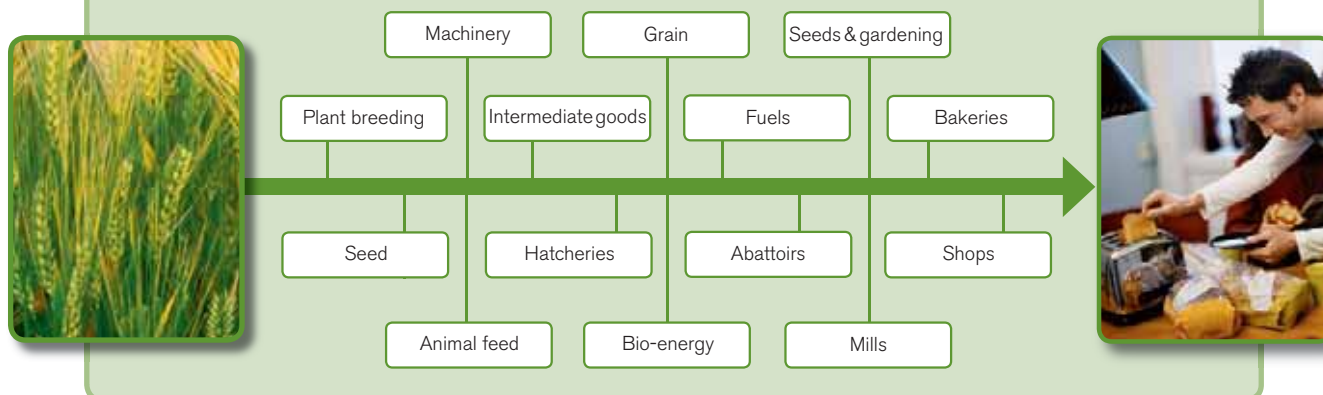
There is an increasing demand for biofuels throughout the world and Lantmännen is making investments in bio-energy using grain, salix (willow) and oilseed rape as raw materials. A biodiesel plant is being constructed in Karlshamn and another ethanol plant is being planned, which makes Lantmännen the broadest-based bio-energy company in the Nordic countries.

AGRICULTURE AT THE CORE

Lantmännen Lantbruk supplies seedcorn, fertiliser, animal feed and other intermediate goods for its members' farms. The Group also offers a range of agricultural machinery, equipment and construction services for different production directions. Lantmännen is investing in the future of farmland and is promoting an extensive research operation, often in the form of projects or joint ventures with universities and colleges.

From farmland to table

Lantmännen's operational areas stretch out in a fully-comprehensive value chain stretching from plant breeding to the consumer.



Vision, targets and strategies

Refining farmland resources is the starting point for Lantmännen's operation. Lantmännen has been given two missions by its owners:

- to contribute to the profitability of its owners' farms
 - to maximise the yield on owners' capital in the association
- Vision and targets are clearly linked to the missions that Lantmännen has been given by its owners.*

NEW CONDITIONS

The world around us is changing rapidly. Lantmännen is currently acting in a global, transnational arena. The foods area is affected by the ongoing expansion of the EU, more liberal global trade and an increasingly deregulated agriculture market. Added to this is the increased concentration of the grocery trade, with its strong contingent of international players and the consequent centralisation of purchasing. The major retail grocery chains are strengthening their positions, not least via an increased proportion of own-brand goods.

There is a huge pressure for change throughout the value chain for foods – from farmland to table – and this impacts upon Lantmännen's owners and businesses. Farms are becoming fewer in number but larger, both when it comes

to acreage and to the numbers of livestock. Grain is being managed more efficiently with an increased frequency of direct supply from farm to end-customer. The animal feed market is changing because of a shift in demand – from complete animal feeds to premixes for mixing on the farm.

Ways of living and patterns of consumption are changing and the demand for sounder, healthier foods is increasing.

Even in its role within energy production, agriculture is facing huge changes. The farmland is the foundation of Lantmännen's energy business. The increase in demand for biofuel, both for heating and for transportation, is opening up new opportunities for Lantmännen.

ONE COHESIVE GROUP

Adapting to changes in the world outside requires investment in product development, production, marketing and competence. To be able to respond to its double mission, Lantmännen has to become bigger, more efficient and more profitable. The Group must grow both organically and by means of acquisitions.

A more profitable, cohesive Group, working closely with its customers, is being constructed on the basis of a collective vision. The most important areas to change are:

- customer focus
- increased efficiency and collaboration
- one collective corporate brand.

LANTMÄNNEN'S VISION

We make the best of our soil and offer all options for a more sound life!

Lantmännen will make responsible, far-sighted use of the Earth's power to feed us and keep us warm. Lantmännen will also play an active role in the development of a thriving Swedish agriculture.

Both production and products will be safe and secure, and will contribute to a more wholesome life.

BUSINESS CONCEPT

With our customer in focus, we develop and process farmland resources in a responsible manner. We operate on an international market in which Sweden constitutes the foundation of our business activities.



Lantmännen will be a company that works closely with its customers, possessing competence, control and presence within the entire value chain from farmland to table. Sweden constitutes the foundation of Lantmännen's business activities, and the Group operates on an international market in which Northern Europe is its home market.

CLOSE TO THE CUSTOMER

All of the changes are based on good knowledge of Lantmännen's customers – farmers, consumers, retail chains, bakeries, restaurants and large-scale catering establishments. Lantmännen will match up to the customers' expectations and deliver benefit.

It is not just a matter of closeness and accessibility, in the form of opening hours and rapid deliveries, but also about picking up signals and trends, being one step ahead and acting quickly if there are any changes in the market.

In 2005, a collective customer survey was carried out on a corporate basis and it will be followed up annually.

EFFICIENCY AND COLLABORATION

Lantmännen will become even better at utilising collective corporate skills and resources. In 2005 several projects were started to develop working methods and processes, to share experiences throughout the organisation and to learn from one another. Investments in areas such as the intranet, IT systems, HR, skills development, research and development are being coordinated to an increased extent.

Collective purchasing and logistics functions have been established to increase efficiency and exploit the scale of the Group in a better way.

A COLLECTIVE PROFILE

Lantmännen is one of the largest food groups in Scandinavia, possessing a unique breadth and diversity, covering the entire value chain from farmland to table. To make things easier for customers, increase cost-effectiveness in marketing, and strengthen the Group's position among suppliers and the trade, all operations are being brought together under one collective corporate brand.

Lantmännen's well-known product brands, including Axa, Kungsörnen, Kronfågel, Doggy and Schulstad, will not

THE WHOLE OF LANTMÄNNEN COMING TOGETHER UNDER THE SPROUT

Lantmännen has a long, unique history within the Swedish economy. The first 'lantmanna' associations were formed as early as 1850 and, right at the outset, were purchasing associations only, but soon they also began selling products on behalf of their members. The number of associations grew rapidly. In 1905, the national association Svenska Lantmännens Riksförbund (SLR) was formed. Seven central associations joined at the start. The highest number to join, in 1954, was 24 regional associations, with almost 150,000 members.

In 1971 the Sprout was launched as a collective symbol and Lantmännen as a cohesive family name for Svenska Lantmännens Riksförbund and the regional associations – 19 as there were then. The new symbol replaced 20 old ones and became a cohesive link that strengthened the individual parts and presented a unified image to the outside world.

According to modern archaeological research, the Sprout is one of humanity's oldest symbols. Hiranagarbha – the origin of all things, "that which is the beginning and beyond all knowing" – has been found in ruined Indian temples that are more than 8,000 years old.

In 2006 the Sprout is becoming the collective symbol for the whole of the Lantmännen Group including all business areas and companies. The Sprout is being given a new, modern design and will act as a quality guarantor for the entire chain – from farmland to table.



Lantmännen

The famous Sprout is being changed to act as a symbol for the new cohesive Lantmännen. 6 out of 10 college students recognise the Sprout, and 8 out of 10 recognize it being the symbol of Lantmännen's. The Sprout is one of the oldest known symbols for life and growth, and has been found in places such as Indian temples that are thousands of years old.

be changed. But they will be supplemented by Lantmännen and the green Sprout symbol, which represent values such as quality, reliability and soundness, and will add value to all operations and product brands.

FIVE PERSPECTIVES

In setting its course towards its vision, Lantmännen works using five perspectives: owners, customers, employees, consumers and method of working. The different perspectives interact and are all of equal importance. On the other hand, focus and areas of investment can vary over a period of time.

In 2005, as a starting point for continued work, customer and employee surveys were introduced throughout the Group. The results to date indicate that owners are generally more satisfied in their customer relationship than in their ownership roles. There is a fairly low level of knowledge about the businesses that form part of the Lantmännen Group. Employee and customer indices indicate a wide variation between different companies and units. The surveys will conclude in spring 2006 and will then be carried out on an annual basis. The result is a tool for continued work on change and development, and constitutes a foundation for local action plans.

For each perspective, objectives will be drawn up and targeted, with selected key figures being implemented throughout the organisation in 2006.

FINANCIAL TARGETS

Growth

Lantmännen must grow both organically and by means of acquisitions. Lantmännen's ambition is for net turnover to increase in line with the gross national product. For 2005, it is estimated that GNP will increase by 3–4%. Lantmännen's net sales increased by 6%.

Return on capital

Lantmännen shall achieve a return of 10% on shareholders' equity after tax. For 2005, the return on shareholders' equity was 8%.

Return on capital employed shall amount to 9%. For 2005, the return on capital employed was 5%.

Operating margin

The target for the Group is an operating margin of 3%. In 2005, the operating margin was 0.4%.

Equity/assets ratio

Over one business cycle, the equity/assets ratio should amount to at least 40%. For 2005, the equity/assets ratio was 38%.

Business areas

The Group's business areas and subsidiaries are managed and given targets on the basis of return on employed capital and operating margin. The return requirement varies depending on the business's proximity to the mission and the farmer. For 2005, the return requirement varied between 5 and 10%. The target for the operating margin was between 3 and 5%.

STRATEGIES

Lantmännen's principal strategies describe the framework for the way in which Lantmännen should fulfil its mission and achieve its targets. They define the operation that is to be run and where it is to be run. Always with the customer in focus.

Lantmännen will contribute to developing a thriving Swedish agriculture, producing foods and energy.

Lantmännen will operate on an international market, in which Sweden constitutes the foundation of its business activities, and in which northern Europe constitutes the home market.

Lantmännen will grow and develop within its business areas and strive for forward integration within the value chain.

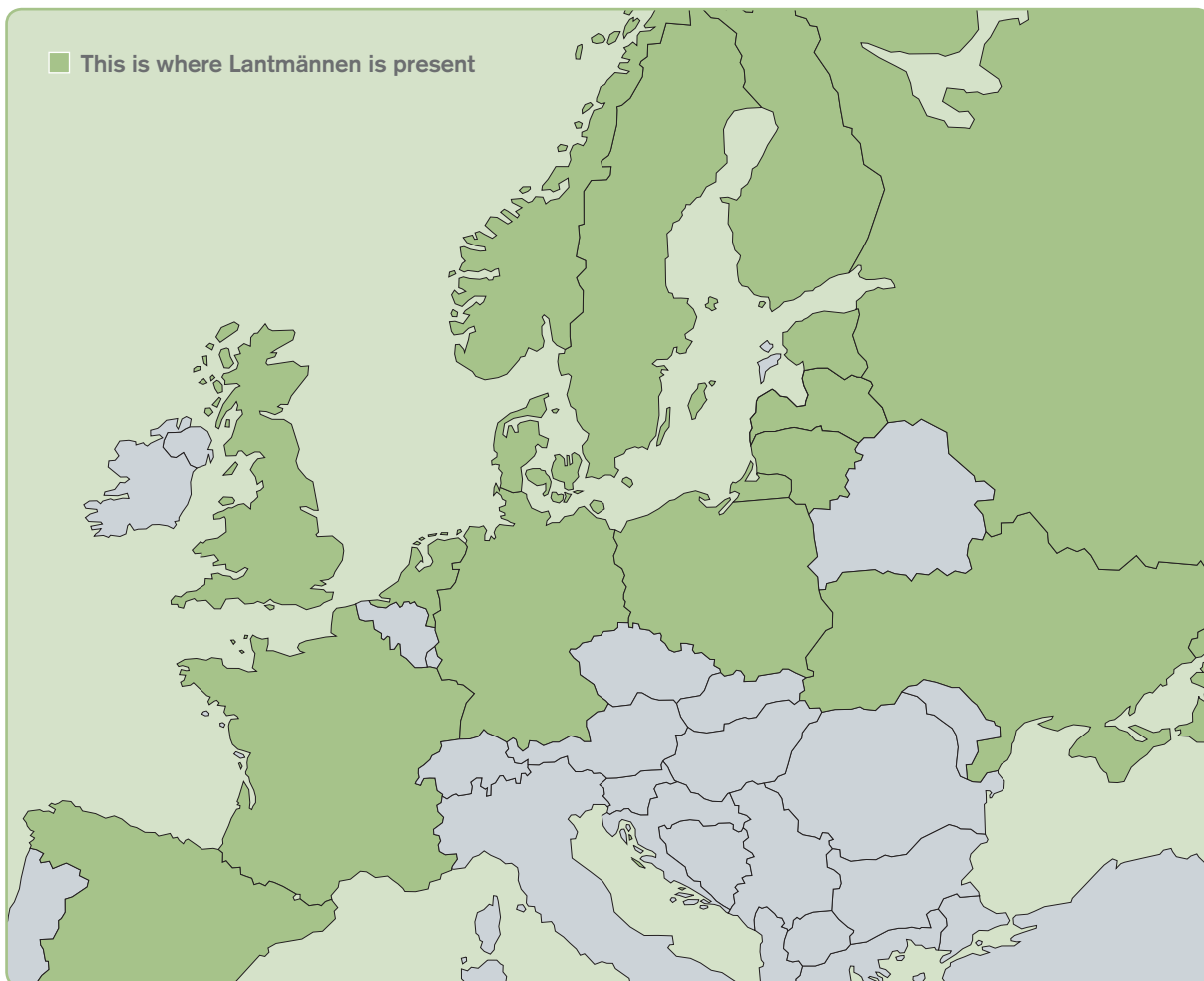
Lantmännen shall play an active role in the structural transformation within Lantmännen's areas of operation.

On the basis of the principal strategies, more precisely defined strategies will be drawn up for individual areas of operation.

This is where Lantmännen is present

Country	Production plants and sales outlets (including plant breeding)	Only sales office
Sweden	●	
Denmark	●	
Norway	●	
Finland	●	
Estonia	●	
Latvia	●	
Lithuania		●
Germany	●	
Poland	●	
Ukraine	●	

Country	Production plants and sales outlets (including plant breeding)	Only sales office
Russia	●	
United Kingdom	●	
The Netherlands	●	
France	●	
Spain		●
The USA		●
Canada	●	
Japan		●
South Korea		●



Lantmännen has production facilities and/or sales offices in 19 countries. Northern Europe constitutes the home market.

Corporate overview

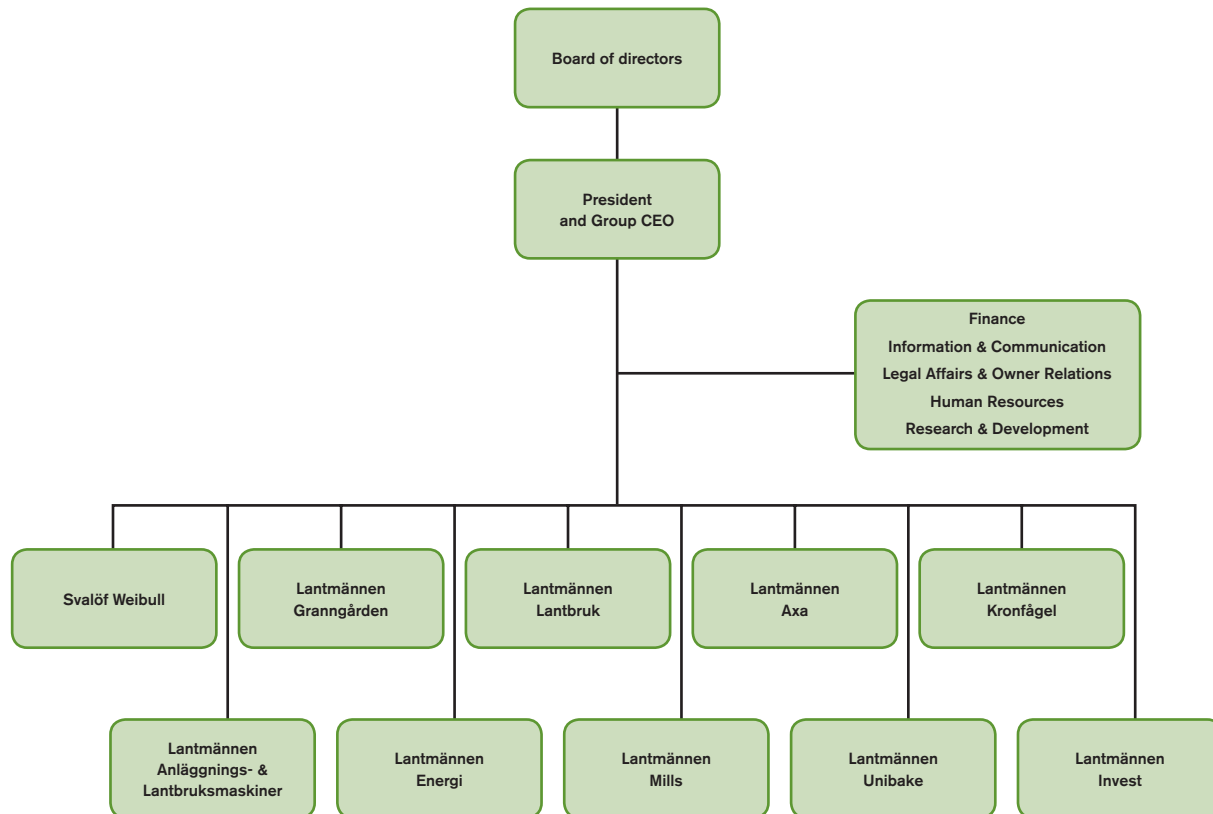
Lantmännen's organisation is intended to focus on the different business areas and to promote a business-like attitude and customer focus.

In 2005, the organisation has been simplified to make coordination more efficient between the various corporate operations. The objective is, in a coherent group to best utilise the strength in the whole value chain and take advantage of synergies and of scale.

The business operates within ten business areas, each with its own business area manager.

Lantmännen's staffs encompass corporate functions within Finance, Information & Communication, Legal Affairs & Shareholder Relations, Human Resources and Research & Development. The duty of these staffs is to support the corporate management team and the business areas in collective corporate issues.

Certain business areas also have collective corporate duties. For example, Lantmännen Lantbruk is responsible for the overall logistics functions and Lantmännen Energi has the principal responsibility for energy issues within the Group.



The Group operates its business affairs in ten business areas.

Lantmännen's business areas, key figures

	Lantbruk	Svalöf Weibull	Anläggnings- & Lantbruksmaskiner	Granngården	Energi	Mills	Axa	Unibake	Kronfågel ¹⁾	Invest
Net turnover, SEK m. ²⁾	8,214	1,058	6,809	2,571	2,187	2,309	4,069	2,898	1,721	1,798
Operating profit/loss, SEK m.	-157	-6	168	-26	78	125	-156	200	-80	16
Operating margin, %	-2	-1	2	-1	4	5	-4	7	-5	1
Return on capital employed, %	-3	4	12	-6	9	7	-4	8	-6	34
No. of employees	1,151	636	1,633	1,021	215	864	2,906	1,489	1,529	868

¹⁾ The figures relate to the period 1 May–31 December. Number of employees relates to the full year.

²⁾ Including internal Group sales.

Five years in summary

SEK m.	2005	2004	2003	2002	2001
Net turnover	29,807	28,197	28,038	24,469	24,820
Results					
Profit/loss before depreciation	1,633	2,042	1,743	1,452	1,218
Depreciation and write-downs	-1,513	-1,264	-1,100	-807	-791
Operating profit/loss	120	778	643	645	427
Financial income and costs	406	-58	-67	-75	56
Profit/loss after net financial costs	526	720	576	570	483
Profit/loss after tax	511	383	333	342	239
Equity					
Balance Sheet total	24,568	22,656	22,447	18,826	18,559
Shareholders' equity	8,872	8,337	7,998	7,805	7,521
Investments	1,263	873	4,066	1,212	1,484
Return					
Return on shareholders' equity after tax, %	8	7	6	6	5
Return on employed capital, %	5	6	6	7	5
Equity/assets ratio, %	38	38	37	43	42
Dividend and investment share issue					
Central discounts/final price adjustments	64	134	70	72	75
Local discounts/final price adjustments	75	65	84	89	69
Investment dividend	51	49	38	38	23
Investment share issue	100	39	-	-	171
Total dividend and investment share issue	290	287	192	199	338
Other					
No. of employees, Group	12,230	11,387	12,178	10,268	10,402
No. of members	48,759	49,922	52,367	53,371	55,831

Lantmännen's core business



Lantmännen Lantbruk constitutes the Group's core business. The business area processes and markets grain and oilseed crops. Another important part of its business is developing, manufacturing and selling animal feed. In addition, a complete range of crop cultivation products is available, including seed, lime, plant foods and plant protection.

Lantmännen Lantbruk endeavours to be the best business partner for the farmer, by offering products and services that create the right foundations for running a profitable farm.

Its business operation is directed towards farmers – grain and livestock producers – and grain purchasers, in Sweden and abroad.

Lantmännen Lantbruk is the market leader within its business areas, with market shares of between 50% and 90%. Market shares increased in 2005 mainly for animal feed to major feed customers, specialist goods such as ensilage agents and stretch film, as well as certified seed.

GRAIN

Every year, Lantmännen Lantbruk handles around 2.4 million tons of grain and oilseed crops. The goods are cleaned, classified, dried, processed, stored and sold to Swedish and international customers.

Around 20% of the Swedish harvest is exported. Of this, Lantmännen Lantbruk is responsible for about 80%. Major export products are milling wheat to Italy, feed oats to the USA and barley to the Middle East.

ANIMAL FEED

Lantmännen Lantbruk offers an all-inclusive range of animal feeds for livestock production under brands such as Nötfor, Piggfor, Pullfor, Sundfor, Effekt, Protect and Box. In 2006 a new brand – Konnect – will be launched for the dairy industry.

Lantmännen Lantbruk has ten animal feed factories throughout Sweden. The objective is to develop feed which:

- is adapted for animals
- leads to profitable production
- gives the farmer the opportunity to produce foods that fulfil the strict requirements specified by customers.

The customers' knowledge about the practical livestock work is combined with research and development at Lantmännen's own experimental farms. Lantmännen's feed is sold via its own marketing organisation – Lantmännen Direkt and Lantmännen Granngården.

The demand for complete feed continued to diminish in 2005 while the demand for premixes and raw materials for on-farm production was increasing. This means reduced volumes of feed in the factories.

CROP PRODUCTION

Reduced prices in combination with a market investment in certified seed resulted in increased market share in 2005. The overall market decreased, however, due to reductions in cultivated acreage and increases in on-farm cleaning.

In 2005, an overhaul of the facilities structure was carried out to make the seed operation more efficient.

On the crop cultivation side, Lantmännen Lantbruk has introduced activities that are intended to increase purchasing power. Among other things, there has been an extension of the purchasing partnership with DLG, Lantmännen's equivalent in Denmark.

DIRECT SERVICE VIA THE NET

Lantmännen Direkt gives customers access to direct service via the Internet. Here, orders can be placed for items such as animal feed and other goods, or for on-farm collection of grain. Lantmännen Direkt also has services that are highly thought of, concerning grain weighing, product and

marketing information, weather forecasting services for farmers and much more.

In 2005 the use of Lantmännen Direkt increased by 30% in comparison with the previous year. Internet services are used by around 5,600 customers. The services used most are Cash Desk Service, Ordering and Weighing. The additional Lantmännen Lantbruksväder (agricultural weather service) package is also used frequently. An opportunity for forward trading of grain via the Internet was also inaugurated in 2005. For 2006, plans include a new ordering function and more substantial marketing information.

MARKET AND TRENDS

The farmers of tomorrow are expected to become even more segmented into different groups: a few major producers who will make a living from agriculture, part-time farmers who will run production in smaller units primarily within vegetable production, plus many leisure and hobby farms. The volumes from major producers will increase proportionately.

There will be an increased focus on price and price assurance for major producers, and an increased demand for qualified advice and market information. Part-time farmers will be looking for simple, value-for-money solutions and developed e-commerce will become an important channel and a strong sales argument with this group. Professional, business-oriented marketing will generally become an increasingly important factor in competition.

Lantmännen Lantbruk's traditional market will diminish. The increase in imports of food will lead to reduced production, mainly of livestock, which will also have an impact on the production of animal feed and grain.



The agricultural policy reforms will also have an impact on competitiveness. Grain production and grain acreage both decreased in 2005. Milk volumes diminished, while the price of beef increased during the year.

The energy market will offer several new interesting cultivation options, in which closeness to the home-market will be a competitive factor.

PRODUCT DEVELOPMENT AND RESEARCH

Lantmännen Lantbruk is constantly working on research and product development of animal feed at Lantmännen's own experimental farms. In 2005, new concepts in for example feeding for cows dried out and a new feed for piglets, Piggfor Tempo, were launched.

NEW MARKETING ORGANISATION

To better satisfy customer requirements, a new marketing and sales organisation is being introduced from 1 January 2006 onwards. Sales work is being refined, and specialist skills are being strengthened to be able to satisfy requirements for higher levels of skill and improved service. In addition, the administration system is being coordinated and simplified for increased efficiency and competitiveness.

In parallel with the introduction of the new marketing organisation, the member and owner organisation is also being changed, resulting in the focus moving from business operations within Lantmännen Lantbruk alone, to encompassing the business operation of the entire Group.

GRAIN PROGRAMME

Lantmännen Lantbruk has decided on an action plan that should raise capacity for making payment to grain suppliers. The programme involves a sharpening of the structural programme previously adopted. Strong action is required to lend economic strength to the Swedish grain industry and to be able to stand up against strong international competition.

Did you know

Pullfor was launched as a quality brand for chicken feed as early as the 1940s.

Previously, it was always worth storing grain, since the Swedish state paid a storage subsidy. The system permitted an extensive facilities structure which still remains, despite the fact that it is more profitable today to deliver straight from the farm to the end consumer.

Two years ago, Lantmännen Lantbruk operated 134 facilities, today there are 92. The objective is, within 5 years, to be operating 15 facilities within a structure that is sustainable in the long term. Being successful in this requires more direct deliveries, increased on-farm storage and increased on-farm collection.

The target for the action programme is to reduce levels of annual costs by around SEK 200 million.

THE FEED MARKET OF THE FUTURE

The feed factories have the capacity to make 25–30% more animal feed than is required in current circumstances and it is estimated that demand for complete feed will reduce further over the next few years. In 2005, an overhaul of the logistics and factory structure was introduced.

At the same time, increased efforts were made to become even better at farm-produced feed. As an element of this, the specialist feed company Lactamin has been integrated with the feed operation within Lantmännen Lantbruk and a partnership has been introduced with Foderlotsen AB, a company with high levels of skill within alternative feeds. A stimulation package is being launched as a support for farmers who invest in the expansion or start-up of dairy, beef, pork or lamb production in 2006. Lantmännen Lantbruk is offering interest-free feed credit with an amortisation period of 5 years plus a feed silo, or some other corresponding storage capacity, which will be depreciated over five years and transferred into the customer's ownership.

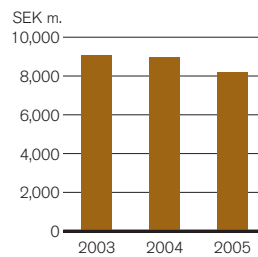
LOGISTICS COLLABORATION

Every year, Lantmännen transports huge volumes of goods and information in a complex flow. In the work to create a more cohesive Group, coordination of logistics has been given high priority. Lantmännen Lantbruk is responsible for corporate coordination, and work has begun on identifying the Group's overall logistic costs and potential areas for coordination.

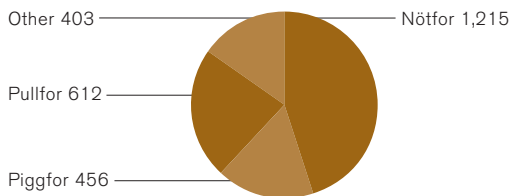
Business Area Lantmännen Lantbruk

	2005	2004
Net turnover, SEK m.	8,214	8,956
Operating profit/loss, SEK m.	-157	136
Operating margin, %	-2	2
Return on capital employed, %	-3	5
No. of employees	1,151	1,497

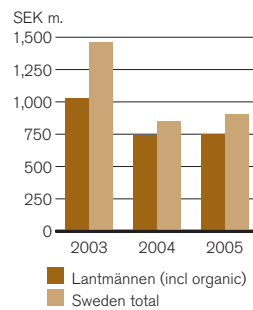
Turnover



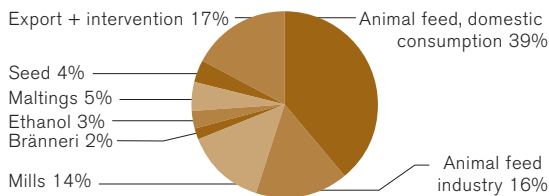
Sales of feed, SEK m.



Total exports from Sweden and harvest year (1/7-30/6)



Utilisation of Swedish grain harvest



Lantmännen Lantbruk is responsible for around 80% of Swedish grain exports.

Extensive work to bring about change has been carried out during the year with the purpose of strengthening Lantmännen Lantbruk's market position by reducing logistic costs and raising levels of service.

TURNOVER AND OPERATING RESULT

Turnover amounted to SEK 8,214 million (8,956), a reduction of 8% in comparison with the previous year. The reduction was principally due to lower sales levels for grain, animal feed and fertiliser. The operating result was SEK -157 million (136). The great difference from the

previous year is primarily explained by large-scale write-downs of silos and animal feed factories, totalling SEK 174 million, against a background of planned structural change. In addition, there are one-off costs for a new, slimmed-down marketing organisation of SEK 19 million.

The operating result, after financial items, for the market areas amounted to SEK 61 million (72). The operating result for grain was considerably lower than the previous year, primarily due to reduced income from drying, reduced margins and certain one-off costs.

Innovations for agriculture and horticulture

Svalöf Weibull is one of Europe's leading plant breeding and seed companies, with customers primarily in the Nordic countries, Northern Europe and North America. Its subsidiary, Weibull Trädgård, is the Nordic area's leading horticultural company, with the Weibulls and Hammenhögs product brands.

Lantmännen owns 60% of the shares in Svalöf Weibull, and BASF, the German industrial group, owns 40%.

THE AGRICULTURE PART

The core business within the agriculture part is to develop new varieties of straw crops, oilseed rape and forage crops. Varieties from Svalöf Weibull are grown in around 40 countries and the breeding work is targeted primarily at cultivation in cool temperate climates.

Svalöf Weibull produces, markets and sells its own varieties and those it represents. In Sweden, Lantmännen Lantbruk is a major, important sales channel. On other markets, sales are made partly through its own sales organisation, and partly through distributors.

Svalöf Weibull holds a strong position on the Swedish market.

On the growing Baltic market, the company is a market leader in winter and spring wheat, oats and spring oilseed rape. Svalöf Weibull is also in a strong position in Germany with its own winter wheat and triticale varieties.

The structural transformation within the seed industry has meant that there are fewer but larger companies, while there is also an increased orientation towards biotechnology, an industry dominated by multinational companies.

The increased use of biofuel is opening up new markets for oilseed crops within the EU. The demand for organic forage product is increasing in Sweden and now constitutes around 25% of forage sales. Svalöf Weibull collaborates with



research scientists and universities, and is in active partnership with representatives from the food and feed industries, in Sweden and internationally.

Part-ownership of the plant biotechnology company, BASF Plant Science (BPS), allows Svalöf Weibull to participate in the development of new plant properties by means of genetic modification.

As a result of the strategy to breed plants for cool temperate climates, the operation in Spain was wound up in 2005. Breeding of kitchen-garden plants also takes place alongside the core business operation. Kitchen-garden plant breeding at Hammenhögs was wound up after the severe cuts in state R&D grants for 2006.

HORTICULTURE

Its subsidiary, Weibull Trädgård, is the Nordic area's leading horticultural company, aimed at both amateur and professional growers. Weibull Trädgård markets and sells everything from seeds, bulbs, potatoes, plant care, compost and fertiliser, to tools and accessories. The company's own production primarily covers compost and peat, plus flower, vegetable and grass seeds, which are sold under the well-known brands of Weibulls and Hammenhögs. In 2005, the consumer market was responsible for around 70% of turnover and the professional market for around 30%.

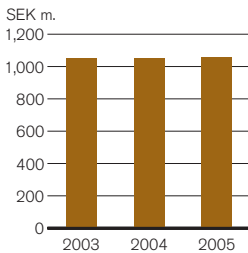
Weibull Trädgård supplies the major gardening chains,



Business Area Svalöf Weibull

	2005	2004
Net turnover, SEK m.	1,058	1,049
Operating profit/loss, SEK m.	-6	59
Operating margin, %	-1	6
Return on capital employed, %	4	8
No. of employees	636	624

Turnover



but also grocery stores and construction markets.

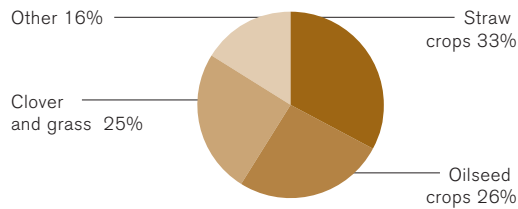
In recent years, Weibull Trädgård's market share has diminished in a growing consumer market. During 2005, a comprehensive programme of remedial action was introduced to regain market shares, focusing on innovation and marketing.

Weibull Trädgård increased its market share in the professional market and holds a strong position within potatoes, compost and kitchen-garden seeds. Sports and park facilities are an important growth market in which local authorities and golf facilities are major clients.

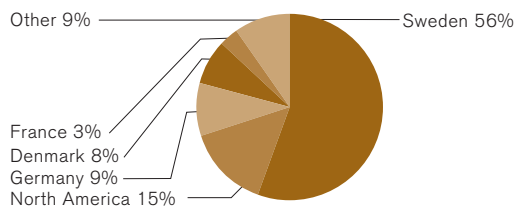
The consumers' great interest in gardening is holding up and innovations and new products are important competitive tools. Above all, there is a demand for choice, convenience and design. Weibulls Frötapet (seed mats) – a colour-matched combination of seeds for garden borders, were a huge success in 2005 and will be expanded with new varieties.

In 2005, Weibull Trädgård bought over the Danish peat company, Kronmuld APS, thereby strengthening its position on the important peat market.

Turnover per crop



Turnover per country



TURNOVER AND OPERATING RESULT

Sales increased to SEK 1,058 million (1,049). The operating result was SEK -6 million (59). This change can primarily be explained by the major property sales of the previous year when the capital gains greatly improved the result. For 2005, the operation in SW Seed Canada continued to report a deficit and the future direction of the business is being assessed.

TOWARDS 2006

It is estimated that the strategy overhaul of the agriculture part will be completed midway through 2006. The principal strategy – to be a European seed company strongly anchored in Scandinavia – will remain in place.

The target for Weibull Trädgård 2006 is to regain market share in the consumer market through strong product development and targeted marketing work.

Did you know

In four years, from 1 seed of winter oilseed rape, SW can propagate seed for sowing on more than 300,000 hectares.

Secure, profitable machinery business operations

The business operates in two units within the Lantmännen Anläggnings- & Lantbruksmaskiner business area; Lantmännen Maskin, which is oriented towards agriculture, and Swecon, which operates actively within the construction machinery sector.

Lantmännen Maskin imports, markets and sells agricultural machinery in Scandinavia. Swecon is responsible for corresponding tasks concerning construction machinery in Sweden, the Baltic states and central Germany.

The companies hold market-leading positions on the tractor, combine and construction machinery markets, thanks to collaboration with leading manufacturers, a servicing network with good coverage and an efficient spares distribution service.

LANTMÄNNEN MASKIN

Lantmännens Maskinimport AB (LMB), Svenska Lantmännen Maskin AB, Kullenbergs Maskiner AB and Valtra Traktor AB were merged into one company on 1 January 2006 – Lantmännen Maskin AB. The new organisation, with coordinated purchasing and more efficient customer processing, is creating the conditions for increased efficiency and competitive strength.

Farmers make up the largest customer group. Lantmännen Maskin also makes significant sales to local authorities, leisure facilities and independent contractors.

Lantmännen Maskin has a strong market position in tractors in Scandinavia, particularly in Sweden, where Valtra leads the market. The German make, Claas, is Lantmännen's market leader in combines throughout Scandinavia.

On the market for larger tractors, a partnership was started in autumn 2005 with Fendt. The sales of Claas tractors will start up progressively on several markets, beginning with Denmark.

Developments on the Swedish market in 2005 meant that tractor sales were unchanged, combines reduced by



around 10% and forage harvesters by 15–20%. Lantmännen Maskin has been able to counter this reduction with expanded tractor business, not just in Sweden but also in Denmark and Norway, and increased sales of spare parts.

TOWARDS 2006

In 2006, the coordination of the agricultural machinery part into one company will be implemented in a way that is good for customers and for employees. The objective is to get closer to the customers and become more active on the market in order to better satisfy customer requirements.

SWECON

Swecon is a dealer for Volvo construction machinery in Sweden, Estonia, Latvia, Lithuania and central Germany, and for Dynapac roadmaking machinery in the Baltic countries. The business operates in a separate subsidiary in each country.

The Volvo product programme covers wheel loaders, dumptrucks, excavators, road graders and tractor excavators.

Customers come mainly from the construction and building sector, extraction industry and the forestry industry.

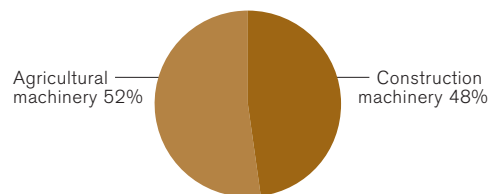
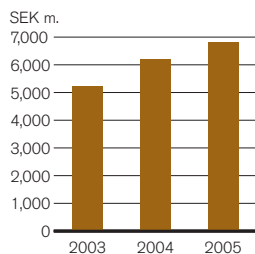
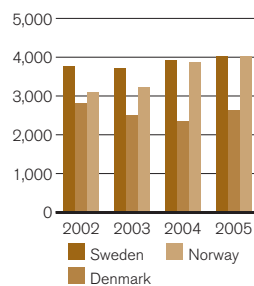
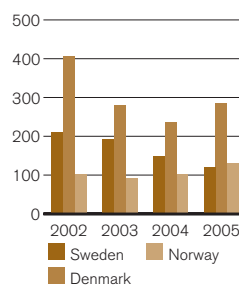
Swecon is the market leader in Sweden having 40% of the market. It also holds a prominent role as a distributor on the other markets. In 2005, a new sales and service facility was opened in Vilnius in Lithuania.

The Swedish market for construction machinery increased during 2005, thanks to investments in infrastruc-



**Business Area
Lantmännen Anläggnings- & Lantbruksmaskiner**

	2005	2004
Net turnover, SEK m.	6,809	6,181
Operating profit/loss, SEK m.	168	179
Operating margin, %	2	3
Return on capital employed, %	12	11
No. of employees	1,633	1,593

Turnover per area of operation

Turnover

**Total market tractors,
no. sold per year**

**Total market combines,
no. sold per year**


ture and good economic conditions in industry. The Baltic countries are showing the highest growth in Europe. Germany is characterised as having been in recession for several years, with a certain tendency towards recovery.

TOWARDS 2006

Stable market development is predicted for 2006. The direction being taken is for continued development of the German operation, investments in organisational and servicing structure in the Baltic states, and continued improvement to retain the leading position and increase customer benefit in the Swedish business operation.

TURNOVER AND OPERATING RESULT

Turnover was SEK 6,809 million (6,181), which is an increase of 10%. The operating result was SEK 168 million (179). The operating result has been affected by items of a one-off nature (of SEK -130 million), mainly because of the change of tractor agency and the merging of the

machinery companies, but also costs for bad debts. Turnover for Swecon amounted to SEK 3,276 million (2,854). For LMB, turnover was SEK 1,600 million (1,281), for Lantmännen Maskin SEK 2,130 million (1,916) and for Valtra Traktor SEK 572 million (753).

Over 100 shops throughout the country

Lantmännen Granngården is Lantmännen's retail operation oriented towards products for pets, outdoor living and gardens, as well as solid biofuel. The retail business operates in 117 of the company's own shops and via 60 distributor outlets in Sweden. Lantmännen Granngården also has a mail order sales operation, through its wholly-owned subsidiary, Lantmännen Nordpost. Six new shops have been added because of the merger with Norrbottens Lantmän.

Lantmännen Granngården's customers are consumers, farmers, foresters and other business-people. The reduction in the number of farmers is contributing to reduced sales of agricultural supplies, and sales to farmers accounted for just under 20% of turnover in 2005. Sales to consumers are increasing and were responsible for around 65%.

Lantmännen Granngården is an important sales channel for many products from Lantmännen Lantbruk, Weibull Trädgård and other companies in the Lantmännen Group.

MARKET AND TRENDS

Lantmännen Granngården operates on a market targeted at both companies and consumers. Several new chains have become established in Sweden and the chains' share of the total market is increasing. The industry is characterised by stiff price competition and a greatly increased proportion of imported goods.

There is an increase in the DIY market and in sales of products for pets and gardens. Swedes are devoting an increasing part of their consumer spending to leisure pursuits. The number of horses has been increasing for several years, and the populations of dogs and cats are continuing to rise.

SUCCESSFUL CUSTOMER CLUB

In February 2005, Lantmännen Granngården launched its customer club. The objective is to encourage loyalty and to increase turnover, for example by more efficient market



processing. At the end of the year, the customer club had around 160,000 members, including Lantmännen's owners. Interest in the customer club is high and, at the first nationwide customer club evening, around 13,000 customer visited the shops.

COMPREHENSIVE ACTION PROGRAMME

To turn around the negative operating result, a comprehensive programme of action has been introduced with range, distribution, marketing and shops being overhauled. Since the overhaul was introduced in 2002, the number of items has been reduced by around 70%. Work on the range and purchasing is now moving into a new phase. The areas of agriculture, pets and gardens are to be developed, and each item will be subject to careful evaluation of both price and supplier.

During 2006, the new central warehouse in Jönköping will be coming into full operation. An efficient supply of



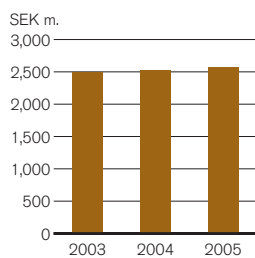
Lantmännen
Granngården



Lantmännen
Nordpost

Business Area Lantmännen Granngården

	2005	2004
Net turnover, SEK m.	2,571	2,532
Operating profit/loss, SEK m.	-26	-27
Operating margin, %	-1	-1
Return on capital employed, %	-6	-6
No. of employees	1,021	1,038

Turnover

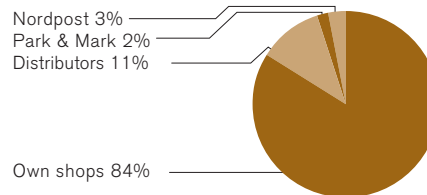
goods is an important precondition for improving margins, minimising goods handling in the shops and offering competitive prices.

Marketing will be reinforced by measures such as direct advertising and TV-ads. The shops will be a centre for skills transmission and will offer customers added value by means of knowledgeable employees who are able to provide good advice about pet food and gardening, for example.

TURNOVER AND OPERATING RESULT

Turnover increased in 2005 by 2% to SEK 2,571 million. Above all, turnover has increased within areas covering items for pets, gardening and machinery.

The operating result was SEK -26 million (-27).

Turnover per area of operation**TOWARDS 2006**

After an intensive period of working to bring about change, Lantmännen Granngården will now be targeting its work at increased growth. A major investment in skills development is introduced primarily for shop staff and trainee shop managers.

Increased sales are expected within agriculture, pets and gardening, but also within the area of solid fuels such as pellets and chips.

6 new shops have been added since 1 January 2006 because of Lantmännen's merger with Norrbottens Lantmän.

Did you know

Lantmännen Granngården shops, from Gällivare up in the north to Skivarp in the south, are visited by more than half a million customers every month.

Strong growth for bio-energy

Lantmännen Energi is where all of Lantmännen's energy sector operations are gathered. Lantmännen Energi develops, produces and markets bio-based energy products and environmentally-adapted service products.

Lantmännen Energi is responsible for Lantmännen's energy procurement and runs energy issues and energy efficiencies throughout the Group. An important task is to contribute to energy systems that are more ecologically sustainable.

Energy is a prioritised field of development within Lantmännen.

From 2006, the business area will be operating within four areas: Lubricants, Fuels, Solid Biofuels and Heat Production.

LUBRICANTS

Lantmännen Energi AB produces and markets lubricants under the Agrol brand, many of whose products have been environmentally-adapted. Agrol products are market leaders within Swedish agriculture. Other major customer groups are forestry and construction companies, and the industry is growing in importance. The proportion of bio-based products is increasing.

Lantmännen has had an Agrolkort Master Card for some time. In October 2005, the Lantmännenkortet MasterCard was also launched – it gives fuel discounts, bonuses at Lantmännen Granngården and interest-free part-payment at Lantmännen Granngården and Lantmännen Maskin.

FUELS

Lantmännen Agroetanol AB is the only major producer of fuel ethanol in Sweden, including sales to the major oil companies. At the Norrköping facility, around 55,000 m³ of ethanol are produced, using 140,000 tons of grain as a raw material. The market within Sweden and the rest of the EU



is set to increase and Lantmännen is making plans for one more large-scale ethanol plant with a production capacity of 150,000 m³.

Lantmännen Ecobränsle AB produces and markets biodiesel, RME (rape methyl ester), based on rapeseed oil. Its customers include petrol companies, industries and farmers. With an expected increase of the permitted admixture in diesel from today's 2% to 5%, the Swedish market will increase from 15,000 m³ to more than 200,000 m³. Lantmännen is building a new biodiesel plant in Karlshamn, which will be brought into operation in spring 2006 for the production of 45,000 m³ of biodiesel, equivalent to 100,000 tons of oilseed rape. The plant's capacity could rapidly be doubled.

Sales of diesel to Swedish agriculture have strengthened its position during the year. The share of Agro Light, environmental class 1 diesel with a low admixture of RME, has increased over the year from 70% to 77%.



SOLID BIOFUELS

Lantmännen Agroenergi AB is working on the processing and sale of pellets, powder, briquettes, biomass logs and salix (willow). The products are manufactured in Sweden and Latvia and are sold to thermal power plants, local area

Business Area Lantmännen Energi

	2005	2004
Net turnover, SEK m.	2,187	1,820
Operating profit/loss, SEK m.	78	58
Operating margin, %	4	3
Return on capital employed, %	9	8
No. of employees	215	217

heating centres, commercial and industrial properties and private home owners. Sweden is one of the most highly developed markets in the world for wood pellets and biofuel dominates Swedish district heating systems. Sales on the UK market have increased strongly and, in 2005, were responsible for 18% of this business areas sales of solid biofuels to external customers.

Lantmännen Agroenergi is developing salix (willow) plantations in Sweden and abroad. Demand is increasing. In 2005, new plantations of salix amounted to 800 hectares, which means that, in Sweden, we cultivate a total of 15,000 hectares of salix. Plants for growing on 1,700 hectares were sold to the rest of Europe, double the figure for the previous year.

HEAT PRODUCTION

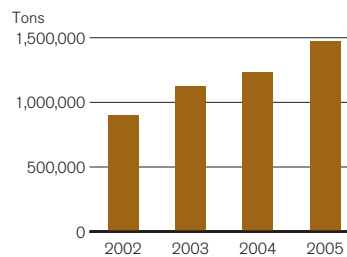
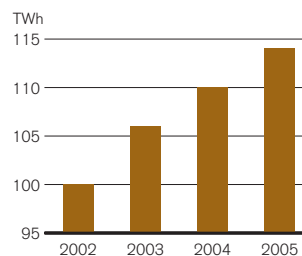
Lantmännen Agrovärme operates 17 small and medium-sized heating plants plus heat distribution in southern and central Sweden. In August, the business of Skurups Fjärrvärme was acquired, as an element of strengthening Lantmännen's position within the district heating field.

MARKET AND TRENDS

The energy market is still dominated by the fossil-fuel industry but supplies are dwindling, while demand for energy is increasing in line with increased industrial production and improved living standards. Global political agreements, such as the Kyoto Agreement, favour bio-energy and other renewable sources of energy.

Use of bio-energy in Sweden has doubled over the period of 20 years, and the agricultural and forestry industries are supplying almost 25% of the total energy consumption.

The extraction of energy raw materials from farmland is assessed as being able to increase considerably by methods including plant breeding and new technology.

Total sales of pellets in Sweden**Development of bio-energy in Sweden, TWh****TURNOVER AND OPERATING RESULT**

Turnover within the business area increased strongly by 20% to SEK 2,187 million. Operating profits amounted to SEK 78 million, an improvement of SEK 20 million in comparison with 2004.

TOWARDS 2006

The market for bio-energy is continuing to grow. As regards fuel ethanol, the market in Sweden is going to increase, as it is in Europe. Project planning of a further large-scale ethanol facility has commenced.

In spring 2006, the new biodiesel facility in Karlshamn will be brought into operation, which will make increased production of biodiesel possible. Several new products will be launched within the lubricant field. The expansion of the district heating business will continue and its position within refined biofuel will be strengthened.

Lantmännen Energi continues its expansion outside Sweden, through increased sales of solid biofuel on the UK market, for example, and increased sales from the pellet factory in Latvia.

Leader in flours in Scandinavia

Lantmännen Mills is the leading supplier of flours and grain products in Scandinavia with 13 production plants in Sweden, Denmark, Norway and Latvia. Lantmännen Mills also has strategically important partners in Finland and Germany through part-ownership of the milling companies Melia Oy (25%) and VK Mühlen (18%), which are leaders on their respective markets.

The aim is to be a driving force and a leader within all fields from manufacture and product development to quality and environmental work.

Lantmännen Mills manufactures flours, flour mixes, breakfast cereals and pasta products. Sales to bakeries and the rest of the food industry are responsible for 80%, and the flour products are marketed under the brands of NordMills in Sweden, Regal in Norway and Havnemøllerne in Denmark. The added values for the customers are the breadth of range, training of the customers' staff, a high service level and a high, uniform level of quality.

The consumer products are responsible for 20% of turnover. They are marketed by Lantmännen Axa and sold under well-known brands such as Kungsörnen and Axa in Sweden, Amo and Gluten in Denmark, Regal and Axa in Norway and Herkules in Latvia.

MARKETS AND TRENDS

Lantmännen Mills is the market leader in flours in Scandinavia, having approximately half of the total market. The customers comprise large and small bakeries and the food industry.

Lantmännen Mills takes an active part in the healthy-eating debate. Product development and market communication is aimed more and more towards healthy-eating products and recipes, which have contributed to an increased demand for wholegrain products and other "coarse" products.

Another trend is the café and cake-shop culture being



on its way back. The number of cafés and home bakeries is increasing for the first time in many years, which has a positive effect on turnover.

PRODUCT DEVELOPMENT

Product development is an important tool in competition and the development of new products and concepts often takes place in close collaboration with the customers.

During the year, Finfint Fullkornsvete was launched – it is a new flour which makes it possible to bake high quality bread that has a high wholegrain content. The new wheat flour has been met with a lot of appreciation from the customers.

Lantmännen Mills also makes investments in other health trends and has developed recipes for bread with a proven low glycaemic index (GI), for example.

OAT HUSKS INTO BIOFUEL

In the production plant in Järna, in the spring of 2005, a new biofuel boiler was inaugurated – it utilises husks left over from the rolled oat production process. The cost of fuel has been reduced by 35% while carbon dioxide emissions have reduced by 3,800 tons. The excess heat is used for district heating for the inhabitants of Järna.

NEW MILL STRUCTURE

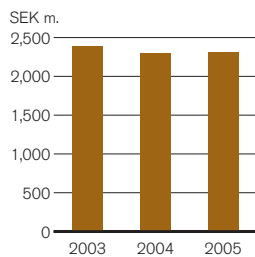
In a mature market with relatively stable volumes, an



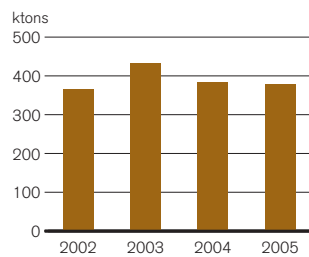
Business Area Lantmännen Mills

	2005	2004
Net turnover, SEK m.	2,309	2,301
Operating profit/loss, SEK m.	125	105
Operating margin, %	5	5
Return on capital employed, %	7	5
No. of employees	864	834

Turnover



Consumption of Swedish grain



optimal plant structure and high utilisation of capacity are important preconditions for achieving low production costs. In 2005, decisions were made to invest around SEK 500 million in a new mill in Vejle, to replace the four mills that currently exist in Denmark. The new mill, which is estimated for completion in early 2008, provides Lantmännen Mills with the conditions for meeting very strict requirements for quality and traceability.

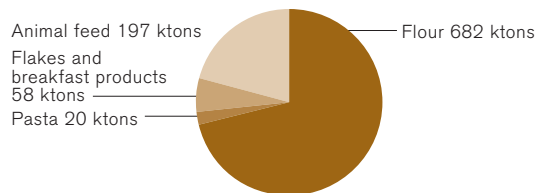
As an element of the structural programme, the mill in Ringsted was closed, with the majority of its production transferred to Malmö, which contributed to a high level of capacity utilisation during the year.

TURNOVER AND OPERATING RESULT

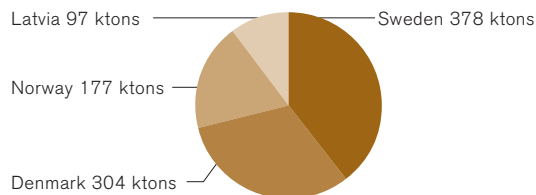
Turnover amounted to SEK 2,309 million (2,301). The operating result was SEK 125 million (105). The result has been influenced both by capital gains from the sale of properties and by write-downs of fixed assets because of the new mill structure in Denmark.

Sales in Sweden were SEK 859 million (834), in Denmark SEK 758 million (776), in Norway 679 million (639) and in Latvia SEK 110 million (102).

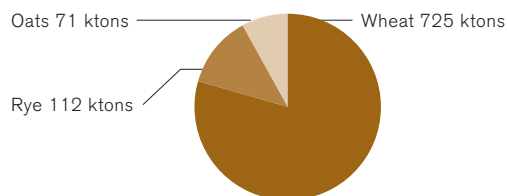
Sales volumes, per product group



Sales volumes 2005, per country



Raw material usage



TOWARDS 2006

Lantmännen Mills' investments in a more efficient mill structure, innovations and product development will strengthen competitiveness. The coordination which has commenced within Scandinavia and the strategic collaborative ventures with the milling companies of Melia Oy and VK Mühlen are expected to bring about good synergistic effects.

Did you know

The initial material in all wholegrain products is whole or ground kernels of wheat, oats, barley or rye. Oats and barley must always have the husks removed before going for human consumption, but as long as all constituent parts (from the pericarp inwards) remain, it is a wholegrain product.

Strong brands in the retail grocery trade

Lantmännen Axa develops, produces and markets different products, based primarily on grain, under strong brands such as Axa, Kungsörnen, Skogaholm, Schulstad, Amo and Regal. The products are marketed under various lifestyle concepts and are sold primarily through the retail grocery trade in Northern Europe.

The business covers the company's own production and sales of fresh breads and breakfast cereals, sales of pasta and flours, as well as the production and sales of ready-meals concepts, including through its own shops.

Through the acquisition of Semper Foodservices in September 2005, Lantmännen Axa became the biggest supplier of pancakes to restaurants and large-scale catering operations in the Nordic countries.

Lantmännen Axa, together with the Finnish company Raisio Oy, is part-owner of GoGreen, a brand for products including vegetarian, frozen ready-meals for the Scandinavian retail grocery trade.

MARKET AND TRENDS

Sweden and Denmark are the largest markets for Lantmännen Axa, responsible in 2005 for 53% and 36% of turnover, respectively. This business area also has production and sales operations in Ukraine and Poland, and sales offices in Latvia and Norway.

The development of own-brands within the retail grocery trade is continuing to increase. Together with the entry of the new low-price operators on the Northern European market, this involves continued pressure on prices. It is increasingly important to lend added value to branded goods. Consumers place great emphasis on health, convenience and price. However, this also applies to food



safety, reliability, ethical and moral values and traceability. The interest in sound, healthy foods is a strong trend, and consumption of dark bread, ready-meals, wholegrain pasta and rolled oats is increasing. Sales of wholegrain products continue to be very good within all product groups.

PRODUCT AND RANGE DEVELOPMENT

Lantmännen Axa has started to refine and develop the range. The work is aimed at meeting consumer demand for tasty, wholesome and convenient foods. Strong brands are being broadened and made more international.

The range was expanded with new wholegrain pasta products, which contributed to a rise in pasta sales and meant that Kungsörnen regained its market leadership on the pasta shelf. Several wholegrain products had highly successful launches, including wholegrain pancakes, Axa Harmoni wholegrain bread and Start! wholegrain light cereal, a new series with more wholegrain, less sugar, fat and salt.

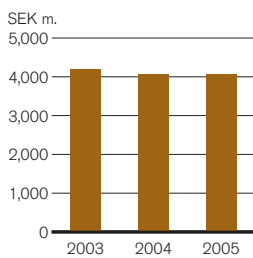
Axa has entered new product categories, such as bread with a clear sporty, healthy-eating profile, which has led to increased market share. The Schulstad Levebröd brand has been widened and a series of bread and flour mixes with mild wholegrain (white wheat) was launched to great success on the Danish market. Mild wholegrain produces



Business Area Lantmännen Axa

	2005	2004
Net turnover, SEK m.	4,069	4,061
Operating profit/loss, SEK m.	-156	-69
Operating margin, %	-4	-2
Return on capital employed, %	-4	-3
No. of employees	2,906	3,002

Turnover



light bread and bread mixes with the same wholesome characteristics as dark wholegrain bread.

MORE EFFICIENT BAKERY STRUCTURE

Sales of fresh bread in Sweden have reduced over a period of several years, with consequential over-capacity in the bakery industry. Lantmännen Axa, which is market leader on the Nordic market, has started out on an extensive restructuring project. In 2005, a start was made on winding up the bakery in Stockholm and the decision was made on closure of the bakery in Lund. The bakery business is now concentrated into four units in Sweden, four in Denmark and one in Poland.

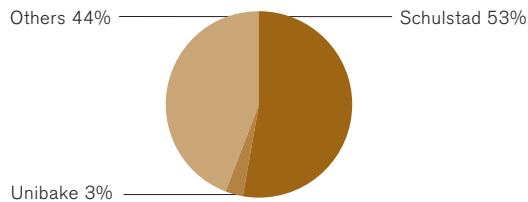
NEW FAST-FOOD CHAIN

During the autumn, Lantmännen Axa opened a new fast-food chain – Gooh – in collaboration with the Operakällaren restaurant. It has three of its own shops in Greater Stockholm. Completely new microwave oven technology means that the products are given a longer shelf-life and retain their good taste even after heating.

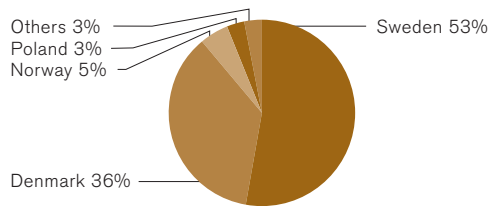
TURNOVER AND OPERATING RESULT

Turnover increased to SEK 4,069 million (4,061). The operating result was SEK -156 million (-69). The result has been influenced by items of a one-off nature amounting to a

Market shares fresh bread in Denmark



Turnover per country



total of SEK -144 million. The largest of these relate to the closure of bakeries in Stockholm and Lund, plus the effects of the fire in Örebro.

Turnover for Foods (foods excluding bread) amounted to SEK 1,359 million (1,321). For Bread (fresh bread) in Sweden, turnover was SEK 1,364 million (1,384), in Denmark SEK 1,273 million (1,276) and in Poland SEK 136 million (124).

TOWARDS 2006

In 2006, there was continued investment in innovations, including a new healthy-eating concept, Axa Balance, in which exercise and wholesome food go hand in hand. The Gooh fast-food chain is to open more shops, primarily in Stockholm and other city areas.

International expansion is continuing with large investments in locations such as Ukraine, where a new pasta production line has been established to supply both the Ukrainian and Russian markets with pasta.

Did you know

At year-end, 2005/2006, Axa Sports Club had 35,000 members in Sweden, Norway and Denmark.

Frozen bread for customers throughout the world



Lantmännen Unibake is Northern Europe's biggest manufacturer of frozen bread products for both the service and retail grocery trade.

It's a global market. Lantmännen Unibake has bakeries in Denmark, Sweden, Norway, Germany, Poland and Russia, as well as sales offices in Japan, South Korea, the USA, the Baltic States, Spain and Finland.

Lantmännen Unibake offers the market one of the broadest product ranges in the world. This involves a unique competitive advantage on new and existing markets.

Lantmännen Unibake operates on two principal markets: the service trade (foodstores, petrol stations,

restaurants and catering) which is responsible for 75% of turnover, and the retail grocery trade that is responsible for 25%.

For the service trade, it bakes hotdog and hamburger rolls, bakeoff products (everything from plain bread to muffins) which are baked to a finish on site, and Danish pastries. To the large retail grocery chains, it supplies mostly ready-packaged petit pains, baguettes, hotdog rolls, hamburger rolls and pitta bread. Famous brands include Hatting, Paaskebrød (Denmark), Skoga (Norway), Skogi Bulki (Poland), Korvbrödsbagarn (Sweden), Schulstad Royal Danish Pastry and Schulstad Bake Off.

MARKETS AND TRENDS

Lantmännen Unibake is the leader on the Scandinavian market with a share of 75% within the retail trade and 80% within the service trade. In 2005, sales outside Scandinavia accounted for 45% of this business area's turnover.

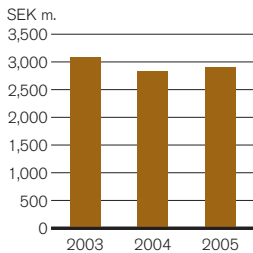
The largest export markets outside Europe are USA and Japan. Lantmännen Unibake is the world's biggest producer of Danish pastries and exports are growing strongly to countries such as the UK and the USA. Exports to the Japanese



Business Area Lantmännen Unibake

	2005	2004
Net turnover, SEK m.	2,898	2,838
Operating profit/loss, SEK m.	200	216
Operating margin, %	7	8
Return on capital employed, %	8	7
No. of employees	1,489	1,610

Turnover



market include primarily sandwich bread and French bread hotdog rolls, which have become a major success. Lantmännen Unibake also supplies products such as pitta bread and Danish pastries to South Korea.

Lantmännen Unibake has been on the Russian market since 1992, mainly selling fast-food products. A new bakery was opened in Moscow at the start of 2006.

The market for frozen bread has become more and more international and the trade's demand for own-brand goods is increasing. Unibake is giving priority to its own brands, but also supplies products on subcontract.

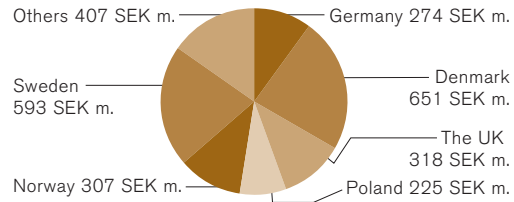
PRODUCT DEVELOPMENT

Successful product development is crucial for retaining and strengthening a leading market position. The life-cycle for foods is becoming shorter all the time, and customers expect a constant range of interesting products.

Lantmännen Unibake possesses competence in product and process development in all units, and inaugurated a collective development centre in Denmark in 2005.

The healthy-eating trend is having an effect on range development and, increasingly, marketing is being targeted towards sound eating habits and low-fat recipes. Several new products contain wholegrain. Coarse, high-fibre hotdog

Turnover per country



rolls have been successful in the grocery trade and, in the autumn of 2005, began selling in hotdog stands in Sweden.

MERGER FOR INCREASED EFFICIENCY

On the home markets in Sweden and Denmark, the amalgamation of bakeoff and other production was the dominant project for the year. Lantmännen Unibake has thereby obtained a uniquely wide range, making for major advantages in the international competition on the bread market.

TURNOVER AND OPERATING RESULT

Turnover increased in 2005 by 2% to SEK 2,898 million (2,838). The operating result was SEK 200 million (216) and has been affected by costs of a one-off nature in conjunction with structural changes amounting to SEK 27 million.

TOWARDS 2006

The focus for 2006 is continued growth, above all on markets outside Europe. The wide product range and the strength of the collective skills of the operations that have been combined are expected to produce good development on the international market.

Did you know

Lantmännen Unibake bakes 2.5 billion rolls/loaves every year. Each day, 1 million hotdog rolls are baked under the Korvbrödsbagarn brand.

Tasty, innovative chicken products

Lantmännen Kronfågel is the largest producer in Scandinavia of foods based on chicken, with market-leading positions in Sweden and Denmark.

From May 2005, Lantmännen Kronfågel has been part-owned by Lantmännen (91%) and LRF (9%).

Lantmännen Kronfågel produces and sells fresh and frozen chicken and chicken-based ready-meals. The products are marketed under well-known brands such as Kronfågel, Danpo and Ivars.

Customers are found in the grocery trade, restaurants, large-scale catering establishments and the food industry. The business area's biggest customers are the retail grocery chains of ICA, Coop Norden, Axfood, SuperGross etc. Lantmännen Kronfågel is also a main supplier of chicken to McDonalds in Sweden, Denmark and Finland and was named as the best meat supplier of 2005 by the restaurant chain.

MARKET AND TRENDS

In 2005, the home markets of Sweden and Denmark accounted for 51% and 34% of turnover. In addition, there were exports, mainly of frozen chicken products, to countries within Europe and the Middle East.

In Sweden, Lantmännen Kronfågel strengthened its market-leading position on the consumer market for both fresh and frozen chicken. Total market share amounts to 52%. Lantmännen Kronfågel has a leading position on the Danish consumer market with the Danpo brand, also. It has a market share of 42%.

The market is characterised by stiff competition, and increases in low-priced imports are contributing to increased pressure on prices. Imports today account for around 25% of the total market in Sweden and around 40% of the consumer market in Denmark. Imported chicken products are sold primarily to restaurants and large-scale catering establishments.



Each year, around 15 kg of chicken is consumed per person in Sweden, which is a figure that has more than doubled in ten years. Danes consume 21 kg and the average figure for the EU is 24 kg. Developments are moving towards an increase in demand for fresh and processed products, which is a positive thing for Lantmännen Kronfågel, which is investing heavily in developing new, exciting chicken products.

QUALITY, ENVIRONMENT AND ANIMAL HUSBANDRY

Today, price is the most important competitive factor, but the consumers' interest in quality, safety and healthy foods is increasing.

Lantmännen Kronfågel is a world leader when it comes to food safety and all products are guaranteed salmonella-free.

Good animal husbandry, well-constituted feed, precise control within all areas and careful handling of the products is the foundation of the business. It leads to products of the highest quality.

All of the chickens are reared in free-ranging areas indoors. In Sweden, Lantmännen Kronfågel in collaboration with the special industry organisation, the Swedish Poultry Meat Association, has produced an animal husbandry programme that guarantees ethically correct handling of



Business Area Lantmännen Kronfågel

	2005
Net turnover, SEK m.	1,721
Operating profit/loss, SEK m.	-80
Operating margin, %	-5
Return on capital employed, %	-6
No. of employees	1,529

¹⁾ 1 May – 31 December

²⁾ The full year

the chickens. In the feed area, it works closely with Lantmännen Lantbruk.

COMPREHENSIVE ACTION PROGRAMMES

Kronfågel has had major profitability problems for several years because of increasing imports and pressure on prices, and an extensive action programme is currently being implemented.

The Swedish and Danish operations are coordinated today, producing synergistic effects both administratively and in terms of production. Major investments are being made in production facilities for increased efficiency and automation.

TURNOVER AND OPERATING RESULT

During the period 1 May–31 December 2005, turnover amounted to SEK 1,721 million. For the full year 2005, turnover was SEK 2,501 million (2,677) a reduction of 7% which was mainly due to low prices and a lower production volume.

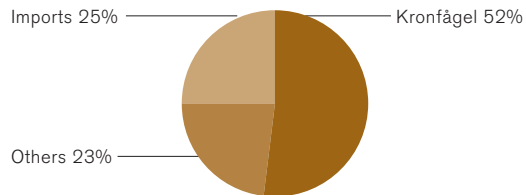
The operating result for the period 1 May-31 December was SEK – 80 million. Above all, the deficit is due to low margins and strong pressure on prices in Denmark and the rest of Europe. Worry about bird flu has had an effect on consumption in Europe and an excess of poultry products has forced prices down by up to 30% in certain countries.

The Swedish operation improved the operating results and strengthened market shares.

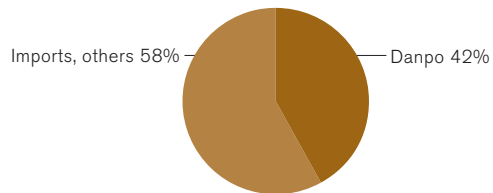
TOWARDS 2006

In 2006, work is continuing on making production more efficient through increased automation and specialisation.

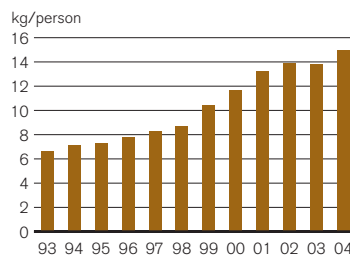
Shares of the Swedish consumer market



Shares of the Danish consumer market



Chicken consumption in Sweden



The development of new, innovative products is an important element of the work on strengthening profits, as are increased sales of fresh products with high margins, above all on the Danish market, but also as regards exports to Germany and the UK.

Did you know

In autumn 2005, Kronfågel Chicky Deli, Lantmännen Kronfågel's first fast-food restaurant opened at the Globe Arena in Stockholm. The objective is for the products that are sold at Chicky Deli also to be available in the grill sections of foodstores.

Investing in the future of farmland

Lantmännen Invest covers two different types of companies: those that originate in various research projects, and companies that do not belong directly in any of the other business areas, but which operate businesses that in some other way relates to farmland and its utilisation.

RESEARCH COMPANIES

Lantmännen Invest acts as a greenhouse for research projects which have commercial potential.

Lantmännen AS-Faktor develops, produces and sells 'medical food' based on protein AF, which is very important for the water balance in the cells of the body. Clinical studies on people and animals show a beneficial effect on gastrointestinal diseases, both in connection with diarrhoea and inflammation. Development takes place in close collaboration with the Sahlgrenska university hospital in Gothenburg.

Today, there are two products on the market, SPC flakes, based on specially processed grain and Salovum, a powder made from egg yolk. These products are sold mainly via pharmacies.

Lantmännen BioAgri develops, markets and sells biological treatment agents, based on naturally occurring microorganisms, which protect the seed against seed-borne diseases. The active organism in the Cedomon and Cerall agents has been registered within the EU and the company is now building up a distributor organisation in Europe.

OTHER COMPANIES

Lantmännen Bygglant project manages and erects buildings and on-farm equipment for various production directions. Among the items developed by the company is a low-cost concept for buildings for livestock.



The interest in using biofuel for heating systems, including salix (willow), wood pellets and straw, has meant an increasing market for the company's various agricultural boilers and associated equipment.

Lantmännen AnalyCen is one of Europe's leading laboratory service companies, with 12 laboratories in Sweden, Denmark, Norway, Finland and Poland. The operation covers chemical and microbiological analyses and its customers are from within agriculture, foods, environment, veterinary medicine and pharmaceuticals. The market is undergoing considerable structural changes.

Lantmännen AnalyCen is making investments in advanced technology and is strengthening its prominent position on the market. An example would be new, efficient tests of pharmaceutical residues in water.

Lantmännen Krafft has for many years been a market leader on the Swedish horse feed market. The number of horses has previously been on the increase, but now the increase has tailed off and the number of horses in Sweden is estimated as being around 270,000. Lantmännen Krafft is investing increasingly on exports, primarily to France and Italy.

DOGGY
-ALLT DIN HUND BEHÖVER-

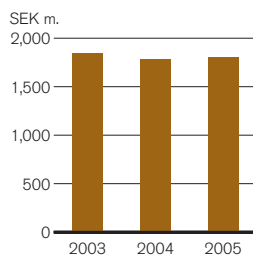
MJAU
Det svenska kattmatköket!

AnalyCen 

KRAFFT

Business Area Lantmännen Invest

	2005	2004
Net turnover, SEK m.	1,798	1,777
Operating profit/loss, SEK m.	16	30
Operating margin, %	1	2
Return on capital employed, %	34	8
No. of employees	868	853

Turnover

Lantmännen Doggy is a market leader in cat and dog food in Sweden. In recent years, Lantmännen Doggy has been winning market share on the German market under the brand Bozita. The market is growing, with the number of dogs and cats increasing in Sweden as well as in the rest of Europe. In 2005, Lantmännen Doggy launched a globally unique form of packaging – Tetra Recart, which has major environmental advantages in comparison with the traditional metal can.

Lantmännen SweChick sells breeding birds to the chicken meat industry and exports 80% of its production, mainly to Denmark, Norway and Iceland.

Lantmännen SweHatch, which is one of Lantmännen SweChicks' customers, supplies day-old chicks to producers in Sweden and for export.

Lantmännen Solanum grows potatoes on contract on farms in southern Sweden. The potatoes are sold to Procordia Food AB or are further processed in the Lantmännen Solanum facility in Kävlinge. It mainly sells peeled or ready-cooked potatoes and au-gratin meals to the large-scale catering market, via Lantmännen Axa. Stiff competition on

price and imports of low-price products from countries such as Holland are on the increase.

Lantmännen Reppe processes wheat into starch syrup, gluten and agricultural alcohol. Starch syrup is used within various parts of the food industry including during confectionery, ice cream and soft-drink production. Gluten provides good baking properties, and mills and bakeries are major customers. The production and quality control for alcohol is fully adapted for the drinks industry. The majority of Reppe's customers are on the Nordic market.

TURNOVER AND OPERATING RESULT

Turnover amounted to SEK 1,798 million (1,777), an increase of 1%. Turnover in the larger companies in Lantmännen Invest amounted to: Bygglant SEK 416 million (403), Doggy SEK 383 million (374), AnalyCen SEK 357 million (315), Reppe SEK 172 million (184), Solanum SEK 140 million (173), SweHatch SEK 138 million (131) and Krafft SEK 122 million (117).

TOWARDS 2006

In 2006 the companies will confirm their market positions on the Swedish market, while also continuing to invest on the export market. Innovative product development will result in the possible to present a number of new products and services over the next few years.

Did you know

Lantmännen Doggy's tasting panel includes 32 dogs and cats employed to do taste-testing of new flavours.

Research and development

Lantmännen runs research and development operations within most of its companies and business areas. The target is to make its owners' production more efficient and to make best use of farmland resources. Strong forces promoting this are customer requirements for foods that are sound, safe and tasty, and which are also simple to prepare.

At an overall corporate level, the Research and Development function has the task of making use of innovative projects that are in the early stages of development, but which are deemed to have great potential for commercial development. Research and Development also support the development functions in the business operations companies. Priority areas are foods and energy. The unit also has an important duty as an innovation centre and as the link

between university research and Lantmännen's commercial operation. Lantmännen runs many projects in close collaboration with universities and colleges, both in Sweden and in other countries.

RESEARCH INTENSIVE COMPANIES

The development units of the business areas are aimed primarily at the requirements of their own business operations.

Svalöf Weibull is a research-intensive company and invests correspondingly around 20% of its turnover for producing better seed and new varieties primarily for straw crops, oilseed crops and forage crops. Svalöf Weibull is also part-owner of the bio-technology company, BASF Plant Science (BPS) which carries out fundamental research

ThermoSeed® – hot air produces sound, healthy seed



In September 2005, the world's first ThermoSeed facility was opened in Skara.

The ThermoSeed process treats seed with hot air, instead of chemicals, to get rid of plant diseases while retaining germination. Since no additives are used, the seed is simple and non-hazardous to store and handle – a major improvement for the natural environment and the work environment.

ThermoSeed is a Swedish invention, with the idea originating at the Agricultural Technology department at Sweden's University of Agricultural

Sciences (SLU) at the start of the 1990s. In 1996, Acanova AB was established – it is an off-shoot company, part-owned by companies including Lantmännen and SLU Holding AB.

The method has been evaluated and improved, with the support of the EU Life fund, together with researchers from prominent institutes in various European countries. In six years, 170 field trials have been carried out in seven countries. The facility in Skara is the first to be on a large scale, with a capacity of 1,000 tons of seed per week.

The ThermoSeed® project is one example of successful partnerships between Lantmännen, development companies and researchers. Early customer contact is important to obtain the correct input for development. Another factor for success is that, throughout the project period, there should be dialogue with the public authorities concerned, in this case the Statens utsädeskontroll [Swedish Seed Testing and Certification Institute], which approved the method in the spring of 2005.

The method is now being launched internationally by SeedGard AB, part-owned (46%) by Lantmännen. ThermoSeed replaces chemical agents and is suitable for both organic and conventional cultivation.

within the area of genetic modification of plants.

Lantmännen Analycen AB, which is part of the business area of Lantmännen Invest, is one of Europe's leading laboratory companies, targeting chemical and microbiological analyses.

Lantmännen AS-Faktor develops, produces and sells 'medical food' based on protein AF, which has been proven to have beneficial effects on gastro-intestinal diseases, in both animals and humans.

Lantmännen Bioagri AB specialises in biological treatment agents, based on naturally occurring micro-organisms.

Within Lantmännen Mills, Lantmännen Axa and Lantmännen Unibake, research is oriented primarily towards health and nutrition.

Lantmännen Lantbruk operates its own experimental farms and development work is aimed at quality and productivity.

Within the energy area, Lantmännen invests most of all in the development of new fuel products that are based on farmland raw materials.

RESEARCH FOUNDATIONS

Very early on, Lantmännen associations founded their own research foundations, which are currently coordinated through Lantmännen R&D.

The SL Foundation and the VL Foundation were founded 20 years ago by what were then Skånska Lantmännen and Västsvenska Lantmän, which reserved SEK 36 million for research. The object was – and is – to find favourable markets for agricultural products from each region. To date, the foundations have invested almost SEK 75 million in building up research primarily concerning the various areas of use for cereals.

Stiftelsen Cerealia FoU promotes scientific research and development within the cereals field. Since the Foundation was established in 1986 around SEK 130 million has been granted for research. Activities are run as projects by research scientists at universities and colleges in Sweden and overseas. The Foundation also supports the dissemination of knowledge, using media such as the magazine 'C – an ideas magazine about cereals' and arranges annual seminars.

Agrodiesel 15 – patented fuel



After many years of research and development, Lantmännen's patented biodiesel fuel, Agrodiesel 15, will be launched after the summer of 2006.

Lantmännen's eco-fuel consists of 85% "normal" environmental class 1 diesel and 15% of renewable raw materials, such as oilseed rape and wheat. The combustion of the bio-component does not make any net addition to the atmosphere of the greenhouse gas carbon dioxide – in addition, emissions of other harmful substances are low. Particulate emissions are reduced by around 20% when a bus is run on Agrodiesel 15, in comparison with the emissions when running on pure environmental class 1 fuel. Agrodiesel 15 has good ignition reliability and a high flame-point, which is important for fire safety. Agrodiesel 15 is a chemically stable solution which is clear and fine, and is not subject to layering.

The new eco-fuel has gone through many different types of tests – all with excellent results: tests for fuel specification, short-term emission tests, long-term tests of 500–1,000 hours, and a winter field test. The fuel has also been used in the regular bus service in Sala for a whole year, without any problems arising.

Agrodiesel 15 is based on a patent, for which Lantmännen via the company Lantmännen Agrofuel AB owns the rights in around sixty countries.

Sustainability throughout the value chain



Producing safe, sound foods, developing agriculture for the future and converting the energy sector are some of society's greatest challenges for achieving a sustainable society.

Lantmännen, which operates throughout the value chain – from plant breeding to consumer, bears a major responsibility and has great opportunities for contributing to this work. Within the Group, there is expertise within research and development of future crops and, throughout the food chain, efforts are being made to find innovative solutions and products.

Lantmännen will make responsible, far-sighted use of the Earth's power to feed us and keep us warm.

Lantmännen's strategy for sustainable development is, in short, to work on today's problems, pay attention to profitability while at the same time making sure not to lose sight of the long-term path towards sustainability.

To be able strategically to handle both short- and long-term challenges, Lantmännen applies four principles which define ecological and social sustainability. Some companies use terms such as community responsibility and social responsibility, CSR (Corporate Social Responsibility). All of these terms are covered within the framework of Lantmännen's work on sustainable development. Social sustainability covers the way in which Lantmännen's operations affect people's options for satisfying their fundamental needs. It might be a matter of good health, participation at the workplace, safe products and sound foods. Lantmännen's strategy and initiatives within the employee field is the most evident area within social sustainability and, in 2005, a new corporate function for employee issues has been established.

ORGANISATION

All business managers within the Group are responsible for

working strategically on Lantmännen's policy for sustainable development. Ultimate responsibility lies with the corporate management team and the Board. The Sustainable Development department, within the corporate Information & Communication staff, is responsible for ensuring that the work is carried out, throughout the Group, in a coordinated, well integrated manner, making efficient use of resources.

In 2005, a Sustainability Board was formed, tasked with preparing questions for the corporate management team and guaranteeing that these are established firmly within the Lantmännen Group.

SUSTAINABILITY ANALYSES

Lantmännen's operations have made varying progress in their work on sustainable development. To create a corporate platform, sustainability analyses are being carried out within all operations in 2005/2006. The analyses will reflect strengths and weaknesses, as well as threats and opportunities, in relation to Lantmännen's principal strategies, thereby creating basic data for target formulations, control figures, management systems and for prioritising activities. The analyses also form the foundation of various collaborative projects.

MANAGEMENT SYSTEMS

Within the Group, there are several management systems: ISO 14001 for the environment, ISO 9001 for quality, ISO 22000 for food safety and SS 62 77 50 for energy management. Other standards used within the field of food safety are HACCP (Hazard Analysis Critical Control Point), DS 3027 (Danish Standard), BRC (British Retail Consortium) and IFS (International Food Standard).

In spring 2006, an inventory is being made of the Group's management systems and a requirements analysis. The analysis will then form the basis for expanded collaboration concerning management systems.

CODE OF CONDUCT

Today, Lantmännen is an international Group with a presence in 19 countries and with sub-suppliers from many more. Internationalisation and the new organisation which was introduced in 2005 create many opportunities for expanded and improved sustainability work, but also

require controls and tools that take into account differences in operations, culture, legislation and business traditions.

Preparations are being made to draw up a code of conduct in 2006, to guarantee that corporate policies are applied both within the Group and by suppliers, and to ensure that all operations are imbued with the Lantmännen values.

LANTMÄNNEN'S COLLECTIVE SUSTAINABILITY WORK

The work on sustainability throughout the value chain, from farmland to table, is run within each of Lantmännen's ten business areas. Here it is being made evident in an overall perspective through subdivision into four areas: Farm & Cultivation, Foods, Home & Leisure and Energy.

Farm & Cultivation

Breadth and renewal are two important preconditions for Lantmännen's continued development of sustainable cultivation systems on an increasingly global market.

Lantmännen Bioagri and SeedGard are on their way of becoming established on the world market for chemical agents for treating seed, a market dominated by large multinational chemicals companies. Lantmännen BioAgri



sells and develops products based on naturally occurring micro-organisms. SeedGard markets ThermoSeed, a new eco-friendly method, which has been developed in collaboration with research scientists at the Swedish University of Agricultural Sciences. Seed is treated efficiently with hot, moist air instead of with chemicals.

Lantmännen is working with several different cultivation concepts targeted at quality and ecological sustainability. Some examples of this are Svenskt Sigill (the Swedish Seal of Quality), KRAV and in Denmark Natur+ and Økologiskt Statskontrollert.

In 2005, Lantmännen Lantbruk launched three new business concepts: Lantmännen Premium, Lantmännen Eko and Lantmännen Standard, to meet the various specifications of the processing industry with regard to economics, quality and environment. Premium is a leading-edge concept, that can be tailored for customers with extensive requirements for food safety, traceability, documentation and environmental adaptation.

Foods

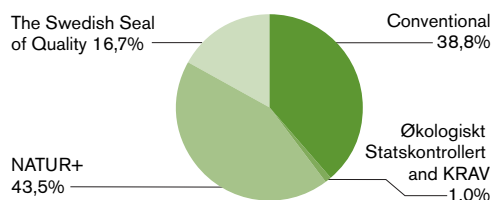
To give more people the option of eating well and healthily at reasonable prices, Lantmännen is investing major resources on research and development of new foods and meal concepts.

Lantmännen was the first to launch wholegrain pasta, which has become a healthy everyday option for more and more people. Sales of wholegrain bread are also increasing strongly and Lantmännen is now introducing mild wholegrain, a white wheat with the same good characteristics as dark wholegrain bread, as regards fibre, vitamins and antioxidants.

Gooh, Lantmännen's new fast-food chain, is a completely new concept for fresh ready-meals. A completely new microwave-based technology produces high quality, safe product with an extra-long shelf-life. The Operakällaren restaurant in Stockholm has drawn up the menu and wherever possible, the ingredients are sourced from Swedish farms and producers.

Transportation is one of the most important areas in which Lantmännen is able to contribute to major environmental improvements. Lantmännen is working both to make logistics more efficient and to develop alternative vehicle fuels

Environmentally-adapted baker's flour



KRAV and Økologiskt Statskontrollert define the requirements for organic flour in Sweden and Denmark. The Swedish Seal of Quality guarantees production that lives up to specific requirements for quality, environmental responsibility and the open Swedish countryside. Natur+ is a Danish quality and environment concept that prohibits the use of straw-shortening agents, among other things.

and more sustainable transportation alternatives. In 2005, Lantmännen invested in new railway wagons that have Bra Miljöval (Good Environmental Choice) certification, as an element in motivating more customers to use the railway.

Because of its proximity to many of the most major customers, access to locally-grown grain and closeness to the port, the new mill that is being built in Vejle in Denmark will contribute to a reduction in overland transportation and an increase in transportation by sea. Veile, which will become the most modern mill in Europe, will also fulfil the most stringent requirements for hygiene, food safety and environmental consideration.

Home & Leisure

Lantmännen is a leading producer of food for companion animals. Certified grain raw ingredients are used extensively both in horse feed from Lantmännen Krafft and in dog food from Lantmännen Doggy. The trends in petfood product development follow those we see within human foods – there is constant development of items such as 'light' products.

In 2005, as the first company to do so in the world, Lantmännen Doggy introduced moist cat food in a Tetrapak that provides great environmental benefits, because of factors such as more efficient transportation and lower volumes of waste.

Lantmännen's retail chain, Lantmännen Granngården, has shops throughout Sweden, selling a wide range of items for pets and gardening. Sales of biofuels are on the increase, as are those of several environmentally-adapted products, such as lubricants and cleaning products and garden fertilisers.

The Lantmännen Granngården operation, Park & Mark (parks and landscaping) is aimed at companies and local authorities. Lantmännen's expertise within plant breeding constitutes the basis of unique expertise in landscaping and its clients include several golf courses.

Energi

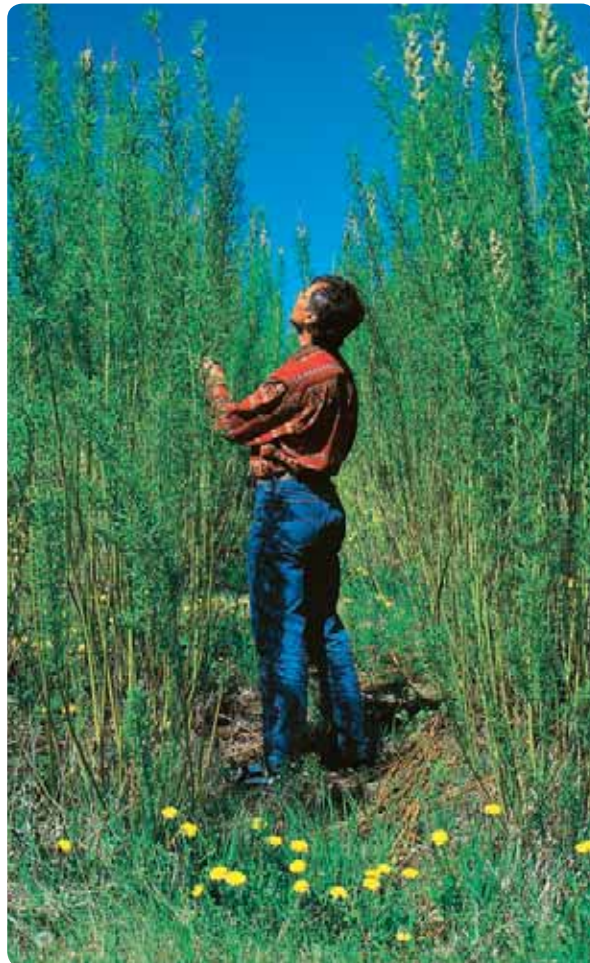
Lantmännen has a key role to play in the work on reducing dependency on oil and is leading skills development within the area of bio-energy – from plant breeding and cultivation to technology and logistics.

Lantmännen was the first company to launch the concept of a low admixture of ethanol in petrol in Sweden, and is operating a grain-based plant in Norrköping, which produces 55,000 m³ of ethanol per year.

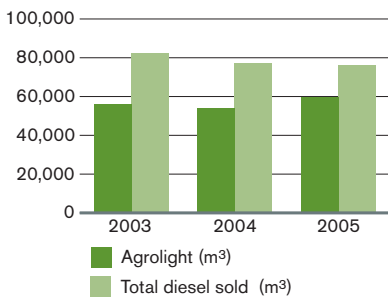
RME, rape methyl ester from oil crops, is currently the most important alternative to fossil diesel. Lantmännen is investing in a new biodiesel facility in Karlshamn which is to be brought into operation in the summer of 2006.

To further increase the proportion of biofuel in diesel, Lantmännen Energi has developed a new product, Agrodiesel 15, which contains a 15% admixture of renewable raw materials and will be launched in the autumn of 2006.

The EU agricultural reforms of 2005 are increasing interest in the plantation of salix (willow), in Sweden as well as abroad. Lantmännen's sorted material is the best available and the export market is growing rapidly. For example, a major power station is now being built in Scotland which is



Proportion of environmentally-adapted fuel



The proportion of environmentally-adapted diesel (Agro Light with a 2% admixture of RME) has increased in comparison with 2004. The increase is due to a greater focus on environmental and technical advantages, and on the fact that the price difference compared to normal diesel has been marginal.

going to be fuelled by biomass. Lantmännen will be a major supplier and outline agreements for planting around 4,000 hectares have been signed. Lantmännen is also working at the experimental stage on the development of other energy crops.

The Group's new company car policy is clearly oriented towards sustainable development.

For further information on Lantmännen's work on sustainable development, please refer to the report 'Steps towards sustainability 2005', published on www.lantmannen.com

Lantmännen's employees

From the employee perspective, Lantmännen's vision, 'We make the best of our soil and offer all options for a more sound life', means a sound working environment that promotes development and employees who are proud of belonging to the Group.

The Lantmännen Group is currently facing major challenges and the HR work has to be developed within all areas. Corporate structures and processes as well as a shared view on important issues are required to deal with the major changes in the Group.

In the autumn of 2005 the establishment of a corporate HR staff was formed. Within the HR function, there are four principle areas: compensation & remuneration, skills & management supply, employer issues & support, and business development.

SURVEYS PROVIDE 'INSIKT' (INSIGHT)

As an element of Lantmännen's work to bring about change, wide-ranging owner, customer and employee surveys have been carried out during 2005. The employee survey, covering all units, was only concluded in spring 2006 and will then be carried out on an annual basis. The questions cover issues such as what affects employee motivation and how they consider their management to operate at their own places of work and within the Group as a whole. Responses to date show a relatively large variation between different operations and different countries.

The HR staff has an important task in the continued process of change, and also in everyday business operations. Increased requirements for renewal, efficiency and collaboration set requirements for new ways of working, active leadership and shared values.

HEALTH WORK

The term 'sound working environment' also covers promoting employee health. The solid competence that Lantmännen possesses after its many years of work on research, dietary advice and collaboration with Nordic elite sport, will form the foundation for a corporate health programme for the whole of the Group.

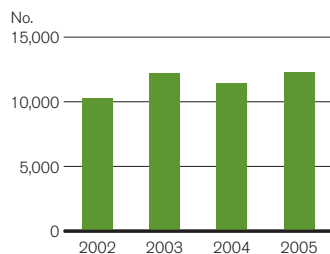
In 2005, work commenced on collective company healthcare and the Lantmännen Health Academy as part of the endeavours. Health coaches have been appointed with the intention of supporting local health initiatives. In addition, the health promotion work will form part of the business plan work for each business area.

Absence due to illness in the Group's parent company was at a 4% level in 2005 and long-term sick leave was responsible for 56% of total absence due to illness. Lantmännen actively works to prevent and reduce the number of people having to go on sick leave.

EQUALITY AND DIVERSITY

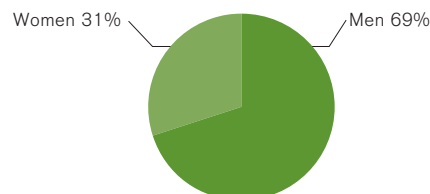
Equality and diversity work is important to Lantmännen's future supply of skills and its long-term profitability. In a

No. of employees



The number of employees increased during the year from 11,387 to 12,230, primarily due to the acquisition of Kronfågel.

Proportion of women and men



first stage, the work is aimed at improving the balance between men and women. Cultural diversity will also be promoted.

The proportion of women in Lantmännen's corporate management team has increased significantly over the last few years. However, Lantmännen is a male-dominated organisation. In 2005, out of a total 12,000 employees, 31% were women and 69% were men.

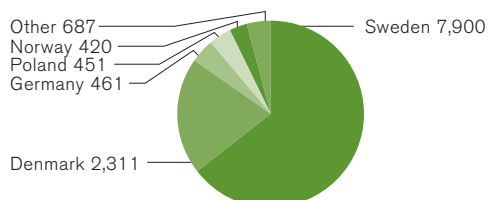
LONG-TERM SUPPLY OF COMPETENCE

During the late autumn of 2005, decisions were made to implement a corporate trainee programme in which 15 young academics from Sweden and Denmark will be given the opportunity to become familiar with the entire Group and the opportunities it offers. Recruitment to the programme is starting in spring 2006. The programme covers four individual practical periods, of which one will be abroad. In parallel with the practical periods, there will be a sound training programme involving subjects such as management development, project management and business professionalism.

The trainee programme will contribute to securing the Group's long-term supply of managers, specialists and employees for various key posts.



Number of employees per country



This is how Lantmännen is organized

Svenska Lantmännen is owned by 49,000 farmers throughout the country. The company is a cooperative and each member has a vote. At an extra general meeting on 14 November a decision was made on a new member organisation.

Districts will replace branches and market areas. The district is the foundation of Lantmännen's member operations. The district boards will work for the collective Lantmännen Group and also take responsibility for member issues.

During the year, a lot of work has been put into establishing and providing information about the proposal to the new member and owner organisations. The magazine for owners, Grodden (the Sprout), has constantly been reporting on the proposal for the new organisation, with a special edition being sent out to all owners in August. The decision is a natural consequence of work within the 'Owning Lantmännen' project and adaptation to the Group's new structure.

Membership of Lantmännen involves several roles, making different demands and giving different opportunities. It is a question of being both an owner, customer and supplier. The role of owner provides opportunities for

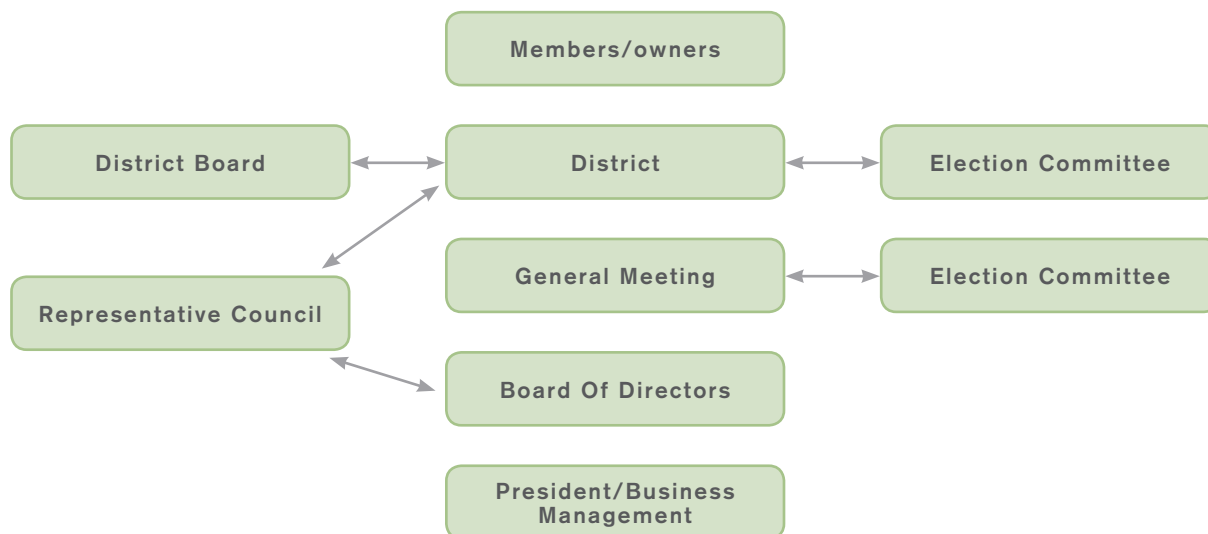
actively engaging in ownership. In their roles as owner, the members are organised into districts according to the new organisational structure. In these, a district board will be elected annually. The overall task is to act as a link between the association and the members in the district. The purpose of the new member organisation is a widened commitment and a greater amount of influence.

GENERAL MEETING

The general meeting is Lantmännen's highest decision-making body. Normally, the meeting is held once a year. The meeting deals with business operations of the previous year, dealing with incoming motions, electing the board and making decisions about the discharge from liability of the Board and the President.

The annual general meeting was held on 12 May in Stockholm with 107 meeting delegates. The meeting dealt with a number of motions, including matters dealing with grain handling and controlled organic production products. At an extra general meeting on 14 November a unanimous decision was made on the new member organisation. At the extra general meeting information was also provided about the merger with Norrbottens Lantmän.

New Member Organisation



ADMINISTRATION COUNCIL BECOMES REPRESENTATIVE COUNCIL

During the year, the administration council also had a clear focus on future and organisational issues. In the new organisation, the administration council is being replaced by the representative council. Here, the corporate Board will have a forum in which to discuss issues directly with the district chairman. The council, together with the corporate Board, will act to promote positive development in the association by providing advice on development issues of a longer-term nature. The administration council also provides options for skills exchanges between districts.

DISTRICT MEETING

The districts are the new basis for the members' roles as owners of Lantmännen. During the spring, all members of each district are convened to the district meeting, at which representatives from the corporate Board and the corporate management team are participants. As opposed to previous practice, the district meeting directly appoints the people who are to be the delegates at the general meeting. One delegate is chosen to attend the general meeting for every 500 members in the district. The chairman is automatically a delegate. The country is subdivided into 32 districts.

MEMBER ORGANISATION IS STRENGTHENED

Forming a well functioning member- and owner organisation that represents the entire Group, has been given high priority. The new organisation provides the elected representatives with opportunities and a clearer responsibility to become involved in the Group's core business.

As support for the district boards, member managers have been appointed regionally. The member managers play an important role in guaranteeing the new organisation to establish quickly. An owner liaison post has been created on the corporate Information & Communication staff.



Lantmännen's district organisation.

Share in profit and growth in value

Lantmännen has a double mission – to contribute to the profitability of its owners farms and to maximise the return on its owners' capital. There are many factors which have to be weighed up when evaluating the financial proceeds of the association. Discounts, final price adjustments, investment dividend and investment share issues are concrete benefits for Lantmännen's owners. During the last five years, a total of SEK 1,306 million was distributed to the owners

The members of Lantmännen, are often owners, customers and suppliers. The role of owner provides opportunities for active commitment to ownership. Issues of influence, return on investments, growth in value and dividend come into focus here. In the role of farmer, the profitability of a person's own farm often comes first; as a customer a person purchases goods from Lantmännen and as a supplier a person sells goods through the association.

INVESTMENT CAPITAL

Lantmännen's members contribute risk capital in the form of investment deposits. The deposits are owned by the members but the association has the money at its disposal during a person's membership.

Each owner builds up capital in his or her deposit account through final price adjustments, discounts and investment dividend. There is also the option of paying in cash. The deposit is calculated as being 10% of the member's average turnover value over a 5 year period – in other words, the value of purchases and sales. The lowest deposit is SEK 5,000 and the highest amount is SEK 150,000. The member also has an account for investment share issues.

At the end of 2005, investment capital amounted to SEK 1,040 million. Of this, SEK 800 million were paid in and SEK 240 million were issued capital.

LANTMÄNNEN'S OWNERS

At the start of 2006, the number of directly affiliated members was 41,000, including 1,856 members from Norrbottens Lantmän who were combined from the turn of the year.

In addition, there are 4,900 members in 25 local associations in southern and western Sweden. Here, the local associations have an agreement with Lantmännen and share in discounts and final price adjustments from their turnover with Lantmännen. Kalmar Lantmän, with 2,800



members, is an organisational member of Lantmännen. This involves collaboration on certain issues, but the members receive their financial return directly from Kalmar Lantmän. The total number of members of Lantmännen is more or less 49,000.

The number of farmers is decreasing throughout the country and thereby also the number of members within Lantmännen. The farms are becoming fewer in number but larger in size, and the large ones are responsible for an increased share of turnover in Lantmännen.

REQUIREMENT FOR INVESTMENT RETURN

The goal for Lantmännen is to achieve a return of 10% on shareholders' equity after tax.

The target is broken down into business areas and subsidiaries. The requirement for a return on investment varies between business areas and companies, starting out from the operation's closeness to the farmer.

The operations that are close to the farmer have lower requirements for a return, linked to Lantmännen's mission – to contribute to the profitability of the owners' farms. Return on shareholders' equity in 2005 was 8%.

SHARE OF PROFITS – A CLEAR BENEFIT

The owners share in Lantmännen's profits by means of:

- Dividend on the investment capital which is calculated as a percentage of investment capital.
- Final price adjustment and discounts on deliveries made and purchases, which are calculated as a percentage of the member's volume of business with Lantmännen during the year.
- Investment share issue which involves non-restricted shareholders' equity being transferred to the members in the form of investment capital.

The intention is for the level of dividend to be adjusted with regard to factors such as financial position, profit/loss, cashflow, investment requirement and expected profitability. The target for the financial position is the equity/assets ratio exceeding 40%. Given this, the total dividend on the investment capital, final price adjustment and discount is equivalent to at least a third of the Group's profits before tax, measured over a three-year period.

During the last five years, a total of SEK 1,306 million has been distributed to the owners in the form of discounts, final price adjustments, return on investment and investment share issues.

Dividend to the owners

SEK m.	2001	2002	2003	2004	2005
Investment share issue	171	–	–	39	100
Investment dividend	23	38	38	49	51
Discounts/final price adjustments (local)*	69	89	84	65	75
Discounts/final price adjustments (central)*	75	72	70	134	64
Total	338	199	192	287	290

* The discount up to and including 2005, has been subdivided into a local part, based on the market area's profits and a central part based on the profits of the entire association. After the introduction of the new member organisation in 2006, the discount will only be based on the profits of the association as a whole.

Management report

The Board and the President for Svenska Lantmännen ek för, reg.no. 769605-2856, hereby submit the annual accounts for the business year 2005. The operating results of the year's financial activities, and the financial status of the parent company and the Group emerges from the following income statements and balance sheets.

THE GROUP'S BUSINESS OPERATION AND ORGANISATION

The Svenska Lantmännen Group is one of the Nordic area's largest groups within foods, energy and agriculture.

From March 2005, the Svenska Lantmännen Group has been organised in ten business areas. Its core business, which is targeted at farmers, is run within the business area of Lantmännen Lantbruk. The other business areas are Svalöf Weibull, Lantmännen Anläggnings- & Lantbruksmaskiner, Lantmännen Granngården, Lantmännen Energi, Lantmännen Mills, Lantmännen Axa, Lantmännen Unibake and Lantmännen Invest. The new business area which has been a new arrival during the year, Lantmännen Kronfågel, forms the Group's tenth business area.

CHANGES IN THE GROUP

In March 2005, 91% of Spira AB was acquired, its name being changed to Lantmännen Kronfågel Holding AB, with the subsidiaries AB Kronfågel in Sweden and Danpo A/S in Denmark. The Kronfågel group is Scandinavia's leading producer of foods based on chicken. The Group had a turnover of SEK 2,501 million for the whole of 2005 and had 1,529 employees. Kronfågel was consolidated into the Lantmännen Group in 1st May 2005.

The Lantmännen Axa business area acquired Semper Foodservice AB (its name being changed to Lantmännen Axa Foodservice AB) which is the leading supplier of frozen pancakes in the Nordic region. The company has been part of the Group since 1st October. Turnover for October–December amounted to SEK 53 million and its number of employees was 94.

Lantmännen Finans AB was established during the year to operate a financing partnership with the companies which sell items that may require finance, primarily within the machinery business.

Within the Lantmännen Anläggnings- & Lantbruksmaskiner business area, decisions have been taken both

about changes in representation for tractor brands, and also about combining the Lantmännen agricultural machinery operation into one company.

TURNOVER AND OPERATING RESULT

In 2005, net turnover within the Svenska Lantmännen Group amounted to SEK 29,807 million (28,197), an increase of 6%. Turnover within the Kronfågel business area May – December was SEK 1,721 million. Excluding Kronfågel, turnover is unchanged in comparison with 2004.

Turnover within the Lantmännen Energi business area grew by 20%. The largest increase was reported for fuel pellets and ethanol.

Turnover within the Lantmännen Anläggnings- & Lantbruksmaskiner business area has grown by 10%. Both construction machinery and agricultural machinery showed strong growth.

Within the Lantmännen Lantbruk business area, turnover decreased by 8%. The largest reduction was within grain, animal feed and fertilisers.

OPERATING RESULT

The operating result for the Svenska Lantmännen Group was SEK 120 million (778), a reduction of 85%. Included in the operating result are capital gains from property sales at SEK 130 million (95), extraordinary items comprising bad debts of SEK –53 million, costs of the fire in the Örebro bakery at SEK –23 million, reserves for costs occasioned by the new salmonella infection SEK –20 million and structural costs within several business areas amounting to SEK –499 million.

The operating result for Lantmännen Kronfågel May–December 2005 amounted to SEK –80 million and was balanced at corporate level by the dispersal of negative goodwill of SEK 80 million.

STRUCTURAL COSTS

The operating result has been affected negatively by structural costs. Changes in the world outside the company have made it necessary to overhaul the business operations within several business areas. Within the Lantmännen Lantbruk business area, facilities within the grain and animal feed operations have been written down by SEK –174 million because of changes approved within the

facility structure. Reserves of SEK –19 million have been made for approved reductions in the number of employees because of the changes in the marketing organisation.

Within the Lantmännen Anläggnings- & Lantbruksmaskiner business area, the results have been charged with costs for the changes in tractor brand representation, including write-downs of stock, personnel costs and other structural costs, a total of SEK –77 million.

Within the Lantmännen Axa business area, facilities have been written down and provisions made for structural costs for changes in the bakery business of SEK –121 million.

Within the Lantmännen Mills business area, write-downs of goodwill and facilities have been made of SEK –64 million.

PROFIT AFTER NET FINANCIAL COSTS

Profits after financial costs were SEK 526 million (720). Net financial items include capital gains from the sale of shares amounting to of SEK 455 million, of which the greatest are Karlshamns AB SEK 377 million, Ceba AB SEK 30 million and Biomar A/S SEK 38 million.

PROFIT/LOSS AFTER TAX

Profits after tax were SEK 511 million (383).

INVESTMENTS

The Group's investments in tangible and intangible fixed assets amounted to SEK 1,263 million (873).

ENVIRONMENTAL INFORMATION

In accordance with Sweden's Environmental Code, the Group operates a business with mandatory report notification in 106 facilities and an operation requiring mandatory permits in 39 facilities in Sweden. The Group's operations for which permits and report notification are mandatory comprise grain facilities, mills, factories for manufacturing animal feed, ethanol, fuel pellets as well as pasta and breakfast cereals. The impact on the external environment is mainly by way of noise, emissions to the air, energy consumption, transportation and waste.

HUMAN RESOURCES

The number of staff employed in the Svenska Lantmännen Group during the year was 12,230 (11,387), of which 7,900 (7,477) were in Sweden. The increase in the number of employees is related primarily to the acquisition of Kronfågel. In the parent company, the number of employees was 1,403 (1,529). The reduction refers to the Lantmännen Lantbruk business area.

OPERATIONS IN ASSOCIATED COMPANIES

Viking Malt Oy is owned by Svenska Lantmännen (37.5%), Polttimo Yhtiöt Oy (50%) and external part-owners (12.5%). Viking Malt produces malt in Finland, Sweden and Lithuania. Turnover was SEK 746 million (683). The operating result after financial costs was SEK –53 million (–9).

Svenska Foder AB is owned by Lantmännen (49%) and by Dansk Landbrugs Grovvarereselskab, DLG, Denmark (49%). The company sells animal feed which it produces itself along with crop cultivation products for farmers, and it operates in the grain trade. Turnover amounted to SEK 1,617 million (1,583) and profits after net financial costs were SEK 13 million (4).

Scandinavian Farmers AB was formed during the year in partnership with Dansk Landbrugs Grovvarereselskab (DLG), Denmark, to develop the business operations of both owners on the Baltic and Eastern European markets. The Lantmännen subsidiary Farm Plant Eesti AS, Estonia, 85% of which was owned by Lantmännen, is now part of the new company together with business operations from DLG. Turnover for 2005 was SEK 771 million and the operating result after net financial items was SEK 0 million.

Melia Oy, Finland is owned by Lantmännen Mills AB (25%) and by Raisio Oy, Finland (75%). Melia runs a production and sales business for flour, breakfast cereals and pasta in Finland. Turnover amounted to SEK 664 million (659) and profits after net financial costs were SEK 34 million (72).

Leibur AS, Estonia, is owned by Lantmännen Axa AB (45%) and by Vaasan & Vaasan Oy, Finland (55%). Leibur is Estonia's largest bakery. Turnover amounted to SEK 161 million (154) and profits after net financial costs were SEK 31 million (27).

FINANCIAL RISKS

Lantmännen's financial policy describes the way in which the Group's financial risks are to be dealt with within the financial business operation and in the business activities. The term 'financial risks' refers to the risk of fluctuations in the Group's operating results and cashflow as a consequence of changes in prices, currency exchange rates, interest levels, refinancing and credit and other-party risks. A special Risk Committee has been established.

The Group's various risk policies form the framework for mandates and risk limits determined by the corporate Risk Committee together with the Boards of the various areas of operation. The Group's financial transactions and risks are managed and controlled centrally by the finance department of the parent company. The overall objective for

the corporate Finance staff is to take responsibility for cost-effective financing and to minimise the negative effects on the Groups operating results due to market fluctuations. The Board and the Risk Committee are given running reports of developments in corporate financial risks.

In the autumn of 2005, a bank purchasing procedure commenced with regard to new future capital acquisition. The purpose of this purchasing procedure is to minimise costs for the Group's overall financing and to safeguard the Group's long-term financing.

To limit the liquidity risk, endeavours are made to ensure the capital duration of the overall borrowing portfolio to be 2–5 years. The duration will constantly be set on the basis of the periodicity of the Group's current assets and financial fixed assets.

Interest risk is the risk of the value of a financial instrument being affected negatively because of changes in market interest rates. Interest risk can comprise partly a change in the actual value (price risk) and partly changes in cashflow (cashflow risk). The fixed interest rate period is a significant factor affecting the interest risk.

The fixed interest rate period is set on an ongoing basis by the Risk Committee. In addition to the aforementioned factors, the fixed interest rate period is controlled partly through the periodicity of loans taken out and partly through interest rate swaps.

The Group's financial net liability amounted to SEK 3.1 billion as at 31 December. Divided into financial liabilities of SEK 5.4 billion, cash and bank of SEK 1 billion and short-term investments of SEK 1.3 billion, of which SEK 0.4 billion for a company certificate on which interest was payable (lowest K1).

Currency risks within the Group are regulated by means of a currency policy and are secured in their entirety if they are related to monetary assets and liabilities plus contracted purchases/sales or other binding undertakings.

The Group is exposed to credit risks when trading with financial instruments. The credit risks are limited because the Group only uses other parties with a lowest rating of K1 in accordance with the Standard & Poor credit assessment institute criteria. The credit risk in accounts receivable are handled by means of special credit testing. The company's credit policy and risk of credit losses are described under Credit Risks in accounts receivable.

Lantmännen is exposed to raw materials risk, primarily for the raw materials of grain, soya, oilseed rape and electricity. Raw materials risks within Lantmännen is regulated via separate risk policies. Raw material risks are attributable primarily to Lantmännen Lantbruk within the business

operations of Grain, Animal Feed and Crop Cultivation, as well as within the Lantmännen Mills business area's milling operation, but are also present to a certain extent within other business areas. The price risk for raw materials within Lantmännen Lantbruk are unsold net stocks, but can also involve sold quantities that have not yet been bought in. The price risk within Lantmännen Mills lies largely in sold priced flour quotas on long-term contracts, in which the large volume is within one year. The price risk arises when the raw material is purchased with short-term contracts and is not covered, pricewise, in line with contracted flour sales. The pricing of raw materials varies over time as a consequence of international supply and demand. Opportunities exist, apart from safeguarding prices via supply agreements, to secure prices for certain types of raw material by means of financial contracts via exchanges such as the Chicago Board of Trade and Matife. The prices for several raw materials are set either in USD or EUR, which also means a certain exposure to risk. The starting point for Lantmännen's risk policies is that the currency is part of the pricing of the deal, in which no unplanned currency risks must occur. The foreign currency risks are covered internally for the corporate Finance staff, which in turn handles the risks within the framework of the risk policy established for the finance operation.

The risk management of the electricity price risk is intended to create a long-term view of power purchasing in which the financial trading is done on the Nordic electricity exchange, Nord Pool. The Group's electricity requirement in 2005 amounted to 600 GwH and, at the start of the year, was 80% guaranteed. Guarantees have also been drawn up for 2006 at 70%, for 2007 at 40% and for 2008 at 20%.

The Group is constantly exposed to various types of risk that require different insurance solutions. The Risk Management function within Svenska Lantmännen has the objective of minimising overall costs for the Group's claims risks. This is done partly by continuously developing claims prevention and claims limitation work in the business operations, and partly by introducing and developing corporate insurance solutions. In general, all purchasing is done centrally for all companies within the Group. The risks that are insured are placed with major Swedish and international direct insurance companies or in the Group's own captive companies with reinsurance on the international reinsurance market.

RESEARCH AND DEVELOPMENT

The costs of research and development amounted to SEK 419 million in 2005. Lantmännen operates research and development within most companies and business areas.

Expenses for research and development include all expenses that can be directly attributed to research and development operations or which may reasonably and consistently be distributed to such operations.

Above all, research has been defined as systematically and methodically searching for new knowledge and new ideas with a specific application in view. Development work is to systematically and methodically utilise the results of research, scientific knowledge and new ideas to effect new products, new processes, new systems or essential improvements of any of these that already exist. Further development means maintaining existing products, processes and systems on an ongoing basis, but also making minor modifications to manufactured products.

At an overall corporate level, the corporate Research and Development staff has the task of making use of innovative projects that are in the early stages of development, but which are deemed to have great potential for commercial development.

Other important duties for this function are to support the development functions in the commercially operating companies (prioritised areas are foods and energy), and also to be a centre for innovation and a link between university research and Lantmännen's commercial business. Lantmännen runs many projects in close collaboration with universities and colleges, both in Sweden and in other countries.

Svalöf Weibull is a research-intensive company which invests 20% of its turnover (around SEK 200 million), within research and development. Svalöf Weibull is also part-owner of the bio-technology company, BASF Plant Science which carries out fundamental research within the area of the genetic modification of plants.

EFFECTS OF AMENDED ACCOUNTING PRINCIPLES

During 2003 and 2004, the Svenska Lantmännen Group completed its already started implementation of the Swedish Financial Accounting Standards Council recommendations.

The accounting recommendations which have affected Svenska Lantmännen's profits and status are RR 6:99 Leasing Agreements and RR 29 Payments to Employees. The effects and sums are stated in Note 44. These effects have had an impact on shareholders' equity and the balance sheet of the Svenska Lantmännen Group.

The equity/assets ratio for the Svenska Lantmännen Group for 2004 has changed from 39% to 38% because of this.

The new recommendations have not had any effect on the profits and status of the parent company Svenska Lantmännen ek för.

EVENTS AFTER THE CLOSING DATE

The subsidiary, Cerealia AB, was merged with the parent company in January 2006.

The Group company, Lapinjärven Leipomo Oy, Finland, was sold in January 2006.

The remaining Group ownership of shares in Aarhus-Karlshamn AB were sold in February 2006.

Rutger Ulterman has been appointed the new President of Lantmännen Granngården AB as from 1 March 2006.

THE PARENT COMPANY SVENSKA LANTMÄNNEN EK FÖR (SWEDISH FARMERS' SUPPLY AND CROP MARKETING ASSOCIATION)

ORGANISATIONAL STRUCTURE

In the parent company, Lantmännen's core business operates within the Lantmännen Lantbruk business area. Up to and including 2005, the central business operated in divisions for grain, animal feed and crop cultivation. Locally, operations were subdivided into market areas. Each market area had the right to determine how the market area profits should be disposed.

The parent company also houses the corporate functions and property management.

At the extra general meeting held on 14 November 2005, new regulations were adopted for a new owner organisation, which means that the market areas and branches have been replaced by districts. The new organisational structure applies starting 2006.

Within the Lantbruk business area, a new marketing organisation is being introduced in 2006 to confront the receding market. The entire country forms one market area with nine sales areas.

MEMBERSHIP FIGURES

The number of members as at 31 December 2005 was 48,759 (49,922).

MERGERS

To achieve the benefits of coordination and cost savings within the animal feed area, the parent company has merged with the subsidiary, Lactamin AB, which manufactured specialist feed. This operation has been integrated with the feed division within the Lantbruk business area.

The Svenska Lantmännen Board made the decision to merge with Norrbottens Lantmän, coming into force as at 1 January 2006.

TURNOVER AND OPERATING RESULT

Turnover in the parent company reduced by SEK 540 million to SEK 8,378 million (8,918). The reduction in turnover was principally due to lower sales of grain, animal feed and fertiliser.

OPERATING PROFIT/LOSS

The operating result in the parent company was SEK -241 million (29). The deterioration is due primarily to restructuring costs within grain and animal feed, low profits within the grain operation and costs for meeting potential expenses caused by the salmonella infection. Costs of a type that prevents true comparison amounted to SEK 213 million. The operating results include capital gains from property sales totalling SEK 59 million (16).

PROFIT AFTER NET FINANCIAL COSTS

Profits after financial costs were SEK 599 million (677). Net financial items included dividend from subsidiaries at SEK 703 million (478) and capital gains on sales of shares at SEK 48 million (110).

SALMONELLA

In November 2005, the Lantmännen animal feed factory in Åhus was hit by salmonella with the result that salmonella infected feed was supplied to several pig production farms.

Lantmännen was also hit by a case of salmonella in 2003. Lantmännen and Sweden's Board of Agriculture have, in this case, different perceptions of the legislation that should be applied as regards to compensation for affected farmers. The issue of liability still has not been resolved for the previous damage.

Provisions have been made for costs in conjunction with these two cases of salmonella. For the first case, a provision of SEK 52 million was made in 2004 and, for this year's infection, a provision of SEK 20 million has been made in 2005.

INVESTMENTS

The year's investments in tangible fixed assets amounted to SEK 161 million (98).

LOCAL DISCOUNTS AND FINAL PRICE ADJUSTMENTS

Disposable profits from the year's operating result in the market areas amounted to SEK 61 million (72). Together with discounts saved from the previous year, the market areas had at their disposal SEK 75 million for local discounts and final price adjustments. The market areas

have decided to distribute this sum. In the previous year, SEK 65 million were distributed in local discounts and final price adjustments.

CENTRAL DISCOUNTS AND FINAL PRICE ADJUSTMENTS

The Board has decided to give 1% (2%) in central discount on members' purchases of animal feed, fertiliser, seed, plant protection and grain, as well as 1% (2%) in final price adjustments on grain delivered. SEK 64 million (134) is used for this.

INVESTMENT DIVIDEND

The Board is proposing that the general meeting should determine whether to give 5% (5%) of investment dividend on paid up and issued investments to directly affiliated members. To achieve equal treatment between directly affiliated members, organisation members and local associations, it is being proposed that organisational members and local associations should be given an investment dividend of 3.6% (3.6). SEK 51 million (49) is used for this.

INVESTMENT SHARE ISSUE

The Board is suggesting that the general meeting should decide on an investment share issue of SEK 100 million (39). The issued capital is distributed at 25% based on the members' paid-up investment capital and at 75% on the members' turnover with the association in 2005. Turnover is calculated on the same basis as was used for distributing central discount and final price adjustments.

The equity/assets ratio is 44% (47%) in the parent association and 38% (38%) in the Group.

PROPOSED PROFIT ALLOCATION

Non-restricted shareholders equity is SEK 5,436 million, of which SEK 150 million is proposed to be allocated to the statutory reserves in the parent company.

No allocation to the statutory reserves are necessary in the subsidiaries because of the rules in Sweden's new Companies Act which applies from 2006.

The Board resolves that the parent company's disposable profits of kSEK 2,536,727 should be disposed of as follows:

kSEK	
investment dividend	51,131
investment share issue	100,000
allocated to the statutory reserves	150,000
amount to be retained	2,235,596
	<hr/>
	2,536,727

Income statements

SEK m.	Note	The Group		The parent company	
		2005	2004	2005	2004
Net turnover	1, 2	29,807	28,197	8,378	8,918
Less excise duties		-197	-215	-196	-215
Changes to products in work, finished goods and work in progress on behalf of another		-39	76	-2	46
Share of associated company profits		20	76	-	-
Other operating income	3	338	334	64	19
		29,929	28,468	8,244	8,768
Operating expenses					
Raw materials and supplies		-8,670	-7,926	-4,130	-4,683
Commercial goods		-9,360	-9,866	-2,486	-2,382
Other external costs	4, 5	-5,021	-3,897	-809	-784
Staff costs	6	-5,317	-4,779	-746	-732
Depreciation and write-downs of tangible and intangible fixed assets	7	-1,513	-1,264	-314	-158
Dispersal of negative goodwill		82	50	-	-
Other operating costs		-10	-8	-	-
Operating profit/loss	11	120	778	-241	29
Profit/loss from financial items					
Profit from shares in Group companies	8	-	-	678	456
Profit from shares in associated companies	9	462	23	22	34
Profit from other securities and receivables that are fixed assets	10	96	85	90	98
Interest income from Group companies		-	-	65	77
Other income from interest and similar profit items		208	194	94	103
Interest expenses to Group companies		-	-	-34	-26
Interest expenses and similar P/L items		-360	-360	-75	-94
Profit/loss after financial items	11	526	720	599	677
Discounts and final price adjustments		-139	-199	-139	-199
Allocations					
Return of periodisation fund		-	-	150	63
Change in excess depreciation	12	-	-	179	37
Profit before tax		387	521	789	578
Tax on profit for the year	13	121	-113	6	-11
Minority share in profit/loss for the year		3	-25	-	-
NET PROFIT FOR THE YEAR		511	383	795	567

Balance sheets

SEK m.	Note	The Group		The parent company	
		2005	2004	2005	2004
ASSETS					
Fixed assets					
Intangible fixed assets					
Patents, licences, trademarks and similar rights	14	327	325	–	–
Goodwill	14	1,785	1,872	–	–
		2,112	2,197	–	–
Tangible fixed assets					
Land	15, 18	468	468	72	68
Buildings	16, 18	2,674	2,351	199	240
Managed properties	17	–	–	348,	353,
Machinery and other technical plant	19	3,050	2,976	291	391
Inventories, tools and installations	20	656	577	119	104
New facilities in progress and advances regarding tangible fixed assets	21	500	224	20	31
		7,348	6,596	1,049	1,187
Financial fixed assets					
Shares in Group companies	22	–	–	2,122	1,298
Receivables from Group companies	23	–	–	289	280
Shares in associated companies	24	674	802	296	275
Receivables from associated companies	25	29	–	18	–
Other long-term security holdings	26, 32	537	544	240	328
Deferred tax recoverable	27	291	92	73	47
Other long-term receivables	28, 32	659	595	59	72
		2,190	2,033	3,097	2,300
Total fixed assets		11,650	10,826	4,146	3,487
Current assets					
Stock in trade	29	4,622	4,495	1,600	1,525
		4,622	4,495	1,600	1,525
Current receivables					
Accounts receivable	31, 32	4,571	4,348	1,761	2,153
Receivables from Group companies	31	–	–	2,545	1,542
Receivables from associated companies	31	150	151	132	147
Tax recoverables		151	40	37	30
Other receivables	31	682	717	135	84
Prepaid costs and accrued income	30	363	326	96	70
		5,917	5,582	4,706	4,026
Short-term investments	31, 32	1,339	1,180	904	485
Cash and bank	31	1,040	573	182	167
Total current assets		12,918	11,830	7,392	6,203
TOTAL ASSETS		24,568	22,656	11,538	9,690

SEK m.	Note	The Group		The parent company	
		2005	2004	2005	2004
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Restricted shareholders' equity					
Contributions		1,040	993	1,040	993
Statutory reserves		–	–	1,356	1,276
Restricted reserves		2,396	2,595	–	–
		3,436	3,588	2,396	2,269
Non-restricted shareholders' equity					
Profit brought forward		–	–	1,742	1,373
Non-restricted reserves		4,925	4,366	–	–
Net profit for the year		511	383	795	567
		5,436	4,749	2,537	1,940
Total shareholders' equity	33	8,872	8,337	4,933	4,209
Minority holdings					
		388	341	–	–
Untaxed reserves					
Accumulated depreciation in excess of plan	34	–	–	210	384
Periodisation funds	35	–	–	–	150
		–	–	210	534
Provisions					
Provisions for pensions and similar obligations	36	1,584	1,349	660	636
Provisions for deferred tax	27	547	620	–	–
Negative goodwill		148	–	–	–
Other provisions	37	742	608	135	112
		3,021	2,577	795	748
Long-term liabilities					
Long-term liabilities to credit institutions	32	2,503	3,885	35	–
Liabilities to Group companies		–	–	–	1
Other liabilities	40	542	383	1	41
	38	3,045	4,268	36	42
Current liabilities					
Liabilities to credit institutions	32	2,390	1,116	314	263
Advances from customers		34	24	–	–
Accounts payable	32	3,086	2,646	942	972
Liabilities to Group companies	32	–	–	2,490	1,121
Liabilities to associated companies		15	–	–	–
Tax liabilities		34	–	–	–
Other liabilities	40	2,209	2,139	1,402	1,480
Accrued costs and prepaid income	41	1,474	1,208	416	321
	39	9,242	7,133	5,564	4,157
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		24,568	22,656	11,538	9,690
Securities pledged and guarantee commitments					
Securities pledged					
For own liabilities and provisions					
Property mortgages		1,020	335	136	141
Business mortgages		770	766	–	–
Bank accounts		19	31	5	30
Total securities pledged	42	1,809	1,132	141	171
Contingent liabilities					
Guarantees in favour of Group companies		–	–	844	911
Guarantees in favour of others		545	370	277	104
Total contingent liabilities		545	370	1,121	1,015

Changes in shareholders' equity

SEK m.	The Group			The parent company		
	Investment capital	Restricted reserves	Non-restricted shareholders' equity	Investment capital	Restricted reserves	Non-restricted shareholders' equity
Closing balance according to Balance Sheet as at 31.12.2003	990	2,621	4,387	990	1,226	1,664
Currency rate differences	-	-48	39	-	-	-
Total changes in shareholders' equity not reported in the income statement	-	-48	39	-	-	-
Displacements between restricted and non-restricted shareholders' equity	-	22	-22	-	50	-50
Net profit for the year	-	-	383	-	-	567
Investment dividend paid out	-	-	-38	-	-	-38
From investment interest	10	-	-	10	-	-
From local discounts and final price adjustments	21	-	-	21	-	-
Investment capital paid out on withdrawal	-28	-	-	-28	-	-
Contributions to the Group	-	-	-	-	-	-158
Impact of tax on Group contribution	-	-	-	-	-	44
Additional shareholder contributions, paid in	-	-	-	-	-	-89
Shareholders' equity as at 31.12.04	993	2,595	4,749	993	1,276	1,940
Effect of change of accounting principles	-	-	-62	-	-	-
Adjusted opening balance	993	2,595	4,687	993	1,276	1,940
Currency rate differences	-	230	-102	-	-	-
Total changes in shareholders' equity not reported in the income statement	-	230	-102	-	-	-
Displacements between restricted and non-restricted shareholders' equity	-	-429	429	-	80	-80
Net profit for the year	-	-	511	-	-	795
Investment dividend paid out	-	-	-49	-	-	-49
Investment share issue	40	-	-40	40	-	-40
From investment dividend	9	-	-	9	-	-
From local discounts and final price adjustments	33	-	-	33	-	-
Investment capital paid out on withdrawal	-35	-	-	-35	-	-
Proceeds from merger	-	-	-	-	-	21
Contributions to Group	-	-	-	-	-	-70
Impact of tax on Group contribution	-	-	-	-	-	20
Shareholders' equity as at 31.12.05	1,040	2,396	5,436	1,040	1,356	2,537

Notes 33 and 44 provide further information about shareholders' equity.

Investment capital on SEK 28 million will be repaid in 2006 to members who have left during 2005.

Cash flow statements

SEK m.	The Group		The parent company	
	2005	2004	2005	2004
Current operations				
Profit after financial items	526	720	599	677
Adjustments for items not included in the cashflow, etc	910	857	287	135
	1,436	1,577	886	812
Tax paid	-213	-152	-5	-2
Cashflow from current business before changes in operating capital	1,223	1,425	881	810
Cashflow from changes in operating capital				
Increase(-)/Decrease(+) in stock in trade	143	121	-75	393
Increase(-)/Decrease(+) in operating receivables	321	119	406	-36
Increase(+)/Decrease(-) in operating liabilities	589	178	233	48
Cashflow from current operations	2,276	1,843	1,445	1,215
Investment activities				
Acquisition of branch of operations	-	-	-17	-
Acquisition of subsidiaries	-106	-88	-	-
Disposal of subsidiaries	29	26	-	-
Acquisition of intangible fixed assets	-60	-97	-	-
Acquisition of tangible fixed assets	-1,203	-776	-161	-98
Disposal of tangible fixed assets	256	193	74	39
Acquisition of financial assets	-132	-117	-1,972	-252
Disposal/reduction of financial assets	940	173	277	377
Cashflow from investment activities	-276	-686	-1,799	66
Financing operations				
Change in investment capital	11	3	7	3
Loans taken out	267	-	915	-
Amortisation of borrowing liabilities	-1,677	-661	-	-754
Dividend paid	-49	-38	-49	-38
Cashflow from financing operations	-1,448	-696	873	-789
Cashflow for the year	552	461	519	492
Opening liquid assets	973	513	567	75
Exchange rate differences in liquid assets	14	-1	-	-
Closing liquid assets	1,539	973	1,086	567

Supplementary information for the cash flow statements

SEK m.	The Group		The parent company	
	2005	2004	2005	2004
Interest paid and dividends received				
Dividend received	46	21	40	505
Interest received	208	195	160	180
Interest paid	306	353	109	121
Adjustments for items not included in the cashflow, etc				
Less shares in profit in partnership companies	-17	-76	-	-
Dividend received from associated companies	42	26	-	-
Depreciation and write-downs of assets	1,485	1,256	339	182
Unrealised exchange rate differences	-20	-	-	-
Capital loss on disposals of fixed assets	-683	-243	-99	-96
Capital loss on disposals of branch of operations/subsidiaries	-1	-	-	-
Pensions provisions	54	-	24	-
Other provisions	50	-104	23	49
Other loss items not affecting liquidity	-	-2	-	-
	910	857	287	135
Transactions that do not imply payments				
Acquisition of assets via financial leasing	45	-	-	-
	45	-	-	-
Acquisitions of subsidiaries and other business units				
Acquired assets and liabilities:				
Intangible fixed assets	31	87	30	-
Tangible fixed assets	822	-	-	-
Financial assets	232	-	-	-
Stock in trade	285	-	-	-
Operating receivables	505	1	30	-
Liquid assets	491	1	-	-
Total assets	2,366	89	60	-
Minority	37	-2	-	-
Provisions	346	1	-	-
Loans	933	-	-	-
Operating liabilities	453	-	4	-
Total provisions and liabilities	1,769	-1	4	-

SEK m.	The Group		The parent company	
	2005	2004	2005	2004
Purchase sum paid	597	88	17	-
Less: Liquid assets in the business operation acquired	-491	-	-	-
Impact on liquid assets (minus = increase)	106	88	17	-
Disposals of subsidiaries and other business units				
Disposals of assets and liabilities:				
Intangible fixed assets	-	10	-	-
Tangible fixed assets	40	4	-	-
Stock in trade	59	10	-	-
Operating receivables	88	15	-	-
Liquid assets	2	5	-	-
Total assets	189	44	-	-
Provisions				
Loans	71	12	-	-
Operating liabilities	88	11	-	-
Total provisions and liabilities	159	23	-	-
Sales price				
Purchase sum received	31	31	-	-
Less: Liquid assets in the business operation disposed of	-2	-5	-	-
Impact on liquid assets	29	26	-	-
Liquid assets				
Cash and bank	1,040	573	182	167
Short-term investments, on a par with liquid assets	499	400	904	400
	1,539	973	1,086	567

The above items have been classified as liquid assets, on the basis of:

- They imply an insignificant risk of value fluctuations.
- They have a duration of max. 3 months from the date of purchase.

Notes with accounting principles and comments on the accounts

Sums shown in SEK m. unless otherwise stated

GENERAL ACCOUNTING PRINCIPLES

The annual financial statement has been drawn up in accordance with Sweden's legislation on annual financial reporting and the recommendations of the Swedish Financial Accounting Standards Council (Redovisningsrådets rekommendationer – RR) and the statements of its Emerging issues Task Force (Akutgruppsuttalanden).

Amended accounting principles during 2005

In 2005, Svenska Lantmännen completed its successive implementation of the recommendations of the Swedish Financial Accounting Standards Council. The recommendations that have been added during 2005 are as follows:

RR 6:99	Leasing agreement
RR 19	Business operations being wound up
RR 20	Interim reporting
RR 21	Borrowing costs
RR 22	Formulation of financial reports
RR 23	Information on close associates
RR 24	Managed properties
RR 25	Reporting for segments – operating branches and geographical area
RR 26	Events after the closing date
RR 27	Financial instrument: information and classification
RR 28	State support
RR 29	Payments to employees

Effects of amended accounting principles are reported partly under change of accounting principles and partly in Note 44.

COMPANY HEADQUARTERS ETC

Svenska Lantmännen operates its business in the form of association called 'ekonomisk förening' (economic association) and has its head office in Stockholm, Sweden. The address of the head office is S:t Göransgatan 160 A.

SEGMENT REPORTING

Svenska Lantmännen's primary basis for subdivision into segments are working branches. The internal management is made up of returns from the Group's various business areas. Goods and services are grouped into business areas on the basis of similar risks and opportunities. Geographical areas constitute the Group's secondary segments. Segment subdivision is shown in Note 1.

CLASSIFICATION ETC

In all essentials, fixed assets, long-term liabilities and provisions consist solely of amounts that are expected to be recovered or repaid more than twelve months after the closing date. In all essentials, current assets and short-term liabilities consist solely of amounts that are expected to be recovered or repaid less than twelve months after the closing date.

VALUATION PRINCIPLES ETC

Assets, provisions and liabilities have been valued at their acquisition values unless otherwise stated below.

INTANGIBLE ASSETS

An intangible asset is reported when the asset is identifiable, there is control over the asset and it is expected to provide future financial advantages.

Costs of research and development

Svenska Lantmännen's research costs are charged directly during the period in which they arise. The term 'research costs' refers to expenses for research that is intended to obtain new scientific or technical knowledge.

Within the group, expenses for development are reported as intangible assets if it is technically and financially possible to prepare the asset. One further condition is that the value of the asset can be calculated in a reliable manner and that the asset can be utilised in the operation or sold. As regards development of seed, this means that costs can be balanced only once official variety testing has proven potential success for the variety. When developing fuels, costs can be balanced only once the product can demonstrate technical acceptance and commercial potential, and once political decisions have been taken.

At present, all expenditure on development is charged within Svenska Lantmännen.

Other intangible assets

Other intangible assets that have been acquired by the company are reported at their procurement value minus accumulated depreciation and write-downs. Expenditure for internally generated goodwill and brands is reported in the income statement as costs when it arises.

Additional expenses

Additional expenses for an intangible asset are added to the procurement value if they increase the future financial advantages. All other expenditure is charged as it arises.

Depreciation

Depreciation according to plan is based on the original procurement values reduced by their potential residual value. Depreciations are made linearly over the asset's period of use and are reported as costs in the income statement.

The following depreciation periods are applied: The Group

Acquired intangible assets	
Brands	5–20 years
Goodwill	5–20 years

Periods of use for goodwill and brands which exceed 10 years are based on the assessment that the investments are strategic and in agreement with the Group's long-term orientation.

INTANGIBLE ASSETS

Tangible fixed assets, principally comprising machinery, movables and real estate, are reported at their procurement values with deductions for accumulated depreciation according to plan and potential write-downs.

Additional expenses

Additional expenses are added to the procurement value in so far as the asset's performance is improved in relation to the level applying when it was originally procured. All other additional expenses are reported as costs in the period in which they arise.

Depreciation principles for tangible fixed assets

Depreciation according to plan is based on the original procurement values reduced by their estimated residual value. Depreciation is made linearly over the calculated useful life of the asset.

The following depreciation periods are applied:	The Group	The parent company
Buildings	14–50 years	14–50 years
Silos	30–33 years	30–33 years
Real-estate inventory	10–25 years	10–25 years
Manufacturing equipment	10–20 years	10–20 years
Cars and trucks	5–10 years	5–10 years
Office equipment	5–10 years	5–10 years
ADP equipment	3–5 years	3–5 years

Managed properties

Managed properties are reported on the balance sheet at their procurement value with deductions for accumulated depreciation and any write-downs, and with additions for potential write-ups. The actual value of the managed properties is indicated in the additional information.

In Lantmännen, managed properties only exist within the parent company. The properties that are rented out and used by other Group companies have been reported in the consolidated accounts as working properties.

Borrowing costs

Borrowing costs are charged to the operating profit for the period to which the cost relates, regardless of how the borrowed funds have been used.

Write-downs

On each accounts closing date, a check is made of whether there is any indication of a drop in the assets' reported values. If any such drop is indicated, a calculation is made of the asset's recovery value. The recovery value is either the utility value or the net sales value, whichever is higher. Writing-down takes place if the recovery value is less than the reported value.

In calculating the utility value, future cashflow is discounted at an interest rate before tax which is considered to observe the market's assessment of risk-free

interest and risk linked to the specific asset. In Svenska Lantmännen, the risk premium is calculated in relation to the closeness of the business operation to the farmer. Operations close to the farmer have a lower risk premium level. An asset depending on other assets is not regarded as generating any independent cashflow. Such an asset is instead attributed to least cash-generating unit. Return of depreciation takes place when the reason, complete or partial, for the depreciation has diminished.

Receivables

Receivables are reported at their procurement value reduced by any depreciation.

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency are valued at the rate current on the accounts closing date, with the exception of long-term monetary transactions with independent foreign business, in which the procurement rate is used. Rate differences on operating receivables and operating liabilities, while differences in financial receivables and liabilities are reported among financial items.

Stock in trade

Stock is entered at the procurement or net sales value, whichever is lower. In doing so, the obsolescence value is observed. The procurement value is calculated in accordance with the first in/first out (FIFO) principle or in accordance with weighted average prices.

Reporting of contract assignments and similar

The Group

Gradual income recognition is applied to those contract assignments in which the outcome can be calculated in a satisfactory manner. Income and expenditure are reported in the income statement in relation to the assignment's degree of completion.

The degree of completion is determined on the basis of the assignment costs entered in relation to the calculated assignment costs for the entire assignment. Any losses experienced are charged immediately. Contract assignments arise primarily within the Bygglant Group.

FINANCIAL INSTRUMENTS

Financial instruments that are reported in the balance sheet include, on the assets side, liquid assets, accounts receivable, shares and other capital instruments, loan receivables and debenture receivables, and derivatives. Among liabilities and shareholders' equity, there are accounts payable, liability instruments issued, borrowing liabilities and derivatives.

Derivative instruments comprise items such as forward contracts, futures and swaps which are utilised to cover risks of exchange rate fluctuations and for exposure of interest risks. The derivative instrument is classified either as a security instrument or as holdings for trade purposes and are assigned to the trade stock. Derivative instruments that are held for trading purposes are valued at either the procurement value or the actual value, whichever is lower. Profit or loss in the event of a change in actual value is reported in the income statement under financial items.

A minor proportion of currency terms are evaluated at actual value. Changes in value are reported in the income statement under the item "Profit/loss from other securities and receivables that are fixed assets".

A financial asset or financial liability is taken up in the balance sheet when the company becomes party to the instrument's contractual conditions. Receivables are taken up in the balance sheet once the invoice has been sent. Accounts payable are taken up once an invoice has been received.

A financial asset is removed from the balance sheet when the rights in the agreement have been realised or become invalid, or when the company loses control over them. The same applies on the part of a financial asset. A financial liability is removed from the balance sheet when the obligation in the agreement has been fulfilled or settled in some other way. The same applies on the part of a financial liability.

LIQUID ASSETS

Liquid assets encompass cash, immediately available bank balances and other money market instruments with an original duration of less than three months. Items that run with a fixed interest rate are evaluated at their accrued value.

FINANCIAL INVESTMENTS

Financial instruments, which are intended to be held permanently in the business operation, are classified as fixed assets. Financial fixed assets comprising shares are reported at their procurement value after potential write-downs at actual value. The assessment is made share-type by share-type and a write-down at actual value is made when the drop in value is assessed as being permanent.

Securities on which interest is payable are classified as financial fixed assets and valued at the accrued procurement value, in cases where they do not constitute short-term holdings. Short-term holdings comprise current assets and are reported then in accordance with the principle of lowest value. Accrued procurement value is determined on the basis of the effective interest that is

calculated at the time of procurement. This means that surplus and deficit values such as direct transaction costs are periodised over the duration of the instrument. Financial fixed assets comprising securities, on which interest is payable, are reported at their accrued procurement value after potential write-downs at assessed recovery value. The assessment of whether a write-down is necessary is made item by item. A write-down at actual value is made when the drop in value is assessed as being permanent.

Short-term investments are valued as being either the procurement value or net sales value on the accounts closing date, whichever is the lower. The valuation is done at portfolio level. For instruments that are part of the same portfolio, this means that unrealised profits have been deducted from unrealised losses.

The net sales value is based on official market prices on the accounts closing date or generally adopted methods such as stock option valuation models or discounted cashflows.

ACCOUNTS RECEIVABLE

Accounts receivable are reported as being the sums expected to flow in after the deduction of unsecured receivables that are assessed individually. Any accounts receivable of less than three months are reported at their nominal value without discounting. When there are currency forward contracts that safeguard the flow of goods and services between countries, accounts receivable are valued at the forward exchange rate in cases where the term is less than three months, in other cases the receivable is valued at the exchange rate on the date when the security was adopted.

The difference between the forward exchange rate and the day rate when the security as pledged is periodised over the duration of the foreign currency forward term.

ACCOUNTS PAYABLE

Accounts payable have a short expected duration and are valued without discounting at a nominal amount. Payables in foreign currency that have been secured with a foreign currency forward contract are converted at the forward exchange rate in the case when the secured period of time is less than three months. When the secured period exceeds three months, the accounts payable are converted in accordance with the exchange rate on the day on which the security was adopted.

The difference between the forward exchange rate and the day rate when the security was pledged, is periodised over the duration of the foreign currency forward term.

LOANS

Loans are reported initially at the amount received after deduction of transaction costs. After the date of procurement, the loan is valued at the accrued procurement value in accordance with the effective interest method. Accrued procurement value is determined on the basis of the effective interest that was calculated at the time the loan was taken out. This means that surplus and deficit values such as direct issue costs are periodised over the duration of the loan. If the loan cannot be released early, the calculation will be periodised over the whole of the agreed duration.

FINANCIAL GUARANTEE ACCOUNTING

To fulfil the requirements for financial guarantee accounting, a clear link is required to the guaranteed item and the guarantee must effectively protect the guaranteed position. Profits and losses concerning securities are reported at the same time as profits and losses on the items that have been secured. Guaranteed items are valued during their duration at the spot rate for the guarantee instrument. The effect on revenue from the derivatives contract will be entered in the income statement during the same period as the guaranteed items are reported in the income statement.

In cases where the preconditions for financial guarantee reporting no longer pertain, the derivative instrument is reported as if it is held for trading at portfolio level at procurement value or actual value, whichever is the lower. In conjunction with the financial guarantee report being suspended, the sum that the instrument was reported at in the balance sheet is used as the procurement value, when the financial guarantee report was suspended, although only in so far as it has not been reported in the income statement at the time of the suspension.

Raw material price risk

Lantmännen makes a certain degree of use for raw materials contracts and raw materials derivatives to guarantee forecast purchases of raw materials that are required for forecast future sales of raw materials and for certain of the Group's manufactured products. The financial guarantee report is applied, which means that the effect on profits of the raw materials contract or raw material derivative is entered into the income statement during the same period as the raw material cost with regard to guaranteed raw materials purchases are reported in the income statement. Outstanding raw material derivatives that do not fulfil the criteria for financial guarantee reporting, but for which the intention is to guarantee, market value is calculated and unrealised losses are charged to operating results.

Receivables and liabilities in foreign currency

For guaranteeing assets or liabilities against currency rate risk, foreign currency forwards are used and reporting is done in accordance with the Sweden's Financial Accounting Standards Council recommendation BFN R 7. This means that the guaranteed asset or liability is valued in accordance with the exchange rate on the day when the currency is guaranteed. The difference between the forward exchange rate and the day rate when the security is pledged, is periodised over the duration of the foreign currency forward term.

The currency rate differences that arise in converting operating receivables and liabilities are reported in the income statement while the differences in exchange rate that arise in converting financial assets and liabilities are reported in net financial items.

Transaction exposure

Currency exposure with regard to the future forecast flows are guaranteed by means of foreign currency forwards. The foreign currency forward which protects the forecast flow is not entered on the balance sheet. The changes in value of the currency forwards are reported in the same period as that in which the forecast flow arises. The forecast flows may be invoiced or forecast transactions.

Net investments

Investments in foreign subsidiaries (net assets inclusive of goodwill) have, to a certain extent, been guaranteed by taking out a currency loan. At the accounts closing date these will be entered at the rate as at the date of the balance sheet. Rate differences entered in the parent company's income statement are entered into the consolidated report against shareholders' equity in order to match conversion of the net assets in the subsidiary, which have been entered against shareholders' equity.

Guaranteeing corporate fixed interest rates

To guarantee interest rate risk, Lantmännen uses interest swaps. Sums to be paid or received according to interest rate swapping, are reported on an ongoing basis as income from interest or interest charges. Premiums paid or received when the swap agreement was entered into, will be periodised as interest over the duration of the agreement.

More information about financial risk management is contained in Note 32 Financial instruments and financial risk management.

PAYMENTS TO EMPLOYEES

Remuneration for employees is reported in the consolidated accounts in accordance with Sweden's Accountancy Standards Council's recommendation RR29, Payments to employees, which has been applicable from 01.01.2005.

Payments to employees after end of employment

In Sweden, most employees are covered by the defined benefit pension plans through PRI. Defined benefit plans also occur in Norway and Germany. In other countries, all employees are covered by defined contribution plans.

In defined contribution plans, the company pays set fees to a separate legal entity and has no obligation to pay any further fees. The Group's profit/loss is charged with costs as the benefits are earned.

In defined contribution pension plans, payments are made to employees and former employees based on their salary at the time of retiring and their number of years' service. The Group bears the risk of the pledged payments being made.

The defined benefit pension plans are both funded and non-funded. Where the plans are funded, assets have been set aside, primarily into pension foundations. These administered assets can only be used for making payments in accordance with pensions agreements.

The net value of calculated current value of the obligations and the actual value of the administered assets are reported in the balance sheet, either as a provision or a long-term financial receivable. Offsetting a surplus in a plan against a deficit in another plan will only take place if the company is entitled to use a surplus in a plan to regulate a deficit in another plan, or if the obligations are intended to be regulated on a net basis.

The pensions cost and pensions obligation for defined benefit pension plans are calculated according to what is known as the Projected Unit Credit Method. The method distributes the cost of pensions as the employees perform services for the company, which increases their right to a future payment. The company's commitment is calculated annually by independent actuaries. The commitment comprises the current value of the expected future payments. The discount rate that is used is equivalent to the interest rate for first class government loan stock with a duration corresponding to the average duration of the obligations and currency. The most important actuarial assumptions are stated in Note 36.

When the current value and actual value of the obligation on the administered assets are established, actuarial profits and losses may arise. These arise either because the actual outcome differs from the assumption previously made, or if the assumption is changed. That part of the accumulated actuarial profits and losses, at the end of the previous year, which exceeds 10% of either the current value of the obligations or the managed assets actual value, whichever is larger, is reported in the result, over the expected average remaining period of service for the employees covered by the plan.

The accounting principle described above is applied only to the consolidated accounts. The parent company and subsidiary companies report defined benefit pension plans in accordance with local rules and regulations in the countries concerned. For further details, see the paragraph on Parent Company and Subsidiaries.

A provision is reported for special income tax in cases where the pensions cost adopted in accordance with RR 29 is higher than the pension cost adopted in a legal entity. The provision is based on the difference between these sums. The provision is not calculated as current value.

Other long-term payments to employees

The same principles are applied as for defined benefit plans, apart from the fact that all actuarial profits and losses are reported immediately.

Payments on termination

A provision is reported in conjunction with staff redundancies only if the company is demonstrably obliged to terminate a person's employment before the normal date or when payments are made as an offer to encourage voluntary redundancy. In cases in which the company gives staff notice, a detailed plan will be set up containing at least details of workplace, positions held and approximate numbers of staff affected, and the payments for each staff category or post, and the date of implementation of the plan.

Payments to employees**PARENT COMPANY AND SWEDISH SUBSIDIARIES****BENEFIT-BASED PENSIONS**

The company applies FAR recommendation No 4, Reporting of pension liability and pension cost.

The application of FAR 4, the Swedish Act on safeguarding pension obligations [Tryggandelagen] and the regulations of Sweden's Financial Supervisory Authority, leads to another report than that in accordance with RR 29. To be given the fiscal right to deductions, the Act on safeguarding pension obligations and the regulations of the Financial Supervisory Authority must be adhered to. The most essential differences from the rules in RR 29 are the way the discounting rate is established, the fact that the defined benefits obligation is calculated on the basis of current salary level and the actuarial profits and losses are reported as soon as they occur.

Pension commitments are reported as a provision in the balance sheet, to the extent allowed by the Act on safeguarding pension obligations, under the heading "Provisions for pensions and similar obligations".

CONTRIBUTION-BASED PENSIONS

The company's obligations for each period comprise those sums that the company is to contribute for the period in question. The obligation is calculated without discounting, except in cases where they do not, in their entirety, become due for payment within 12 months of the end of the period during which the employees perform the related services.

TAX

The Group's tax costs consist of current and deferred tax.

Taxes are reported in the income statement except when underlying transactions are reported directly against shareholder's equity, in which case associated tax effects will be reported in shareholders' equity. Current tax is tax that must be paid or received with regard to the current year. Adjustment of current tax related to earlier periods also belongs here. Deferred tax is calculated in accordance with the balance calculation method on the basis of temporary differences between reported and fiscal values of assets and liabilities. The sum is calculated on the basis of the way the temporary differences are expected to equalise and application of the tax rates and tax rules that have been adopted or notified as at the closing date.

Untaxed reserves are reported in a legal person including deferred tax liability. In the consolidated accounts, on the other hand, untaxed reserves are split into deferred tax liability and shareholders' equity.

Deferred tax recoverables with regard to deductible temporary differences and deficit deductions are only reported if it is probable that these will imply lower tax payments in future.

PROVISIONS

Provisions are reported when Svenska Lantmännen has or is regarded as having a formal or informal commitment as a result of events that have occurred and it is probable that payments will be required to complete the commitment. A further condition is that it should be possible to make a reliable estimate of the sum that is to be paid.

For derivatives and supply agreements which will not be finalised with supplies, and cannot be reported as guarantees, a test will be carried out at the closing date of whether the derivatives/supply agreements may be regarded as being unfavourable. Provisions are made for unfavourable agreements.

A current value calculation is made to take into consideration essential time effects on future payments.

GUARANTEE RESERVE

A provision is reported when the product or service has been sold. The guarantee provision is calculated on the basis of previous years' guarantee expenses and a calculation of future guarantee risk.

RESTRUCTURING RESERVE

A provision is reported when a detailed restructuring plan has been established and the restructuring has either been commenced or has been publicly announced.

INCOME

Income from sales of goods and services is reported in conjunction with delivery to the customer in accordance with the terms and conditions of sale, when essential rights and obligations combined with the right of ownership is transferred to the purchaser. Where appropriate, the income has been reduced by the value of discounts granted.

Payments in the form of interest/royalty/dividend are reported as income when it is probable that the financial benefits linked to the transaction accruing to the company and that they can be calculated in a reliable manner.

Royalties are periodised in accordance with the agreement's financial consequences. Dividend is reported when the right to obtain payment is regarded as certain.

LEASING – LESSEES

Leasing is classified in the consolidated accounts either as financial or operational leasing. Financial leasing occurs when the financial risks and benefits linked to ownership is, in all essentials, transferred to the lessee. In any other case, it will be a matter of operational leasing. Agreements classified as financial do exist within Svenska Lantmännen, with regard to car leasing, for example, some production facilities and major rental contracts.

Assets possessed in accordance with financial leasing agreements have been reported as assets in the consolidated balance sheet. The Group's liability towards the lessor is reported as other interest-bearing liabilities and is distributed into a short-term and a long-term part. The leased assets are depreciated according to a plan while the leasing payments are distributed between interest and amortisation of the liability. For Svenska Lantmännen, the reclassification from operational to financial leasing has meant an increased balance sheet total.

Operational leasing means that the leasing fee is charged over the duration on the utility basis, which can differ from de facto payments in the form of leasing fees during the year.

In the parent company, all leasing agreements are reported in accordance with the rules for operational leasing.

EXTRAORDINARY ITEMS

The effects on profits of specific incidents and transactions of significant importance are specified within the profit concept concerned. Examples of such events and transactions are capital gains on disposal of branches of operations and significant fixed assets, write-downs and restructuring costs.

STATE SUPPORT

State subsidies are reported on the balance sheet and income statement when there is reasonable certainty that the conditions linked to the subsidy will be fulfilled and that the subsidy will be obtained. The subsidies are periodised systematically in the same way and over the same periods as the costs that the subsidies are intended to compensate.

CONSOLIDATED FINANCIAL STATEMENT**Subsidiaries**

Svenska Lantmännen's consolidated accounts cover the parent company and all companies in which Svenska Lantmännen ek för, directly or indirectly, possesses more than 50% of the voting shares or has, in some other way, a determining influence over the operational and financial management. Svenska Lantmännen's subsidiaries are consolidated in accordance with the acquisition method. The acquisition method means that an acquisition of a subsidiary is regarded as a transaction, by which the parent company indirectly acquires the subsidiary's assets and takes on its liabilities. As from the date of acquisition, the acquired company's income and expenditure, identifiable assets and liabilities will be included in the consolidated accounts as will any accrued goodwill or negative goodwill.

Goodwill

On a corporate basis, goodwill arises when the procurement value, when shares are acquired in subsidiaries, exceed the actual value of the acquired company's identifiable net assets. Goodwill is reported at the procurement value with deductions for accumulated depreciation and any write-downs.

Negative goodwill

Negative goodwill arises when the procurement value on acquisition of shares in subsidiaries falls short of the actual value of the acquired company's identifiable

net assets. If the accrued negative goodwill relates to future costs or future losses, negative goodwill is reported as a provision in the balance sheet and dispersed as the losses occur.

Associated companies

Shareholdings in associated companies, in which the Group has a minimum of 20% and a maximum of 50% of the voting shares or has in some other way a significant influence over the operational and financial management, is normally reported in accordance with the equity method. The equity method means that the value of shares in the associated companies entered into the consolidated accounts corresponds to the Group's share in the shareholders' equity of the associated company and possible residual values in consolidated surplus and deficit values. In the consolidated income statement, the Group's share in the associated company's profit/loss is entered as 'Share in associated company's profit/loss' after financial income and expenditure have been adjusted for any depreciation on or dispersals of acquired surplus or deficit values. The Group's share in the associated companies' reported taxes are included in the consolidated tax expenses. Shares in profits accruing after the acquisition of the associated companies which have not yet been realised through dividend, are set aside to the equity fund which constitutes part of the Group's restricted shareholders' equity.

In cases where the associated companies have little activity, the company has not been reported according to the equity method. Dividends and similar items from these companies are reported in the consolidated income statement as profits/losses from other securities.

Elimination of transactions between Group companies

Internal Group receivables and payables plus transactions between companies in the Group, the same as unrealised profits connected with them, are eliminated in their entirety. Unrealised profits arising from transactions with associated companies are eliminated to the extent to which the Group owns shares in the company. Unrealised profits arising as a consequence of transactions with associated companies are eliminated against 'Shares in the associated company'. Unrealised losses are eliminated in the same way as unrealised profits, in so far as there is no write-down requirement.

Conversion of foreign subsidiaries or other foreign businesses

The day rate method is applied to the currency conversion of income statement and balance sheets in dependent foreign businesses. The method means that all assets, provisions and liabilities are converted at the rate on the closing date and that all items on the income statement are converted at the average rate. Any differences arising are carried over directly to shareholders' equity.

On disposal of independently operated foreign business, is realised to the business' attributable accumulated conversion rate differences after deduction of any currency guarantee, in the consolidated income statement.

Mergers

During the year, one subsidiary has merged with Svenska Lantmännen ek för. The merger has been reported in accordance with BFNAR 1999:1 "Merger of wholly-owned joint stock companies". The corporate valuation method has been applied, meaning that Svenska Lantmännen ek för has reported the merged subsidiary's assets and liabilities at the values they had in the consolidated accounts.

GROUP CONTRIBUTIONS AND ADDITIONAL SHAREHOLDER CONTRIBUTION

The company reports Group contribution and additional shareholder contribution in accordance with the statement from the Swedish Financial Accounting Standards Council's Urgent Issues Task force.

Additional shareholder contributions are entered directly against the shareholders' equity of the recipient and activated in the donor's shares and stocks, in so far as write-downs are not required.

Group contributions are reported in accordance with financial significance. It means that Group contributions that are made with the purpose of minimising the Group's total tax are reported directly against balanced profits after deductions for its current effect on tax.

Group contributions that are to be equated with additional shareholder contributions, taking the current effect on tax into account, are reported for the recipient directly against balanced profits. The donor reports the Group contribution and its current effect on tax as an investment in shares in Group companies, in so far as write-downs are not required.

CHANGE OF ACCOUNTING PRINCIPLES

In 2005, as is indicated under changed accounting principles, Svenska Lantmännen completed its implementation of the recommendations of the Swedish Financial Accounting Standards Council. Note 44 contains a report of the effects of the implementation.

RR 29 PAYMENTS TO EMPLOYEES

As from 1 January 2005, Swedish Financial Accounting Standards Council recommendation RR 29, Payments to Employees, is being applied. Among the effects of the application of the recommendation are the defined benefit pension

plans in the Group being reported and calculated in accordance with principles that differ from those that were implemented previously. The increase in the net reported pension liability as a consequence of the change of principle has been reported against shareholders' equity on the transition to RR 29.

This has meant that shareholders' equity, at the start of the year, has reduced by SEK 62 million. This reduction consists of increased pension obligations of SEK 85 million and a deferred tax recoverable of SEK 23 million.

In accordance with the recommendation, the year for comparison has not been converted regarding defined benefit pension plans.

RR 6:99 LEASING AGREEMENTS

As from 1 January 2005, the Swedish Financial Accounting Standards Council recommendation RR 6:99 Leasing Agreements is being applied. The reclassification from operational leasing agreement to financial leasing agreement has meant that the balance sheet total 2004 has increased by SEK 350 million. The year for comparison has been converted in accordance with these principles.

OTHER RECOMMENDATIONS

Other recommendations implemented during the year have not influenced the Group's results and status. On the other hand, the recommendations have meant a significantly expanded obligation to inform.

None of the new recommendations have had any effect on the profits and status of the parent company, Svenska Lantmännen ek för.

GROUP INFORMATION

Of the group's total purchases and sales measured in Swedish Kronor, 17% of purchases and 12% of sales relate to other companies within the entire group of companies to which the group belongs.

Of the parent company's total purchases and sales measured in Swedish Kronor, 17% of the purchases and 15% of the sales relate to other companies within the entire group of companies to which the company belongs.

CLOSE ASSOCIATES

By having a determining influence, the parent company is closely associated to its subsidiaries, which are made clear in Note 22. Information about the size of purchases and sales between Group companies are clearly stated above. Pricing of supplies of goods and services between companies in the Group takes place at market price.

Through significant influence, the parent company is closely linked to its associated companies, including both the directly and indirectly owned associated companies.

During the financial year of 2005 (2004), associated companies have purchased goods/services from the Group to a value of SEK 62 million (76) and sold goods/services to the Group to a value of SEK 458 million (621). As at 31 December 2005 (2004), the associated companies had receivables from the Group to a value of SEK 15 million (0) and payables to the Group to a value of SEK 179 million (151). Transactions with associated companies are priced on market-related conditions. Dividend from the directly owned associated companies is contained in Note 9.

Because of its right to participate in the decisions that affect the parent company's strategies, its board members have a significant influence over the parent company and should thereby be regarded as close associates. An economic association has, as its aim, the promotion of the members' financial interests by means of economic activity in which the members participate. In accordance with this, purchases or sales of goods and services have taken place during the financial year between the parent company and individual board members, who are members of the association. In the same way, individual board members are participating in the financing of the association. Transactions between board members and the economic association in their capacity as owners have taken place in accordance with the association's aims. The association's general pricing and terms have been applied. Details of amounts are therefore not provided about these transactions.

Details of salaries, agreements with regard to redundancy payments, etc, for people such as those in leading positions have been given in Note 6.

Note 1 Information on branches of operations (Primary segments)

2005	Lantbruk	Svalöf-Weibull	Maskin	Grann-gården	Energi	Mills	Axa	Unibake	Kronfågel	Invest	Other/ Elimin.	Total
Income												
External sales	7,094	765	6,524	2,544	1,361	1,310	4,031	2,775	1,718	1,479	206	29,807
Internal sales	1,120	293	285	27	826	999	38	123	3	319	-4,033	-
Total income	8,214	1,058	6,809	2,571	2,187	2,309	4,069	2,898	1,721	1,798	-3,827	29,807
Results												
Operating profit/loss per branch of operations	-157	-6	168	-26	78	125	-156	200	-80	16	-42	120
Operating profit/loss	-157	-6	168	-26	78	125	-156	200	-80	16	-42	120
Shares in profit	-	-	-	-	-	-	-	-	-	-	-	462
Profit/loss from other securities	-	-	-	-	-	-	-	-	-	-	-	96
Interest income	-	-	-	-	-	-	-	-	-	-	-	208
Interest expenses	-	-	-	-	-	-	-	-	-	-	-	-360
Discounts, final price adjustments	-	-	-	-	-	-	-	-	-	-	-	-139
Tax costs for the year	-	-	-	-	-	-	-	-	-	-	-	121
Minority holdings	-	-	-	-	-	-	-	-	-	-	-	3
Net profit/loss for the year	-	-	-	-	-	-	-	-	-	-	-	511
2004	Lantbruk	Svalöf-Weibull	Maskin	Grann-gården	Energi	Mills	Axa	Unibake	Kronfågel	Invest	Oher/ Elimin.	Total
Income												
External sales	7,820	797	6,158	2,503	1,084	1,290	4,016	2,694	-	1,522	313	28,197
Internal sales	1,136	252	23	29	736	1,011	45	144	-	255	-3,631	-
Total income	8,956	1,049	6,181	2,532	1,820	2,301	4,061	2,838	-	1,777	-3,318	28,197
Results												
Operating profit/loss per branch of operations	136	59	179	-27	58	105	-69	216	-	30	91	778
Operating profit/loss	136	59	179	-27	58	105	-69	216	-	30	91	778
Shares in profit	-	-	-	-	-	-	-	-	-	-	-	23
Profit/loss from other securities	-	-	-	-	-	-	-	-	-	-	-	85
Interest income	-	-	-	-	-	-	-	-	-	-	-	194
Interest expenses	-	-	-	-	-	-	-	-	-	-	-	-360
Discounts, final price adjustments	-	-	-	-	-	-	-	-	-	-	-	-199
Tax costs for the year	-	-	-	-	-	-	-	-	-	-	-	-113
Minority holdings	-	-	-	-	-	-	-	-	-	-	-	-25
Net profit/loss for the year	-	-	-	-	-	-	-	-	-	-	-	383

Note 1 contd.

2005	Lantbruk	Svalöf-Weibull	Maskin	Grann-gården	Energi	Mills	Axa	Unibake	Kronfågel	Invest	Other/ Elimin.	Total
Other details												
Assets	3,958	1,153	2,557	615	1,284	1,890	3,002	2,835	1,415	1,558	-268	19,999
Liabilities	1,976	597	1,626	477	597	967	1,418	649	365	511	-894	8,289
Investments	134	52	135	12	93	242	171	217	98	69	40	1,263
Depreciation	-281	-50	-105	-15	-74	-209	-281	-201	-49	-74	-174	-1,513

2004	Lantbruk	Svalöf-Weibull	Maskin	Grann-gården	Energi	Mills	Axa	Unibake	Kronfågel	Invest	Elimi- nation	Total
Other details												
Assets	4,923	1,188	2,660	647	1,197	1,715	2,940	2,709	-	891	-	18,870
Liabilities	2,611	609	1,990	458	474	695	940	620	-	480	-1,632	7,245
Investments	98	105	100	29	127	93	117	125	-	47	32	,873
Depreciation	-164	-46	-95	-25	-123	-177	-250	-206	-	-76	-102	-1,264

Information on geographical market (secondary segments)

2005	Sweden	Denmark	Norway	Germany	Poland	Ukraine	Baltic States	The rest of Europe	The rest of the world	Elimination	Total
External sales	19,625	3,631	1,802	2,344	222	36	356	1,537	254	-	29,807
Assets	16,870	3,392	1,012	595	245	71	346	476	126	-3,134	19,999
Investments	648	243	118	125	9	15	9	94	2	-	1,263

2004	Sweden	Denmark	Norway	Germany	Poland	Ukraine	Baltic States	The rest of Europe	The rest of the world	Elimination	Total
External sales	19,569	3,254	1,466	1,706	184	31	459	1,531	223	-226	28,197
Assets	16,100	2,548	900	734	235	42	408	370	156	-2,623	18,870
Investments	591	132	43	17	39	16	22	2	11	-	873

The primary subdivision into segments is based on the corporate business areas. In the new business organisation, the Group's focus is on product and business development. The purpose has also been to simplify the organisation and to increase customer-orientation. The Group's operational structure and the internal reporting to corporate management and the Board is based on an account of the business areas. Sales within the Group, between segments, are based on a market-related internal price, which is based on the principle of 'remaining at arm's length' i.e. between parties that are independent of one another, well-informed and with an interest in the transactions being implemented.

For the business area, the assets, liabilities and provisions that are used in the ongoing business of the segment have been included. The assets and liabilities that have been included are intangible and tangible fixed assets, current assets, operating liabilities and provisions attributable to sales of goods and services. Financial assets and liabilities and provision for pensions have not been distributed to the respective business areas. Assets, liabilities and provisions have been attributed directly to the business area or distributed to the segment in a reasonable, reliable manner.

All investments are included in the segments' investments in tangible and intangible fixed assets, apart from investments in short-term inventory and inventory of lower value.

Branches of operations

The Group comprises ten business areas with different business directions. A concise outline of the business areas is given below.

The Lantmännen Lantbruk business area constitutes the Group's core business with cereals, animal feed and plant breeding as its principal areas of operation.

The Svalöf Weibull business area is one of Europe's leading plant breeding and seed companies.

The Lantmännen Anläggings- och Lantbruksmaskiner business area imports, markets and sells tractors, tools, combines and construction machinery. Servicing and sales of spares are also covered by this operation.

Through its Lantmännen Granngården business area, Lantmännen runs a retail business directed towards pets and gardening.

Within the energy sector, the Lantmännen Energi business area is active within fields such as biofuels and grain-based ethanol.

The Lantmännen Mills business areas develops, manufactures and markets flours, flour mixes, breakfast cereals and pasta for the food industry and bakeries in Northern Europe.

Lantmännen Axia is the business area that covers the entire chain from product development and production to marketing and sales within the fields of flours, breakfast cereals, mixes, pasta and breads to the consumer market.

Production and sales of fast-food bread, instore bakery bread and frozen bread are included in the Lantmännen Unibake business area.

Lantmännen Kronfågel is the latest business area to be added and is Scandinavia's leading producer of foods based on chicken.

Lantmännen Invest covers partly those companies that originate in various research projects, partly companies that do not belong directly in any of the other business areas, but which operate businesses that could in some other way be related to farmland and its utilisation.

Geographical areas

Geographical areas constitute the Group's secondary basis of subdivision.

The information that is presented as regards the segment income relates to the geographical areas grouped according to where the customers are located. The majority of sales take place in the Nordic countries as made clear in the table above.

The information regarding the segments' assets and the period's investments in tangible and intangible fixed assets is based on geographical areas grouped according to where the assets are located, i.e. where the company operates its production of goods and services.

	The parent company	
	2005	2004
Net turnover, per branch of operation		
Lantbruk	8,214	8,900
Other	164	18
	8,378	8,918
Net turnover per geographical area		
Sweden	7,518	8,085
Europe	860	833
	8,378	8,918

Note 2 Distribution of income

	The Group		The parent company	
	2005	2004	2005	2004
<i>Income per essential type of income</i>				
Sales of goods	28,413	27,149	7,094	7,791
Contract assignments	166	151	–	–
Service assignments	1,306	731	–	–
Interest	208	194	159	180
Royalty	86	49	–	–
Dividend	46	21	744	505

Note 3 Other operating income

Of other operating income, SEK 130 million (95) relates to capital gains on sales of properties for the Group and SEK 59 million (16) for the parent company. The Group's other operating income consists of state support at 11% (4).

Note 4 Fees and expense payments to auditors

	The Group		The parent company	
	2005	2004	2005	2004
<i>KPMG</i>				
Auditing tasks	13	11	2	1
Other tasks	11	7	6	2
<i>Other auditors</i>				
Auditing tasks	0	1	–	–
Other tasks	1	0	–	–
<i>Elected representatives</i>				
Auditing tasks	1	1	1	1

Note 5 Leasing fees with regard to operational leasing

	The Group		The parent company	
	2005	2004	2005	2004
The Group				
<i>Assets possessed via operational leasing agreements</i>				
Minimum lease fees	65	57	8	5
Variable fees	0	0	0	0
Total leasing costs	65	57	8	5
Agreed future minimum lease fees that are due for payment:				
Within one year	64	63	8	9
Between 1 and 5 years	140	132	17	21
More than five years	40	98	4	8
	244	293	29	38

Note 6 Employees and staff costs

Average number of employees	2005	of which	
		2004	men, %
The Group			
Sweden	7,900	72	7,477
Denmark	2,311	64	1,850
Germany	461	68	459
Poland	451	66	450
Norway	420	63	406
Ukraine	270	46	213
Latvia	160	68	175
Estonia	77	58	170
Canada	49	65	53
Finland	43	49	48
United Kingdom	16	56	19
Lithuania	7	71	17
Spain	6	50	13
France	9	56	12
USA	10	70	11
The Netherlands	5	100	7
Japan	6	67	6
Korea	3	100	–
Russia	26	54	1
Total in the Group	12,230	69	11,387
The parent company			
Sweden	1,403	76	1,529
Total in parent company	1,403	76	1,529

Distribution of sexes in company management	2005		2004	
	Proportion of women, %		Proportion of women, %	
The parent company				
Board of Directors		27		31
Other management post-holders		31		20

Group total				
Board of Directors		30		13
Other management post-holders		17		12

Salaries, other payments and welfare expenses

	2005		2004	
	Salaries and payments	Welfare costs	Salaries and payments	Welfare costs
The parent company	473	236	459	226
(of which pension cost)		¹⁾ (84)		¹⁾ (73)
Subsidiaries	3,268	1,039	2,970	948
(of which pension cost)		(307)		(226)
Group total	3,741	1,275	3,429	1,174
(of which pension cost)		(391)		(299)

¹⁾ Of the parent company's pensions costs, SEK 0.8 million (1.4) relate to the corporate Board and the President. The company's outstanding pensions obligations for these amount to SEK 0 (0).

Note 6 contd.

Salaries and other payments subdivided into countries and between Board members and other employees

	2005		2004	
	The Board and MC	Other employees	The Board and MC	Other employees
The parent company				
Sweden	8	465	6	453
Parent company total	8	465	6	453
Subsidiaries				
Sweden	52	1,801	51	1,694
Denmark	8	932	11	773
Germany	3	157	3	149
Poland	–	41	1	35
Norway	4	181	3	162
Ukraine	1	8	–	6
Latvia	1	12	1	14
Estonia	2	9	1	13
Canada	1	11	4	8
Finland	1	13	–	15
United Kingdom	3	5	2	6
Lithuania	–	1	–	1
Spain	1	1	1	3
France	–	5	–	3
USA	1	4	2	3
The Netherlands	1	1	1	1
Japan	1	2	1	2
Korea	–	0	–	–
Russia	–	4	–	–
Subsidiaries total	80	3,188	82	2,888
Total in the Group	88	3,653	88	3,341

SALARIES FOR LEADING MANAGERS**Leading managers**

The term 'leading managers', as reported in this note, relates to the corporate management team comprising CEO, business area managers and staff managers employed within the parent company and business area managers employed within subsidiaries. During 2005, there were changes in the corporate management team. At the start of the year, the corporate management team was made up of 13 people. During the year, 3 people have left and 4 people have joined. At the end of the year, the corporate management team was made up of 14 people including the CEO. The amount below relates to all managers who have been managers during the entire year or during parts of 2005. The conditions described below relate to those managers that were managers in the corporate management team as at 31.12.05.

Principles for payments to leading managers

Leading managers in the corporate management team are paid a fixed salary, car benefit, medical insurance, occupational pension and a bonus/variable salary maximised as 30% of fixed salary. The bonus will be based with main emphasis on financial targets but also based on individual targets for the managers concerned. There is no share-related incentives programme.

Payments to leading managers

	Chairman of the Board	Other Board members	President/ Group CEO	Corporate management team (excl President/ Group CEO)
kSEK				
Total sum*	534	3,682	3,969	33,805
Fixed salary/board fee	534	3,682	3,061	22,555
Bonus**	–	–	–	4,520
Pension***	–	–	780	5,905
Other benefits (unless over 10% otherwise reported separately)	–	–	128	825

* The amount excludes welfare fees and special tax on earned-income.

** Bonus relates to 2005, but will be paid in 2006.

*** Pension relates to the costs that have been charged to the profits/losses for 2005.

Note 6 contd.

Payments to the Board

The payments to the Board Chairman and the Board members constitutes of both those payments fixed for Svenska Lantmännen at the general meeting, and the payment from other Group companies. For 2005 Board Chairman, Thomas Bodén, has received a total of SEK 534,000 in payments, of which SEK 299,000 were from Svenska Lantmännen ek för in annual fees and SEK 186,000 in day fees, plus SEK 40,000 in annual fees and SEK 9,000 in day fees from other Group companies. For 2005, the other eleven Board members have received a total of SEK 3,682,000 in payments, of which SEK 1,827,000 were in annual fees and SEK 1,365,000 in day fees, plus SEK 413,000 in annual fees and SEK 77,000 in day fees from other Group companies.

Significant conditions in agreements on salaries, benefits and pensions for the President and Group CEO

Biggita Johansson-Hedberg, President and Group CEO, has received SEK 3,061,000 in salary in 2005. Added to this are other benefits worth SEK 128,000. The President does not have an agreement on any bonus/variable payment. The President and Group CEO is covered by a defined contribution protected rights pension agreement which is equivalent to a provision for insurance of 25% of the fixed salary, which corresponded to SEK 780,000 for 2005. The President and Group CEO's pension age is 65.

Significant conditions in agreements on termination of employment and redundancy payments to the President and Group CEO

If the President and Group CEO leaves his/her post at his/her own request, a period of notice of 6 months will apply. When an employment is terminated by the company, a period of notice of 12 months will apply and a severance payment corresponding to 12 months' salary with full settlement against income from other employment.

Significant conditions in agreements on pensions to other people in the corporate management team (as at 31/12/05)

Other leading managers, for 2005, have received salaries to a total sum of SEK 22,555,000. Added to this is a pension of SEK 5,905,000 and other benefits worth SEK 825,000. Bonus/variable payments have been earned in 2005 to a value of SEK 4,520,000.

TERMS AND CONDITIONS FOR PENSIONS BEFORE THE AGE OF 65

Four managers have accrued entitlement to a pension from the age of 62–63 to 65. Three have a defined benefit pension corresponding to 60–70% of pensionable salary and one has a defined contribution pension with a premium of 33% of pensionable salary. The pensionable salary corresponds to the ITP agreement's definition with or without a ceiling. All pensions entitlements are accrued on a linear basis and secured/guaranteed by insurance policies.

Others have no entitlement to a pension before the age of 65.

TERMS AND CONDITIONS FOR PENSIONS AFTER THE AGE OF 65

Seven managers have accrued in principle an occupational pension in accordance with ITP, with pensionable salary maximised as 30 basic income amounts. One member has a defined contribution supplement of 21% of salary over 30 basic income amounts without any ceiling.

Five members accrue a defined contribution pension with a provision for insurance equivalent to 25–35% of the pensionable salary which is fixed salary with or without bonus and ceiling. Within the framework of the premium, the employee personally selects the subdivision between benefits for age, surviving relatives and sickness. All pensions entitlements are accrued on a linear basis and secured/guaranteed by insurance policies.

Two members do not accrue any pension paid by the company because they have full accrual and one has a gross compensation entitlement.

Sickness benefits are payable in accordance with ITP, in which two members have a supplementary insurance policy.

Significant conditions in agreements on termination of employment and redundancy payments (as at 31/12/05)

Other managers in the corporate management team (excl the President) have a period of notice of 6–8 months in the event of termination at that person's own request and 6–12 months at the request of the company. In the case of termination at the company's request there will be a severance payment of 9–18 months with full settlement against income from another employment during the period for making the payment.

Forms of decision for payments to the President, Group CEO and corporate management team

The President's salary and other payments are decided by the Board. For other people in the corporate management team, terms and conditions of payment are prepared by a payments committee, which is appointed by the Board and which comprises the Chairman of the Board, two Board members and the President. The terms and conditions of payment for the corporate management team, excluding the President, are determined by the President. In 2005, the payments committee has held a total of six meetings.

Note 6 contd.

	The parent company	
	2005	2004
Sick-leave		
Total sick-leave as a proportion of ordinary working hours	4%	3%
The proportion of total sick-leave that relates to continuous sick-leave of 60 days or more	56%	57%
<i>Sick-leave as a proportion of each group's ordinary working hours:</i>		
<i>Sick-leave distributed by sex:</i>		
Men	4%	3%
Women	4%	4%
<i>Sick-leave distributed by age category:</i>		
29 or younger	2%	2%
30-49	3%	3%
50 or older	4%	4%

Note 7 Depreciation and write-downs of tangible and intangible fixed assets

	The Group		The parent company	
	2005	2004	2005	2004
Concessions, patents, licences, brands	-36	-34	-	-
Goodwill	-190	-205	-	-
Buildings and land	-224	-172	-75	-51
Machinery and other technical plant	-871	-664	-215	-80
Inventories, tools and installations	-192	-189	-24	-27
	-1,513	-1,264	-314	-158

Write-downs

After impairment test, goodwill and assets have been written down within the business areas of Lantbruk, Energi, Mills and Axa.

Note 8 Profit/loss from shares in Group companies

	The parent company	
	2005	2004
Dividend	703	478
Capital gains on sales of shares	-	-5
Write-downs	-25	-17
	678	456

Note 9 Profit/loss from shares in associated companies

	The Group		The parent company	
	2005	2004	2005	2004
Dividend	-	-	1	10
Capital gains on sales of shares	437	23	-	24
Write-downs	-	-	0	-
Shares in profit/loss of trading companies	25	-	21	0
	462	23	22	34

Note 10 Profit/loss from other securities and receivables that are fixed assets

	The Group		The parent company	
	2005	2004	2005	2004
Dividends	46	21	40	17
Capital gains on sales of shares	46	80	46	83
Write-downs of shares	0	-22	0	-7
Other	4	6	4	5
	96	85	90	98

Note 11 Exchange rate differences that have affected profits/losses

	The Group		The parent company	
	2005	2004	2005	2004
Exchange rate differences that have affected operating result	14	7	5	1
Exchange rate differences on financial items	11	13	4	2
	25	20	9	3

Note 12 Allocations, depreciation in excess of plan

	The parent company	
	2005	2004
Difference between book depreciation and depreciation according to plan		
- Buildings and land	45	17
- Machinery and other technical plant	134	20
	179	37

Note 13 Tax on profit/loss for the year

	The Group		The parent company	
	2005	2004	2005	2004
Current tax costs (-) /tax income (+)				
Tax costs/tax income for the period	-113	-141	-20	-44
Adjustment of tax attributable to previous years	4	3	-	-2
	-109	-138	-20	-46
Deferred tax costs (-) /tax income (+)				
Deferred tax relating to temporary differences	136	118	9	35
Deferred tax as a result of changes in tax rates/and changed tax rules	3	-	-	-
Deferred tax income in tax value activated during the year in deficit deductions	100	8	17	-
Deferred tax cost as a result of utilisation of previously activated tax value in deficit deductions	-2	-84	-	-
	237	42	26	35
Tax on shares in associated company profits	-7	-17	-	-
Total reported tax cost	121	-113	6	-11
Balancing of effective tax				
The Group	Percentage	Amount	Percentage	Amount
Profit before tax		387		520
Tax in accordance with current tax rate for the parent company	28	-108	28	-146
Depreciation of corporate goodwill	14	-53	8	-42
Other non-deductible costs	17	-66	7	-38
Non-taxable income	-68	264	-17	88
Utilisation of previously non-activated deficit deductions	-23	88	-8	41
Tax pertaining to previous years	-	-	3	-15
Effect of changed tax rates/and tax rules/	1	-4	-	-
Other	-	-	0	-1
Reported effective tax	-31	121	22	-113

Note 13 contd.

Balancing of effective tax	2005		2004	
	Percentage	Amount	Percentage	Amount
The parent company				
Profit/loss before tax		789		578
Tax in accordance with current tax rate for the parent company	28	-221	28	-162
Non deductible costs	3	-20	0	-3
Non-taxable income	-31	245	-27	155
Utilisation of previously non-activated deficit deductions	0	2	-	-
Tax pertaining to previous years	-	-	0	-2
Other	-	-	0	1
Reported effective tax	-1	6	2	-11

Tax items reported directly against shareholders' equity	The Group		The parent company	
	2005	2004	2005	2004
Deferred tax attributable to changed accounting principles	23	-	-	-
Current tax in received/given	-	-	20	44
Group contributions	23	-	20	44

Note 14 Intangible assets

Patents, licences and brands	The Group		2004
	2005	2004	
<i>Accumulated acquisition values</i>			
Opening	534	449	
Acquisition of subsidiaries	41	1	
Other investments	32	91	
Sales and retirements	-2	-7	
Reclassifications	1	0	
Exchange rate differences for the year	2	0	
At end of year	608	534	
<i>Accumulated depreciation acc. to plan</i>			
Opening	206	178	
Acquisition of subsidiaries	29	1	
Sales and retirements	-2	-7	
Reclassifications	-	0	
Depreciation for the year acc. to plan ¹⁾	36	34	
Exchange rate differences for the year	2	0	
At end of year	271	206	
<i>Accumulated write-downs</i>			
Opening	3	3	
Acquisition of subsidiaries	7	-	
Exchange rate differences for the year	-	0	
At end of year	10	3	
Reported value at year-end	327	325	

¹⁾ Depreciation for the year, restored write-downs for the year and write-downs for the year are reported in the income statement on the line 'Depreciation of material and intangible fixed assets'.

Note 14 contd.

Goodwill	The Group	
	2005	2004
<i>Accumulated acquisition values</i>		
Opening	3,259	3,203
Acquisition of subsidiaries	28	-
Other investments	28	94
Sales and retirements	-8	-13
Exchange rate differences for the year	106	-25
At end of year	3,413	3,259
<i>Accumulated depreciation acc. to plan</i>		
Opening	1,292	1,121
Sales and retirements	-	-4
Reclassifications	-5	1
Depreciation for the year acc. to plan ¹⁾	193	185
Exchange rate differences for the year	55	-11
At end of year	1,535	1,292
<i>Accumulated write-downs</i>		
Opening	95	75
Write-downs restored during the year ¹⁾	-8	-
Write-downs for the year ¹⁾	5	20
Exchange rate differences for the year	1	0
At end of year	93	95
Reported value at year-end	1,785	1,872

¹⁾ Depreciation for the year, restored write-downs for the year and write-downs for the year are reported in the income statement on the line 'Depreciation of material and intangible fixed assets'.

Note 15 Land

Accumulated acquisition values	The Group		The parent company	
	2005	2004	2005	2004
Opening	568	576	135	139
New acquisitions	26	5	12	-
Additions on merger	-	-	3	-
Acquisition of subsidiaries	14	-	-	-
From/to new facilities	20	-	-	-
Sales and retirements	-26	-15	-12	-4
Reclassifications	-	2	-	-
Exchange rate differences for the year	12	-	-	-
	614	568	138	135
<i>Accumulated depreciation acc. to plan</i>				
Opening	132	129	67	64
Additions on merger	-	-	1	-
Acquisition of subsidiaries	4	-	-	-
Sales and retirements	-4	-4	-4	-1
Depreciation for the year acc. to plan	5	7	2	4
	137	132	66	67
<i>Accumulated appreciation</i>				
Opening	37	71	-	-
Sales and retirements	-36	-34	-	-
	1	37	-	-
<i>Accumulated write-downs</i>				
Opening	5	5	-	-
Acquisition of subsidiaries	4	-	-	-
Write-downs for the year	1	-	-	-
	10	5	-	-
Reported value at year-end	468	468	72	68

Note 16 Buildings

	The Group		The parent company	
	2005	2004	2005	2004
<i>Accumulated acquisition values</i>				
At start of year	4,814	4,823	1,065	1,079
Additions on merger	–	–	20	–
New acquisitions	57	52	1	5
Acquisition of subsidiaries	597	–	–	–
From/to new facilities	80	33	3	4
Sales and retirements	–46	–94	–24	–20
Reclassifications	–13	1	–	–3
Exchange rate differences for the year	97	–1	–	–
	5,586	4,814	1,065	1,065
<i>Accumulated depreciation acc. to plan</i>				
At start of year	2,471	2,368	823	821
Additions on merger	–	–	9	–
Acquisition of subsidiaries	160	–	–	–
Sales and retirements	–32	–47	–21	–16
Reclassifications	–2	–5	–	–3
Depreciation for the year acc. to plan	184	158	18	21
Exchange rate differences for the year	47	–3	–	–
	2,828	2,471	829	823
<i>Accumulated depreciation</i>				
At start of year	33	30	5	5
Reclassifications	–	–1	–	–
Depreciation on written-up amounts acc. to plan for the year	–2	–2	0	–
Write-ups for the year	–	6	–	–
Exchange rate differences for the year	1	–	–	–
	32	33	5	5
<i>Accumulated write-downs</i>				
At start of year	25	18	7	–
Acquisition of subsidiaries	57	–	–	–
Write-downs for the year	33	7	35	7
Exchange rate differences for the year	1	–	–	–
	116	25	42	7
Reported value at year-end	2,674	2,351	199	240

Leasing

	The Group		The parent company	
<i>Properties possessed via financial leasing agreements entered with a reported value of</i>	241	250	–	–

In the Group, future payments regarding financial leasing obligations entered as liabilities are reported under other short- or long-term liabilities.

Note 17 Managed properties (buildings and land)

	The parent company	
	2005	2004
<i>Accumulated acquisition values</i>		
At start of year	817	810
New acquisitions	6	2
From/to new facilities	11	5
Sales and retirements	–2	–
	832	817
<i>Accumulated depreciation acc. to plan</i>		
At start of year	464	445
Sales and retirements	–1	0
Depreciation for the year acc. to plan	21	19
	484	464
Reported value at year-end	348	353

	The parent company	
<i>Accumulated acquisition values</i>		
At start of year	110	108
New acquisitions	–	2
Sales and retirements	–1	–
	109	110

	The parent company	
<i>Accumulated depreciation acc. to plan</i>		
At start of year	39	38
Depreciations for the year	1	1
	40	39
Reported value at year-end	69	71

In Lantmännen, managed properties only exist within the parent company. The properties that are rented out and used by other Group companies have been reported in the consolidated accounts as working properties.

	The parent company	
<i>Actual value and their changes</i>		
At start of year	969	947
New acquisitions	–	7
Investments in property	24	7
Disposals	–71	–21
Value change	29	29
At end of year	951	969

Actual value has been established on the basis of internal assessments. Balancing has also been carried out in relation to property sales during the year.

The value has been assessed with the assistance of the following valuation methods:

- In the majority of cases, the market price method has been used, where sales of equivalent properties on the market are used as basic data for the valuation.
- Valuation of investment return using cashflow calculations, where the properties' future net operating income and estimated residual values are calculated at current values.
- In certain cases, the assessment of return on investment via the net capitalisation method has been used, in which a normalised figure for net operating income is placed in relation to a market-adjusted direct return requirement.

Managed properties' effect on the profit/loss for the period

Market	The parent company			
	Rental income		Net operating income	
	2005	2004	2005	2004
Region – South	59	56	26	26
Region – West	43	37	13	15
Region – East	60	66	18	24
Total	162	159	57	65

Note 18 Tax assessment values

	The Group		The parent company	
	2005	2004	2005	2004
Land	535	513	327	308
Buildings	2,504	2,514	1,618	1,683
	3,039	3,027	1,945	1,991

Tax assessment values related to properties in Sweden.

Note 19 Machinery and other technical plant

	The Group		The parent company	
	2005	2004	2005	2004
<i>Accumulated acquisition values</i>				
At start of year	9,075	9,060	2,274	2,315
New acquisitions	447	347	62	50
Acquisitions of/from subsidiaries	961	7	37	22
From/to new facilities	194	112	31	-
Sales and retirements	-434	-450	-37	-116
Reclassifications	14	34	1	3
Exchange rate differences for the year	105	-35	-	-
	10,362	9,075	2,368	2,274
<i>Accumulated depreciation acc. to plan</i>				
At start of year	6,041	5,810	1,875	1,903
Acquisitions of/from subsidiaries	482	6	14	-
Sales and retirements	-304	-357	-36	-102
Reclassifications	-2	-	1	2
Depreciation on acquisition values acc. to plan for the year	708	609	76	72
Exchange rate differences for the year	95	-27	-	-
	7,020	6,041	1,930	1,875

<i>Accumulated write-downs</i>				
At start of year	58	3	8	-
Acquisition of subsidiaries	118	-	-	-
Sales and retirements	-5	-	0	-
Reclassifications	3	-1	-	-
Write-downs for the year	163	56	139	8
Exchange rate differences for the year	-45	0	-	-
	292	58	147	8
Reported value at year-end	3,050	2,976	291	391

Note 20 Inventory, tools and installations

	The Group		The parent company	
	2005	2004	2005	2004
<i>Accumulated acquisition values</i>				
At start of year	2,093	2,142	583	812
New acquisitions	244	161	29	14
Acquisitions of/from subsidiaries	127	1	8	-
From/to new facilities	19	15	10	-
Sales and retirements	-159	-241	-17	-240
Reclassifications	-12	17	-1	-3
Exchange rate differences for the year	25	-2	-	-
	2,337	2,093	612	583

Note 20 contd.

	The Group		The parent company	
	2005	2004	2005	2004
<i>Accumulated depreciation acc. to plan</i>				
At start of year	1,515	1,534	478	675
Acquisitions of/from subsidiaries	91	1	8	-
Sales and retirements	-129	-214	-17	-221
Reclassifications	-11	9	-1	-2
Depreciation on acquisition values acc. to plan for the year	191	188	24	26
Exchange rate differences for the year	16	-3	-	-
	1,673	1,515	492	478
<i>Accumulated write-downs</i>				
At start of year	1	-	1	-
Acquisition of subsidiaries	6	-	-	-
Write-downs for the year	1	1	-	1
	8	1	1	1
Reported value at year-end	656	577	119	104

Inventory possessed via financial leasing agreements

entered with a reported value of	153	100	-	-
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In the Group, future payments regarding financial leasing obligations entered as liabilities are reported under other short- or long-term liabilities.

Note 21 New facilities in progress and advances regarding tangible fixed assets

	The Group		The parent company	
	2005	2004	2005	2004
At start of year	224	190	31	41
Acquisition of subsidiaries	36	-	-	-
Disposal of subsidiaries	-	-2	-	-7
Reclassifications	-1	-36	-	-
Investments	545	236	51	28
From/to new facilities	-316	-161	-62	-31
Exchange rate differences for the year	12	-3	-	-
Reported value at year-end¹⁾	500	224	20	31

Note 22 Shares in group companies

	The parent company	
	2005	2004
<i>Accumulated acquisition values</i>		
At start of year	1,287	1,193
Purchasing	1,016	248
Sales	-172	-154
Reclassifications	4	0
	2,135	1,287
<i>Accumulated appreciation</i>		
At start of year	63	63
	63	63
<i>Accumulated write-downs</i>		
At start of year	52	44
Sales	-	-9
Write-downs for the year ¹⁾	24	17
	76	52
Reported value at year-end	2,122	1,298

¹⁾ Restored write-downs for the year and write-downs for the year reported in the income statement on the line 'Profit from shares in Group companies'.

Note 22 contd.

Specification of parent company's possession of shares in Group companies

Subsidiaries/Company Reg. No./Headquarters	No. of shares	Shares as % ¹⁾	2005	2004
			Reported value	Reported value
Agconfas AB, 556069-3441, Örebro	120,415	100,0	16	16
Agroetanol AB, 556028-0611, Norrköping	45,500	91,0	235	203
Agro Oil AB, 556118-3954, Stockholm	400	100,0	4	4
Agropellets AB, 556056-1457, Sölvesborg	1,000	100,0	1	–
AnalyCen Nordic AB, 556065-7958, Lidköping	28,380	100,0	15	13
Arips AB, 556413-4293, Stockholm	6,111,289	100,0	6	6
Bygglant AB, 556301-2771, Örebro	47,500	95,0	17	14
Cerealia AB, 556012-2623, Stockholm	16,200,000	100,0	124	124
Conagri AB, 556294-4701, Malmö	102	51,0	4	4
Dimela AS, Estonia	1,600	80,0	2	0
Dirual AG, Switzerland	199,997	100,0	22	15
Doofmas & Co AB, 556547-7394, Stockholm	3,400,000	100,0	239	0
Doggy AB, 556055-5129, Vårgårda	103,625	100,0	156	156
Eco Trade i Sverige AB, 556450-6698, Norrköping	65	65,0	0	0
Farm Plant Eesti AS, Estonia	–	–	–	1
Farm Plant Latvia SIA, Latvia	–	–	–	0
Fastighets AB Kungsholmsgatan 160, 556071-4429, Stockholm	30,050	100,0	3	3
Granngården AB, 556547-6172, Falkenberg	301,000	100,0	110	110
Gyllebo Gödning AB, 556179-2911, Lidköping	2,000	66,7	0	0
Krafft Hästfoder AB, 556156-4039, Falkenberg	5,000	100,0	1	1
Kronfågel Holding AB, 556529-6371, Stockholm	13,650,000	91,0	300	0
Lactamin AB, 556011-4752, Stockholm	–	–	–	13
Lantmännen Energi AB, 556091-6354, Lidköping	455	91,0	4	4
Lantmännen Finans AB, 556664-8118, Stockholm	3,000,000	100,0	300	0
Lantmännen Holding AB, 556017-8443, Stockholm	3,000	100,0	4	4
Lantmännen Invest AB, 556003-3192, Stockholm	440,000	100,0	95	95
Lantmännens Maskinimport AB, 556005-7639, Malmö	10,000	100,0	10	10
Nötcenter Viken AB, 556559-4503, Falköping	6,000	66,7	4	0
Robigus AB, 556578-0391, Stockholm	770	77,0	0	0
Solanum AB, 556066-1687, Kävlinge	330,000	100,0	20	–
Svalöf Weibull AB, 556001-5272, Svalöv	179,200	60,0	49	49
Svenska Kläckeribolaget AB, 556033-3386, Stockholm	1,500	100,0	0	0
Svenska Lantmännen Maskin AB, 556083-6248, Örebro	–	–	–	150
Swe-Chick AB, 556190-1876, Stockholm	2,000	100,0	5	5
Swecon Anläggningsmaskiner AB, 556575-1137, Eskilstuna	467,950	93,6	184	94
Svensk Brikettenergi AB, 556215-0606, Jönköping	27,300	91,0	160	168
Valtra Traktor AB, 556070-1897, Eskilstuna	136,220	55,6	19	23
Dormant				
Ceramy AB, 556054-7449, Lidköping	25,000	100,0	8	8
Mälarpotatis AB, 556009-3121, Stockholm	–	–	–	0
Skånska Lantmännen Maskin AB, 556042-8186, Malmö	240,000	100,0	5	5
AB Svenska Lantmännen, 556424-2864, Stockholm	10,000	100,0	0	0
			2,122	1,298

¹⁾ The ownership share of the capital is referred to, which also agrees with the proportion of votes for the total number of shares.

Note 23 Receivables from Group companies

	The parent company	
	2005	2004
<i>Accumulated acquisition values</i>		
At start of year	280	225
Additional receivables	164	55
Adjusted receivables	–155	–
Reported value at year-end	289	280

Note 24 Shares in associated companies

	The Group		The parent company	
	2005	2004	2005	2004
<i>Accumulated acquisition values</i>				
At start of year	804	803	277	296
Purchasing	75	-	21	-
Sales	-170	-26	0	-19
Share of associated company profits for the year	11	59	-	-
Profit from general partnerships	3	1	-	-
Dividend for the year	-42	-26	-	-
Reclassifications	7	-6	0	-
Exchange rate differences for the year	5	-1	-	-
	693	804	298	277
<i>Accumulated write-downs</i>				
At start of year	2	5	2	2
Write-downs for the year	17	-	-	-
Sales	-	-3	-	-
	19	2	2	2
Reported value at year-end	674	802	296	275

Write-downs for the year are reported in the income statement on the line "Profit/loss from shares in associated companies".

Specification of parent company and Group possession of shares in partnership companies

2005 Associated company / co.reg.no., headquarters	Shares/number in %	Value of capital shares in the Group ¹⁾	Reported value in parent company
Directly-owned			
Fastighets AB Tre Skåne, 556044-1031, Malmö	37.0	17	17
Matsutake AB, 556571-6627, Umeå	27.8	0	0
Norrköpings Hamn & Stuveri AB, 556007-2679, Norrköping	27.5	61	0
Plantevolution AB, 556281-2049, Malmö	40.0	1	1
Scandinavian Farmers AB, 556009-3121, Stockholm	50.0	41	19
Seed Gard AB, 556668-7546, Uppsala	45.8	3	2
Swe Dane Crop Protection A/S, Denmark	50.0	-	0
SweDane Fertilizer A/S, Denmark	50.0	-	0
SweDanNO Trade A/S, Denmark	36.0	-	0
Svenska Foder AB, 556039-6060, Lidköping	49.0	109	78
Vegolia AB, 556020-6574, Stockholm	50.0	-	0
Viking Malt Oy, Finland	37.5	158	178
Åhus Stuveriintressenter AB, 556039-8256, Åhus	48.7	1	1
Indirectly-owned			
Cerealia			
Fast bol. Mårten Pehrson HB, 916752-3654, Kristianstad	50.0	22	-
Melia Oy, Finland	25.0	149	-
Leibur AS, Estland	45.0	81	-
GoGreen, Lidköping	50.0	6	-
Struer Bröd AS, Denmark	33.0	5	-
Bake House, Ltd, UK	33.0	7	-
Svalöf Weibull			
Nordic Garden AS, Norway	35.0	2	-
Satec Handelsgesellschaft GmbH, Germany	20.0	1	-
Kronfågel			
Farm Food AS, Denmark	33.0	10	-
		674	296

Note 24 contd.

Specification of parent company and Group possession of shares in partnership companies

2004 Associated company / co.reg.no., headquarters	Shares/number in %	Value of capital shares in the Group ¹⁾	Reported value in parent company
Directly-owned			
Fastighets AB Tre Skåne, 556044-1031, Malmö	37.0	17	17
Maskinfinans Norr HB, 916594-4571, Umeå	50.0	–	0
Matsutake AB, 556571-6627, Umeå	27.8	–	0
Norrköpings Hamn & Stuveri AB, 556007-2679, Norrköping	27.5	56	0
Plantrevolution AB, 556281-2049, Malmö	40.0	1	1
Swe Dane Crop Protection A/S, Denmark	50.0	–	0
SweDane Fertilizer A/S, Denmark	50.0	–	0
SweDanNO Trade A/S, Denmark	36.0	–	0
Svenska Foder AB, 556039-6060, Lidköping	49.0	93	78
Vegolia AB, 556020-6574, Stockholm	50.0	–	0
Viking Malt Oy, Finland	37.5	174	178
Åhus Stuveriintressenter AB, 556039-8256, Åhus	48.2	1	1
Indirectly-owned			275
Cerealia			
Fast.boI. Märten Pehrson HB, 916752-3654, Kristianstad	50.0	20	–
Melia Oy, Finland	25.0	137	–
Leibur AS, Estland	45.0	65	–
Struer Brød AS, Denmark	33.0	4	–
Bake House, Ltd, UK	25.0	6	–
Svalöf Weibull			
Nordic Garden AS, Norway	20.0	8	–
Satec Handelsgesellschaft GmbH, Germany	35.0	2	–
Lantmännen Invest			
Karlshamns AB, 556478-1796, Karlshamn	21.2	215	–
Cereal Base CEBA AB, 556482-2988, Lund	37.9	3	–
			802
			275

¹⁾ The ownership share of the capital is referred to, which also agrees with the proportion of votes for the total number of shares.

The difference between capital share value using the capital share method in the Group accounts compared to the value of the shares reported in the parent company using the acquisition cost method amounts to SEK 95 million for the parent company's directly owned associated companies. Non distributed accumulated shares in profits are deposited in the capital share fund which constitutes part of the Group's restricted reserves. The capital share fund for directly owned associated companies amounts to SEK 211 million. During the period, for additional holdings in the associated company, Scandinavian Farmers AB, which is reported using the capital share method, the difference between the capital share corporate value and the share of shareholders' equity amounts to SEK 22 million.

Note 25 Receivables from associated companies

	The Group		The parent company	
	2005	2004	2005	2004
<i>Accumulated acquisition values</i>				
At start of year	–	–	–	–
Additional receivables	29	–	18	–
Reported value at year-end	29	–	18	–

Note 26 Long-term security holdings

	The Group		The parent company	
	2005	2004	2005	2004
<i>Accumulated acquisition values</i>				
At start of year	650	501	409	454
Additional assets	62	149	8	4
Outgoing assets	–137	–	–124	–37
Reclassifications	10	–	–22	–12
	585	650	271	409
<i>Accumulated write-downs</i>				
At start of year	106	84	81	74
Outgoing assets	–33	–	–33	–
Reclassifications	–17	–	–17	–
Write-downs restored during the year	–10	–	–	–
Write-downs for the year	2	22	0	7
	48	106	31	81
Reported value at year-end	537	544	240	328

The largest individual holding of other stocks and shares relate to holdings in Föreningsparbanken, Hedegard A/S, LRF and holdings in VK Muehlen AG.

Note 27 Deferred tax recoverable/tax liability

The Group 2005	Deferred tax recoverable	Deferred tax liability	Net figures
Intangible assets	–	49	–49
Buildings and land	17	139	–122
Machinery and inventory	–	267	–267
Accounts receivable	9	–	9
Pensions provisions	24	–	24
Other provisions	56	2	54
Other	2	90	–88
Deficit deduction	183	–	183
Net deferred tax liability	291	547	–256

Note 27 contd.

The Group 2004	Deferred tax recoverable	Deferred tax liability	Net figures
Intangible assets	–	35	–35
Buildings and land	8	135	–127
Machinery and inventory	–	359	–359
Accounts receivable	8	1	7
Pensions provisions	2	1	1
Other provisions	42	5	37
Periodisation funds	–	65	–65
Other	14	19	–5
Deficit deduction	18	–	18
	92	620	–528

Parent company 2005	Deferred tax recoverable	Deferred tax liability	Net figures
Buildings and land	6	–	6
Other provisions	46	–	46
Other	4	–	4
Deficit deduction	17	–	17
	73	–	73

Parent company 2004	Deferred tax recoverable	Deferred tax liability	Net figures
Other provisions	37	–	37
Other	10	–	10
Net deferred tax recoverable	47	–	47

The parent company's divergence between the years has been reported as deferred tax cost/income.

Change in deferred tax in temporary differences and deficit deduction

The Group	Opening amount	Reported over income statement	Other changes/Reported against shareholders' equity	Closing amount
Intangible assets	–35	–14	–	–49
Buildings and land	–127	25	–20	–122
Machinery and inventory	–359	125	–33	–267
Accounts receivable	7	2	–	9
Pensions provisions	1	–	23	24
Other provisions	37	17	–	54
Periodisation funds	–65	65	–	0
Other	–5	–83	–	–88
Deficit deduction	18	100	65	183
	–528	237	35	–256

The parent company	Opening amount	Reported over income statement	Other changes/Reported against shareholders' equity	Closing amount
Buildings and land	–	6	–	6
Other provisions	37	9	–	46
Other	10	–6	–	4
Deficit deduction	–	17	–	17
	47	26	–	73

Of other changes, 12 (–) deferred taxes relate to taxes as a consequence of acquisition of Group companies and 23 (–) effects that have been reported directly against shareholders' equity in accordance with Note 44.

Note 28 Other long-term receivables

	The Group		The parent company	
	2005	2004	2005	2004
<i>Accumulated acquisition values</i>				
At start of year	595	489	72	80
Additional receivables	214	194	–	–
Adjusted receivables	–66	–88	–64	–8
Reclassifications	–84	–	51	–
Reported value at year-end	659	595	59	72

Future minimum lease fees regarding financial leasing are due for payment in accordance with the following:

2005	Amortisation	Interest	Total payment
Within one year	5	1	6
Between 1 and 5 years	10	2	12
More than five years	1	0	1
	16	3	19

Leasing fees that are due within one year are reported as short-term receivables. The period's leasing income amounts to 1 (–), of which variable fees amount to – (–).

Note 29 Stock in trade

	The Group		The parent company	
	2005	2004	2005	2004
Stock in trade	1,822	1,804	1,139	1,171
Goods being manufactured	11	–	–	–
Finished goods and commercial goods	2,789	2,691	461	354
	4,622	4,495	1,600	1,525

Note 30 Prepaid costs and accrued income

	The Group		The parent company	
	2005	2004	2005	2004
Prepaid rental	14	10	–	–
Prepaid insurance policies	32	40	6	5
Other prepaid expenses	231	178	90	65
Accrued income	86	98	–	–
	363	326	96	70

Note 31 Short-term investments and receivables

	The Group		The parent company	
	2005	2004	2005	2004
Cash and bank	1,040	573	182	167
Company certificate	409	–	409	–
Other short-term investments	930	1,180	495	485
Accounts receivable	4,571	4,348	1,761	2,153
Other short-term receivables	682	717	135	84
Receivables from Group companies	–	–	2,545	1,542
Receivables from associated companies	150	151	132	147
	7,782	6,969	5,659	4,578

Interest-bearing investments and loans with a duration of up to one year are reported as short-term investments. In all essentials, short-term investments have a fixed interest rate period of less than 3 months and therefore have a very limited interest risk.

Sums receivable are reported after deductions for any credit losses experienced. The Lantbruk business area in the parent company has approx 30% of the Group's total sums receivable. The Group's sums receivable relate primarily to Swedish customers.

Note 32 Financial instruments and financial risk management

Because of its business operations, Lantmännen is exposed to various types of financial risks. The term 'financial risk' refers to the fluctuations in the Group's operating results and cashflow as a consequence of changes in prices within the raw materials market, currency exchange rates, interest levels, refinancing and credit and other-party risks.

Lantmännen has a centralised finance function with the primary task of supporting management and operational units in line with established financial policy. The overall objective of the finance function is to supply cost-effective financing and to identify and efficiently limit the Group's financial risks.

The Group's financial policy is established annually by the Board of Lantmännen. The finance policy regulates the way in which financial risks are to be handled and indicates mandates, limits and the financial instruments that may be used. The Group's Risk Committee is given running reports of developments in corporate financial risks.

CURRENCY RISK

Because of its business operations, Lantmännen is exposed to currency risk because of currency changes affecting the Group's income statement and balance sheet. The Group's currency exposure covers both transaction exposure and conversion exposure. The purpose of the Group's currency risk management is to minimise the short-term negative impact of currency rate changes on the Group's profits and financial position.

Transaction exposure

The divisions and subsidiaries' sales and purchases in foreign currency will be at a rate fully guaranteed against the corporate Finance staff at the time the currency risk arises.

Conversion exposure

Effect of currency risk changes also exists in the conversion of foreign subsidiaries assets and liabilities to the parent company's functional currency, known as conversion exposure.

Currency risks regarding capital sums are eliminated primarily by way of corresponding borrowing in foreign currency. Guarantee for conversion exposure via foreign currency forwards can be carried out if there are special reasons for doing so. Where borrowing has occurred in a foreign currency in respect of investments in the same country's currency, exchange rate differences have been offset against translation differences, taking into account the fiscal effect.

CURRENCY DISTRIBUTION AND DUE DATE STRUCTURE, OUTSTANDING CURRENCY FORWARDS

The foreign currency derivatives used are currency forwards. The majority of currency forwards have a duration of less than three months. At the turn of the year, Svenska Lantmännen's outstanding currency forwards were distributed over the following currencies:

SEK m.	2006	2007	2008	2009
USD	–193			
NOK	–162			
GBP	–481			
EUR	–17		–13	
DKK	–32	–12	–6	–3
Total	–885	–12	–19	–3

The table above displays nominal sums in millions of Swedish Kroner per currency. The total result of market valuation of net position towards external banks is SEK –2 million.

Raw material price risk

Lantmännen is exposed to raw materials risk, primarily for the raw materials of grain, soya, oilseed rape and electricity. The pricing of raw materials varies over time as a consequence of international supply and demand. Raw material risks are attributable primarily to Lantmännen Lantbruk within the business operations of Grain, Animal Feed and Crop Cultivation, as well as within the Lantmännen Mills milling operation.

Opportunities exist, apart from safeguarding prices via supply agreements, to secure prices for certain types of raw material by means of financial contracts via exchanges such as the Chicago Board of Trade, Matife and NordPool. The prices for several raw materials are set either in USD or EUR. The starting point for Lantmännen's risk policies is that the currency is part of the pricing of the deal.

The risk management of the electricity price risk is intended to create a long-term view of power purchasing.

Raw materials derivative regarding electricity price guarantee of the forecast payment flow

Year due	2006	2007	2008
Guaranteed share of forecast annual requirement	70%	40%	20%

The Group's electricity requirement during 2005 amounted to 600 GWh. Total guaranteed volume amounts to 735 GWh.

Interest rate risks

The interest-bearing borrowing means that the Group is exposed to an interest risk. The term 'interest rate risk' refers to the risk of a negative effect on the consolidated profit/loss and cashflow as a result of changes in the market interest rate. The speed at which a lasting change in the interest rate levels impact upon the Group's net financial items depends on the loan's fixed rate period.

A factor that has an effect on the interest rate risk is the fixed rate period. Long fixed rate periods have an effect primarily on cashflow risk while shorter fixed rate periods affect price risks.

As at 31 December 2005, the Group's borrowing portfolio, inclusive of outstanding interest rate swaps, a weighted average fixed interest period of 17 months.

The due date structure of liabilities to credit institutions is shown in the table below

	The Group 2005	The parent company 2005
2006	2,390	314
2007	646	13
2008	611	3
2009	353	3
2010	440	3
2011–	453	13
	4,893	349

The Group's fixed rate period is normally short but can be extended to limit the effect of an interest rate rise. Interest rate swaps are among the instruments used to manage the fixed rate element of the liabilities without the underlying loan being changed. The liabilities' currency distribution and due date structure are shown in the table below.

Around SEK 400 million of the Group's sums reported due in 2006 are with an agreed amortisation. Other credits are formally short but are in practice rolled on further with varying durations for up to 12 months. The Group's credits have an average fixed interest period of 17 months.

At the turn of the year, the Group's unutilised credit undertakings amounted to SEK 1.5 billion.

Note 32 contd.**Currency distribution and due date structure**

	Total	0–1 years	1–3 years	3–5 years	> 5 years
DKK	3,208	1,118	949	747	394
EUR	606	535	23	21	27
LVL	220	220	0	0	0
SEK	522	289	190	17	26
Others	337	228	95	8	6
Total liabilities	4,893	2,390	1,257	793	453

Other loans are in NOK, PLN, CAD, USD, EEK and GBP. Costs for loans beyond interest costs are periodised over the duration of the loan concerned. Costs for loans beyond interest costs are periodised over the duration of the loan concerned.

Refinancing risk and payment preparedness

The term 'refinancing and liquidity risk' refers to the risk that Svenska Lantmännen will not be able to meet payment obligations as a consequence of insufficient liquidity or difficulty in raising external loans. Svenska Lantmännen limits its refinancing risk by having a good spread of counterparties and durations for the gross loan liability.

Credit and counterpart risk

'Credit and counterpart risk' relates to the risk of the opposite party in a transaction not being able to fulfil its commitments, thereby incurring a debt for the Group. To limit the counterpart risk, only opposite parties with a high credit rating will be accepted in compliance with the established financial policy and by the commitment per opposite party being limited wherever possible. The credit risks are limited because the Group only uses other parties with a lowest rating of K1 in accordance with the Standard & Poor credit assessment institute criteria.

The credit risk in accounts receivable is handled by means of special credit testing. The company's credit policy and risk of credit losses are described under Accounts Receivable.

Insurance risk

The Risk Management function within Svenska Lantmännen has the objective of minimising overall costs for the Group's claims risks. This is done partly by continuously developing claims preventive and claims limiting work in the business operations, and partly through the Group's corporate insurance solutions. The risks insured are placed with major Swedish and international direct insurance companies or in the Group's own captive companies with reinsurance on the international reinsurance market.

Financial derivative instruments

Lantmännen uses financial derivative instruments to manage and guarantee currency risk, raw materials risk and interest rate risk which arise in the business. The financial derivatives that relate to guarantees for contractual payment flows are reported as guarantees which means that unrealised profits/losses are reported off-balance until the underlying flows are reflected in the income statement.

Currency forwards have been used to guarantee contractual payment flows and to safeguard balance sheet exposure.

Fixed price periods for electricity have been used to guarantee prices of electrical power and to create long-term-ism in power purchases. Financial trading is done on the Nordic electricity market, NordPool. Lantmännen uses raw material derivatives to safeguard balance sheet exposure and forecast raw materials purchasing.

Actual value

The table below shows book and actual value per type of financial instrument.

Actual value of liabilities to credit institutions is calculated as discounted current value of future payments. Actual value is based on market prices for derivative instruments. Investment shares that are not quoted on the Stock Exchange are valued individually at either the procurement or an estimated market value, whichever is lower.

The difference between book and actual values comes about because liabilities and assets are not valued at market rates in the balance sheet, instead they are entered at either procurement value or market value, whichever is lowest.

Note 32 contd.

	The Group 2005		The parent company 2005	
	Reported value	Actual value	Reported value	Actual value
Assets				
Assets				
quoted	109	421	108	420
not quoted	414	414	124	124
Loan stock	14	16	8	9
Other long-term receivables	659	659	59	59
Accounts receivable	4,571	4,571	1,761	1,761
Other short-term receivables	682	682	135	135
Other short-term investments	1,339	1,339	904	904
Cash and bank	1,040	1,040	182	182
Liabilities				
Liabilities to credit institutions	4,893	4,891	349	–
Other long-term liabilities	542	540	1	1
Accounts payable	3,086	3,086	942	942
Other short-term liabilities	2,209	2,209	1,402	1,402
Off balance	Reported value	Actual value		
Foreign currency derivatives	–2	–2		
Interest rate derivatives	–2	–2		
Raw material derivatives	0	6		
Electricity derivatives	0	41		

Note 33 Shareholders' equity**Specification of the year's currency rate difference in shareholders' equity**

	The Group	
	2005	2004
Currency rate difference for the year in foreign subsidiaries	233	–22
Effect of foreign currency guarantee of net investment in foreign subsidiaries, for the year	–105	27
Other	–	–
Total foreign currency rate difference for the period	128	5

Specification of the accumulated currency rate difference in shareholders' equity

Accumulated foreign currency rate difference at start of year	65	60
Currency rate difference for the year in foreign subsidiaries	233	–22
Effect of foreign currency guarantee of net investment in foreign subsidiaries, for the year	–105	27
Total foreign currency rate difference for the period	128	5
Accumulated foreign currency rate difference at end of year	193	65

Effects on shareholders' equity on change of accounting principle
Refer to Note 44.**Note 34 Accumulated depreciation in excess of plan**

	The parent company	
	2005	2004
Buildings and land	21	66
Machinery and inventory	189	318
	210	384

By merger, excess depreciation of SEK 5 million has been put into the parent company.

Note 35 Periodisation funds

	The parent company	
	2005	2004
Periodisation fund, deposited during tax assessment 2000	-	89
Periodisation fund, deposited during tax assessment 2001	-	55
Periodisation fund, deposited during tax assessment 2002	-	6
	-	150

Note 36 Provisions for pensions and similar obligations

Defined benefit obligations and the value of managed assets

	The Group	
	2005	
Current value of wholly or partially funded obligations	1,765	
Actual value of managed assets	-105	
Sum of wholly or partially funded obligations	1,660	
Net obligations prior to adjustments	1,660	
<i>Adjustments:</i>		
Accumulated unreported actuarial profits (+) and losses (-)	-91	
Special income tax	15	
Net amount on the balance sheet (obligation +, asset -)	1,584	
Net amount reported in the following items on the balance sheet:		
Provisions for pensions and similar obligations	1,584	
Net amount on the balance sheet (obligation +, asset -)	1,584	
Net amount distributed according to plans in the following countries:		
Sweden	1,498	
Norway	60	
Germany	23	
Denmark	3	
Net amount on the balance sheet (obligation +, asset -)	1,584	
Pension cost		
Defined benefit plans		
Cost of pensions accrued during the year	49	
Interest charges	67	
Expected return on managed assets	-5	
Actuarial profits (-) and losses (+) reported during the year	-	
Losses (+) or profits (-) on reductions and adjustments	-4	
Other pension costs	5	
Cost of defined benefit plans	112	
Cost of defined contribution plans	174	
Income tax	22	
Total cost of payments after end of employment	308	
Cost reported in the following lines on the income statement:		
Staff expenses	246	
Financial costs	62	
Total cost of payments after end of employment	308	

Note 36 contd.**Balancing of net amount for pensions on the balance sheet**

The following table explains how the net sum on the balance sheet has changed over the period

	2005
Net sum on the balance sheet as at 31.12.2004	1,349
Effect of change of accounting principles to RR 29, 01.01.2005	85
Net sum as at 01.01.2005	1,434
Cost of defined benefit plans	114
Payment of remuneration	-52
Deposits of fees from the company	-7
Effects of businesses acquired/disposed of	94
Honouring of obligations	-4
Other	5
Net sum on the balance sheet as at 31.12.05	1,584

Returns on managed assets

	2005
Actual return on managed assets	7
Expected return on managed assets	5

Actuarial profit/loss for managed assets during the period**Actuarial assumptions**

The following significant actuarial assumptions have been applied when calculating the obligations: (weighted average values)

	2005
Discounting interest	3.8%
Expected return on managed assets	5.3%
Future salary increases	2.5%
Future increases in pensions	2.5%
Turnover of personnel	2.0%
Expected remaining period of service	16 år

	The parent company	
	2005	2004
FPG/PRI	653	629
Others	7	7
	660	636
Of this credit guaranteed via FPG/PRI	653	629

The parent company has pledged security for subsidiary's pension commitments in FPG/PRI.

For certain employees in Sweden, an insurance premium is paid to Alecta with regard to the commitments in accordance with what is known as the ITP plan. The ITP plan is a defined benefit plan that covers several employees. In the present situation, Alecta cannot submit the information required to report these benefits as defined benefit plans. The pensions plan in accordance with ITP, which is assured via an insurance policy with Alecta, is therefore reported as a defined contribution plan. SEK 55 million of the above cost for defined contribution plans relates to premiums for Alecta. Alecta's excess can be distributed to policyholders and/or the insured. At the end of 2005, Alecta's surplus in the form of the collective consolidation level amounted to 128.5%. The collective consolidation level is made up of the market value of Alecta's assets as a percentage of the insurance commitments calculated in accordance with Alecta's technical policy provisions, which are not in agreement with RR29.

Note 37 Other provisions

	The Group		The parent company	
	2005	2004	2005	2004
Costs for restructuring measures	102	64	64	50
Redundancy payments, lay-off pay	2	20	-	10
Guarantee commitments	81	35	-	-
Technical policy provisions	255	311	-	-
Other	302	178	71	52
	742	608	135	112

Note 37 contd.

	The Group		The parent company	
	2005	2004	2005	2004
Other provisions				
Reported value at start of year	608	551	112	52
Provisions made during the period ¹⁾	266	234	40	112
Sums that have been utilised during the period	-132	-177	-17	-52
Reported value at year-end	742	608	135	112

¹⁾ Incl increases in existing provisions.

Note 38 Long-term liabilities

	The Group		The parent company	
	2005	2004	2005	2004
Liabilities to credit institutions	2,503	3,885	35	1
Other long-term loans	-	-	-	-
Other liabilities	542	383	1	41
Reported value at year-end	3,045	4,268	36	42

Note 39 Current liabilities

Loan liabilities, accrued interest charges and unrealised interest rate losses are reported as financial liabilities. Financial liabilities are essentially interest-bearing. The parent company's liabilities to the Group company contain a considerable proportion of interest-free liabilities between Swedish wholly-owned Group companies. Included in the short-term liabilities item are members' savings and capital account at around SEK 1,200 million.

Note 40 Leasing liability

Liabilities concerning financial leasing agreements in the Group refer to future leasing agreements attributable to agreements under financial leasing. Obligations regarding financial leasing are due for payment in accordance with the following:

	2005		
	Amortisation	Interest	Total payment
Within one year	56	16	72
Between 1 and 5 years	122	50	172
More than five years	224	36	260
	402	102	504

Note 44 Effects of amended accounting principles

	Established 2004	Implementation of RR 6:99	Converted 2004	Implementation of RR 29	Adjusted opening balance 01.01.2005
Intangible fixed assets	2,197		2,197		2,197
Tangible fixed assets	6,246	350	6,596		6,596
Financial fixed assets	2,033		2,033	23	2,056
Total tangible fixed assets	10,476	350	10,826	23	10,849
Current assets	11,830		11,830		11,830
Total assets	22,306	350	22,656	23	22,679
Shareholders' equity	8,337		8,337	-62	8,275
Minority holdings	341		341		341
Provisions	2,577		2,577	85	2,662
Long-term liabilities	3,950	318	4,268		4,268
Current liabilities	7,101	32	7,133		7,133
Total shareholders' equity and liabilities	22,306	350	22,656	23	22,679

The introduction of RR 6:99 leasing agreement has also meant that the figures for 2004 have been converted. The above table shows which items have been affected by the conversion.

Among the effects of the application of recommendation RR 29, Payments to Employees, is the defined benefit plans in the Group which are reported and calculated in accordance with principles that differ from those that were implemented previously. The increase in the pensions liability as a consequence of the change of principles has been reported against shareholders' funds. In accordance with the recommendation, the year for comparison has not been converted as regards defined benefit pension plans.

Note 40 contd.

	2004	
	Amortisation	Interest
Within one year	32	9
Between 1 and 5 years	91	37
More than five years	227	36
	350	82
		432

Amortisation due within one year is reported as a short-term liability.

Note 41 Accrued costs and prepaid income

	The Group		The parent company	
	2005	2004	2005	2004
Accrued staff-related costs	737	629	158	114
Accrued interest	24	87	-	-
Other accrued costs	665	458	254	202
Prepaid income	48	34	4	5
	1,474	1,208	416	321

Note 42 Securities pledged

Change in value regarding securities pledged refers mainly to the Kronfågel Holding group of companies, which was acquired during the year.

Note 43 Mergers

During the year, a merger has been effected relating to Lactamin AB 556011-4752. Income statement and balance sheet items in Lactamin AB as at the date of merger 20.12.2005 are shown below.

	Sum as at 20.12.2005
Net turnover	100
Operating profit/loss	3
Fixed assets	13
Current assets	30
Untaxed reserves	-5
Liabilities	-1
Net assets put in	37

On merger, there was a merger profit of SEK 21 million.

Stockholm, 24.02.06

Thomas Bodén
Chairman

Nils Orrenius
Vice chairman

Lennart E. Bengtsson

Christina Birger

Birgitta Carlander

Kjell Eriksson

Bengt-Olov Gunnarson

Monica Lindstedt

Thomas Magnusson

Olle Nilsson

Bo Sundström

Stig Agnåker

Gert Gustafsson

Martin Tjernberg

Birgitta Johansson-Hedberg
President

Our auditor's report was submitted on 24.02.2006

KPMG Bohlins AB

Hans Åkervall
Chartered accountant

Torvald Carlsson

Lennart Casteryd

Anders Åbyhammar

The Group's income statement and balance sheet and the parent company's income statement and balance sheet will be submitted for approval at the Ordinary General Meeting.

Auditor's report

For the general meeting of Svenska Lantmännen ek för (the Swedish Farmers' Supply and Crop Marketing Association)
Co.Reg.No. 769605-2856.

We have examined the annual financial statement, the consolidated Group financial statement and the accounts as well as the administration of Svenska Lantmännen ek för for the year 2005 by the Board of Directors and President.

The Board of Directors and the President hold responsibility for accounts documentation, for the administration, and for the application of Sweden's Annual Accounts Act in drawing up the annual financial statement and consolidated Group financial statement. Our responsibility is to present a statement concerning the annual financial statement, the consolidated Group financial statement and the administration of the company on the basis of our audit.

The audit has been carried out in accordance with good auditing practice in Sweden. This means that we have planned and executed the audit in order, with high but not absolute level of certainty, to assure ourselves, that the annual financial statement and consolidated Group financial statement do not contain any significant errors. An audit includes the examination of a selection of the basic data for sums and other information in the accounts documentation. An audit also includes the testing of the accounting principles and the application of these by the Board of Directors and the President, as well as to assess the significant estimates that the Board of Directors and President have made when they drew up the annual financial statement, and to evaluate the collective information in the annual financial statement and the consolidated Group

financial statement. As a basis for our statement on freedom from liability, I have reviewed significant decisions, actions and circumstances in the association to enable me to assess whether any member of the Board or the President are liable to pay any compensation to the association. We have also reviewed whether any member of the Board or the President have, in any other way, acted in conflict with Sweden's Act on economic associations, the legislation on annual financial reporting or the association's regulations. We believe that our audit provides reasonable grounds for the statement we have given below.

The annual financial statement and consolidated Group financial statement have been drawn up in accordance with Sweden's legislation on annual financial reporting and thereby provide a true picture of the operating result and financial position of the association and the Group in accordance with good accounting practice in Sweden. The management report is in conformity with the other parts of the annual financial statement and consolidated Group financial statement.

We recommend that the association's general meeting accept the Income Statement and Balance Sheet for the association and for the Group, to distribute profits in the parent company in accordance with the proposal contained in the management report and to grant the members of the Board of Directors and the President freedom from liability for this financial year.

Stockholm, 24.02.06

KPMG Bohlins AB

Hans Åkervall
Chartered accountant

Torvald Carlsson

Lennart Casteryd

Anders Åbyhammar

Owner management and the work of the Board

Svenska Lantmännen's Board of Directors and President endeavour to ensure that the company best will satisfy the requirements specified for the company by its owners, employees and other interested parties.

THE ASSOCIATION CODE AND THE SWEDISH CODE FOR CORPORATE GOVERNANCE

The ambition is to live up to the criteria and codes that exist for companies quoted on the Stock Exchange, and which have now also been formulated into a code for owner management of agricultural cooperative associations and companies.

The association code is intended to create good conditions for an active, responsible ownership role. It will create a well considered balance between owners, Board and President, and will contribute to a clear division of responsibilities between management and control bodies. One important purpose is also to create the greatest possible level of transparency towards owners, the market and the rest of society.

In all essential points, the association code adopts the previously applicable conditions of the Swedish code for company management. However, there are some differences, primarily as a result of the different structure of ownership and the system of delegates.

LANTMÄNNEN'S APPLICATION

The association code, adopted in December 2005, will be introduced in 2006 with the application of the transitional rules for company code as notified by Kollegiet för Svensk Bolagsstyrning (the Swedish Corporate Governance Board) on 15 December 2005. This means the report will be limited to a description of how the internal inspection regarding the reporting has been organised. Among the decisions taken is the decision to introduce a post of an internal auditor to reinforce internal inspection.

OWNER STRUCTURE

The parent company is Svenska Lantmännen ekonomisk förening, a cooperative company, owned by 49,000 farmers in Sweden. The member's obligation to invest is based on the value of turnover, in the form of purchases from and supplies to the association. For the individual member, the obligation to invest is 10% of average turnover with the

association over the last five years. Out of the total investment capital of SEK 1,040 million, SEK 800 million have been paid in and the rest issued.

GENERAL MEETING

The general meeting is Lantmännen's highest decision-making body. The general meeting comprises delegates who are elected through a district organisation with 32 districts. The principles for electing general meeting delegates and member influence have been changed through resolutions made at an extra general meeting in the autumn of 2005.

The general meeting chooses the board and auditors and decides on the release from liability for the Board and President. Beyond that, the general meeting adopted resolutions about potential investment dividend and investment share issues. The general meeting decides on fees for the Board and auditors.

Invitations to the association's general meeting will be issued at least four weeks in advance. The ordinary general meeting was held on 12 May 2005 in Stockholm and an extraordinary general meeting on 14 November 2005 when decisions were made on amended member and owner organisation.

At the election of the new Board, Ingrid Johnson submitted her resignation. The general meeting decided to expand the Board by two people. Christina Birger, Thomas Magnusson and Bengt-Olov Gunnarson were elected as new members.

The general meeting decided on an investment share issue of SEK 39 million and investment dividend of SEK 49 million. In addition, discounts and final price adjustments of SEK 199 million in accordance with Board decisions, in total SEK 287 million.

ELECTION COMMITTEE

In accordance with the new regulations adopted at the extraordinary general meeting in autumn 2005, the election committee must comprise 7–13 members who are elected at the general meeting. During the year, the election committee has comprised ten people, with Per Olof af Wählberg as Chairman. The election committee has met ten times during the year.

The election committee has submitted proposals for remuneration to be paid to the Board and auditors to be decided by the general meeting.

BOARD OF DIRECTORS

The Board of Svenska Lantmännen will comprise a minimum of 7 and a maximum of 13 members, and the CEO. Since the ordinary general meeting on 12 May 2005, the Board comprises 11 members elected by the general meeting, three representatives of the employees and the CEO. There are no deputies. The manager of the Legal Affairs and Owner Relations staff function is the Board's secretary.

None of the members of the Board elected by the general meeting have a relationship of any similar appointment with Lantmännen. The Board's principal task is to exercise control over the President and the management team's method of managing the company. The Board appoints a Chairman from within its number.

The work of the Board is controlled by the programme of work adopted at the inaugural Board meeting each year. Among the items regulated by the programme of work is the division of work and responsibilities between the Board, the Chairman and the CEO. The Board has ultimate responsibility for the company's organisation and administration, and will exercise supervision of the President and ensure the company's financial circumstances to be handled in a satisfactory manner. Included in its work is also the establishment of targets and strategies, business plans, budgets and investments, and to issue annual and interim reports and financial statements.

Since the association's ordinary general meeting of 2005, and up to this annual report, the Board has held 13 meetings, of which 1 was via telephone. In spring 2005, the Board went on a study trip to New Zealand and Australia.

At the ordinary Board meetings, discussions have been held on several occasions about the brand issue and the new member organisation.

The Board has decided to introduce audit and payment committees. These are drafting bodies for the Board.

THE AUDIT COMMITTEE

The audit committee, which was established in 2005, will guarantee the quality of the financial reporting and ensure that appropriate relationships are maintained with the auditors. The committee comprises Bo Sundström, Olle Nilsson and Birgitta Carlander from the Board, and also Carl-Axel Westlund from the corporate management team. The committee has held three minuted meetings during the year.

PAYMENT COMMITTEE

The payment committee will draft issues on payment and other terms and conditions of appointment for the corporate management team. Members from the Board are Thomas Bodén, Kjell Ericsson, Monica Lindstedt and Birgitta Johansson-Hedberg. From the corporate management team, Ingemar Svensson is included. The committee has held six minuted meetings during the year.

AUDIT

The ordinary auditors are four in number, of whom one is a chartered accountant and three are elected representatives, plus one deputy chartered accountant. All are elected by the general meeting for one year. The work of the auditors is led by Hans Åkervall, KPMG AB. Elected member auditors are Torvald Carlsson, Lennart Casteryd and Anders Åbyhammar.

CEO AND CORPORATE MANAGEMENT TEAM

The President, also the Group CEO, is appointed by the Board and a separate instruction has been drawn up by the Board.

Svenska Lantmännen's corporate management team has since the autumn of 2005, consisted of fourteen members, business area managers, staff managers and the Group CEO. The corporate management team has been formulated and manned over the year and several of the members are new in their posts. The latest business area to be added is Lantmännen Kronfågel, which was added to the Group during the year. The women in the corporate management team are four in number, but by new recruitment in conjunction with a retirement the number is being increased to five during the spring of 2006.

The corporate management team meets twice a month, as a rule. The work on forming a cohesive group has been going on throughout the year, with a great deal of commitment also being put into brand issues and business development, based on measures such as surveys of customer, employee and owner options and views of the Group. The corporate management team has the overall responsibility for coordination within the Group. The management and control of the business areas are safeguarded by the Group CEO who is also chairman of their Boards, and representatives of the corporate Board are also included on these boards.

Board of Directors and Auditors



Thomas Bodén Chairman
Noraström. Born 1947
Member since 2000
Other duties within Lantmännen:
BA Anläggnings- och Lantbruksmaskiner,
BA Axa, Scandinavian Farmers, Viking
Malt Oy
Education: Business Economics, Education,
Sociology, Officer's training course
– Sweden's Air Force
Main employment: Farmer, meat production,
suckles cows and sheep, feed production
120 ha
Other duties: LRF Federation board



Nils Orrenius Vice Chairman
Ödeshög Born 1939
Member since 2000
Other duties within Lantmännen:
BA Kronfågel, BA Lantbruk,
Education: Agricultural training course
Main employment: Farmer, grain, oilseed
crops, potatoes, 380 ha, the majority as
tenant, meat production
Other duties: Stiftelsen Lantbruksforskning
(Swedish Farmers' Foundation for Agricul-
tural Research), Svensk Raps



Lennart E Bengtsson
Holm Born 1949
Member since 2002
Other duties within Lantmännen:
BA Anläggnings- och Lantbruksmaskiner,
BA Kronfågel, BA Lantbruk, BA Unibake
Education: Agricultural training course
Main employment: President of Wapnö AB



Christina Birger
Svedala. Born 1957
Member since 2005
Other duties within Lantmännen: BA Invest,
BA Mills
Education: Lantmästare (Diploma in Agricul-
tural and Rural Management)
Main employment: Grain producer, 400
ha tenant



Birgitta Carlander
Lerdala Born 1952
Member since 2000
Other duties within Lantmännen: BA Axa,
BA Energi, Audit committee
Education: Agronom-ekonom (Master of
Science in Agriculture)
Main employment: Farmer, piglet production,
500 own mother sows plus recruitment
Other duties: Board member at Länsförsäk-
ringar Livs Försäkringstagarförening, auditor
of Länsförsäkringar Skaraborg, vice chair-
man of Skaraborgs County Nursing Home



Kjell Eriksson
Dals Rostock Born 1955
Member since 2000
Other duties within Lantmännen:
BA Anläggnings- & Lantbruksmaskiner
BA Lantbruk, BA Mills
Education: Lantmästare (Diploma in Agri-
cultural and Rural Management)
Main employment: Farmer, KRAV-milk
production, 190 cows plus recruitment, crop
cultivation 300 ha
Other duties: Arrendatorsföreningen
(Swedish Tenant Farmers' Association)



Bengt-Olov Gunnarson
Borensberg. Born 1951
Member since 2005
Other duties within Lantmännen: BA Energi,
BA Unibake
Education: Lantmästare (Diploma in Agri-
cultural and Rural Management)
Main employment: Farmer, crop cultivation
with orientation towards seed growing, grain
and forage seed, 185 ha, 75 ha forest
Other duties: Stiftelsen Lantbruksforskning
– decision-making group land-plant



Monica Lindstedt
Stockholm Born 1953
Member since 2000
Other duties within Lantmännen: BA Axa,
BA Granngården
Education: Bachelor of Business Adminis-
tration, Stockholm School of Economics
Main employment: Founder and Chairman
of the Board of Hemfrid i Sverige, freelance
consultant, 15 horses, 25 ha
Other duties: Capio, Handelsbanken Funds,
Uniflex



Thomas Magnusson
Tävelsås. Born 1950
Member since 2005
Other duties within Lantmännen: BA Grangården
Education: Agriculture and economics degrees
Main employment: Farmer, milk production, meat livestock, 135 ha forestry
Other duties: Board member Ryssby Naturbruksgymnasium (college of agriculture, forestry and environmental studies)



Olle Nilsson
Hammenhög. Born 1946
Member since 2004
Other duties within Lantmännen: BA Invest, BA Mills, BA Svalöf Weibull, Audit Committee
Education: Lantmästare (Diploma in Agricultural and Rural Management)
Main employment: President Bollerups Lantbruksinstitut och Naturbruksgymnasium (agricultural institute and college of agriculture, forestry and environmental studies)
Other duties: Länsförsäkringar Skåne, Hushållningssällskapet Kristianstad



Bo Sundström
Örebro Born 1950
Member since 2000
Other duties within Lantmännen: BA Energi, BA Invest, BA Unibake, BA Svalöf Weibull, Chairman Audit Committee, Chairman Cerealia Foundation
Education: Master of Engineering (electronics), Chalmers University of Technology
Main employment: Farming and IT entrepreneur, crop cultivation 300 ha, pig production, forestry
Other duties: Chairman – Förenings-sparbankens local savings bank board Örebro, Chairman – Närkes Kils Elektriska Ekonomiska förening, Chairman – Närkes Kils Energi AB



Stig Agnåker
Falkenberg. Born 1943
Member since 2000
Representative HTF (Salaried Employees Union)
Education: University degree in business economics and law, personnel administration
Main employment: Credit Manager



Gert Gustafsson
Falkenberg. Born 1951
Member since 2003
Representative LO (Swedish Trades Union Confederation)
Main employment: Operator feed factory, Falkenberg



Martin Tjernberg
Hjo. Born 1947
Member since 2000
Representative Agrifack (Agricultural Professionals Union)
Education: Lantmästare (Diploma in Agricultural and Rural Management)
Main employment: Salesperson



Birgitta Johansson-Hedberg
Lidingö. Born 1947
Member since 2004
President and Group CEO
400 ha forestry
Education: psychologist, Bachelor of Arts
Other duties: Chairman – Umeå University, Board Member – Fortum, Sveaskog



Ingemar Svensson
Lidingö. Born 1939
Board secretary
Other duties: Chairman of SweHatch and SweChick, board member of LRF Samköp, Svensk Brikettenergi and Viking Malt

Auditors

Torvald Carlsson, Gamleby
Lennart Casteryd, Uppsala
Anders Åbyhammar, Fellingsbro
KPMG Bohllins AB:
Hans Akervall, Chartered Accountant, Stockholm

Deputy auditor

KPMG Bohllins AB:
Björn Flink, Chartered Accountant, Stockholm

BA = business area within Lantmännen

Group management team

Monika Lekander

Business Area Manager
Swalöf Weibull
Born: 1953
Employed: 2005
Education: Degrees in engineering, business administration and marketing, LIF- certified pharmaceutical consultant

Ernst F. Mittag

Business area manager
Lantmännen Kronfågel
Born: 1947
Employed: 2005
Education: Bachelor of business administration
External board duties: Gern Fjerkræe, Farmfood, PKM

Lotta Löwhagen Lundberg

Director of Corporate Communications
Born: 1960
Employed: 1996
Education: Agronom-ekonom (Master of Science in Agriculture)

Carl-Axel Westlund

Vice President and Chief Financial Officer (CFO)
Born: 1947
Employed: 1970
Education: Bachelor of business administration

Arne Rantzow

Business area manager
Lantmännen Lantbruk
Born: 1955
Employed: 1992
Education: Bachelor of business administration

Bengt Håkansson

Business area manager
Lantmännen Energi
Born: 1956
Employed: 2001
Education: Bachelor of administration, University of Örebro

Håkan Lundstedt

Business area manager
Lantmännen Axa
Born: 1966
Employed: 1997
Education: Marketing and business administration
External board duties: DLF, Svenska Retursystem, Milko, Livsmedelsföretagen (Swedish Food Federation)



Bent Pultz Larsen
Business area manager
 Lantmännen Unibake
 Born: 1950
 Employed: 1985
 Education: Pastry chef

Elisabeth Wallin Mononen
Director of Human Resources
 Born: 1959
 Employed: 2005
 Education: Bachelor of Law and Master of Business Administration

Reinhold Svensson
Business Area Manager
 Lantmännen Mills
 Born: 1950
 Employed: 1996
 Education: Agronom (Master of Science in Agriculture)
 External board duties: Melia

Ingemar Svensson
Head of Staff function
 Legal Affairs & Shareholder Relations
 Born: 1939
 Employed: 1970
 Education: business manager, Swedish Institute of Business Management – business management degree
 External board duties: Viking Malt, LRF Samköp

Clas Eriksson
Vice President and Business Area Manager
 of Lantmännen Invest and Lantmännen Anläggnings- och Lantbruksmaskiner
 Born: 1949
 Employed: 1991
 Education: Bachelor of Law, Swedish Institute of Business Management – business management degree

Birgitta Johansson-Hedberg
President and Group CEO
 Born: 1947
 Employed: 2004
 Education: psychologist, Bachelor of Arts
 External board duties: Chairman - Umeå University, Board Member – Fortum, Sveaskog

Not present in the photograph is the business area manager for Lantmännen Granngården who, up to December 2005, was Mats Jeppsson. The new Business Area Manager for Lantmännen Granngården is Rutger Ulterman, from 1 March 2006.



Definitions

OPERATIONAL EFFECTIVENESS

Operating margin

The operating result after depreciation and write-downs as percentage of net turnover for the year. The operating margin thus shows how large a proportion of invoicing is left over to cover interest, taxes and profits.

CAPITAL EFFECTIVENESS

Employed capital

Total capital – non-interest-bearing liabilities.

PROFITABILITY

Return on capital employed

Operating result (= profit/loss after depreciation) + financial income divided by average (incoming and outgoing) capital employed.

Return on shareholders' equity

Profit/loss after tax with additions for central and local discounts/final price reductions divided by average (incoming and outgoing) shareholders' equity.

FINANCIAL STABILITY

Equity/assets ratio

Shareholders' funds including minority interests as a percentage of the balance sheet total.

Interest cover

(Operating profit/loss + income from interest)/interest charges.

Degree of self-financing

Cashflow from operations divided by cashflow from investment operation.

Debt-to-equity ratio

Interest-bearing liabilities divided by shareholders' equity (including minority interests).

Net liability

Interest-bearing liabilities – short-term investments – cash and bank.

Net debt-to-equity ratio

Net liabilities divided by shareholders' equity (including minority interests).

OTHERS

Financial assets

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



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Lantmännen